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INSIDE THIS ISSUE

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Building Value

By John J. Bowen Jr. ■ Founder and CEO, CEG Worldwide

In the June 2008 issue of *The Journal of Wealth Management Consulting,* I explained the four main drivers behind creating equity in your business—your cash flow, clients, company and competitors. In addition, there are a number of key components that will help you further build value that you can (if you wish) someday transfer to a buyer for a premium price. Here's an overview:

- **Business model.** You need to produce a good profit and increase those profits over time as your business grows. You want a very demonstrable pattern of how the company has grown, how margins have improved, how clients have become more satisfied and how employees have grown happier—in short, a clear, virtuous loop between your business model and the results it generates.
- **Client profile.** Affluent clients are worth the most to potential buyers, obviously. So to the extent that you can have a client profile composed primarily of affluent clients, you have an important value driver.
- **Revenue structure.** A good rule of thumb for valuation of commission-based practices is 0.5x revenues. For firms that derive most of their revenues from fees, it's 1.3x–2.5x revenues.
- **Strategic alliances.** You want alliances with other professional advisors who are great referral sources. The best alliances are firm-to-firm relationships (not advisor-to-advisor) where the relationship is formalized with some kind of partnership agreement.

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First Word

By John J. Bowen Jr.

Journal of Wealth Management Consulting

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Strategic alliances with CPAs present a tremendous growth opportunity for financial advisors. And yet, few advisors have had great success in building successful alliances with accountants. The main problem: Most financial advisors don't take the time necessary to understand CPAs' problems, firms and cultures. They lack knowledge of what CPAs need and want and, more important, the *empathy* that generates this kind of knowledge.

Empathy means directly identifying with and understanding another's situation, feelings and motives. When you empathize with someone, you project yourself so thoroughly into the person's situation—into who that person is and where that person finds him- or herself—that you vicariously experience what is going on for the person.

Once you know that the key is to really put yourself into the shoes of the CPAs you want to partner with, your efforts will become more effective. Start by learning all you can about accounting firms offering financial services, both from a historical perspective and taking into consideration the current challenges these firms face. Next, make it easy for potential partners to say "yes" to you, by proactively preparing responses to the concerns they might have (including ethical, financial, legal and structural issues).

Doing your homework builds the empathy you will need to overcome a pervasive challenge: Like it or not, most CPAs have an unfavorable view of financial advisors and their firms. That's largely because most financial advisors are transactionally oriented with a focus on selling products, without a comprehensive view of their clients' needs. A wide variety of research consistently shows that CPAs are the most trusted of all professional advisors and hold themselves to high standards. At the same time, many CPAs hold most financial advisors in a fairly dim light.

To succeed at creating alliances with CPAs, then, you have to show that who you are and what you are offering their clients—comprehensive wealth management—is very, very different from the norm and will benefit everyone: the CPA firm's clients; the CPAs themselves; and, obviously, you as the financial services provider. As we like to say at CEG Worldwide, to be successful, you have to be successful on purpose. The first step toward being successful on purpose in creating strategic alliances with CPAs is to bridge that empathy gap.

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- **Technology.** It's important to have technology that works effectively, not just in connecting each area of your company, but also in connecting you with every other firm or individual you work with. This should include your investment management firms; wholesalers; custodian; and, of course, your clients.
- **Operational systems.** Efficient, effective systems and excellent documentation of these systems are important value drivers. It is also important to have good financial documentation that is updated regularly.
- **Depth of client relationships.** By focusing on wealth management and client relationship management, you increase the valuation of the firm. A consultative wealth management-based process will stand out in stark contrast to other approaches that focus on investments and transactions.
- **Pricing.** When you can demonstrate that your contracts with service providers are cost-effective relative to other parties, or that you have the volume or buying power to drive the prices that you pay lower, you have a big value driver. On the other side of the equation, when you can prove to potential buyers that you command higher prices because you offer a higher level of service, have an outstanding reputation and provide high-quality client relationship management, you have another big driver of equity.
- **Market niche.** When you have fully established yourself within a target market niche, you have created a truly defensible market position. That's something that any potential buyer or partner will find very attractive.
- **Brand equity.** You want your firm to stand out as a highly regarded firm that is able to provide the expertise its affluent clients need. Marketing efforts that focus on enhancing your credibility will very much come into play in driving value in this area.
- **Network of contacts.** While it's important to have an extensive network of contacts with lawyers, accountants and other referral sources, it's even more important to be able to hand that network off to a buyer.
- **Location.** Buyers are definitely driven by the location of the business. Most buyers wish to acquire a business located relatively close to their own. Not many are willing to relocate. By choosing a good place to live and to establish your practice, you'll realize greater value.
- **Practice size.** Most buyers are interested in firms of ten or fewer employees.

As you review this list, notice that the value you create to increase your current income is the same value you create to make your business worth buying. The message, therefore, is clear: Manage your business now as if you were going to sell it, even if you have no immediate plans to do so. Not only will you realize much more equity when you do sell, but you'll have a much more profitable and enjoyable business throughout the years you do own it.

About Wealth Management

Leading financial advisors are driven by a singular goal: to build highly successful businesses by delivering world-class service to their clients. Wealth management is the one business model that will help you accomplish that objective.

Wealth managers leverage three key steps to deliver tremendous value to their affluent clients' financial lives:

- Using a consultative process to establish close client relationships
- Offering customized solutions to fit each individual's needs
- Delivering these solutions in close consultation with clients and their other professional advisors

About CEG Worldwide

CEG Worldwide's founder, John J. Bowen Jr., first identified the key factors that contribute to a financial advisor's success while working with elite advisors. Recognizing that this knowledge would have substantial impact on advisors, their clients and the industry itself, Bowen and his partners launched CEG Worldwide.

The firm's mission is to provide financial advisors and the financial institutions that serve them with insights, strategies and tools to significantly grow their businesses and better meet their clients' needs. CEG Worldwide is uniquely positioned to combine leading empirical research expertise with pragmatic, proven business experience. The company offers practical guidance that works for elite financial advisors as well as those advisors aspiring to elite status.

Controlling Wealth

Jeff Powell uses wealth management to help clients control their own destinies

Advisor Jeff Powell likes to help guide his clients through the financial markets to achieve their goals—a fact that is reflected in the name he chose for his firm, Polaris Equity Management. "Polaris, the North Star, is the only star that does not change position as time passes, and it has been used for centuries as a navigational tool," Powell notes.

Powell has certainly navigated Polaris to great success. The firm has grown rapidly during the 2000s and provides clients with an internal asset allocation strategy (with approximately $100 million in assets under management) and a long-short hedge fund with millions invested as well.

Powell is familiar with the gamut of investment strategies, mostly due to his past experience working for a large Wall Street firm. And he's put his knowledge and experience to good use. The hedge fund, for example, has significantly outperformed the broader market during the past three years.

That success has been driven by Powell's highly hands-on approach to managing his clients' wealth. "We do our asset allocation ourselves using exchange-traded funds, and the hedge fund is an in-house vehicle," he explains. "My clients are investing with Polaris and putting their trust in me, and we will justify that trust by being ultimately responsible for the results we generate. If there's a decision to be made, I want it to be one that I can make within parameters under my control."

It is Powell's determination to be ultimately responsible for his clients' results that has led him to adopt wealth management, which Powell defines as a process of aligning fundamental values with wealth. It's an important process that too often gets overlooked, he says. "Successful people have wealth and fairly well-thought-out values and priorities. The strange thing is that, for a number of them, they've never put the two together. For some reason, it doesn't occur to them that their wealth ought to be invested in support of their values. They are apt, as so many are, to see the process of gaining and managing wealth as separate from their value systems. It's an eye-opener when they hear from us how they can bring the two together."

Powell says that he sees himself as

a generalist within the wealth management paradigm and therefore doesn't specialize in a particular niche. "We work with all kinds of individuals. The constant is that we expose them all to a systemized wealth management process. That includes an investment plan, implementation and regular follow-up."

When it comes to developing an investment plan, the first step is to figure out the breadth of the investor's current portfolio, Powell explains. After this, a discussion occurs about how to align the portfolio with the investor's values in a quantifiable fashion. Risk tolerance, income needs and return expectations are all discussed to make a determination about how the client's portfolio should match up with his or her stated values and goals.

Finally, a financial road map is developed that spells out an ideal asset allocation for the overall portfolio. Clients can select one of the firm's model portfolios, which include the Flexible Allocation Model, the Benchmark Model and the Fixed Income Model. Or a customized portfolio can be developed if the pre-existing models aren't a perfect fit.

As a wealth manager, Powell also goes beyond investments to provide a complete range of financial services. Essentially, he acts as his clients' chief financial officer—organizing such issues as tax, retirement and estate planning as well as accounting and other necessities. Each facet of the implementation strategy is reviewed in conjunction with the appropriate CPA or estate attorney.

This comprehensive approach was developed over time with the help of CEG Worldwide, a wealth management coaching and training firm. "When we came to CEG Worldwide, we believed we knew what we were doing, but we wanted help getting to the next level," says Powell. "CEG Worldwide provided that and more. They've really given us good insight into the overall wealth management process, and our clients have benefited as a result."

Powell says that he has implemented the CEG Worldwide program in his own way, customizing it to fit his practice in much the same way he might customize an investment plan for a client. "We took what seemed right for us, and we've implemented it carefully," he points out. "The result is that we've maintained our uniqueness while providing core wealth management services that build value for the firm and client alike."

For Powell, the core benefit of wealth management is the approach itself, not so much the business implementation. "By building programs around the wealth management model, we are able to provide clients with a values-based approach that truly transcends the kinds of strategies that they are ordinarily offered."

He adds: "What benefits our clients inevitably benefits us as well, if only because we have raised the level of service and trust. For us, the wealth management approach has become a fundamental value and a single, irreplaceable strategy."

"My clients are investing with Polaris and putting their trust in me, and we will justify that trust by being ultimately responsible for the results we generate."

Leveraging Centers of Influence

By Steve Saenz ■ Senior Managing Principal, CEG Worldwide

Top wealth managers focus on serving a particular niche market that is extremely well-suited for their skills. By delivering exceptional service to a select group of affluent clients, wealth managers actually earn much higher incomes than do advisors who try to be all things to all people. But before you decide on a specific niche, it's crucial to conduct focused market research to determine its size and depth; how best to market to those in the niche; and, most important, the unique needs and challenges of niche members.

The most effective way to conduct such market research is to interview centers of influence (COIs)—the movers and shakers in the niche. COIs are highly visible and influential individuals who have in-depth niche knowledge. Either as members of the niche or because they are otherwise professionally related to it, they can help you understand the unique attributes and challenges of those in the niche, as well as its overall viability. Some of the most successful wealth managers I know tell me that COI interviews are an invaluable step and key turning point.

Look for these types of key individuals:

- Trade association executives and affinity group leaders (*The Encyclopedia of Associations*, available at libraries, lists more than 135,000 associations.)
- Trade press publishers, editors and reporters
- Lawyers, accountants and other consultants specializing in the niche
- Leading lights and esteemed niche members

THE COI INTERVIEW

COI interviews have three main goals. The first and most crucial is to help you determine if the niche is large enough and wealthy enough to make it your primary area of specialization. Are your assumptions about the niche correct, and are there unique challenges faced by niche members that you are particularly well-suited to address? The second goal is to learn the language of the niche so that its members recognize your expertise in their community. For example, when speaking to dentists, you would refer to "physicians and dentists" instead of "doctors and dentists," since dentists also consider themselves to be doctors. The third goal is to generate referrals, both for other COIs, so you can continue your research, and for potential niche clients who fit your ideal client profile.

Once you've determined an initial list of five or more COIs, call them and request lunch meetings. This is easier than it may sound. Simply explain to the COI that you are a financial advisor doing research on a specific niche and that his or her name keeps coming up as someone who is both knowledgeable and influential. State that you'd like to discuss over lunch the unique needs of those in the niche and ways you could go about serving the members of the niche. Then suggest a date, time and place convenient to the COI. In my experience, the vast majority of COIs say "yes" and are happy to meet with advisors to discuss these matters.

Prepare for the interview by carefully constructing a set of specific but open-ended questions that reflect what you already know about the niche. Then, wait until the menus are gone and ask permission to proceed: "Now that we've ordered, may I ask you some questions?" While some advisors prefer to take notes by hand, others like to use an audio recorder so that they can focus completely on the discussion. (Newer digital recorders are quite unobtrusive and can directly upload audio files to your computer.)

Your questions should cover the following areas:

- The primary challenges faced by niche members
- The size of the niche and the approximate average wealth of niche members
- The best ways to market to niche members
- The trade, social, community and affinity groups and organizations that members of the niche and their spouses belong to
- Who your competitors in the niche are, along with their value propositions
- Industry events and publications of interest to niche members
- The identity of other niche COIs and professional advisors to niche members (attorneys, accountants, etc.)

Over time you will be able to refine your questions, asking for confirmations of specific facts. For example, you might say, "I've been told that charitable gifting is very important to niche members. Would you agree with that?"

Close every COI interview with two final questions: "If you were me, knowing what you now know, what else should I have asked you?" and "May I give you a call if any additional questions come up?" After the meeting, follow up with a handwritten thank-you note. Later, if the information you gained in the interview results in any specific successes, send another note or give the COI a call to keep him or her in the loop (while keeping client privacy in mind, of course).

Finally, maximize the benefits of your COI interviews by using your new knowledge to write a white paper or trade magazine article aimed at your niche. This is a common and highly effective tactic for building credibility among a chosen niche market.

COI interviews are an invaluable step and key turning point.

Independent Values

John Williams and Scott Davis value independence and use wealth management to help clients achieve it

Williams and partner Scott Davis have achieved success through the discipline of wealth management.

Independence and self-education are themes that run through John Williams' life. As co-founder of Davis, Williams & Associates, Inc., an independently owned and operated financial consulting firm in North Carolina, Williams lives out his values daily as a financial entrepreneur, community leader and client advisor.

Williams and his business partner Scott Davis use wealth management because the discipline fits in with their own value system and the way they present themselves and their business. "As someone who has a strong sense of independence, wealth management makes sense to me," says Williams. "You're asking clients to support their values with their resources. I can't think of any more effective way of organizing a whole panoply of necessities, from finances to family issues."

He adds: "I come from a family of educators, so the process of wealth management is satisfying. When you're assisting people in their quest to maximize their resources for self-fulfillment and on behalf of their families and communities, you are providing a deep level of education. They will be able to better utilize the resources they have—which is the whole point of education, improving self-sufficiency and providing a frame of reference that opens up new avenues."

Wealth management is actually an outgrowth of financial planning, which became both popular and practical in the 1990s as a way of organizing a full financial picture. One difference is that financial planning is involved in the provision of a plan but not necessarily its implementation. Additionally, financial plans tended to be fairly straightforward, placing individuals in certain categories and providing them with ready-set solutions.

Both Williams and Davis, via wealth management, have pushed beyond financial planning, operating as their clients' chief financial officers. They organize legal and accounting services and supervise the customized planning and implementation of tax, estate and retirement planning as well as investing.

For their investing approach, Williams and Davis have implemented DFA's asset-class investing as one of their strategies.

Asset-class investing provides a group of funds with historically predictable returns and varying degrees of volatility over time. DFA blends these funds to provide portfolios that reflect a client's expected return and tolerance for volatility. By outsourcing the investment process and focusing on a CFO role, Williams and Davis provide clients with more attention, which leads to an even better effort when it comes to monitoring the wealth management process.

"We used to approach our practice a little differently," Williams admits. "But a wealth management approach that uses DFA defines industry best practices as far as I am concerned. It gives you the opportunity to help clients determine what is most important in their lives, then work with them to align their values and goals with their resources."

Williams was a business major who switched to accounting and then became involved with financial services almost immediately out of college. He "wanted to own some sort of business" and after a short accounting stint decided he would gain more practical experience in financial services. He joined a national agency that specialized in medical and disability insurance; then he met Davis. Four years later, the two set up their own shop.

Like Williams, Davis has an entrepreneurial bent and values business and personal independence, which he learned as a child watching his parents run a driving school. He began his own investment accounts at age 16—which led to a formal education in finance and economics, a string of professional designations, and eventually the financial firm he founded with Williams.

Today, the pair has about $100 million under management and some 350 clients. Their practice has matured over time and diversified as well. Going forward, the pair envisions a firm with more assets and fewer clients. The client base will probably shrink by attrition, while assets will grow as the practice continues to focus on wealth management. "Wealth management has made the biggest difference," Williams points out. "We've raised our minimums, and we're careful about whom we bring on board as a client. We want to be able to provide them with a level of service that is congruent with our capabilities and the expertise that we can make available."

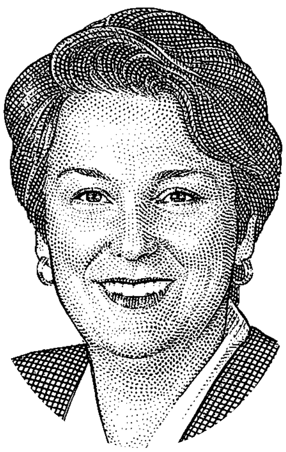
The pair has been assisted in their efforts to implement wealth management practices by CEG Worldwide, a wealth management coaching firm that works with advisors and financial institutions. "CEG Worldwide is the Cadillac of wealth management assistance," Williams says. "We were introduced to them through our broker-dealer, and they have provided us with insights that are both practical and inspired."

Williams and Davis emphasize independence and education for themselves and their clients; thus, the two partners learn more about their own values alongside their clients. "I knew that building a business would be a voyage of self-discovery," Williams said. "But what I didn't anticipate was that the service itself would focus on those kinds of issues. To be able to help people more deeply realize what is most important to them is a privilege beyond the independence that comes from entrepreneurship. Scott and I are most grateful."

"A wealth management approach that uses DFA defines industry best practices as far as I am concerned."

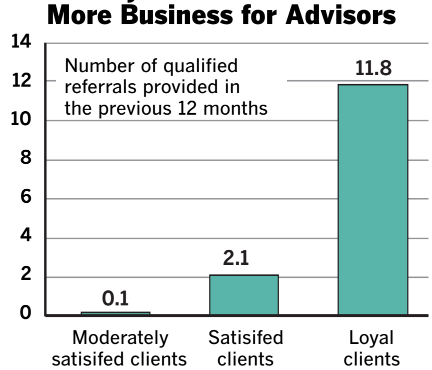
The Six C's of Client Loyalty

By Patricia J. Abram ■ Senior Managing Principal, CEG Worldwide



It makes intuitive sense that highly loyal clients are the ones you want to have. And industry research reveals just how much loyal clients help generate success for advisors. Consider data showing that 94.5 percent of advisors' clients identified as "loyal" said they were extremely or very likely to give their primary financial advisors additional investable assets. Just 33.5 percent of "satisfied" clients and 13.4 percent of "moderately satisfied" clients agreed. In addition, loyal clients on average provided 11.8 referrals to their primary advisors. That number plummeted to 2.1 referrals from satisfied clients and just 0.1 referrals from moderately satisfied clients (see the chart at right).

Loyal Clients Mean More Business for Advisors



N = 1,417 affluent individuals.
Source: Russ Alan Prince and David A. Geracioti, *Cultivating the Middle-Class Millionaire.*

To generate maximum client loyalty, you need to possess the following six qualities and demonstrate them to your clients:

- **Character.** Character is what clients look for first. It is an attribute that you must have to get into the game and that you must continuously demonstrate, particularly when markets fall and panic ensues. Since you really can't "fake" character, it's important to make trustworthiness, honesty and integrity an ever-deepening part of who you are as an advisor. The best way to do this is by having detailed and high-quality conversations with your clients that make them understand how important they are to you.
- **Chemistry.** This is the ability to be "in sync" with your clients. You have chemistry when you "connect" with your clients. You know what they want to talk about, and you see eye

to eye on important issues. Chemistry either happens or doesn't—you can't force it. Chances are that if you wake up sweating over a client in the middle of the night—if you are worried about the client because your attempts to effectively communicate about some ongoing issue have failed—then chemistry is probably missing. And if chemistry is missing, it might not make sense to keep the person on as a client, because it's unlikely that you'll ever be able to gain the person's loyalty.

- **Caring.** You must be genuinely concerned about your clients' well-being. They should be more important to you as people than as a way to make money. And you should not only know their goals and objectives, but diligently work in concert with them to achieve those goals. Caring is demonstrated by a client-first attitude and follow-up behaviors that clients perceive as showing that they really matter to you. Sincerity, like chemistry and character, cannot be faked. Most people can tell right away whether you really care about them.
- **Competence.** Competence is about being smart and technically capable and a leading professional in your field. There is a high bar here, as clients will automatically expect you to demonstrate unquestionable competence. To be successful, you must demonstrate and communicate that you are extremely technically competent on everything from investment management to providing timely statements. One way to show competence: Publish articles for your target market in the appropriate trade or association magazines and then send reprints to clients. This will help establish you as an authority in your field.
- **Cost-effectiveness.** Being cost-effective means delivering true value to your clients for the cost of your services and products. Don't confuse cost with value. Affluent clients are generally willing to pay premium prices, but only when they believe you are worth the cost. Ultimately, it's a value proposition issue, not a dollars-and-cents issue.
- **Consultative.** Clients want a partner, not someone who will tell them what to do. A consultative relationship can be built only through a series of ongoing, in-depth meetings where advisor and client work closely together to bring forth all essential client information—from assets and advisors to goals and dreams. A consultative relationship also requires making a large number of client contacts. Research shows that advisors' most loyal clients were contacted between 24 and 28 times a year, a majority of which were focused not on investments or portfolio considerations but on such personal issues as family and current events. A consultative relationship also requires customized communications: Off-the-shelf presentations and reports just won't cut it with affluent clients.

If you want loyal clients, you ultimately must excel in all six of these qualities. That requires you to build the systems and processes, and have the right people in place, to deliver to your clients a consistently strong client experience that builds loyalty and demonstrates that you, personally, are just the kind of person in whom loyalty is justifiably placed.

If you want loyal clients, you ultimately must excel in all six of these qualities.

Financial Builder

First, **Michael Cohen** built a CPA firm. Then he helped create a successful wealth management operation.

Cohen is a pioneer in the intersection between wealth management and accounting.

Financial advisor and CPA Michael Cohen is a builder in the field of wealth management. He founded his own accounting practice before partnering with another entrepreneurial accountant to build Glass Jacobson Investment Advisors—the wealth management arm of accounting firm Glass Jacobson, one of the most prestigious financial management groups in Maryland. In the process, Cohen has specialized in serving successful businesspeople and entrepreneurs.

Cohen, who has more than 30 years of professional experience in public accounting, points out that businesses often are run by entrepreneurs who never implement formal processes or procedures for targeting their goals. For these companies, Glass Jacobson initiates a process that requires the business owner to look at the business objectively, focus on the challenges, and uncover opportunities for improvement and growth.

As a multidisciplined firm with tax, accounting and financial services in-house, Glass Jacobson is able to develop comprehensive strategies that wouldn't be available through a traditional accounting firm or investment house. Cohen attributes much of his firm's success to this holistic approach, which emphasizes business owners' wealth management issues to provide a larger vision for business consulting.

The firm's wealth management approach seeks to closely align clients' resources with their values and life goals. When it comes to investment services, the firm has adopted a unique strategy, which includes a passive asset-class investing approach. Asset-class investing provides customized, highly diversified portfolios that offer the ability to effectively manage overall risk and volatility while maximizing potential reward in any given market environment. "We believe wealth management and asset-class investing constitute best practices when it comes to financial planning and asset allocation," Cohen explains. "They've given us the strategic foundation necessary to construct a total client solution that brings together accounting, legal support and financial planning."

Cohen says his entrepreneurial

instincts were honed working with his mother and father, who owned a grocery store. He observed both the positives and negatives of a "mom and pop" business. The largest negative—the inability to leverage costs and profitability by achieving critical mass—influenced his thinking considerably as he embarked on his own career. "I was always aware not only that I wanted to build a business, but that I wanted to avoid the trap that many small businesses have—a lack of systems and an inability to grow despite good products and services," he says.

Cohen majored in accounting at Towson State College, then joined a prestigious Maryland accounting firm to gain experience. "I was fortunate enough to join a top group right off the bat," he explains. "The contacts and the methodologies are invaluable in the sense that you are trained by the best. I knew I needed this sort of training if I was to make it on my own."

True to his word, Cohen never abandoned his entrepreneurial ambitions. After seven years he left to found an independent operation, and in 1990 merged with accounting firm Glass Jacobson. Throughout his career, and especially at Glass Jacobson, Cohen says he has added to his skill set to provide numerous important services to clients that surround the firm's wealth management core. These services include business consulting in the areas of profitability, business growth management, financing, and mergers and acquisitions. Cohen even plays a leading role in the firm's internal technology strategies and implementation.

His specialties seem to be paying off. Cohen was awarded *SmartCEO* magazine's Smart CPA Award in 2005, 2006 and again in 2008. As the firm's wealth management solution has garnered attention, assets (currently around $250 million) have grown rapidly.

Cohen is generous when it comes to assessing credit for the firm's growth, saying he would not have joined the firm at all had it not been for meeting Ed Jacobson and seeing that their joint vision was remarkably similar. Jacobson has helped guide the accounting practice since 1980 and currently serves as president. Both principals have focused of late on acquisitions, as this seems an opportunistic way to grow in a time of slow economic expansion. Values are good and principals of otherwise successful businesses are willing to talk and consider mergers. Glass Jacobson, well positioned with the kind of critical mass that Cohen dreamed of when he started out, has recently brought on two wealth management firms—Finkelstein & Geser, and GRA Financial Advisors LLP. These additions have substantially added to Glass Jacobson's in-house expert team model. Cohen believes the firm is now "in the right place at the right time."

One key step in getting to that place was the firm's relationship with CEG Worldwide, the industry's leading wealth management coaching group. "CEG Worldwide is phenomenal in terms of its understanding of the entrepreneurial process and how to position yourself to put the client first in every aspect of the financial process," says Cohen. "If CEG Worldwide had been around for my parents and specialized in general business rather than finance, I might be running a chain of supermarkets right now. Their process is that powerful."

The firm's wealth management approach seeks to closely align clients' resources with their values and life goals.

Systematic Wealth Management

By emphasizing systems, **Glenn G. Kautt** has built a $500 million wealth management business

Kautt's Monitor Group continues to grow through the use of enterprise analysis.

The founder and chief investment officer of The Monitor Group, Inc., Glenn G. Kautt, is a fierce believer in systems, business education and career preparation. His focus in those key areas has helped shape his company and define the kinds of clients he attracts and serves. A graduate of Harvard Business School, Kautt has applied enterprise analysis to his business, a $500 million entity that consists of two distinct firms: The Monitor Group, Inc., which has a $1 million investment minimum, and TMG Investment Advisory Company for less affluent clients.

The comprehensive service offering that Kautt provides for clients of The Monitor Group is built around wealth management. This highly successful firm provides fee-only wealth management and advanced financial planning services—including estate, tax and retirement planning—to affluent families across the United States. Kautt's use of wealth management was sparked by his desire to incorporate best practices for professional success in a competitive marketplace, its logical approach and ease of systematization to solve professional business challenges, and its compelling advantages to clients.

Kautt's clients, who include physicians and high-level executives at major corporations, appreciate his systematic expertise when it comes to wealth management. Kautt says that a wealth management approach that positions financial resources to support values and provides passive asset-class investment techniques rooted in the proven method of modern portfolio theory is appreciated by those who employ business systems themselves and seek a rational approach to building and maintaining their wealth.

Kautt himself comes by his belief in systems and strong management skills innately—he admits to a certain level of discipline and toughness from childhood—and by way of a high-finance background. His education, experience and designations are both impressive and broad-reaching. A sample: He received his MBA from Harvard Business School and graduated as a President's Distinguished Scholar from Purdue University. Kautt is a member of the Financial Planning Association and former chair of the National Capital Area FPA Chapter and the National Association of Enrolled Agents; is a Graduate Fellow of the National Tax Practice Institute; is a member of the Board of Trustees of the Foundation for Financial Planning; and has been named by *Worth, Mutual Fund* and *Medical Economics* magazines as one of the nation's top investment advisors.

A deeper look at Kautt's background helps explain how he would be drawn to the kinds of best practices that are embodied in wealth management and asset-class investing. The son of an engineer who placed a good deal of emphasis on "discipline and logical thinking," Kautt enlisted in the U.S. Navy when he was 21. His skills were soon evident to his superiors, who placed him in charge of running a nuclear reactor on a submarine before he was even commissioned an officer. He left the U.S. Navy with the rank of lieutenant.

Back in civilian life, Kautt was accepted at Harvard Business School. After graduating, he became a strategic management consultant, which led him to observe that the up-and-coming business discipline of financial advisory work might offer professional opportunities not easily available in more mature fields. By 1987, Kautt was a Certified Financial Planner™ professional. By 1990, he'd started his second financial planning firm. And by 1999, he had reinvented his approach to planning using the latest techniques and formed The Monitor Group, Inc., which today has $480 million in assets.

Meanwhile, TMG Investment Advisory Company (with $20 million in assets) holds the funds of those clients that Kautt shifted from The Monitor Group when he decided to focus the larger firm on wealth management solutions in the early 2000s. While certain strategic approaches to small-client wealth suggest that advisors are better off simply divesting such assets, Kautt set up TMG Investment Advisory Company to develop a feeder mechanism for his larger business, one that he believed his larger clients would appreciate. "Many of my clients' children are invested there," says Kautt. "That means we aren't muddying the waters with small-client solutions at The Monitor Group, which might confuse things from a best-practice investing standpoint. Additionally, we've had clients graduate to our larger firm from the small-client company, as it provides a step-up that allows small but growing clients to get comfortable with us and vice versa."

Kautt's focus on successful business processes caused him to be an early adopter of wealth management techniques. As such, he relied on wealth management coaching firm CEG Worldwide for feedback and support. "CEG Worldwide was enormously helpful as a sounding board for what we were trying to do and helped validate a lot of our conclusions and activities," Kautt said. "I pride myself on being ahead of the curve, but CEG Worldwide's vision and business savvy is second to none."

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CEG Worldwide Coaching

Proven Programs for Capturing the Wealth Management Opportunity

CEG Worldwide's coaching programs are designed to help you put the best practices of wealth management to work to build a truly remarkable businesses. **We offer two programs:**

Breaking Through. Our intensive one-year coaching program is focused on the essential strategies and key tactics required to build a great wealth management business that will successfully attract, win, service and retain the private affluent client.

Cultivating the Affluent. This comprehensive coaching program offers independent broker-dealer representatives and registered investment advisors invaluable tools for building more profitable businesses.

Each program provides specific steps and **real-world tools for growing your business,** along with expert coaching to ensure that you will put what you learn to work to see significant results.

To learn more about CEG Worldwide and its coaching programs, visit www.cegworldwide.com or call 888-551-3834. To participate in any coaching program offered by CEG Worldwide, check with your company representative in charge of training.

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