Best Practices *of* Elite Financial Advisors

2012 Report

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An Industry Intelligence Report from CEG Worldwide LLC

In Partnership with Meridian-IQ™

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Introduction

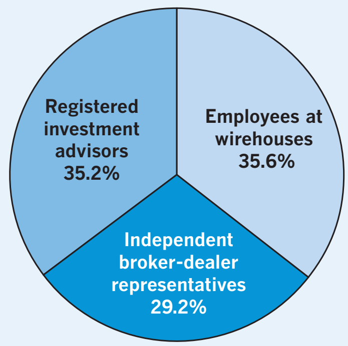
CEG Worldwide has been conducting research into the best practices of our industry's leading financial advisors for more than a decade. Over this time, in studies of thousands of financial advisors both in the United States and around the world, two themes persist:

- **The most successful financial advisors are client-centered.** Client relationship building and management permeates every aspect of the elite financial advisors' businesses. They focus on attracting only those affluent clients whom they can serve extremely well; design processes that ensure a consistent, world-class experience for every client; and build long-term loyalty through frequent and high-quality client contact. In short, making clients the primary focus has consistently been the basis for uncommon success.

- **The most successful financial advisors act deliberately.** The elite financial advisors have long known that great success does not happen accidently or haphazardly. Accordingly, we have seen them move deliberately as they create and act on their plans, focus only on the activities that bring them closer to their goals, collaborate with others who can help them reach their goals, and act with consistency, doing things at the same high level all the time to provide a top-quality, replicable client experience. We call this "success on purpose."

Now, more than three years into the economic and market upheaval that began in 2008, we check in again on how financial advisors are far-

EXHIBIT 1
STUDY GROUP BY CHANNEL



N = 219 financial advisors.
Source: CEG Worldwide.

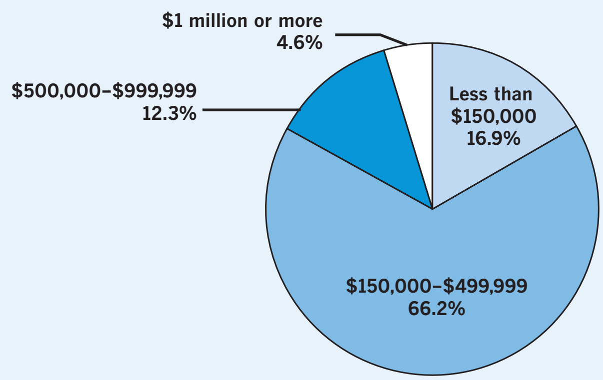
ing. To what extent are they succeeding? What is driving the success of the elite financial advisors? Do the old lessons of client focus and deliberate action still apply, or are we now in a whole new ballgame?

To understand the answers to these questions, CEG Worldwide undertook a comprehensive study of financial advisors during the fall of 2011. We conducted in-depth telephone interviews with more than 200 financial advisors nationwide representing each of the three major industry channels: registered investment advisors, employees at wirehouses and independent broker-dealer representatives. As **Exhibit 1** shows, each group was nearly evenly represented, although there were slightly fewer independent broker-dealer representatives.

We wanted to understand the best practices of well-established financial advisors who already have a track record of success, so we spoke only with financial advisors who have been in the industry for a minimum of five years and who manage at least $50 million in assets. None of those interviewed were coaching clients of CEG Worldwide.

In previous industry studies, we used a range of financial advisor characteristics to help us distinguish the most successful from the least,

EXHIBIT 2
STUDY GROUP BY NET INCOME



N = 219 financial advisors.
Source: CEG Worldwide.

including business model, distribution channel and number of clients.

In our work coaching elite financial advisors and those aspiring to the elite level, we find their own definitions of success primarily focused around three things: the economic value they are generating, which includes both income and equity in their practices; the impact they are having on the lives of their clients; and their own quality of life. We wholeheartedly agree that each of these is an important measure of success.

Keeping this in mind, we nonetheless had to choose a single, easily measurable economic indicator of success. In this year's report, we use a gold standard: net income, which we define as income after expenses but before taxes. For financial advisors working on teams, we included only individual, not team, income. We chose this metric because we believe that there is nothing so telling about financial advisors' businesses as the bottom line. Eventually, it reflects every win and loss, every achievement and misstep.

Exhibit 2 shows how the study group broke out by income. As you can see, by far the largest group—nearly two-thirds of all those we surveyed—comprises financial advisors earning between $150,000 and

$500,000 annually. About one in six (16.9 percent) earn less than $150,000, and about one in eight (12.3 percent) earn between $500,000 and $1 million. A select few—4.6 percent—earn $1 million or more. Throughout this report, we will focus special attention on these highly successful financial advisors.

Our challenge was to discern from our data the specific differences between financial advisors at the different income levels. What precisely do the most successful financial advisors do that others do not that can account for their higher incomes?

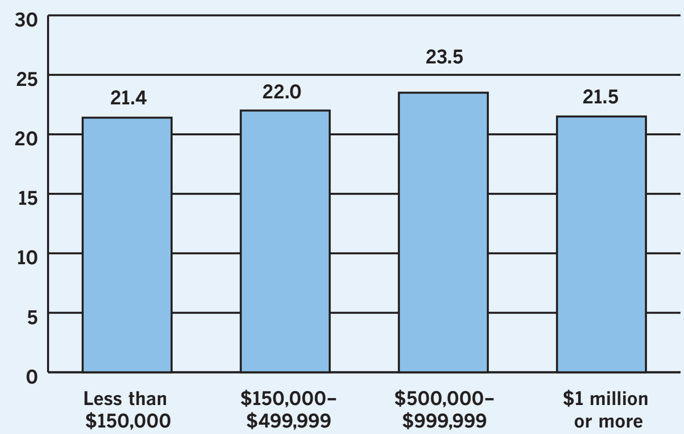
In this report, we will provide a comprehensive overview of the practices of these elite financial advisors. Our aim in doing so is to provide financial advisors at every income level with the insight they need to move to substantially higher success.

But before we begin, let's look briefly at two factors that do *not* contribute to financial advisor success. It is not uncommon for financial advisors to believe that if they simply remain in business, doing what they have always done, they will become more successful over time. To test the accuracy of this belief, we inquired into the ages and amount of industry experience of the financial advisors we surveyed.

As **Exhibit 3** demonstrates, financial advisors earning $1 million or more in annual net income actually have *less* experience in the financial services industry than most other financial advisors. On average, they have been licensed in the industry for 21.5 years—a full two years less than financial advisors earning between $500,000 and $1 million, and six months less than those earning between $150,000 and $500,000. They have virtually the same amount of experience as those in the lowest-income group.

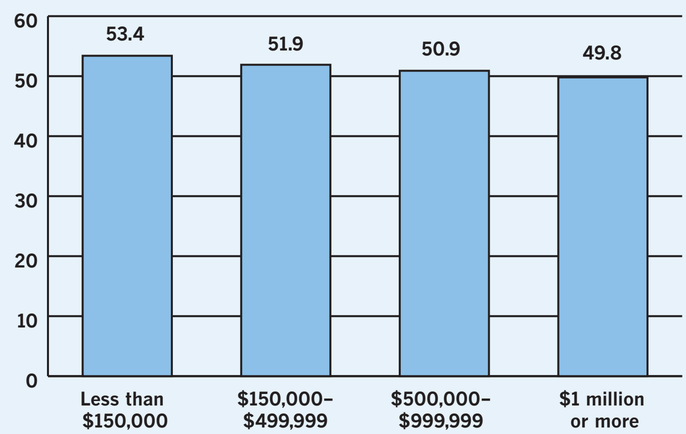
Exhibit 4 reinforces this point. As you can see, the average ages of the surveyed financial advisors *decrease* as their incomes *increase*. Those in

EXHIBIT 3
YEARS LICENSED IN THE FINANCIAL SERVICES INDUSTRY



N = 219 financial advisors.
Source: CEG Worldwide.

EXHIBIT 4
AGES OF FINANCIAL ADVISORS



N = 219 financial advisors.
Source: CEG Worldwide.

the top income group are, on average, nearly four years younger than those in the bottom income group.

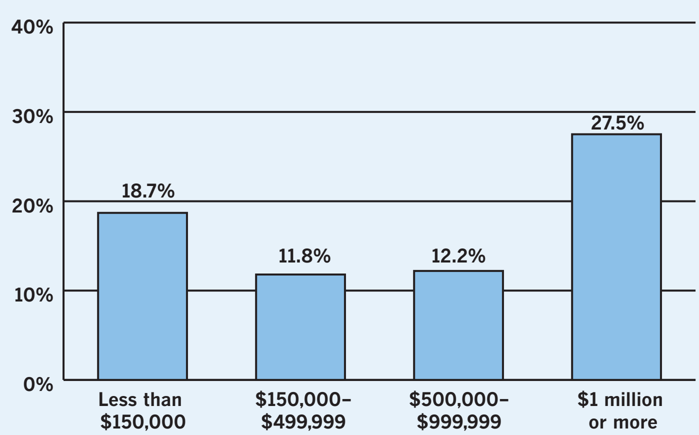
This data clearly tells us that merely continuing with business as usual is not the key to significant success. We will begin, then, with the factors that do create greater success. We will start with a closer look at the incomes and assets of the financial advisors we studied. From there, we will delve into their client relationships, how they acquire new clients and assets, and their practice management priorities and outlook.

Income and Assets

Examining the incomes and assets under management of the financial advisors in our study gives us a good understanding of the current health of their businesses. We already saw in **Exhibit 2** that net incomes range widely, with a significant majority falling between $150,000 and $500,000. But how does that compare to the recent years of market volatility and disruption, and what do financial advisors expect moving ahead?

Exhibit 5 shows the change in net income that surveyed financial advisors experienced from 2009 to 2010. Those at the lower income level

EXHIBIT 5
CHANGE IN NET INCOME IN 2010 OVER 2009

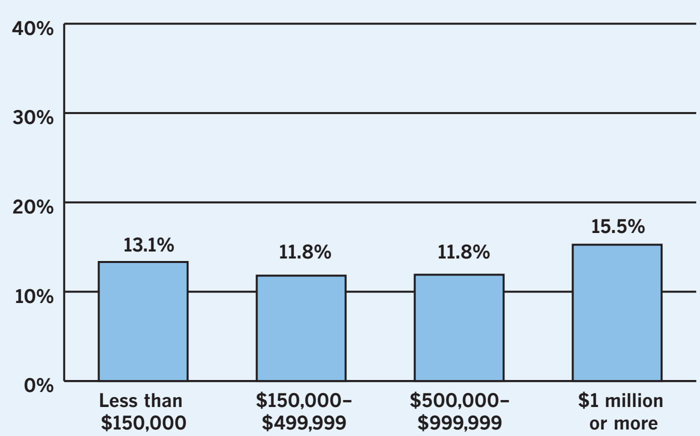


N = 219 financial advisors.
Source: CEG Worldwide.

experienced a significant growth in net income—on average, 18.7 percent. Those in the two middle groups saw much less growth, while the top income group's growth was remarkable: 27.5 percent. This is well in excess of the market's growth for 2010 as measured by the major indexes. So despite ongoing challenging market conditions, the top financial advisors found ways to significantly grow their businesses.

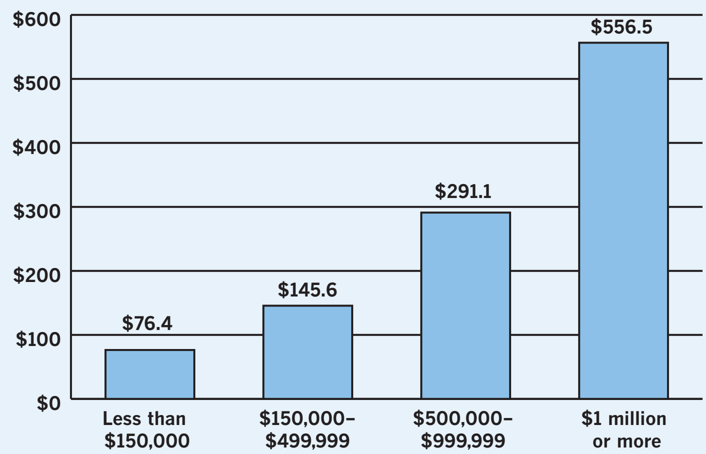
We also asked financial advisors to estimate how their net incomes would change in 2011 compared to 2010. (See **Exhibit 6.**) Given that we conducted our survey in the last quarter of 2011, we believe that these estimates will prove to be largely accurate. Across the board, financial advisors in all income groups reported expected slowing growth in 2011 compared to 2010. Nonetheless, all estimated that their growth would remain healthy, from a low of 11.8 percent growth in the two middle income groups to 15.5 percent growth for the top income group. So we see that despite ongoing market volatility and political uncertainty,

EXHIBIT 6
CHANGE IN NET INCOME IN 2011 OVER 2010



N = 219 financial advisors.
Source: CEG Worldwide.

EXHIBIT 7
ASSETS UNDER MANAGEMENT (MILLIONS OF DOLLARS)



N = 219 financial advisors.
Source: CEG Worldwide.

financial advisors at every level of success still expect to enjoy relatively good income growth.

Exhibit 7 shows us the average amount of assets managed by financial advisors in each income group. As we would expect, assets are largely aligned with net income, with those earning $1 million or more managing an average of $556.5 million in assets. At the other end of the range, those earning less than $150,000 have average assets under management of just $76.4 million.

We are now ready to examine the key factors that create the substantial differences in income and assets under management of the financial advisors we studied. We will look first at the bedrock of any financial advisory practice: clients.

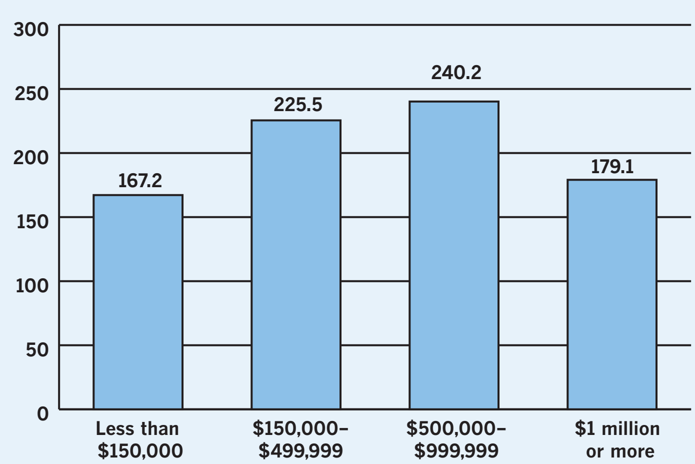
Clients and Client Relationship Management

As we have discussed, quality client relationships have long been central to financial advisor success. To find out whether this is still true, we studied a range of key client-related factors: number and affluence of clients, standards for new clients, client specialization, client communication and client satisfaction.

Number and Affluence of Clients

The first client-related factor we looked at is the most straightforward: the number of clients served by each financial advisor. While many

EXHIBIT 8
NUMBER OF CLIENTS (HOUSEHOLDS)



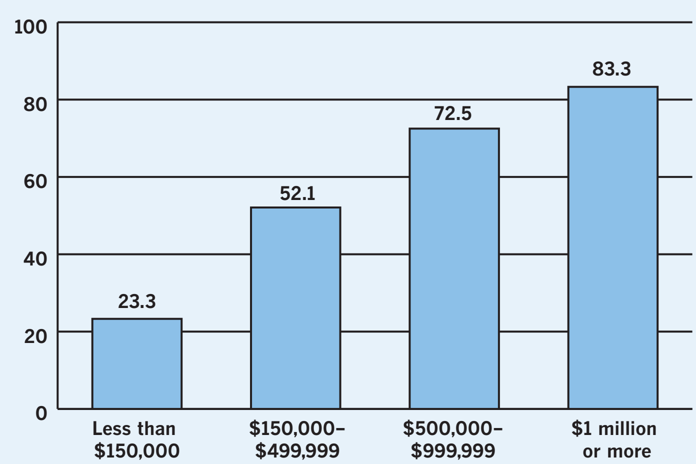
N = 219 financial advisors.
Source: CEG Worldwide.

financial advisors are convinced that adding more clients is a prerequisite for generating more income, our study finds that this is the case only at the lower income levels.

As seen in **Exhibit 8**, client rosters grow steadily along with income—up to a point. At the $1 million mark, there is a sharp drop-off, with the top-level financial advisors serving about 25 percent fewer clients than those earning between $500,000 and $1 million. In fact, they serve only slightly more than those earning less than $150,000.

This suggests recognition among the highest-income financial advisors that in order to earn higher incomes, they must serve *fewer* clients, not more. The logic behind this is sound: Having fewer clients enables these financial advisors to spend more time building client relationships and ensuring client satisfaction. This in turn leads to greater client loyalty and increased inclination among clients to provide introductions to qualified prospects as well as additional assets to manage.

EXHIBIT 9
CLIENTS WITH AT LEAST $1 MILLION IN ASSETS WITH THE FINANCIAL ADVISOR



N = 219 financial advisors.
Source: CEG Worldwide.

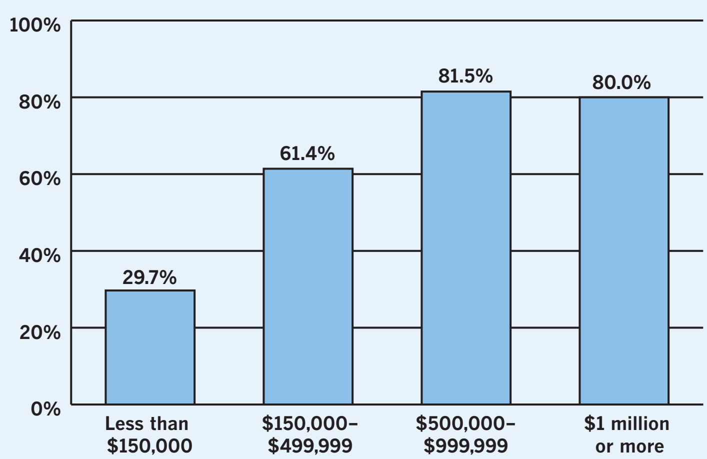
Of course, the key to earning more income from fewer clients is to serve wealthier clients. Exhibit 9 illustrates that this is precisely what the highest-income financial advisors do. They work with an average of 83.3 clients who each have at least $1 million in assets with them, compared to 72.5 each among financial advisors earning between $500,000 and $1 million. The financial advisors in the lowest income group have the fewest affluent clients—on average, 23.3 each.

Standards for New Clients

One tool widely used by the higher-income financial advisors for ensuring a wealthier client base is a minimum asset requirement. Four out of five surveyed financial advisors earning $500,000 or more impose a minimum asset requirement on new clients, compared to just three out of ten financial advisors earning less than $150,000.

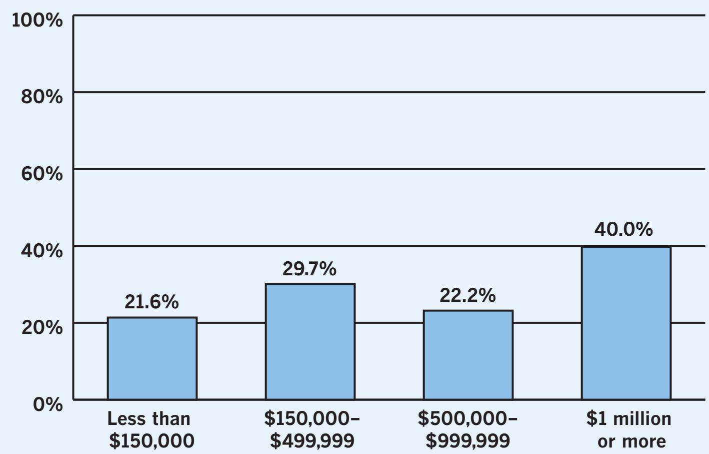
We also see a minimum fee requirement. The highest-income financial advisors employ this more frequently than do those of the other

EXHIBIT 10
HAS A MINIMUM ASSET REQUIREMENT FOR NEW CLIENTS



N = 219 financial advisors.
Source: CEG Worldwide.

EXHIBIT 11
HAS A MINIMUM FEE REQUIREMENT FOR NEW CLIENTS



N = 219 financial advisors.
Source: CEG Worldwide.

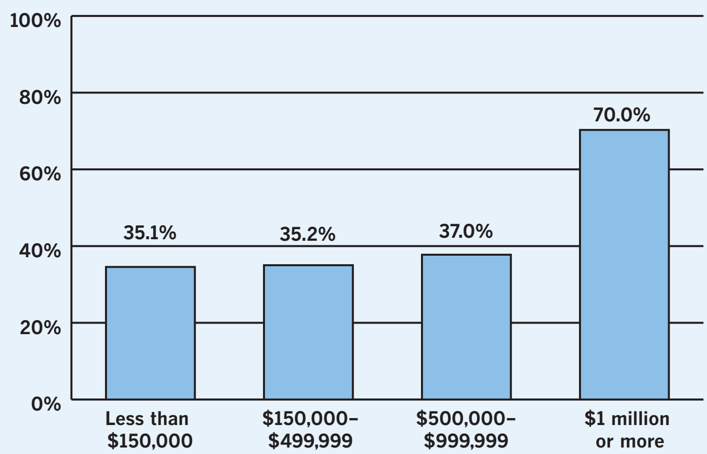
income groups, but still only 40.0 percent of the top-earning financial advisors set a minimum fee. (See **Exhibits 10 and 11.**)

Client Specialization

Specialization provides a number of advantages, including, most notably, the ability to sharply focus marketing efforts on particular groups. As financial advisors work within one community of clients and prospects and become known for serving that community well, client acquisition through word of mouth becomes relatively easier. Clients, in turn, benefit from their financial advisors' expertise in addressing their specific financial challenges.

We found that the top-earning financial advisors are twice as likely as all others to specialize in one particular type of client. (See **Exhibit 12.**) So even as they limit themselves to certain types of clients, they are able, as we have seen, to attract higher-quality clients than the financial advisors who do not restrict the number of prospects available to them.

EXHIBIT 12
SPECIALIZING IN A PARTICULAR TYPE OF CLIENT



N = 219 financial advisors.
Source: CEG Worldwide.

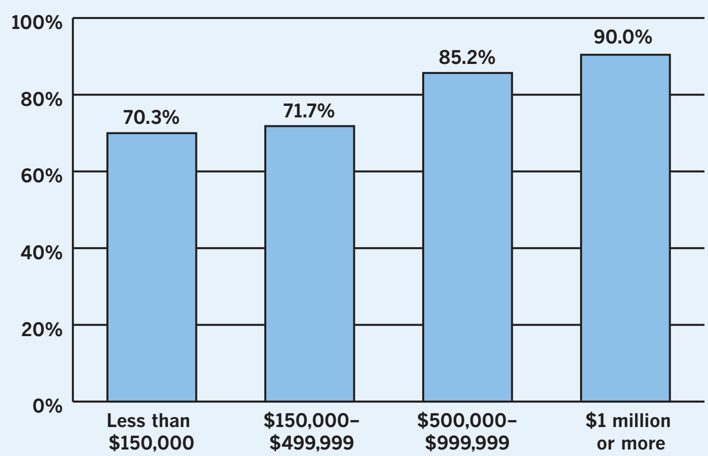
The types of clients in which surveyed financial advisors specialize range broadly and include retirees (cited by 53.1 percent of all those who specialize); private-business owners (32.1 percent); pre-retirees (27.2 percent); corporate executives (25.9 percent); family-business owners (22.2 percent); widows and widowers (22.2 percent); inheritors (18.5 percent); professionals such as attorneys, accountants and architects (17.3 percent); and medical professionals (13.6 percent).

Client Communication

Successful communication is the basis of any successful relationship, including that between client and financial advisor. As **Exhibit 13** shows, the majority of all surveyed financial advisors are either very or extremely concerned about communicating effectively with their clients. These numbers climb along with financial advisor income, with the biggest majority (90.0 percent) found in the highest-income group.

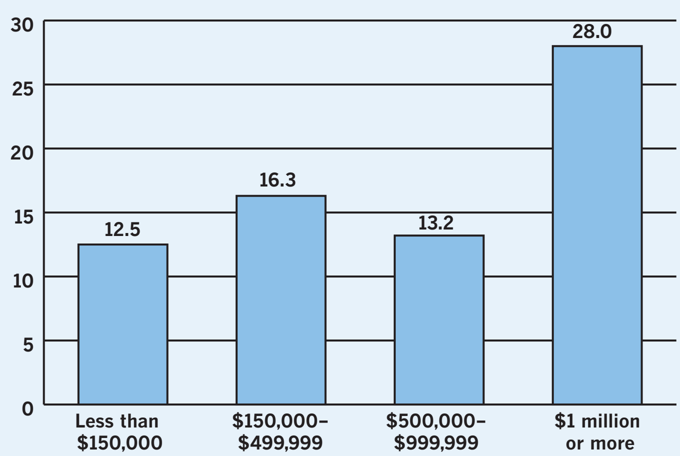
Of course, concern about client communication is one thing; taking action on that concern is another. **Exhibit 14** vividly demonstrates the willingness of financial advisors in the top income group to translate

EXHIBIT 13
VERY OR EXTREMELY CONCERNED ABOUT MAINTAINING EFFECTIVE CLIENT COMMUNICATION



N = 219 financial advisors.
Source: CEG Worldwide.

EXHIBIT 14
NUMBER OF TIMES CONTACTED EACH TOP 20 CLIENT IN LAST 12 MONTHS



N = 219 financial advisors.
Source: CEG Worldwide.

their concern about client communication into action. As you can see, these financial advisors contacted each of their top 20 clients an average of 28.0 times over the previous year—far more than financial advisors in all other income groups.

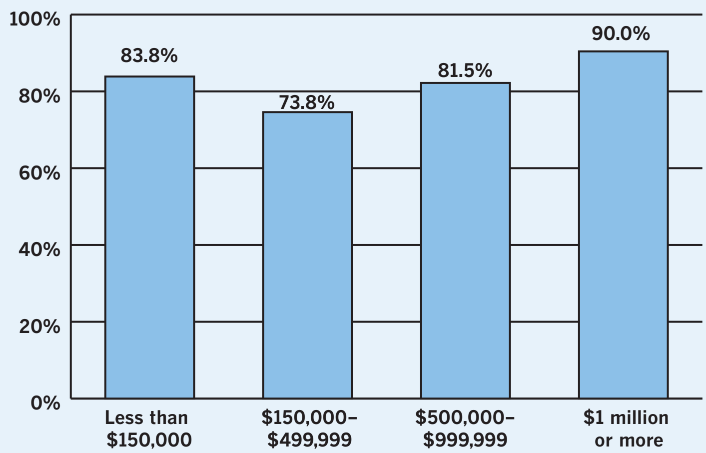
Our previous industry studies have repeatedly found direct links between the amount of client contact and client satisfaction, client loyalty and willingness to provide introductions to qualified prospects. This study clearly shows that this common theme of financial advisor success continues to endure.

Client Satisfaction

As with concern about client communication, most surveyed financial advisors are concerned about improving client satisfaction. Again, this concern is greatest among the top income group, where nine out of ten reported being very or extremely concerned about this issue. (See **Exhibit 15.**)

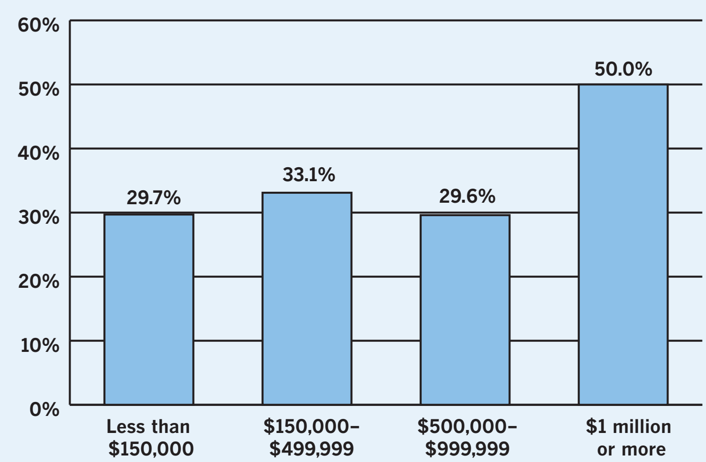
Once again, the top-earning financial advisors are more likely to act on this concern by actually asking their clients about their satisfaction with the client experience. Still, as **Exhibit 16** shows, only half of the highest-income financial advisors have in place a method for formally assessing client satisfaction, making this an area with substantial room for improvement.

EXHIBIT 15
VERY OR EXTREMELY CONCERNED ABOUT IMPROVING CLIENT SATISFACTION



N = 219 financial advisors.
Source: CEG Worldwide.

EXHIBIT 16
HAS A WAY TO FORMALLY ASSESS CLIENT SATISFACTION



N = 219 financial advisors.
Source: CEG Worldwide.

Client Sourcing and Asset Acquisition

ORGANIC GROWTH IN ANY FINANCIAL ADVISORY BUSINESS is primarily driven in two ways: by acquiring new clients and by capturing additional assets from existing clients. Very simply, the financial advisors who do these two things most effectively will enjoy the highest levels of success. We will now explore what the research tells us about how the elite financial advisors build their businesses through client and asset acquisition.

Sources of New Clients

We looked first at all sources of new clients for financial advisors across all income groups. As you can see in **Exhibit 17**, referrals from current clients are the leading source of new clients, cited as very important by 95.0 percent of all financial advisors we surveyed. The second-most important source (cited by 78.1 percent) is referrals from other professionals, such as accountants, attorneys and other professional advisors.

All other client sources lag far behind in importance behind referrals. Invitation-only private seminars designed for specific groups are important to 32.0 percent of those surveyed, followed by strategic alliances with other professionals (23.3 percent), public relations (22.8 percent) and seminars open to the public (14.2 percent). Advertising, direct mail and cold-calling all rated quite low as valuable sources of clients.

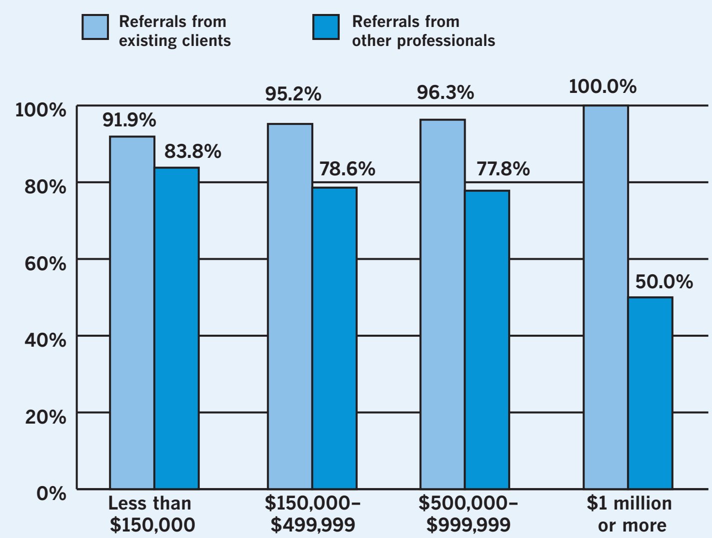
EXHIBIT 17 VERY IMPORTANT IN SOURCING CLIENTS: ALL SOURCES	
Referrals from existing clients	95.0%
Referrals from other professionals	78.1%
Seminars (by invitation only, to defined groups)	32.0%
Joint-venture or other strategic arrangements with other professionals	23.3%
Public relations activities (articles, mentions in the press)	22.8%
Seminars (public)	14.2%
Advertising (phone book, newspaper, radio, Internet)	10.5%
Direct mail (fliers, newsletters)	10.5%
Cold calling	6.8%

N = 219 financial advisors.
Source: CEG Worldwide.

This finding reinforces the importance of relationship building—both with clients and with the other professional advisors who serve them—for financial advisors. Given the significance of referrals, we delved down a little further in the data to determine how each type of referral is important to financial advisors in each income group. (See **Exhibit 18.**)

One hundred percent of the top-earning financial advisors cited referrals from existing clients as an important source, compared to just 50.0 percent for referrals from other professionals. Among the other income groups, the difference was less distinct, with both sources rated as important by large majorities.

EXHIBIT 18
VERY IMPORTANT IN SOURCING CLIENTS: REFERRALS

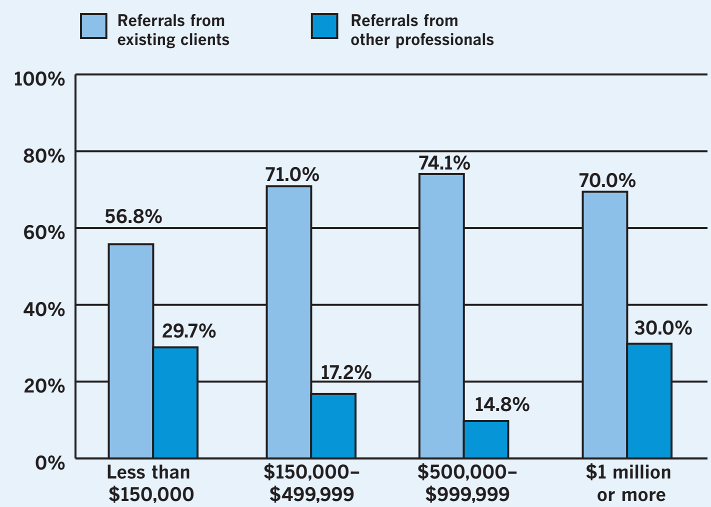


N = 219 financial advisors.
Source: CEG Worldwide.

The importance of referrals from current clients was further reinforced when we asked about the actual value of each source in providing profitable clients. As **Exhibit 19** illustrates, the majority of financial advisors of all incomes reported that, over the previous year, they received their top five best new clients via referrals from existing clients. Just one-fifth (19.6 percent) overall garnered their five top new clients from referrals from other professionals.

So even though referrals from other professionals are considered to be an important client source by 78.1 percent of all surveyed financial advisors, they did not prove to be a particularly fertile source of actual clients, or at least not top clients. We suspect that financial advisors' success in obtaining client referrals may breed a bit of complacency. In contrast to the effort required to build the strategic alliances with other professionals that will result in referrals, it is relatively easy to obtain

EXHIBIT 19
SOURCES OF FIVE BEST NEW CLIENTS OVER THE PREVIOUS 12 MONTHS



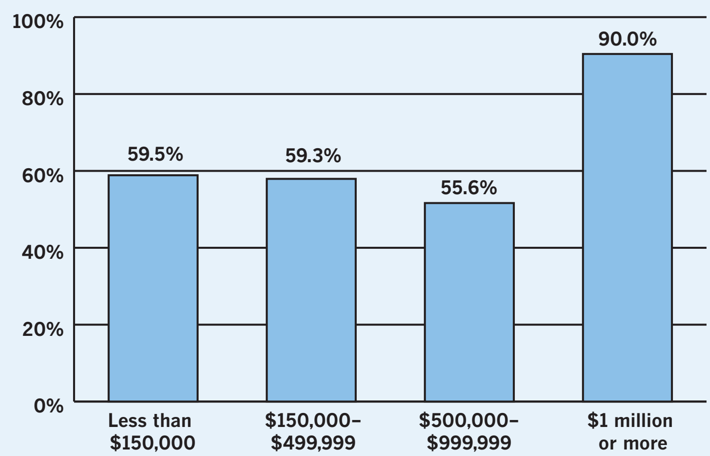
N = 219 financial advisors.
Source: CEG Worldwide.

referrals from clients. This may be particularly true among the top-income financial advisors, who, as we will see shortly, obtain significant numbers of referrals from their clients.

If this is the case, we believe that these financial advisors are missing an important opportunity to significantly grow their affluent client bases. Among the financial advisors we coach, strategic alliances with other professionals are a rich source of affluent referrals. In addition, they provide the opportunity to move upmarket to serve even wealthier clients than is possible by working only with referrals from clients.

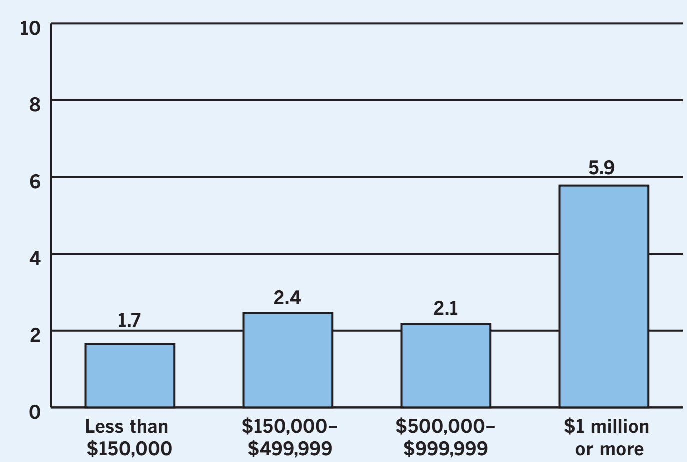
Despite the importance of referrals from clients, we found that many financial advisors fail to fully leverage this source. Among financial advisors earning less than $1 million, fewer than six out of ten ask their clients for referrals on a regular basis. Among the top income-earners, this figure is 90.0 percent. (See **Exhibit 20.**) One explanation for the dis-

EXHIBIT 20
ASKS CLIENTS FOR REFERRALS ON A REGULAR BASIS



N = 219 financial advisors.
Source: CEG Worldwide.

EXHIBIT 21
REFERRALS RECEIVED FROM EACH TOP 20 CLIENT IN THE LAST 12 MONTHS



N = 219 financial advisors.
Source: CEG Worldwide.

crepancy could be the significantly higher client contact of the top-earning financial advisors, as frequent contact provides more opportunities to ask for referrals.

Given that the financial advisors earning at least $1 million are more inclined to ask their clients for referrals, it is no surprise that they receive referrals at a much higher rate than the financial advisors in the lower income groups. **Exhibit 21** shows just how significant the difference is: nearly six referrals received from each top-20 client over the previous year, compared to an average of two each for all other financial advisors.

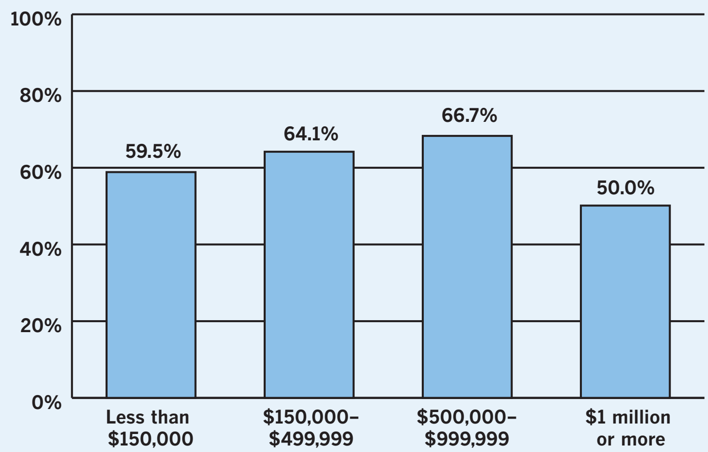
Let's assume that many or most of these are qualified referrals—a safe assumption, since they originate from top clients—and calculate the difference between those received by the top-earning financial advisors and all the others. It works out to an average of 118 referrals for each top-earning financial advisor each year, compared to just 40 for the rest. The magnitude of this advantage is enormous and alone could explain much of the success of the leading financial advisors.

Attracting New Assets

When it comes to asking clients for additional assets to manage on a regular basis, however, many of the top-earning advisors fall short. As **Exhibit 22** demonstrates, a smaller percentage of financial advisors in the top income group actually ask than ask in all other income levels. Given their proclivity for requesting referrals from their clients, it is unlikely that these financial advisors are uncomfortable in asking for additional assets, and their frequent client contact offers abundant opportunities to ask.

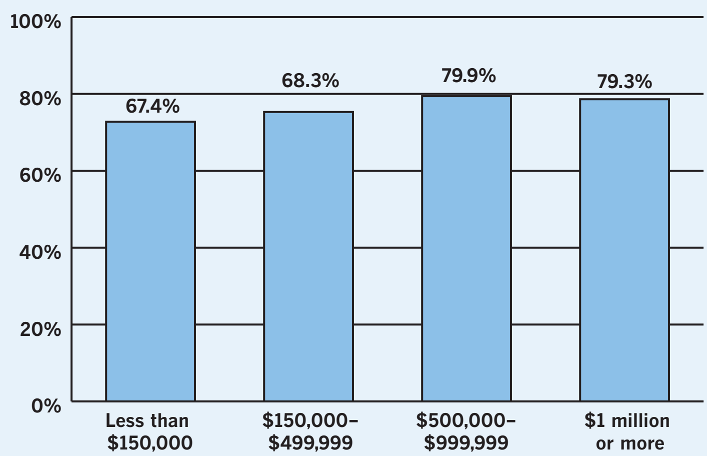
What, then, explains the relatively low rate at which the elite financial advisors ask clients for additional assets? It could be because they believe that they already manage most client assets and therefore have

EXHIBIT 22
ASKS CLIENTS FOR ADDITIONAL ASSETS ON A REGULAR BASIS



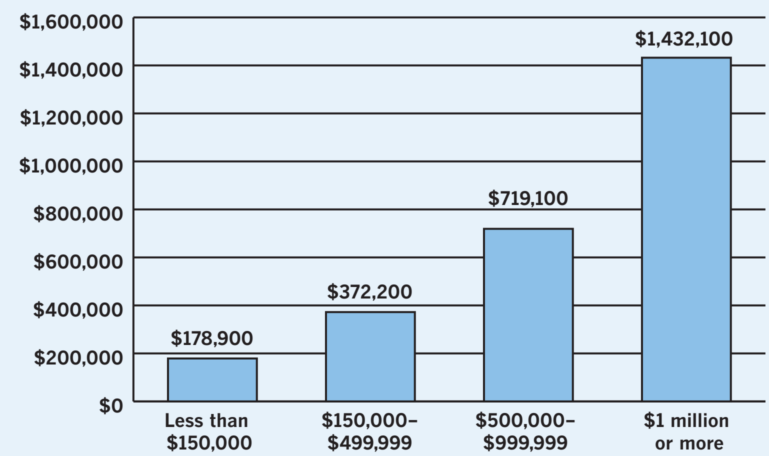
N = 219 financial advisors.
Source: CEG Worldwide.

EXHIBIT 23
ESTIMATED PERCENTAGE OF CLIENTS' INVESTABLE ASSETS MANAGED



N = 219 financial advisors.
Source: CEG Worldwide.

EXHIBIT 24
ADDITIONAL ASSETS RECEIVED FROM EACH TOP 20 CLIENT IN THE LAST 12 MONTHS



N = 219 financial advisors.
Source: CEG Worldwide.

little additional to gain. Exhibit 23 shows that the top-earning financial advisors estimate that they manage 79.3 percent of their clients' overall assets.

Given that the more affluent individuals are, the more likely they are to have multiple financial advisors, we would hypothesize that these financial advisors are estimating too high and that there are more assets available to potentially manage than they know.

Regardless of the reason, the financial advisors who fail to ask clients for additional assets are missing a significant opportunity to grow their businesses in an extremely cost-effective way. Exhibit 24 confirms this point. Despite asking at the lowest rate, the top-income financial advisors received by far the greatest amount of assets from their top clients over the past year—twice as much per client as financial advisors in the $500,000 to $1 million income group and eight times more than financial advisors in the lowest-income group.

The benefit to financial advisors in asking for and receiving additional assets to manage from current clients goes beyond the additional income derived from these assets. The new assets provide added opportunities to serve the clients well, including providing frequent client contact. This client experience in turn enhances client trust and loyalty, paving the way for the financial advisor to receive yet more assets to manage in the future.

Thus far, we have examined the key client management attributes of surveyed financial advisors' practices, including client specialization, standards, communication, satisfaction, and client sourcing and asset acquisition. We will now discuss the important factors in management of the business itself.

Business Management and Outlook

OUR RESEARCH AND EXPERIENCE HAVE SHOWN AGAIN AND again that the most successful financial advisors are those who deliberately focus their efforts on clear goals. They position themselves to attract affluent clients and then leverage their teams and systematic processes to serve those clients very well while earning a high profit. As we described at the beginning of this report, they succeed on purpose.

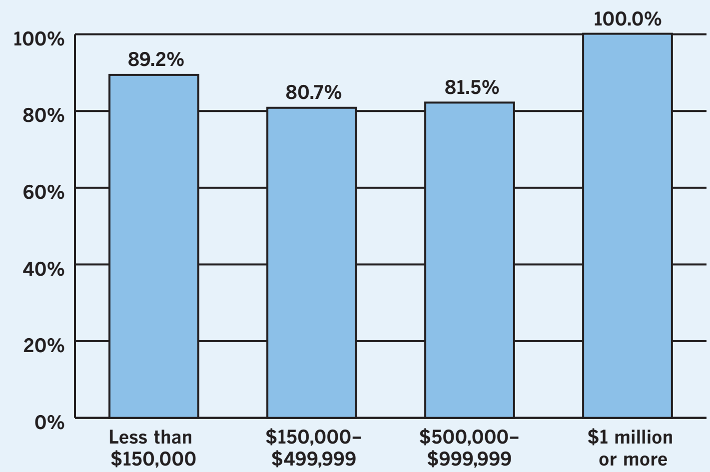
In our study, we found that the top-earning financial advisors again stood apart in a number of key business management issues, revealing and reaffirming important clues to their success.

Focus

As we see in **Exhibit 25**, delivering high-quality financial services and products is a very important concern for the great majority of all financial advisors we surveyed—83.1 percent overall. The $1 million and above financial advisors are notable, however, in that every single one that we surveyed reported it as the top concern for their business.

These elite financial advisors are not resting on their laurels; despite their success, they know that continuing to deliver high-quality financial services and products remains the foundation of their success. We can surmise that this level of focus cannot help but make itself felt in every aspect of these financial advisors' businesses.

EXHIBIT 25
VERY OR EXTREMELY CONCERNED ABOUT DELIVERING HIGH-QUALITY FINANCIAL SERVICES AND PRODUCTS



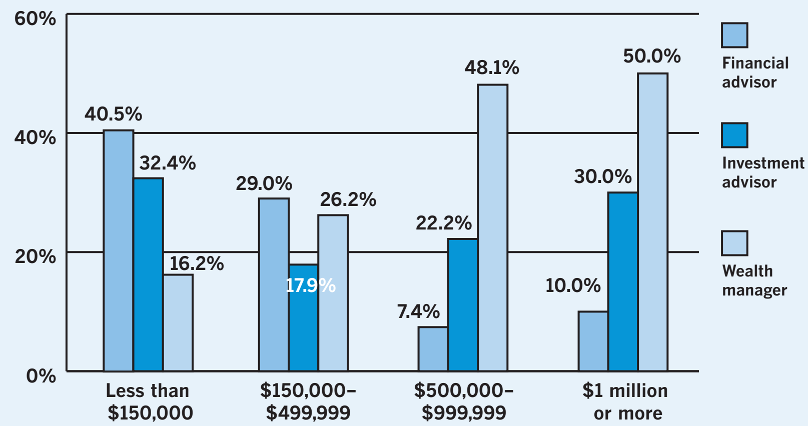
N = 219 financial advisors.
Source: CEG Worldwide.

Positioning

Financial services professionals identify themselves with a broad range of titles, including financial advisor, wealth manager, investment advisor, financial planner, investment consultant, wealth advisor, investment manager, personal CFO, investment expert and many more. Knowing what financial advisors call themselves is instructive in not just how they promote themselves to prospective clients, but also how they think of themselves and their businesses.

In our survey, the terms most used by respondents to describe themselves were "wealth manager," "financial advisor" and "investment advisor." **Exhibit 26** breaks down each of these terms by income group. As you will see, financial advisors in the higher income groups are much more likely to position themselves as wealth managers than are those in the lower income groups. Among the top-income group, fully half call themselves "wealth managers."

EXHIBIT 26
TOP TERMS USED BY FINANCIAL ADVISORS TO DESCRIBE THEMSELVES



N = 219 financial advisors.
Source: CEG Worldwide.

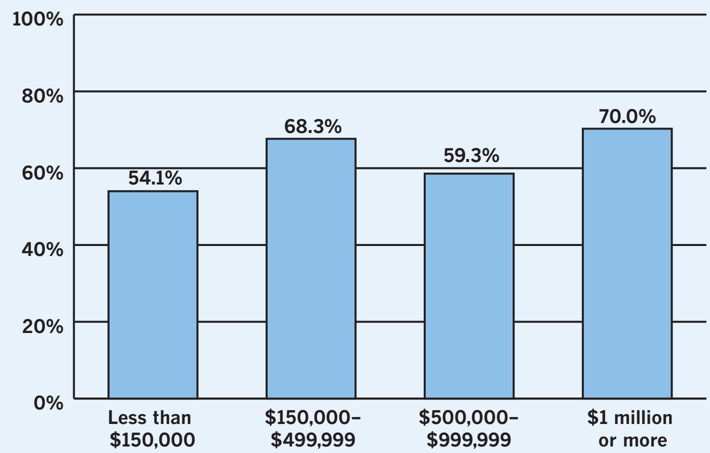
In contrast, "financial advisor" is used most often by those in the two lower-income groups to describe themselves. While certainly an accurate term, it is less likely than "wealth manager" to position a financial advisor as someone who is focused on and well-qualified to address the financial concerns of the affluent.

Planning

As we have seen throughout this report, the top-earning financial advisors are more likely than others to engage in certain business-building practices, including client specialization, frequent client contact and soliciting referrals from clients, that have direct links to their success. Taken together, it suggests that these actions are part of a deliberate, formalized approach to growing the business.

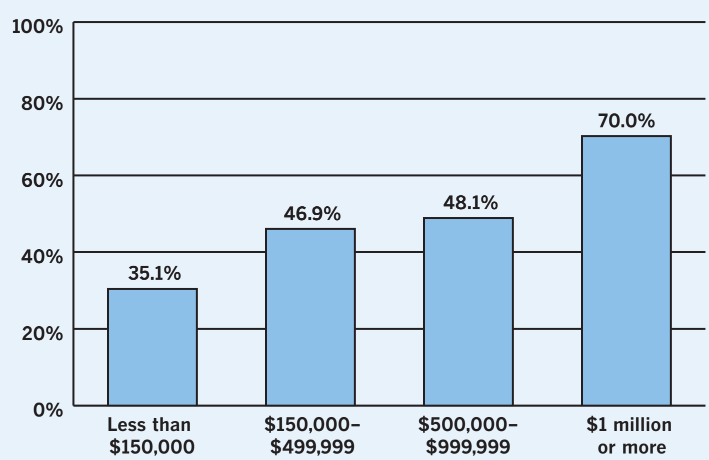
This stance is supported by two findings about financial advisors' use of formal planning. As **Exhibits 27 and 28** show, 70.0 percent of the top-

EXHIBIT 27
FINANCIAL ADVISOR HAS A FORMAL BUSINESS PLAN



N = 219 financial advisors.
Source: CEG Worldwide.

EXHIBIT 28
FINANCIAL ADVISOR HAS A FORMAL MARKETING PLAN



N = 219 financial advisors.
Source: CEG Worldwide.

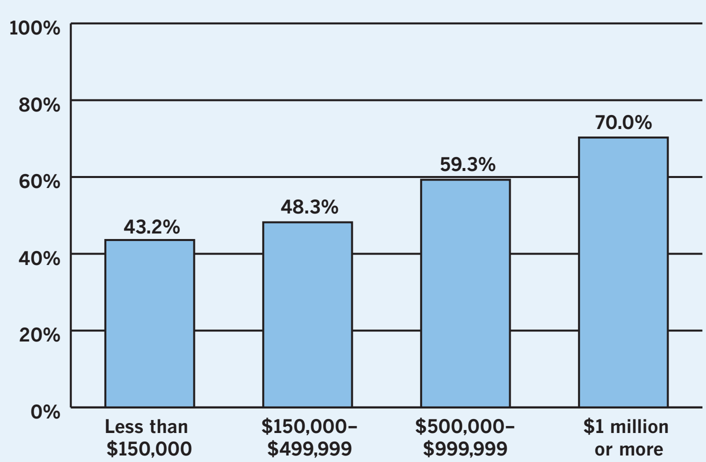
earning advisors have both formal business plans and formal marketing plans. This number exceeds all other groups in both types of planning and is markedly higher for marketing planning.

While these figures are not so dramatic as to suggest that formal planning alone accounts for a significant part of these financial advisors' success, we believe that such planning can provide important clarity and discipline for deliberate action.

Teams

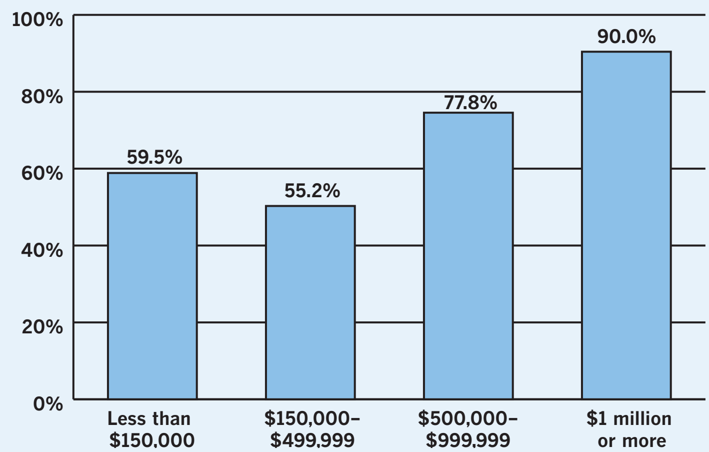
We all know that great success is rarely achieved alone. Financial advisors need competent staff who can free them up to focus on their highest value—typically, client-facing and business-building—activities. Our study shows that while the majority of all financial advisors understand this, it is of greatest concern among those who earn the most. This extends to both finding qualified staff, an important concern among

EXHIBIT 29
VERY OR EXTREMELY CONCERNED ABOUT FINDING QUALIFIED STAFF



N = 219 financial advisors.
Source: CEG Worldwide.

EXHIBIT 30
VERY OR EXTREMELY CONCERNED ABOUT RETAINING HIGH-PERFORMING STAFF



N = 219 financial advisors.
Source: CEG Worldwide.

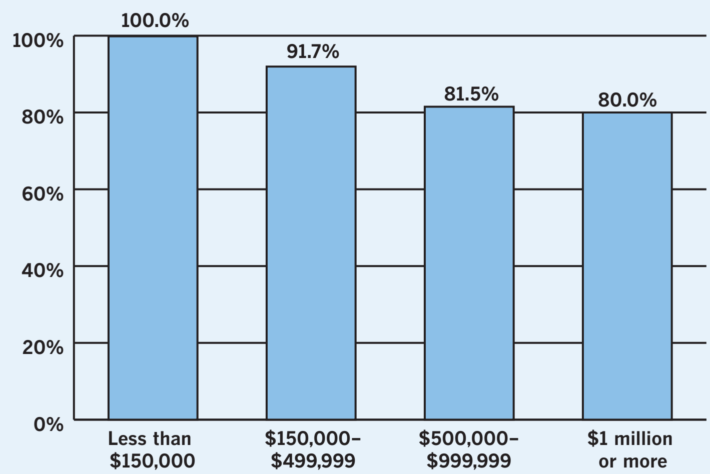
70.0 percent of the top-earners, and retaining high-performing team members—an important concern among 90.0 percent of these financial advisors. (See **Exhibits 29 and 30.**)

Outlook

Finally, we asked the financial advisors we surveyed about their overall views toward the profitability of their businesses and their satisfaction with their current success. Not surprisingly, all financial advisors earning less than $150,000 reported that they believe that their practices could be more profitable. So while they may not always act in ways consistent with building the profitability of their businesses, they do clearly understand that their businesses offer untapped profit potential.

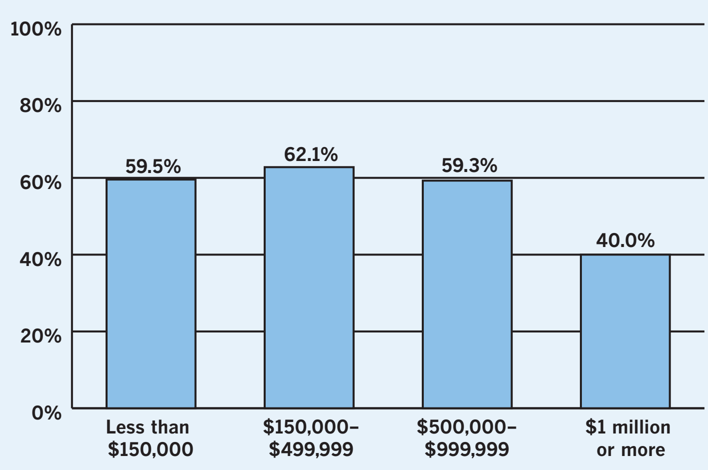
Even among the top-earning group, a significant majority (80.0 percent) believe that their practices could be more profitable. Despite their significant success, these financial advisors know that there is still

EXHIBIT 31
BELIEVES THAT PRACTICE COULD BE MORE PROFITABLE



N = 219 financial advisors.
Source: CEG Worldwide.

EXHIBIT 32
VERY SATISFIED WITH CURRENT LEVEL OF SUCCESS



N = 219 financial advisors.
Source: CEG Worldwide.

room to grow. (See **Exhibit 31.**)

When it comes to their satisfaction, approximately six out of ten financial advisors earning less than $1 million reported being very satisfied with their current success. Above the $1 million mark, the number drops to four out of ten. Contrary to what might be expected, satisfaction and income do not go hand in hand. (See **Exhibit 32.**)

Perhaps these top-earning financial advisors are more restless, more driven and more demanding of themselves. Having reached the higher echelons of success, it becomes easier for them to envision even greater success. This makes them more likely to chafe under any limitations they see from partners, institutions, or economic and market conditions and less satisfied with their current success.

Conclusion

In our study, we sought to answer one key question: Do the old rules of financial advisor success still apply? Taken as a whole, our results show a resounding yes. Despite the turmoil in the economy and the financial services industry over the last several years, financial advisors can still rely on what have traditionally delivered significant success: a client-centered approach and thoughtful, purposeful action.

Among the leading financial advisors with whom we work directly, we are seeing these two factors coalesce into something even greater: inspired leadership that helps their clients to systematically make informed decisions about their money and move them through today's economic, politic and social ambiguity. The financial advisors who are doing this are experiencing more success than ever before.

From our study and our experience, we can distill a number of distinct best practices that will substantially bolster success. If you are a financial advisor looking to move to a higher level, we recommend these actions:

- **Specialize in one or two types of profitable clients whom you can serve very well.** Client specialization allows you to tightly focus your marketing message to effectively reach a defined narrow group. Once you are established within a distinct community, acquiring new qualified clients through referrals becomes relatively easy. And your clients benefit from the expertise you will develop in addressing the financial concerns of individuals like them.

- **Make client communication a top priority.** Frequent contact about what matters most to your clients will build lasting loyalty and, along with it, referrals and additional assets to manage.

- **Request referrals from clients on a regular, systematic basis.** Do not assume that satisfied clients will automatically provide referrals. To systematically obtain introductions to qualified prospects, you must tell your clients exactly whom you are looking to serve and then ask them to introduce to you the people they know who match this description.

- **Request additional assets from clients on a regular, systematic basis.** As with referrals, to capture additional assets from existing clients, you need to ask for them. Do so as a part of each regular review meeting with every client.

- **Position your business to serve the affluent.** To attract affluent prospects, design your business to meet their specific needs, starting with what you call yourself. For many of the most successful financial advisors, this term is "wealth manager."

- **Engage in formal planning.** Ensure that you are disciplined and deliberate in your actions by articulating a clear vision for where you want to go and then by delineating the short-, medium- and long-term goals that you must achieve to fulfill that vision.

- **Rely on your team.** Focus solely on your highest-value activities—client relationship management and business development—by building a team that can take care of everything else.

As you move forward, remember that your clients, your future clients, your partners and your family are all counting on you to reach your fullest potential. We wish you the best of success.

About CEG Worldwide

CEG Worldwide is the number one coaching organization for the financial services industry. We coach financial advisors to achieve breakthrough results in their careers by substantially increasing assets under management, accelerating affluent client acquisition and growing personal net income—all while serving their clients well. We deliver insights garnered from empirical research on industry best practices and coach financial advisors to implement these practices in their businesses. The result is focused, energized and enriched financial advisors who build substantial economic value in their practices, deliver a world-class experience to their clients and ensure a high quality of life for themselves.

CEG Worldwide also works collaboratively with leaders of financial institutions to grow net new assets under management and the loyalty of their top financial advisors while attracting new top financial advisors. We provide insights, developed from empirical research, into what motivates top financial advisors, how to help them stay fully engaged and how to accelerate the achievement of their professional goals. Our services secure the long-term success and allegiance of top financial advisors who generate significant income for financial institutions.

About Meridian-IQ

Meridian-IQ is the premier advisor market database and also represents the next generation sales and marketing workflow engine incorporating the deepest and most accurate advisor database, time management tools and business planning software.

Meridian-IQ has been developed by a team with decades of combined experience working with hundreds of financial institutions to help them utilize information and tools to most effectively drive their sales, marketing and research efforts in the advisor space.

Meridian-IQ is the first system of its kind to deliver both the data and software tools needed to efficiently maximize business with advisors.

About the Authors

John J. Bowen Jr. CEO John Bowen founded CEG Worldwide in 2000, with the goal of bringing to bear the lessons he had learned during his career for the benefit of financial advisors and the institutions that work with advisors. His 26 years as a financial advisor and investment firm CEO had taught Bowen that many advisors lacked the high-quality empirical data and pragmatic business experience necessary to build hugely successful businesses. Bowen founded CEG Worldwide to fill that void, with the belief that providing financial advisors and institutions with research about the best practices of elite financial advisors—and the coaching to use these practices effectively—would help them achieve new levels of success while serving their clients extremely well.

CEG Worldwide represents the culmination of Bowen's unique financial services industry experience. That experience encompasses a career as a financial advisor, including eight years as CEO of Reinhardt Werba Bowen Advisory Services, where he helped manage more than $1.6 billion in assets. Bowen sold that company and subsequently became CEO of Assante Capital Management, where he served as a member of the senior team as the firm more than tripled assets under management to more than $25 billion. Through these experiences, Bowen learned firsthand the best practices for substantial success. He also learned that the vast majority of financial advisors and institutions lacked a road map to build a simple and elegant practice—so he founded CEG Worldwide to provide other financial advisors and institutions the lessons his experience had taught him.

Bowen is widely recognized as a leader in the financial services industry. He writes a highly acclaimed monthly column for the leading U.S.

financial services trade journal, *Financial Planning*. He is the author or co-author of several books, including *Breaking Through: Building a World-Class Wealth Management Business, The Prudent Investor's Guide to Beating Wall Street at Its Own Game* and *Creating Equity: How to Build a Hugely Successful Asset Management Business*.

Paul Brunswick. Paul Brunswick brings proven coaching and leadership skills to the CEG Worldwide team. He has extensive financial services experience and a proven track record working with both institutional and ultra-high-net-worth clients, as well as with financial advisors and branch managers. Brunswick has both field and corporate expertise in developing talent at all levels within a financial services organization.

Brunswick has had more than 20 years of success in the financial services industry. Most recently, he was the director of national business development for Smith Barney, where he provided strategic and tactical direction to the firm's entire private client distribution channel. He led campaigns designed to increase financial advisor net asset flow, grow fee-based revenue, and improve financial advisor competency in such key areas as investment and wealth management. He also had responsibility for internal communications, new product approval and the research strategy group.

Earlier, he worked at Smith Barney in a variety of management positions across the country. He started his financial career as a financial consultant for Merrill Lynch in St. Louis, Missouri.

Jonathan J. Powell. Jonathan Powell's considerable expertise in developing top-performing financial advisors is a great asset to the clients he serves through CEG Worldwide. Working with many of the nation's top financial firms, he enjoys helping financial advisors transform their professional and personal lives by using CEG Worldwide's research-backed principles.

Powell has hired and coached hundreds of the industry's top financial advisors—in multiple distribution channels—for more than 25 years. After starting his career as an independent financial planner in the San Francisco Bay area, he went on to spend more than two decades with Citigroup before retiring to pursue his passion for training and coaching.

In his lengthy career, Powell has managed branches for Smith Barney and led Citibank's West Coast brokerage business, overseeing 290 financial advisors and 20 managers. While at Citigroup, Powell was a sought-after speaker for national and regional conferences on topics including time management, financial advisor strategies for success and effective recruiting.

Powell earned a BA in economics from Stanford University and holds the CFP® certification. He is a co-author of *Breaking Through: Building a World-Class Wealth Management Business*.

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