



# Stewardship, not salesmanship

Don Nicholson, Sr., Donald W. Nicholson & Associates, Ltd.

When Don Nicholson, Sr., graduated with a degree in marketing from the University of Baltimore in 1971, he already had his sights set on a successful career in business.

Dealing with economic issues like high inflation and high interest rates at the time, Nicholson had paid his own way through college and was ready to get out into the real world and put some sweat equity into a business opportunity. He enrolled in a two-year automotive industry program that was supposed to prep him to run his own operation. It didn't take long for him to realize that he could be doing more.

"I finished the program in six months," says Nicholson, "so that told me

something right there about what I was capable of."

Ready to tackle a bigger challenge, Nicholson took a position in the insurance industry and started learning its inner workings. Shortly after, he met the owner of a Philadelphia-based insurance firm that was also doing financial planning. Working on the fee-based side of the industry, Nicholson focused on recommending financial plans. He would later work as a partner for a broker-dealer in Arizona, but he began to notice that the financial planning industry was changing.

"The industry was shifting, and I wanted to be a part of that shift," says Nicholson, referencing the interest of clients for more objective and comprehensive advice.

He left his employer and—with permission—contacted 550 of the clients he was working with. Sixty of them signed up for his new, Fee-Only services, which opened in 1987 as Donald W. Nicholson & Associates, Ltd..

"It was a tough, lean road as I built up my business, but before long that original 60-client list grew to 143," says Nicholson. "That's how we got to where we are today."

### Promoting fiduciary standards

Situated in Wilmington, DE, Donald W. Nicholson & Associates has three employees. A NAPFA member since 2008, Nicholson has played an active role in helping to advance an industry that he's truly passionate about. He's the former president and chairman of the Philadelphia Tri-State Chapter of the Financial Planning Association (FPA) and has also served as national chairman of the Alliance Forum for the FPA.

Additionally, Nicholson is on the board of the Malvern Retreat League & the Estate Planning Council of Delaware and is a member of the Delaware Bankers Association.

Quoted in high-profile media outlets like The New York Times, The Wall Street Journal, The News Journal, The Philadelphia Inquirer, USA Today, and Fortune, Nicholson takes stewardship and fiduciary responsibility very seriously. He credits NAPFA with helping to advance the Fee-Only stewardship message to the public, but he feels that more can be done in this area in coming years.

"At this point, NAPFA is recognized as the *only* Fee-Only organization," says

### Building a better lemonade stand

Don Nicholson, Sr., doesn't just help his 143 clients achieve their financial goals—he also provides advice and support to his three children and eight grandchildren, all of whom get some level of exposure to his expertise and advice.

With his grandchildren, who range in age from 2 to 10 years old, Nicholson takes an interesting approach to financial education. Using books, videos, etc., from PBS Learning Media, for example, Nicholson helps his grandchildren understand the entrepreneurial and financial concepts behind running a successful lemonade stand.

PBS Media offers a number of resources that adults can use to introduce their children and grandchildren to the world of business, including "This Old...Lemonade Stand," "Making Money: Ka-Ching, Ka-Ching!" and "FETCH!" the latter of which focuses on a group of children who build a fantastic lemonade stand after finding themselves low on financial resources. He also turns to Joline Godfrey's book "Raising Financially Fit Kids," a combination parenting and personal finance book that helps parents teach their children key money skills.

"It's basic stuff, but kids get it and understand it," says Nicholson. "And it's not about how to get rich—it's about how to become a better steward."

Nicholson, “and we need to maintain strict requirements around that definition.”

### Stewardship vs. salesmanship

Nicholson says clients come to his firm for a specific reason: They want stewardship rather than salesmanship.

Most clients are at or nearing retirement, and some are second- and third-generation clients whose families have been working with Nicholson for 40-plus years. “We’re looking for someone who is getting ready to retire and who needs advice on how to get there,” says Nicholson, whose corporate mission is to “improve the economic well being and quality of life for our current and prospective clients.”

When investing money for those clients, Nicholson says he takes a “very careful” approach and always keeps the client at the center of the relationship. Ultimately, he says the client has to be able to answer the question, “What do you want?” in order for him to create the best possible financial plan for that person. In some cases, the answer to that single question can be very telling—particularly for someone who says that he or she is a conservative investor, but who may not actually be.

“We go through a series of questions to establish a 360-degree view of every client,” Nicholson says. “It’s their money, so it’s important that we get them thinking about it in that context.”

Of course, Fee-Only financial planning goes beyond just investing dollars and cents for individual clients. Most times, Nicholson is also helping clients achieve their individual quality-of-life goals. “We give everyone an initial, one-hour consultation at no charge,” he says, “and then use that time to get an upfront view of the client and his or her financial and life goals.”

### Building the firm of the future

As many Fee-Only planners struggle with the issue of succession planning and their own retirement timelines (see Stan Ehrlich’s column in this issue of the Advisor), Nicholson is one of the lucky ones who already has a built-in succession plan. His son, Donald W. Nicholson, Jr., has been a financial advisor since 1994, a

## Donald W. Nicholson & Associates, Ltd., At a Glance

**Location:** Wilmington, DE

**Website:** donaldwnicholson.com

**Year founded:** 1987

**Number of staff:** 3

**Number of clients:** 143

**Amount of money managed:** NA

**Description of typical clients:** Individuals at or nearing retirement and second- and third-generation members of families that the firm has worked with for 40-plus years.

**Typical client needs:** Fee-Only comprehensive financial planning, retirement planning, and quality of life planning

**Favorite business books:** “Wealth of Nations” and “The Theory of Moral Sentiments,” by Adam Smith

**Piece of advice to fellow NAPFA members:** “Remember what Napoleon Hill said, that every adversity, every failure, every heartache carries with it the seed of an equal or greater benefit.”

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Nicholson, Jr., is also the former government relations director for the Philadelphia Tri-State Chapter of the FPA and currently serves on the board of directors for the Delaware Community Foundation. A graduate of West Virginia University, he majored in finance and then worked for an outside firm for two years after graduating. Nicholson says his son displayed early signs of being able to lead and to run a successful business—two strengths that eventually pushed them to go into business together.

“During his junior year in college, Don was asked to develop a doughnut shop franchise for a class project,” says Nicholson. “When he asked me how he would develop it and what steps he’d have to take to get there, I realized he had some true leadership qualities.”

Nicholson Sr. suggested his son test the waters of the financial industry by working for a financial institution before joining him. “That was a tough move, but I really wanted him to experience the industry outside of my firm,” Nicholson

says. “I wanted him to go out on his own and see what he could do for himself.”

Once that two-year stint was over—and after his son worked through a few challenging moments with his employer—Nicholson knew it was time to join forces with his very capable and ambitious partner. “That was 22 years ago, and he’s been onboard ever since. He’s truly my business partner and the root of a succession plan that can last for the next 125 years,” says Nicholson.

With this super-solid baseline, Nicholson Sr. expects to get involved with more networking opportunities and educational business development over the next few years, as the pair continues to grow the business. Plus, they will stay true to the stewardship model. “We’ll be doing different things to promote the success of the fiduciary standard,” he says. 

*Every month, the Advisor magazine profiles a different NAPFA member’s practice, because each one has a unique story to tell. If you know of a member who we should profile, contact Chris Hale at editor@napfa.org.*