

Guidant Financial finds growth in self-directed plans

By ELIZABETH M. ECONOMOU
CONTRIBUTING WRITER

A relative newcomer to the financial services marketplace, Guidant Financial Group has managed to roll over some \$1.3 billion in client dollars into self-directed retirement plans.

Since its inception in 2003, the Bellevue-based provider of 401(k) structures for small businesses and self-directed IRAs has seen its revenue explode 240 percent — from \$3 million in 2005 to more than \$10 million in 2007. President and CEO David Nilssen, meanwhile, expects revenue to grow 40 percent this year to reach \$14 million in 2008.

For Nilssen and his business partner Jeremy Ames, the inspiration behind Guidant was the belief that they would be more successful if they were in control of their own investments.

“When we found out about self-directed IRAs — in that they give people the ability to invest in what they know and understand, essentially their own core competencies — we felt like there was a significant opportunity out there to teach people,” said Nilssen.

Nilssen expects the self-directed IRA market to become 10 percent of the total financial services market by 2012.

“We’re pioneering an industry that is on the cusp of explosive growth,” he said.

A self-directed IRA, which is also known as a real estate IRA, is just like any other IRA except that clients invest their retirement funds in instruments other than stocks, bonds or mutual funds, said Nilssen.

“It’s a retirement plan that allows people to purchase any asset they so choose,” he said.

That includes real estate and other alternative investments, such as tax liens, personal loans and private businesses.

“People that understand real estate may want to invest their retirement funds in real estate. People who understand businesses may want to buy a small business. We help them invest in whatever they know and un-

derstand,” said Nilssen.

And while Guidant Financial Group Inc. helps set up self-directed IRA accounts, the company doesn’t actually participate in those transactions.

“We have an affiliate network — all these different service providers across the country — that we help pair them (investors) up with,” said Nilssen, “but we don’t actually monetize the transactions.”

Guidant’s target audience, meanwhile, is the early baby boomers, and the average account held with the company is in excess of \$100,000.

“We have a national footprint,” said Nilssen. “We only do about 6 to 8 percent of our business here, and we do

business in all 50 states. Our largest areas are places like California, Texas, Florida and Illinois.”

To date, Guidant’s clients number about 6,000.

Retirement funds make up Guidant’s core business, but the company is also a provider of small business financing.

Currently, Guidant — with 115 employees — has put the brakes on hiring and instead invested in infrastructure. Guidant has never taken venture capital funding nor incurred debt, said Nilssen.

“We’ve continually taken every dollar that was earned and reinvested that in the business,” he said. “Be-

cause of that, scalability isn’t what it should be. So this year we’ve spent a lot of time and resources investing in systems that will provide that scalability long term.”

That includes a new Customer Relationship Management tool that will help the company automate many of its sales, marketing and business development processes.

To date, Nilssen credits Guidant’s success to the company’s aggressive online presence.

“If you go to the web and enter ‘self-directed IRA’ you will see us everywhere,” he said.

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GUIDANT FINANCIAL GROUP INC.

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Bellevue

Self-directed IRA and 401(k) structures for alternative investing

Fiscal year	Total operating revenue	No. of employees
2005	\$3.03M	29
2006	\$6.53M	55
2007	\$10.35M	82