

# **ViewPoints**

**Hiring an Advisor – Do Your Homework**



**Entasis**  
ASSET MANAGEMENT



“Do your homework.” Who hasn’t heard that phrase at one point in their lives? Everyone has probably heard that countless times. In order to get good grades, you needed to do it. You couldn’t “game” knowledge. It could only be achieved through effort, work, experience and time. And while many things have changed since we were younger, the need to do homework has not. We certainly do not need to know everything. One of the joys of being an adult is outsourcing to people in different areas of expertise – to fix your car, remodel a kitchen, do your taxes or fix the toilet your son flushed his toys down. We work, so we can pay for expertise. This doesn’t mean we get out of homework though, it just means we get out of the actual work. Consider the example below.

Your car breaks down. You can take your car to dozens of places for repairs. How do you decide? How do you know if the service you’re paying for is any good? How do you determine if the cost is justified? Unfortunately, in many instances, people just take a chance on who they hire because they don’t have time to do any research. They simply trust the person they hired and assume they are capable of doing their job. However, simply trusting a person’s job title is not a very good solution. In just about every profession, such as car repair, most people have different skill sets, experience levels and motivations. Not to mention the fact that because we’re all human, you have to consider personality traits, morals/ethics and other personal circumstances. A seemingly easy decision can quickly become frustrating.

This was the case for George Costanza in an episode of *Seinfeld*. Regarding mechanics, he proclaimed:

*“Well of course they’re trying to screw you! What do you think? That’s what they do. They can make up anything; nobody knows! “Why, well you need a new Johnson rod in here.” Oh, a Johnson rod. Yeah, well you better put one of those on!”*

My apologies to good mechanics everywhere, I know there are many of you, we (at Entasis) just have a potentially unhealthy love of *Seinfeld* and the show’s debates and musings about everyday situations. Plus, it helped to make our point – don’t throw your hands up, don’t become cynical, do your homework. Take the time to effectively interview the person you are looking to hire. And take the time to know what to ask during the interview. I’ll come back to this later.

I used the example above because most of us have had to deal with a car repair at some point in our lives. However, not all of us have had to think about hiring an advisor to help manage our investments.



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## Summary

Hiring an expert to do a job does not mean we get out of homework, it just means we get out of the actual work.

In just about every profession most people have different skill sets, experience levels and motivations.

Take the time to effectively interview the person you are looking to hire. And take the time to know what to ask during the interview.

At Entasis, we know these decisions are hard. We know they take time. And we know it is sometimes hard to know where to start. We have created a tool to help.

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Hiring a mechanic and hiring an advisor are obviously very different choices, but the decision making process is similar. For example, some people hire an advisor because a friend provided a recommendation. Others hire an advisor simply because of their job title. They have a big title, so they must be good. Other people have chosen not to do anything because they feel paralyzed or they are uncomfortable talking about finances or they don't know what to ask, or they don't have the time. In short, what works for your neighbor may not work for you, titles are easy, experience is not, and give yourself credit and take the time. It will be worth it.

That isn't the end of my thoughts on the topic though. At Entasis, we know these decisions are hard. We know they take time. And we know it is sometimes hard to know where to start. We have created a tool to help. Our questionnaire for advisors is drawn from multiple sources. The SEC, FINRA, news outlets, CFA Institute, to name a few. We believe this questionnaire can be a great tool to assist you in your search for an advisor if you do not already have one. If you already have an advisor, we would still encourage you to ask them to fill it out and return it to you.

Please take the time to have a meaningful discussion with the individual you plan to hire, or the individual you have already hired. Your financial future deserves your full attention and the full attention of your advisor. Do your homework.

Here is a link to the questionnaire. We have filled this out already. Please contact us for a copy of ours.

<http://entasisam.com/wp-content/uploads/2016/09/Financial-Advisor-Questionnaire.pdf>

Here is a series of additional links that may be helpful as you do your homework.

<https://www.sec.gov/investor/pubs/invadvisers.htm>

<http://www.finra.org/investors/5-steps-selecting-investment-pro>

<http://www.investopedia.com/articles/investing/073114/5-questions-ask-hiring-financial-advisor.asp>

[https://www.cfainstitute.org/learning/investor/Documents/choosing\\_financial\\_adviser.pdf](https://www.cfainstitute.org/learning/investor/Documents/choosing_financial_adviser.pdf)

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