Synergize Podcast Transcript – Pete McGratty Episode (Final)

Guest: Pete McGratty, Executive director of RIA Development at Verdence / RIA+

Hosts: Bill Coppel, Director of Client Growth at TradePMR (a Robinhood company), and Ryan Neal, Editorial Manager at TradePMR

Bill Coppel: Welcome back to Synergize. I'm Bill Coppel, Director of Client Growth at TradePMR, a Robinhood company.

Ryan Neal: And I'm Ryan Neal, Editorial Manager at TradePMR Robinhood. And Bill, we are in 2026. It is the new year. 2025 was a pretty huge year for yourself, for myself, for TradePMR and Robinhood. But it's behind us now. We're looking ahead. Today we're talking about what's coming forward, what this new year has in line with us, because I have a feeling it's not going to be any slower than last year was. What do you think?

Bill Coppel: I agree 100%, Ryan. In fact, I've been around for a while. And you know, this industry has always been subject to changes, regardless of what's going on in the world. I think what's key here going into 2026 is the acceleration of change, how quickly things are happening. And I think the challenges that face us are interesting, because they're different. And while change is a constant within our industry, I think right now we're managing this thing at warp speed.

Ryan Neal: That's right. So our guest today is here to talk to us all about looking forward. Today's episode is all about what we see coming down the pike and how advisors can prepare for it. So our guest is Pete McGratty. He is the Executive Director of RIA Development at Verdence / RIA Plus. going to have him talk a little bit about that. And he's going to share his unique perspective on the industry. He didn’t just start as an RIA, he’s got a long career in institutional finance and investing, and he has a unique perspective to bring this to this conversation. So, Pete, welcome to the podcast.

Peter McGratty: Thanks so much. I really appreciate you guys inviting me. I've been working with TradePMR for over 15 years now, and you guys have been a fantastic group of people to work with, and I'd love to to watch your development and your growth and your increasing role in this industry.

Ryan Neal: Welcome. We love to hear that. Pete, do you want to start maybe just telling our audience a bit about who you are and your firm? And I know we have in our notes here, it's Verdence / RIA plus. I want to talk a little bit about what that is before we dive into our conversation.

Peter McGratty: Yeah, so real briefly, Verdence Capital Advisors is an independent wealth management firm located in Hunt Valley, Maryland. We have offices up and down the East Coast, Alexandria, Virginia, Naples, Florida, Sarasota, Florida, up in Boston. So our genesis is really the mid-Atlantic, but frankly, we now have clients in 40 of the 50 states, and we now manage about 4.6 billion. The firm really operates in four groups. There's the traditional wealth management business that works with high net worth individuals doing planning and investments. We have another group that works with professional athletes and entertainers. We have a third group that works with the ultra high net worth individuals and families. It's a family office business. And the fourth group is Verdence RIA Plus, which is the group that I'm leading here at Verdence.

And that's really an acknowledgement that the business model that we created and all the resources that we invested in have proven themselves to work in supporting our own staff advisors and allowing our firm to grow from roughly a billion and a half six years ago to 4.6 billion today. And we saw an opportunity to share what we've learned and share the resources that we've invested in and built and put together with other independent wealth managers around the country.

Bill Coppel: That's fantastic. That transition is an interesting transition. And I'm sure that a lot of what you experienced prior to joining the RIA space has been helpful. And you know with that kind of lens, Pete, let's have a conversation around what you see coming down the pike for the industry in 2026. As I mentioned in the introduction, things are happening pretty quickly. AI is having a major impact. We're looking at issues around succession planning in the face of a huge wealth transfer on the horizon, next-gen advisors, technology, etc. Share with us from your perspective, how you think things like the client experience is going to really be impacted by what's coming.

Peter McGratty: When I started in the business 15 years ago, the big trend was the movement of advisors from the FINRA broker-dealer world into the independent channel where they're regulated by FINRA. And as you know, the driving force behind that was there were some conflicts of interest that you're going to identify that the wealth managers were experiencing in the FINRA world. And they were doing some things that were not always in the best interest of clients.

And then, of course, there were bureaucracies and other things that impacted the advisors directly. And eventually they threw up their hands and said, I want to be independent in the independent channel, both because we think the fiduciary standard is a better standard for our client.

The second thing that has been going on during that period is obviously the consolidation that's taking place as PE firms started to back certain large wealth management firms, and they've started to gobble up a lot of the smaller firms and create scale in the business.

I'm a long, long standing believer that there's sort of four legs to the stool of an RIA firm. The first in terms of the value that they provide. So leg number one is really the fiduciary standard. We're going to do things that are in the best interest of the client.

The second leg of the stool is we're going to have to limit the number of clients that we work with so that we can have a proactive relationship and really know who our clients are and provide them the best service possible because we know them.

The third leg of the stool is doing robust financial planning, not just as a as a loss leader, as a small you know a single plan done up front in order to help win the business, but ultimately a robust plan that is being executed over time, over the life cycle of the client addressing their needs at any given time in their in their life.

And then the fourth is obviously providing best-in-class investment management. I think the growing concern and the growing realization among a lot of those advisors is now that there's a new game in town that's these PE-backed consolidators.

And they look and feel the same as these traditional firms to the client. But in fact, they may have very different goals and very different values when you look at those four legs of the stool. So for example, in terms of the fiduciary standards, some of these firms are getting very large. They're starting to expand the scope of the products that they offer. And in doing that, sometimes they're now starting to recreate the old wire house, except they're doing it in the independent channel in that they may be selling products in addition to just providing a service for fees.

Ryan Neal: Almost like yeah, the wheel is coming full circle almost.

Peter McGratty: Exactly.

Ryan Neal: The industry, the wire house world, the move independence, and now the scale is bringing us all the way back around to through the looking glass, as it were.

Peter McGratty: Yes. And that is that's the point that I'm getting to. And we'll tell you some of the implications of that. If you look at the second leg of the stool, you're starting to see some of these large firms. I don't want to speak, or I don't want to characterize everybody who is doing this, but there are certainly a number of firms that are doing this where they're starting to stack. Instead of 100 150 clients per advisor, you're starting to see 300 plus advisors to a client. That shifts you from a realm of, I know who my client is, I know them by name, I know their situation, to a reactionary environment where I'm dealing with them when I get a phone call. A very different part of the model from a value standpoint.

Bill Coppel: So let me yeah let me jump in with a quick question on that, because that's a very, very interesting point. How does technology play into that? The first question is, why do you think they're doing it? And is it the scale that's giving that advisor the ability? Because I've heard this before, where as an advisor, you know, with the technologies available, in theory, I could handle more relationships to talk a little bit about that.

Peter McGratty: Historically, if you've looked at the brokerage business, if you've looked at the asset management business, if you've looked at the wealth management business, the primary the primary driver of that business has always been the personal relationship with the customer or the or the personal value of the broker or the money manager or the wealth manager.

I don't think that will ever change. It's that trusted relationship that drives that business. And technology ultimately is a productivity tool to help the advisor be more efficient in servicing that client, but is never going to trump that relationship.

And so I think it becomes–you may have the best technology tools on the planet to serve your clients.

But at the end of the day. The human mind only has the capacity to proactively manage a limited number of personal relationships. And once you move beyond that, um it becomes a less much a much less robust relationship.

Ryan Neal: So that's really interesting. Kind of a different spin on this because we hear so much from the technology firms about the increased efficiencies and scale.

And for firms that want to grow that technology and all the efficiencies that it brings will ultimately let them serve more clients. And you seem to be taking maybe a different approach to this.

So I would love to ask you, so then what do you think the efficiencies from technology allow you to do? If you want to keep your client to advisor ratio around that 100 to 150, what efficiencies are new technologies driving and how are they helping? How are your advisors using that to improve their practice if they're keeping a sort of cap on their client level?

Peter McGratty: Well, so this is, I'm not going to pretend to be a technology expert, but based on the conversations I'm having with advisors, I think there's a lot of excitement around AI right now.

Ryan Neal: That's fair, that's fair.

Peter McGratty: I would split the AI opportunity into two groups personally, based on my conversations. First is, you know, more simple things that help folks manage their day. It's not that much different than us having the Zoom conversation, which we couldn't have a long time ago, that solves remoteness. And now you're starting to have transcription services that can capture all this and immediately put it into your CRM. And now you're starting to have some basic AI that can pull the summary information out of those transcriptions and make notes of that in the CRM.

And so all of a sudden, now you can look back in a very efficient way and understand what we covered in the last cover last client conversation. and we can and we also have a to-do list on what we need to do before our next conversation. So those are typically the experiences that we've seen with a lot of different technology evolutions over time. I think the more fundamental AI solution is still in the making and it's a much bigger task for the advisor to accomplish. What do I mean by that? Ultimately for AI to be successful, it means you have to have your data aggregated in a common sandbox and organized and vetted to make sure it's all good data.

But of course, you know, the big, you know, so again, of course, that has the problem that most wealth management firms tend to have trouble with, and that is investing ahead of revenues. That's going to be a big investment lift. It's going to be a big effort lift. And it's going to be a longer term strategic project that has to take place before you can really start to realize the AI.

And that's a firm. That's something, for example, Verdence. We've been undertaking that for the last two years and finished that project that took a lot of effort and a lot of expense. And now we're starting to explore how to apply AI to that data set.

Ryan Neal: I'll let Bill take the next question here, but I just want to share a line that I read recently that was, "AI won't replace advisors, but AI could end up replacing advisors who don't learn how to use AI." You know you kind of figure out this technology, figure how you could use it in your practice or be left behind. And, and you know, my personal favorite use of the technology easily hands down is the one you said transcription from my reporter days when I would record interviews or I'd be out in the field and I wouldn't have a notepad. SoIi would just take notes of audio. Then I would have to sit down and manually transcribe that myself and my God, it was the worst. It was the worst part about the job, hands down. So I had this technology back then would have saved me hours and hours and hours. But anyway, I'm getting on the side track. Bill, I'll let you take the next question.

Bill Coppel: Yeah, thanks, Ryan. You know, I wanted to, though, make a quick comment. I thought your observations, Pete, around this notion of what the human being can absorb in terms of relationships is very important. And I want to underscore that. That is information that's been around for a long time and it's been well-researched.

And I think that it's an important point to make here, which If the game is to get more people, you know, that hits squarely on this whole notion of the client experience. If the client really wants a relationship, hard to do with three or 350 people, to your point.

I want to go a little further on client relationships because I think they're extraordinarily important. You've already raised this as being a fundamental differentiator between firms, for one. And when you think about this in the context of scale, how do you approach or what you're thinking around creating scale while at the same time preserving that personal relationship?

Peter McGratty: So the way I view scale, and I think it's changing a little bit, let's look back 15 years ago when I first got into the business. I got into the business to help build an outsourcing solution to support other independent wealth managers. The core of that offering was basically solo practitioners and small ensembles do not have scale, and so they're spending their time, too much time in the busy work associated with running the business as opposed to sitting in front of clients and prospects.

So outsourcing was basically a way that they could achieve scale without having to do the busy work of doing the investment and all the effort of executing on that investment themselves in house.

So that's where it was 10 years ago. I think it has actually changed and requires even more scale today. So fast forward to today, that's part one of what outsourcing's value is to firms.

The second piece is now they're competing against larger firms that have a broader offering and have and oftentimes have a more sophisticated offering. And so now the outsourcing is not only about freeing up their time, but arming some of these firms with the breadth and depth of offerings that will allow them to be competitive. Because the reality is today, there's lots of surveys that support this, that clients are now talking to you know two or three or four advisors before making a decision to choose one.

And 15 years ago, they looked very similar. Fast forward to today, you may have that same solo practitioner small ensemble. They look like a small organization. They may be operating out of a small set of offices.

They still do the planning and they're still offering one strategy, probably a passive strategy with multiple risk models from conservative to aggressive. Then they go to door number two and now they meet a larger firm and that larger firm has large offices and they're very nice and the client walks in and feels like, oh, I've made it. It's sort of an aspirational thing. And so they're feeling good. And then they basically introduce them to all their teams. Oh, this is our specialist in financial planning. This team is going to take care of you.

Oh, this is our investment management team. They're our specialists. They're going to take care of you. This is our family office team. They're specialists. They're going to take care of you.

Ryan Neal: That sounds pretty good.

Peter McGratty: And then you know then you look specifically at the investment management stuff. And now they may be saying, hey, we've got five investment strategies, five public investment strategies that range from passive to active, from ETFs to mutual funds to SMAs.

And we also have offered private investments. So suddenly now, you know that the client is looking at the two of them and saying, I can choose the guy that doesn't have one and doesn't seem very big. He's super nice and he seems competent, but he doesn't have a team and he doesn't have the depth and breadth of the offering. And what happens if something happens to ah he or she, um who's there to back them up?

And so now there's with scale, not only is scale about you know make be creating a more efficient business and freeing up your time to focus on the client, but it's also when you're in front of clients, having the the the tools in your tool belt to compete and look like you're you're competitive against some of these larger firms.

Bill Coppel: That makes sense.

Ryan Neal: Yeah, that's what I mean.

Bill Coppel: You know, as you know, this has been this is you know, this is a great conversation. What I want to do is shift just a bit, Pete. And as we think about launching into 2026, you know, using what you've already stated as sort of the context and background, what are the three things you're really focused on in 2026 to continue to grow your business?

Peter McGratty: Well, let me speak specifically to the folks that we're trying to help. Because, you know, I think we figured out our model and it's working successfully.

Bill Coppel: This is a system.

Peter McGratty: Now we want to share our model with other independent firms. And this comes back to where we started the conversation. that there's this division now between the large firms and the small firms. And so we just sort of walked through some of the advantages of scale that a large firm has when they're competing with a smaller firm.

The second thing that's different between the large firms and the small firms is what their values or their goals are. So increasingly, the large firms are viewed as because they're PE backed, they're much more professional. Professional investors that are looking for a return. And so the shift of focus often moves from putting the client first and providing the service to that client first. Some of those resources get shifted to sales and marketing because the firm needs to add clients and add AUM so that they can improve their valuation for the next sale to another PE firm or to go independent or or to go public.

And we've seen that happen. I won't give names, I won't use names, but we've seen some large firms go public and the advisors became very unhappy because the resources shifted from supporting clients and advisors to sales and marketing. And they just didn't feel the love anymore. I have a long list of examples that you can go through. By contrast, the smaller firms want to stay focused on the clients and they want to stay focused on providing them good solutions, but they're lacking the scale that they need to be competitive with the larger ones.

So I think what's happening and it's become very, very clear over the last year, if you attend the conference cycle, that the this is this is this realization is starting to come clear is to the point, Ryan, that you made earlier, we've kind of created some of what we left when we moved from the FINRA broker-dealer world to the independent world, some of that's being recreated and not for the good. And the difficulty for the more traditional firms that want to stay focused on clients and service is to the client, very often the value proposition looks similar.

So the point is, is that I think you're seeing the world divide in the two, And what's going to happen is the smaller firms who want to stay stay true to their values are going to have to start figuring out how to work together, either through joining together and building a firm committed to those values and building the scale that way, or finding a way to capture those those resources in that scale through outsourcing.

Ryan Neal: Great. Well, Pete, thank you very much for joining us. I'm going to move to wrap up our conversation, but I'm going to throw one more at you. What's a prediction? Let's briefly here, do a sort of lightning round. What's a prediction you have for what we're going to see in 2026 and how advisors can prepare for that?

Peter McGratty: I'd say along the lines of what we were discussing, I think we are already seeing advisors starting to look for new ways to work together. to solve this issue. I'm seeing it in succession conversations where advisors want to make sure that their clients and their employees land at firms with similar values rather than taking the big check from the large firms.

I think that you're going to the second thing I think you'll see in 2026 is I think we're on a three-year path to much wider adoption of private investments. I think the last year or so has been about recognizing that I need to offer this and starting to get educated on what private investments are and who are the people who I can partner with to be able to offer that. I think 2026 is going to be people starting to shift from education to implementation and starting to partner, you know, actually to start to set up and begin to employ those solutions with whichever partner that they choose. And then I think the following year is going to be those early adopters starting to take share because they've got the differentiated offering versus those that are still playing catch up.

A third one, which is a speculation of mine, but anecdotally is confirmed increasingly. I think that there's still a lot of talk with the large consolidator firms about all the firms that are joining them coming in the front door. But I think there's going to be a growing story over the next couple years of advisors sneaking out the back door when they realize that this offering wasn't what they thought.

Or because of the growing pains associated with these firms now finally having to consolidate all the things that they bought. So just to give you a simple layman's example. You know, let's say you've bought 10 large firms, 10 regional firms, you now got to start to consolidate these things and integrate them. That means the name changes that touches the client.

That means pricing schedules have to start to be consolidated onto a narrower group of pricing schedules that touches the client. Why do I have to change? Why is my pricing changing after 20 years?

The third one, obviously, is technology. All these firms use different technologies and that has to get integrated. And we all know that as good as we get at this, that there's accidents along the way that impact clients.

So again, the client has touched on that. And then the advisor who's answering all these questions and trying to keep the client happy as all these changes take place, then finds that the firms now are going to consolidate all the pay schedules for all the advisors across these firms and now their P&L is impacted.

Ryan Neal: Well, that's a lot. That's a big prediction for our lightning round end.

Bill Coppel: That's great, Pete.

Ryan Neal: Great. Well, going to wrap up. Pete, thank you so much for joining the program. We appreciate having you on.

Peter McGratty: I love being here, and I love working with you guys. I'd love to continue to work with you and see how we can't help trade PMR, solve the problems of more of these emerging advisors.

Ryan Neal: Well, great. Thanks, Pete. And thank you everyone else who tuned in and listened. Wherever you're getting this podcast, whatever platform, Spotify, Apple, YouTube, wherever, if you can like, you can subscribe, you can share all those things, help us out and we'll catch you on the next episode.

Bill Coppel: That's right, Ryan. And make sure you watch for our next episode, as Ryan said, where we'll bring you even more insights and actionable ideas to help you grow your business. And remember, the challenge is yours to capitalize on what the future offers.

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