

Deborah L. Thomas:

A 'civilized' practice



By Nancy Opiela

There are a few things that distinguish the practice of Deborah L. Thomas, CFP, of Silver Oak Advisory Group in Portland, Oregon. First, at a time when more financial planners are raising minimums and producing financial plans only for asset management clients, Thomas still offers what she refers to as the stand-alone financial plan — fee-only advice clients pay for on an hourly basis. Often, it's a one-time consulting fee.

"There is just a handful of planners doing what I do," explains Thomas. "Many of my colleagues who also have been in business for 15 years have full practices with long

waiting lists. I'm concerned about who will help the next generation — those who don't meet the minimums, but need help."

Thomas notes that the market for financial advice on an hourly rate is appealing for a range of people — from technologically savvy 25-year-olds, who she says are more organized than anyone, to time-strapped people in their forties trying to juggle the demands of career and family, and ensure they are well prepared for college tuition and retirement.

"These people don't want to turn their entire portfolios over to someone else — they are independent and like managing their money. What they want is some advice. Many people come in, we prepare the financial plan, they go away and I never see them again. Others return to check in every two or three years," she says.

Thomas speculates that what keeps other planners from charging an hourly fee is that they may think it's impossible to be profitable. Thomas's hourly rate ranges from \$150 to \$250 an hour. "I tell clients it depends on who's doing what and how hard I have to think," she says. "At the first meeting, I can usually look at their investments and other financial planning components, and have a fairly good idea of how long it will take me to pull their financial plan together."

Thomas does no special marketing to promote the fact that, unlike many firms in Portland, people can buy her time by the hour. In fact, with most of her new business coming from referrals of lawyers, CPAs and other planners, marketing is not a focal point of her practice. Explains Thomas, "The people who come to see me have been sent by another professional advisor who knows me and knows what we do. They send their clients over with the idea that I'm not going to try to sell them anything, but will give them an objective review. It's very

infrequently that I have to explain to a prospective client what we do. I'm used to people jumping right in."

Although she does not look to her audiences to produce clients, Thomas still does some public speaking — teaching a continuing education course for lawyers and accountants and community college classes. "I do those things because I love to teach, not with the idea of getting clients," she says.

From Law to Planning

Thomas came to financial planning from a career as a trial lawyer. In 1982, she moved to Portland and was interviewing at different law firms when several friends told her about the CFP program. "I thought getting the CFP certification would be something to do for my own education," she explains. "Clients used to ask me what they should do with the money that I had gotten for their settlements. I shudder to think what I might have told them to do with the money — go to the bank and put it in CDs."

While she was working part time, Thomas signed up for the CFP program and worked her way through it. Later she began interviewing people in Portland who called themselves financial planners to see if there was a career for her. "I wanted to be fee-only, so I visited places in town that I thought might be able to accommodate that — CPA firms or banks. I found one CPA firm willing to take a chance, and I got a job," she says.

Thomas incorporated her own practice in 1991 and notes there are many similarities to practicing law. "Both jobs involve counseling, working with the facts and investigating information. With reviewing trust and insurance documents and prospectuses, there's a lot of overlap," she says.

Continues Thomas, "One of the key similarities with everyone who works here is we are all education junkies. We are always looking to learn something new. What really pushed me personally and helped with my training as a planner was helping Bruce Temkin write a book about investing. I learned so much during that process — the behavioral side of investing, how to communicate investment principles to clients, how to explain risk. I have also learned plenty along the way from planners whom I consider mentors. In addition to Bruce, that includes Roger Gibson, Deena Katz and Harold Evensky."

Passive, Buy-and-Hold Investment Philosophy

While Thomas's small firm does as many as 100 financial plans in a year, she also has money under management for a smaller number of clients. And Thomas's strict investment philosophy is another factor that distinguishes her in the marketplace.

"We are mainly index and asset class investors," she explains. "We have a very passive buy-and-hold, broadly diversified approach. We know our investment style doesn't fit with everyone who walks in the door. Often, our ongoing clients get to know us, and like us and our investment style, and they want us to manage their money."

Thomas stresses that, in addition to benefiting clients, this investment approach has had a positive impact on her practice. She explains, "I remember early on going to a DFA [Dimensional Fund Advisors] advisor training. After the presenter talked about all the reasons why this investment style works for clients, he said, 'Now let me tell you how this approach works for you.' The message was — with this approach, you can have a life. And, in fact, by being index, buy-and-hold investors, and not doing any market timing or securities selection, we have some freedom. We don't need to be tied to the market ticker every day. I have friends who spend so much time studying the funds, noting manager changes, and so forth. I hope they love it, because it takes up a lot of time."

From the outset, flexibility to spend time away from the office and with her family has been important to Thomas. In fact, that's what prompted her to start her own practice in 1991. "My daughter was born in 1989. I worked at home several days a week for a year and when I went back to practice, I decided that nobody else would let me have the kind of schedule I wanted for myself as a working parent," Thomas says.

The ideal arrangement Thomas put in place nearly ten years ago when business was slow is still in place, now that business is booming. In fact, last summer Thomas took an unprecedented five weeks off.

"I am able to take the time off because I have great staff," she says. "I'm lucky because I had a husband who was working full time and supported me during the first five years so that I could put every dollar back into the business. When other individual planners couldn't hire staff, I could. Now, I'm fortunate enough to have two other planners and two full-time staff — that is the reason I can get away."

What Did You Do On Your Summer Vacation?

So, how did Thomas's five weeks unfold last summer? Week one was official vacation — a week-long yoga camp offering five hours of yoga a day in southern Oregon. She then returned home to spend a week with house guests. And the next three weeks were unscheduled time.

"We moved into this house a year ago and I was painting and puttering, hanging up pictures and playing with my daughter — just having fun," she says.

Of course, Thomas was not completely incommunicado. "I was in town and I came in one day a week to check messages and answer questions. And August is traditionally slow," she says.

What makes these kinds of comings and goings possible is that Thomas's clients are comfortable dealing with the other planners in her office. "We introduced the team approach from the get-go. There are usually two planners in on every meeting," she explains. "Our clients know it's not just me. I'm obsessive about keeping client files current so anyone can pick up the folder and answer a question for clients. We're a firm, not a group of independent planners."

If there was one mistake with planning her extended time away, Thomas says it was that her nervousness over the longer-than-usual leave made her jump the gun in notifying clients that she

would be gone. "I announced my plans a little too soon," she admits. "I let clients know in June that I would be off in August, so there was this flurry of calls — 'I need to talk to you before you go.' For the most part, however, my clients were very supportive. And since I've been back, I've received great feedback from my clients. They think it is so great that I took that sabbatical."

When Thomas returned to her office this September, she reports that she was ready to get back to work. "Clients knew I was back in the office and the phone rang off the hook. It was a really smooth transition," she says.

Will she take the summer off again? The answer is a resounding yes. "I told my clients I'll do it every year from now on," Thomas says. "You know, there are very few years when your children are at home and want you around. We have one child and not as many activities as some friends but, even then, it's great to get up in the morning, without the alarm clock, with no specific plans. If someone drops by, I can visit with them for two hours in the afternoon. I like unscheduled time. That is very important to me."

A Look Ahead

Thomas knows it will be a challenge to keep the practice small enough to afford her the flexibility she wants. "I don't want to work a ton of hours, but it's hard for me to say no to people," Thomas says. "I could have stopped taking new clients a while back — I'm making enough money, but I like to help people. The issues are pretty much the same for people — they are interested in saving for retirement and structuring their investments properly. I like to be a problem solver — that's my personality. I've always wanted to solve everyone's problems."

For now, Thomas remains dedicated to the "challenges and fun of the financial plan." She notes, "I just added another planner, a CFP professional with no clients, so we have some room to grow. Looking ahead, I may have as many as four planners — that's a nice size firm. I don't want to manage a firm of ten because I want to know what's going on with all of our clients. I've worked with some of my clients for 12 to 15 years and I want to remember what they expect me to remember."

Bruce Temkin recently paid Thomas what she considers a terrific compliment. "Bruce said I'm one of the few people he knows who has a civilized practice and is not operating at such a fast pace that it is impossible to take some time off," she says. "I've worked hard at that. It's been a long, slow process building my business, but I hope that my practice is in a place where it can stay as it is for the next 15 to 20 years — and everyone will be fine."

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