

Business Management KPIs and How to Measure for Success

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The September 2026 Practice Management Clinic focused on the Business Management pillar and examined how advisory firms can use key performance indicators (KPIs) and other metrics to better understand firm health, client profitability, employee performance, capacity and long-term growth.

Moderated by Peter Kim of Chilton Trust, the session featured Rebekah Kohmescher, CEO and Chief Compliance Officer of Altair Advisers, and David Salsburg, Co-Founder and President of Gresham Partners. Both panelists brought the perspective of leaders who have helped build and manage growing advisory firms across multiple stages of development.

The discussion began with an important distinction between metrics and KPIs. While firms have access to an expanding volume of data, not every measure needs to become a KPI, and not every aspect of advisory work benefits from being quantified. Firm-level metrics can provide important insight into financial performance, growth, profitability and capacity, while individual KPIs are most useful when they are connected to behaviors or outcomes employees can meaningfully influence.

Throughout the session, panelists emphasized the value of using data directionally rather than expecting metrics to provide definitive answers. Metrics can help leaders identify trends, uncover outliers, test assumptions and support difficult decisions. But in a relationship-driven business, numbers must be balanced with human judgment, particularly when evaluating advisors, client relationships, professional development and culture.

The conversation also highlighted how measurement changes as firms grow. What leaders once understood intuitively at smaller firms becomes harder to see across a larger organization. As a result, firms may need more formal approaches to pricing, client profitability, employee development, staffing and succession as they grow, while remaining selective about the measures that genuinely improve decision-making.

Measuring the Health of the Firm

The session opened with a discussion of the financial metrics that provide the clearest view of overall firm health. Kohmescher identified organic revenue growth, new-client acquisition, top-line revenue and EBITDA as some of the measures she watches most closely. Because Altair is focused on organic growth, it is important to distinguish growth generated by new business from changes attributable simply to rising or falling markets.

Salsburg pointed to several complementary measures, including margin stability, revenue per household, personnel costs as a percentage of revenue and the relationship between revenue and assets under management. Together, these metrics can help leaders understand whether the economics of the business are strengthening or weakening over time.

Personnel expenses warrant particular attention because people represent such a significant portion of the cost base for advisory firms. Firms may deliberately hire ahead of growth to build future capacity, but leaders need to understand whether revenue is ultimately catching up with those investments.

The panel also discussed the importance of average fee rates. Even modest changes in realized pricing can affect profitability, sometimes more significantly than efforts to manage relatively small operating expenses. That observation led to a broader discussion about whether firms are appropriately pricing the value and complexity of the services they provide.

The panelists also cautioned that firm-level metrics should be evaluated over time rather than interpreted in isolation. Market movements, client transitions, hiring cycles and other factors can introduce significant noise into the data.

Key Takeaways

- Firm health can often be understood through a relatively focused group of metrics rather than a large dashboard.
- Organic revenue growth should be separated from growth created primarily by market appreciation.
- Revenue, EBITDA, margins, revenue per household, personnel costs and average fee rates can provide important insight into business performance.
- Because advisory firms rely heavily on professional talent, staffing levels and personnel costs should be evaluated in relation to revenue growth.
- Small improvements in pricing or realized fee rates can have a greater impact than managing relatively minor expense categories.

Client Profitability, Pricing and Fit

The discussion then turned to client-level profitability, and the role measurement can play in determining whether individual relationships remain economically sustainable.

Both Altair and Gresham maintain disciplined fee structures and generally avoid routinely negotiating fees on a client-by-client basis. Their focus instead is on whether prospective clients fit the firm's service model and whether the fee structure appropriately reflects the work required.

Panelists noted that newly onboarded clients are typically more expensive to serve than established relationships. Onboarding, planning, documentation, coordination and relationship development create additional demands during the early years of an engagement. Gresham therefore avoids drawing conclusions about new-client profitability too quickly, recognizing that relationships may take a year or two to reach a more representative steady state.

Client complexity also cannot always be inferred from asset levels alone.

Both firms have experimented with methods for evaluating how demanding individual relationships are across the advisory team. At Altair, client complexity is assessed from multiple perspectives, including senior advisors, junior advisors and operations staff. Comparing those views can help identify relationships that require significantly more time and support than their size, fees or asset levels might otherwise suggest.

The goal is not necessarily to assign a precise profitability score to every household. Instead, the data can help identify outliers that merit closer attention. Those findings may lead to a conversation about fees, service requirements, staffing or whether the relationship continues to fit the firm.

Salsburg also described how profitability analysis can reveal patterns across entire categories of clients. Gresham found, for example, that aggregating the assets of multiple related households under a single 'family fee' could create poor economics even when the overall family relationship was sizable. That analysis ultimately led the firm to adjust its pricing approach for multi-household families.

The discussion illustrated how client profitability data can inform not only individual relationships but broader decisions about pricing and business model design.

Key Takeaways

- Client profitability should be evaluated over time rather than immediately after onboarding.
- AUM alone may not accurately reflect the complexity or cost of serving a client.
- Input from multiple members of a client team can provide a more complete view of service demands.
- Profitability analysis is particularly useful for identifying outliers that require further discussion or action.
- Patterns across groups of clients can reveal structural pricing issues and lead to changes in the firm's fee model.
- Disciplined client selection remains an important complement to profitability measurement.

Matching KPIs to the Role

A recurring theme throughout the clinic was that KPIs should be matched to the nature of the role being measured.

Operational positions often lend themselves well to quantitative measurement. Employees performing similar tasks may be evaluated using measures such as transaction volume, accuracy, timeliness, workload or capacity. Significant differences among employees performing comparable work can help managers identify training needs, process issues or performance concerns.

Advisor performance is more difficult to reduce to a standardized set of numbers. Senior advisors are responsible for developing relationships that may span decades and generations. Clients vary substantially in the amount and type of interaction they require, and those needs may change over time depending on markets, family circumstances, liquidity events, succession or other major transitions.

Panelists questioned whether measures such as required numbers of client calls or meetings necessarily improve outcomes. While those activities can be tracked, emphasizing short-term activity metrics can potentially work against the long-term relationship-building behavior firms ultimately want to encourage. Altair does connect certain measurable outcomes to compensation, including new-business development and client retention. But Kohmescher emphasized that she has moved away from trying to measure individual advisor behavior too closely. At more senior levels, advisors must be trusted to exercise sound judgment and act in the best interests of their clients.

Investment-related roles may lend themselves to more explicit performance measures. Both firms discussed evaluating investment leadership against longer-term portfolio results and stated investment objectives, rather than emphasizing short-term performance.

Functional leadership roles, including human resources, can also draw on well-established industry measures such as turnover, retention, hiring outcomes, compensation and other operational benchmarks.

The broader point was not that advisor performance cannot be evaluated, but that **the most useful measurement framework depends on the role, the outcome being sought and the behaviors the firm wants to reinforce.**

Key Takeaways

- KPIs are most useful when employees can directly influence the outcome being measured.
- Operational roles often lend themselves to more specific and comparable productivity measures.
- Senior advisor performance is difficult to capture through short-term activity metrics because relationship outcomes unfold over long periods.
- Client retention and business development can provide useful indicators without attempting to quantify every advisor behavior.
- Investment and functional leadership roles may have clearer role-specific measures tied to long-term objectives.
- Firms should consider the behaviors a KPI may encourage before adopting it.

Capacity, Time and Professional Development

The clinic also explored how firms can measure capacity and use data to support employee development.

Determining advisor capacity is particularly challenging because client relationships differ substantially in complexity and service demands. Attempts to build sophisticated capacity models do not necessarily produce better answers.

Salsburg described moving away from a complicated multifactor capacity model after finding that it produced a precise-looking score without delivering a correspondingly useful result. Gresham now relies on a simpler combination of measures, including number of families, number of households and AUM, supplemented by management judgment. While imperfect, the approach has proven directionally useful over time.

Altair has taken a similarly pragmatic approach to time measurement. Rather than requiring advisors to track their time continuously, the firm conducts time-tracking exercises for three-week periods twice each year.

The objective is not to measure every hour or recreate the billable-time structure common in professional services firms. Instead, periodic tracking provides enough information to identify patterns, highlight unusual workloads and help junior professionals understand how they are allocating their time. Measurement also plays a role in professional development. Altair uses career matrices that define expectations at different levels of the organization. Employees progressing toward a more senior role can compare their current responsibilities and capabilities with expectations for the next level. Data may help illuminate a gap—for example, whether an employee is currently supporting substantially fewer relationships than the next role would require—but the metric becomes the beginning of the conversation rather than the conclusion.

Gresham uses a skills-gap analysis covering a range of technical and relationship competencies. Employees are evaluated against expectations for their level and given specific areas to develop as they progress toward greater responsibility.

Both approaches illustrate how data can support development without reducing professional growth to a single score.

Key Takeaways

- Advisor capacity is difficult to measure precisely because client complexity varies widely.
- Simpler capacity measures may be more useful than sophisticated models that imply false precision.
- Periodic time tracking can provide directional insight without creating the burden of continuous measurement.
- Capacity data can help firms identify workload imbalances and support staffing decisions.
- Career matrices and skills-gap analyses can provide structure for professional development.
- Metrics are most useful when they help diagnose development needs rather than serve as the sole measure of readiness for advancement.

Measuring Investment in the Firm

Beyond traditional financial performance, the panel discussed the importance of evaluating where the firm is choosing to invest.

Kohmescher described using comparative benchmarks to assess spending in functions such as technology and compliance. Examining those costs as a percentage of EBITDA or against peer benchmarks can help leaders determine whether the firm may be over- or underinvesting in an area.

Salsburg noted that marketing has become a more meaningful investment for many advisory firms. Historically, it may have represented a relatively minor budget category, but firms are increasingly devoting resources to brand awareness and business development.

Training and professional development represent another strategically important area. While these expenditures may be small relative to compensation or other major expenses, tracking them can reveal whether the firm is investing consistently with its stated goal of building talent.

The panel also discussed compensation benchmarking. Altair regularly compares compensation levels with industry surveys and seeks to maintain competitive positioning across roles.

Taken together, these measures provide insight into more than expenses. They show where leadership is intentionally deploying resources. As Salsburg observed, some budget categories may be relatively small in absolute dollars but meaningful because they signal what the firm values.

Key Takeaways

- Benchmarking can help firms assess whether they are appropriately investing in technology, compliance, marketing, training and other strategic functions.
- Expense measures are most useful when connected to the firm's objectives rather than evaluated solely as costs to be minimized.
- Training and development spending can provide an important signal about commitment to building future talent.
- Compensation benchmarking can help firms remain competitive in attracting and retaining employees.
- Changes in strategic spending should be understood in the context of what the firm is trying to accomplish.

Continuity, Succession and the Limits of Measurement

The conversation also demonstrated that some of the most important management priorities cannot be captured completely through KPIs. One example is relationship continuity.

As firms grow and senior advisors progress through their careers, client relationships that may once have centered heavily on one individual need to broaden across the organization.

Gresham has become increasingly intentional about pairing senior advisors with additional advisors. The structure serves several purposes: developing younger professionals, creating mentoring opportunities and providing greater continuity for clients if a senior advisor eventually retires or leaves the firm.

Panelists stressed that these transitions take time from the client's perspective. Introducing another advisor only when a transition is imminent may be too late. Building familiarity and trust across multiple members of the firm must begin earlier.

Kohmescher summarized the goal as ensuring that clients know and trust the firm itself as well as they know and trust their individual advisor.

Culture presents a similar challenge. Employee turnover, engagement, compensation, promotions and other indicators can provide useful information, but they do not fully capture whether employees are demonstrating the behaviors a firm expects from its leaders.

At senior levels, the behaviors an organization rewards or tolerates can have an outsized influence on the broader culture. Leadership judgment therefore remains essential even in organizations with increasingly sophisticated measurement systems.

The discussion reinforced a distinction that carried through the clinic: **The fact that something is difficult to measure does not make it less important.**

Key Takeaways

- Advisor capacity planning should be considered alongside succession and client continuity.
- Adding multiple trusted relationships around a client can reduce dependence on any one advisor.
- Effective succession planning begins well before a senior advisor's departure becomes imminent.
- Client loyalty to the firm itself can be an important component of long-term continuity.
- Cultural health can be informed by metrics but cannot be understood entirely through quantitative measures.
- Leadership judgment remains critical in evaluating relationship quality, behavior and organizational culture.

Lessons Learned

The session reinforced that effective measurement is not about tracking the largest possible number of KPIs. It is about identifying the information that helps leaders make better decisions.

Firm-level metrics can provide valuable visibility into growth, margins, pricing, staffing and profitability. Client-level analysis can expose relationships or service models that require adjustment. Role-specific KPIs can clarify expectations where performance is genuinely measurable, while capacity and development frameworks can help firms plan for future talent needs.

At the same time, the discussion highlighted the limits of measurement. The UHNW advisory business remains deeply dependent on relationships, judgment, trust and long-term outcomes. Attempts to quantify those qualities too precisely can introduce noise, create unintended incentives or imply a level of certainty that the data cannot support.

Several examples shared during the clinic illustrated the value of simplicity. Complex models for advisor capacity or client complexity may appear sophisticated, but firms often gain more useful insight from a handful of reliable measures combined with informed management judgment.

The same principle applies to frequency. Not every measure needs to be monitored continuously. Periodic time studies, annual benchmarking exercises, long-term investment measures and trend analysis can provide enough information to inform decisions without creating unnecessary administrative burden.

Finally, the discussion underscored that metrics are most useful when they connect to the firm's strategy. Spending on technology, marketing, training or compensation is meaningful not simply because it can be measured, but because those investments reflect choices about the kind of firm an organization wants to build.

For firms serving ultra-high-net-worth families, the challenge is therefore not simply to become more data-driven. It is to become **more disciplined about which data matters, what decisions it should inform and where professional judgment remains indispensable.**