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Journal of Wealth Management Consulting

JANUARY 2009 • VOL. THREE • NO. 01

What It Means to WOW

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



In today's challenging environment, you've got to consistently delight your clients if you want to earn their loyalty, retain them and become a superior wealth manager. To thrive in the years and decades ahead, you'll need to adopt a level of service that goes

beyond standard "customer satisfaction"—one that truly amazes the client. Top wealth managers know this, and they're emulating the type of WOW service models pioneered by such companies as Nordstrom, L.L. Bean and Southwest Airlines.

WOW service entails raising the bar to deliver each client a unique, memorable experience—one that differentiates you and your firm in a way that clients find unforgettable and competitors find difficult to match. By creating processes that ensure a

consistent, high-quality experience at every point of contact, you will truly delight your clients. Of course, delighted clients mean great things for your business. Exceptional service creates highly satisfied and loyal clients. That, naturally, results in less turnover and fewer hours spent trying to drum up new business.

To WOW your clients, your service offering must be designed around the entire client experience. This requires you to think about all your interactions with clients and how to systematically

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First Word

By John J. Bowen Jr.



Journal of Wealth Management Consulting

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The best response to difficult market environments like the current one is to increase client contact—it makes

sense intuitively and it's been proven by CEG

Worldwide's research, highlighted in previous issues of the *Journal of Wealth Management Consulting*.

But how, exactly, should you make your reassuring contacts? First, plan to call the top 20 percent of your clients, and then move on down the list. For your largest clients or those who will need the most reassurance, an in-person visit may make sense. Next, create some talking points. Get a good read on what's happening by touching base with your institutional partners or trusted sources. Then reinforce the validity of a long-term perspective and demonstrate the historical recovery of the markets after periods of unrest. For example, the average length of up markets since 1947 has been 45 months, compared to just 11 months for down markets. And the average up market saw a total return in the S&P 500 of 138 percent, contrasted with an average loss of just 22 percent in the down months.

In many cases, your clients will simply want reassurance that things will be okay. Remind them that they are in it for the long haul, and even if their accounts have lost a lot of value,

they are well on the way to meeting their long-term goals. Advise them to continue the disciplined investment strategy they have in place and only consider altering it if they've experienced changes in their personal financial situations.

By the end of the call or visit, make sure to move off the topic of the financial markets. Ask your client if the family is in good health, how the kids are doing in school, whether the client has followed up on getting his or her will in order and so on. Clients want you to care about more than just their bottom lines.

Finally, make these contacts a priority and set aside the necessary time. If it comes down to blocking out a few hours a day to get these calls in, then that's what you need to do. Nothing is more important right now than the relationships you maintain with your clients. By checking in when it really counts, you will put yourself in a tremendous position to gather more assets and be the trusted advisor that clients truly need.

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deliver great results at each step.

We recommend that you use a client service checklist that spells out what the ideal client experience should look like, based around the factors that CEG Worldwide's research tells us matter most to affluent clients. These satisfaction factors, organized into three main categories, include the following:

INVESTMENT SATISFACTION

- You make an exceptional effort to understand each client's unique needs.
- You work with all clients to define their needs in considerable detail.
- You provide well-thought-out and viable alternatives suited to clients' specific needs, objectives and tolerance for risk.
- Investment performance is consistent with clients' stated goals and objectives.
- Investment performance is good compared to indices.

SERVICE SATISFACTION

- You always deliver within the promised time frame on the commitment you make.
- You involve clients in decision making to the extent that they prefer.
- You immediately get in touch with clients when a major external event or disaster occurs.
- You (or staff members) respond within the promised time frames to all client requests or telephone calls.
- Staff members have appropriate access to client information to enable them to provide world-class service.

RELATIONSHIP SATISFACTION

- You are emotionally warm, sympathetic and reassuring as needed.

- You always encourage clients to bring up any issue or question that is important to them.
- You take as much time as necessary to explain issues yet never waste clients' time.
- You do unexpected and thoughtful things for clients.
- You spend a significant amount of time listening closely to clients' needs, fears, wants and desires.

If these phrases accurately describe your service offering, you are positioning yourself to WOW your clients. To put that to the test, we encourage you to rate yourself on each of the satisfaction factors. This will give you an overall picture of where your service offering currently stands.

Next, ask your clients to complete a client satisfaction survey based around the same factors on which you've rated yourself. It would be easy to assume that you already know how clients perceive your firm, but if you really want to know—and really want to offer WOW service—you must invite client feedback. A satisfaction survey gives your clients permission to point out where you could improve and helps you identify any gaps between how you perceive your service and how clients feel about it. It also sends a clear message that you care about your clients and their opinions, which will make them more willing to open up and help you explore how you can better serve them.

After identifying any gaps between your current level of service and the WOW level, you can start formulating specific actions that will take your service to a world-class level. Next month, I'll show you some of the specific actions you can take to enhance your WOW experience.

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.

The Right Profile

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



It's well-known that you'll enjoy huge benefits if you narrow your focus to serve a single niche of affluent individuals. Not only will you be able to draw in qualified prospective clients more easily, you will also be able to serve those clients much

more cost effectively. Just as important, your clients will receive the top-shelf expertise and world-class service they are looking for.

To work with only the most enjoyable, high-profit clients within your chosen niche, it's important to develop an ideal client profile—a detailed description of the clients within your market niche who will be the foundation of your success. You'll use your ideal client profile to accept only those new clients who match your parameters. You'll also use it to assess your existing clients to determine which ones you should continue working with moving forward.

To help craft your ideal client profile, consider each of the following eight client characteristics:

1. General description. Who are the ideal clients that you want to target within your market niche? Describe these clients in terms of their stage of life—whether working or retired, their industry and occupation, and their specific company and job.

Include their marital status and educational level as well as age range and any other relevant demographic characteristics.

2. Geographic location. Where will your ideal clients be located? Many advisors spread themselves too thin by pursuing too many different types of opportunities, and they make it worse by spreading their limited resources over multiple locations. Most successful advisors (by net income) stay focused on one particular geographic location market per principal.

3. Amount of investable assets. While you clearly want to move upmarket, you must define exactly what the next level is in terms of investable assets. One useful guideline is called the "Rule of Five." Take the top 20 percent of your clients and calculate the average investable assets of those clients. Multiply that figure by five. The result should be your target. Bear in mind that this is only a guideline and is not applicable to everyone. Use it to

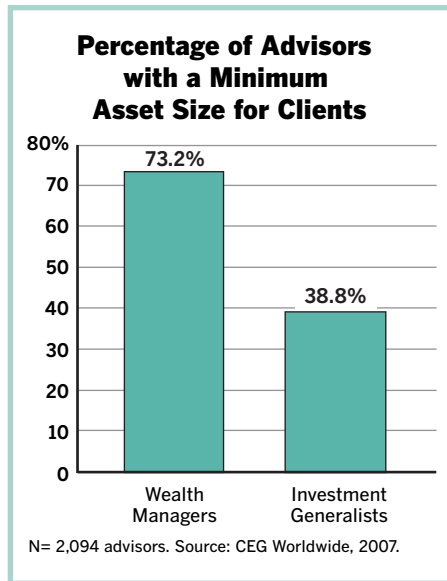
start thinking about possibilities. We often find that advisors don't realize how easily they can move upmarket, if only they are willing to set the bar high and act systematically to attain that goal.

4. Client minimums. CEG Worldwide's research clearly points to the success of high-minimum strategies in generating higher income. For example, 73.2 percent of wealth managers (who earn \$881,000 on average) have minimum asset sizes for new clients. In sharp contrast, fewer than 40 percent of investment generalists (who earn just \$279,000 on average) use these minimums (see the chart on this page).

5. Financial challenges. Determine the specific financial challenges your ideal clients have that you (or your strategic partners) can effectively address. Examples of such financial challenges include asset allocation of large retirement rollovers, managing concentrated stock holdings, increasing tax efficiency of investments, generational transfer of wealth and wealth protection. To allow you to add the greatest value, the challenges will be complex, demanding a high level of expertise.

6. Source of acquisition. What would be the optimal way to acquire your ideal clients? Various approaches include referrals, strategic alliances, credibility marketing and group presentations.

7. High-net-worth personality. What is the high-net-worth personality of your ideal clients (see *Knowing the Nine*; November 2008)? Many advisors find they work better with one particular high-net-worth personality over others. Just as



important, they find that they should avoid certain other personality types.

8. Personal enjoyment. Will you enjoy working with your ideal clients? The answer here should be a resounding "Yes." While this would seem obvious, advisors often overlook the simple fact that they should enjoy the people they are working with. An important part of your ability to provide your clients with world-class service will be your skill in building close personal relationships with each client. If you don't enjoy your clients as people, this just won't happen.

We recommend that you document your ideal answers for all eight characteristics on a single page. This will become your framework for making future decisions about which clients to serve—and when it's in the best interest of you and the investor to just say no. Armed with this framework of whom you want to work with (and should be working with), you'll find that pursuing only the best clients will come naturally.

You'll enjoy huge benefits if you narrow your focus to serve a single niche of affluent individuals.

Wealthy Challenges

Childhood friends **Ed Runyon** and **Chuck Bowes** have created a \$90 million wealth management firm



Hands-on experience with wealth management keeps Runyon & Bowes growing in a challenging environment.



Ed Runyon and Chuck Bowes grew up together in Silicon Valley, where their childhood was spent in competition with each other in everything from water polo to baseball. These days, however, the two have paired up to form Newport Beach, California-based

Runyon & Bowes Financial Advisors—a wealth management practice that over the past two and a half years has grown to \$90 million in assets and 75 clients.

Before founding their own firm, Runyon and Bowes remained friendly rivals with their professional accomplishments—each working at separate high-powered corporate jobs. Over time, Runyon convinced Bowes that they ought to create a financial advisory business. The firm started as a part-time venture in 2005. “It was a mutual interest in creating a business plus the challenge inherent in building a business that attracted us,” Bowes explains. “We both enjoy working with people and solving complex problems. Being a provider of comprehensive wealth management services to successful individuals and families allows us to do both everyday.”

Helping people ensure that their wealth and success have a positive effect on their lives and families is a core value for Bowes and Runyon, and it is one reason they are especially comfortable working with individuals

who have children and grandchildren to whom they want to transfer not only their wealth but also their values.

This value system has extended to their choice of financial strategy—wealth management—and a dedication to offering advanced asset-class investing strategies to their growing clientele. Wealth management is all about aligning wealth and resources with values in order to better enhance achievement of those values, and Bowes and Runyon—who have achieved that sort of success for themselves—have an acute understanding of how to do the same for others. Meanwhile, a capital markets-based investment solution is a methodology of determining clients’ tolerance for risk and then providing customized, highly diversified, low-cost and tax-efficient blended portfolios of various asset classes that best correlate to clients’ risk and reward characteristics.

Combining wealth management and asset-class investing is a best practice from Bowes and Runyon’s

point of view and reinforces their belief that the tools and resources they offer are on the cutting edge of the financial industry. “With a wealth management focus and a disciplined, scientific investment perspective supporting us, it was relatively easy to make the decision to go into this full time,” Bowes explains. “We took the plunge two and a half years ago, and we’ve been fortunate that the business has exceeded even our most optimistic projections.”

One of the areas in which the firm has seen much success is family legacy providers and the issue of providing support not just to the lead individuals but to the entire family. The nature of the challenge is to communicate the values of the group to the individuals, young and old, and make sure everyone accepts those values and understands his or her role. It is not an easy task, and sometimes the mediation of a third party can make the wealth management effort more efficient and effective.

According to Bowes, “We are very comfortable with individuals involved with wealthy families, because the challenges inherent in properly utilizing such assets demand a rigorous focus and ongoing attention. We apply the same sort of approach to our own business efforts. We’ve had plenty of hands-on experience, and our clients have seen the results. We’re at a point now where we are anxious to spread the word and present our results to other successful individuals who have met the challenges of their professions and family legacies.”

Since its inception, the firm has developed a comprehensive and well-thought-out lineup of services to offer its clients. The entire process begins with a series of meetings that establish

a common understanding of a client’s values. “Good advisors always have an understanding of clients’ goals and objectives, and we endeavor to understand the values that drive those goals,” explains Bowes. Some of the strategies then provided on an ongoing basis include:

- **Investment consulting.** Using the services of a select group of firms, including Dimensional Fund Advisors, finances are captured in a sophisticated model to identify an investment plan consistent with risk tolerance, values and goals.
- **Advanced planning.** Runyon & Bowes offers to supplement and coordinate the implementation of client plans with a broad team of experts. The resulting cross-disciplinary review yields powerful insights, clear priorities and specific next steps.
- **Advisor-in-chief.** The firm offers to act as the client’s advisor-in-chief, providing a single point of trusted contact that reduces or eliminates a good deal of complexity and inefficiency.

Bowes adds that the firm’s approach to wealth management has been positively influenced by advisor coaching firm CEG Worldwide, a leader in the wealth management arena. “Their organizational skill and ability to verbalize cutting-edge concepts make your effort a good deal easier and more effective,” Bowes says. “You see that they have stepped up and met the challenge of wealth management on their terms, and it inspires you to do the same. It’s a challenge to work with such a demanding and professional group, and it’s one we gladly accept.”

Combining wealth management and asset-class investing is a best practice from Bowes and Runyon’s point of view.

Building a High-Performance Team

By Jonathan Powell ■ Senior Managing Principal, CEG Worldwide



Part I

Next month, we'll cover the two remaining areas that are crucial among High-Performance Teams: communication effectiveness, and feedback and change management.



You'll enjoy tremendous advantages if you and your staff operate together as a High-Performance

Team (see *The Value of a High-Performance Team* in last month's issue). How can you build and maintain a team of high-performance players?

It will be easier to understand your challenges and to plan an effective approach if you first break down the essential processes, systems and skills needed for HPTs into four main areas:

TEAM BEGINNINGS

These are the processes, systems and skills you need to get an HPT going in the first place. They include:

■ **Recruitment.** It's much more expensive to remove and replace someone than to find the right person in the first place. During the process, pay attention to skills, diversity and overall fit. Spell out ahead of time what exactly the job is that you are recruiting for, along with the necessary minimum skills and the "stretch skills" you hope the recruit will grow into. You don't want someone who will possess just the necessary skills and be able to complete just the necessary tasks, but someone who will add to the team at another level.

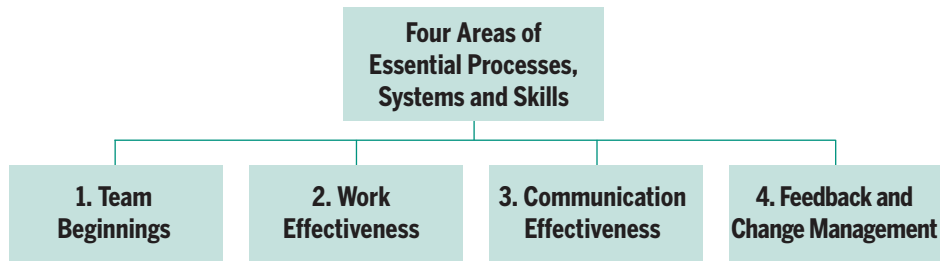
■ **On-boarding.** The process of truly

making the new hire a part of the team is also critical. Ideally, you'll assign a mentor or "introduction buddy" to help the newbie learn the ropes and feel comfortable. Also make sure that you or the new hire's direct supervisor goes over role definition.

■ **Role definition.** The new hire's role definition might change over time, so a yearly check-in makes sense. "Here's what we said your role would be a year ago, but is this what your role really is now? Are there any overlaps with other team members, or any confusion?" Depending on how fast the team is growing, design roles for where it is heading, not just where it's been.

■ **Vision and values.** Ideally, you will have communicated the team's vision, values and standards of excellence during the recruitment process, but it pays to explicitly cover these topics once the new recruit is on board. There's also an ownership and responsibility ethic.

HPTs: Essential Processes, Systems and Skills



As we'll explain later, the recruit should be expected to "own" certain job functions—to either be responsible for getting something done or making sure that someone else gets it done.

WORK EFFECTIVENESS

HPTs use the concept of work effectiveness as a guiding light that enables them to rise above the mere task level. Work effectiveness processes include:

- **Leadership and decision making.** On an HPT, while the team's leader has the most leadership and stewardship responsibility, team members may take leadership roles at times. Enlightened team leaders know that they have weaknesses and that they don't—and can't—know everything of importance. These leaders step aside and let others lead when that best serves the team's interests and effectiveness. This increases the team's resiliency and affirms that the team is not operating in a zero-sum manner.

- **Goal setting and commitment.** HPTs need to regularly set goals and assess whether they have achieved previously set goals. Some goals should be easily achievable, allowing for early wins and confidence building. Others should be "stretch goals" that push the

individuals and the team to their limits. A good goal should be measurable and specific, even when the goal is addressing an area that is mostly qualitative in nature.

- **Work process.** Work process includes every action required to complete a task from beginning to end. It therefore includes who does it, what they do, how long it takes, required interactions with other individuals or with information systems, and the physical or information exchange that is needed to complete the task. Just as with role definition, design the work process for where the team will be in one to five years, not just where it is now.

- **Planning and strategizing.** By having solid plans and strategies in place, an HPT creates a framework that will allow it to reach its goals as well as deal with real-world problems as they arise. The process of planning is as important as the plan itself. An HPT will have different and flexible modes for planning and strategizing. In some cases, the planning process will involve new ideas, and in others you'll want an active debate among team members.

Next month, we'll cover the two remaining areas that are crucial among High-Performance Teams: communication effectiveness, and feedback and change management.

An HPT creates a framework that will allow it to reach its goals as well as deal with real-world problems.

A Wealth of Returns

In wealth management, Robert Lindner found a financial strategy that provides a valuable service



Robert Lindner built Georgia-based Lindner Capital Advisors into a firm with more than \$600 million in assets and 200 affiliated advisors.



Robert Lindner's search for a career that gave back to the people around him and provided a service they could not do without led him first to the insurance business. Today, he finds that satisfaction as the founder of Marietta, Georgia-based Lindner

Capital Advisors—a firm with more than \$600 million in assets and 200 affiliated advisors.

Marrying young, Lindner (a self-described “people person”) sought insurance for himself and was impressed by the agents handling his policy. “I thought to myself, ‘That’s what I want to do—work with people, find out what they need and then provide it to them,’” he explains. “I thought that would be a great way to make a living.”

He started out at Paul Revere, a major player in health insurance at the time, and began building a business based out of Georgia. As his business matured, so did the financial industry. Lindner branched out into financial planning in 1988 and then, in 1996, incorporated Lindner Capital Advisors as an investment advisor to serve a select group of independent and insurance company-affiliated broker-dealers. He had the idea that he could not only help clients with their financial needs, but also guide other insurance agents who were

gravitating toward financial planning. To this end, he began positioning his firm to support agents’ planning needs and eventually developed Lindner College and the Lindner Elite Advisor Forum (LEAF)—forums that provide education about planning and wealth management issues to advisors.

As part of his drive to expand his business, Lindner earned degrees and certifications as well. These include a graduate degree in financial services from The American College and the Accredited Investment Fiduciary™ professional designation awarded by the Center for Fiduciary Studies, Katz Graduate School of Business at the University of Pittsburgh. Lindner also holds designations as a Chartered Life Underwriter, Chartered Financial Consultant™ and Accredited Asset Management Specialist™. He also is a licensed CERTIFIED FINANCIAL PLANNER™ practitioner.

That learning put him on the path to the next stage in financial services: “As we made the transition from

servicing clients to servicing other advisors, it became clear to me that the future was in the broadest and deepest of all these disciplines—and that was the growing field of wealth management,” he says.

Wealth management seeks to align a client’s values with his or her wealth and resources. “Being people-oriented to begin with, wealth management made a lot of sense to me,” Lindner explains, “It shows how much the financial industry has grown that we have such all-encompassing and flexible services and tools these days.”

Lindner’s own values are focused mainly on providing advisors with the best practices in the financial industry. As an advisor running a firm that mainly supports other advisors, he wants to provide the best possible services in a way that can immediately help others realize all that is important to them. “My dream was to build an organization that could have an impact on the lives of others in a most positive way,” he explains. “And with this firm, today, I think we’ve done that—though I don’t plan on stopping any time soon.”

Lindner has combined wealth management with the discipline of asset-class investing as offered by such firms as institutional advisor Dimensional Fund Advisors (DFA) and Goldman Sachs. DFA, a pioneer in asset-class investing, offers a variety of customized funds that are intended to track certain risk and reward parameters—enabling investors to better control the outcomes of their portfolios via diversification. “Lindner Capital Portfolios are designed with extensive diversification and steadfast exposure to a wide variety of asset classes,”

Lindner explains. “With those characteristics, it’s our belief that our clients experience far less portfolio volatility given their objectives.”

Portfolios are specifically designed to be consistent with each client’s risk tolerance, investment objectives and time horizon. Retirement, tax-managed and 401(k) solutions are designed specifically to meet each client’s goals. In order to provide the investor with individualized solutions, an investment policy statement is prepared for all clients with specific information covering client objectives and constraints, target returns, risk tolerance, time horizons, anticipated withdrawals, contributions, and taxation and regulatory issues.

While Lindner does offer these services to some clients served by the firm itself, he primarily provides such strategies for the advisors with whom the firm works. Lindner selects advisors, many from the insurance industry, who have an aptitude for wealth management and then provides them with turnkey wealth management services developed over the past quarter century.

A good deal of Lindner’s approach is supported by wealth management coaching firm CEG Worldwide. Lindner has known the managers of CEG Worldwide for a number of years, and he has worked with the firm to help provide a full panoply of best practices to his clients and advisors. Concludes Lindner: “We think we’re on the cutting edge of the best wealth management efforts available, and that’s why we work with the best. CEG Worldwide is the best in my opinion, and I think our advisors would agree.”

“We think we’re on the cutting edge of the best wealth management efforts available, and that’s why we work with the best.”

Breaking Through

Breaking Through is an intensive one-year coaching program focused on the essential strategies and key tactics required to successfully attract, win, service and retain the private affluent client. Breaking Through provides you with exactly what you need to implement key strategies and tactics and join the ranks of these elite advisors.

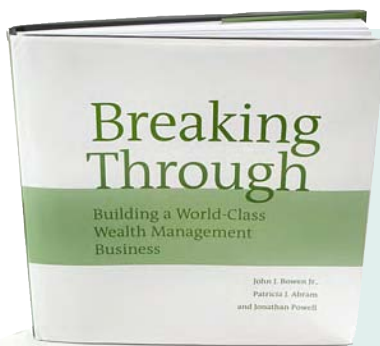
The program's 16 powerful tactics help advisors find more of the high-net-worth individuals and families they want to work with and assist them in building a growing and very profitable practice with loyal clients. Advisors will learn about the affluent and how to position themselves as experts. CEG Worldwide will show advisors how to gain referrals from current clients, despite today's market volatility, using time-tested scripts, and explain how to form strategic alliances with lawyers and CPAs to dramatically grow their businesses profitably, while serving their clients well.

Advisors will also learn how to:

- Profile their ideal clients—those whom they can serve best and most profitably
- Position themselves as experts for their niche markets of ideal affluent clients
- Build strategic alliances with key professionals in order to create an endless stream of referrals for prequalified affluent prospects

Of course, advisors aren't the only ones who can benefit. Financial institutions that serve advisors can also take advantage of Breaking Through. For example, they will find:

- More productive advisors, because of better training and coaching, with proven results
- Greater advisor loyalty and retention, because of increased satisfaction
- Easier recruitment drives, because advisors will know they're joining an institution that helps them be more successful



Breaking Through: Building a World-Class Wealth Management Business

By John J. Bowen Jr., Patricia J. Abram and Jonathan Powell

Even advisors who are not in a CEG Worldwide coaching program can take advantage of the firm's advice, thanks to its recently published book. Included are chapters on attracting affluent clients, managing a practice as a business and building maximum equity. The book

clearly describes CEG Worldwide's Consultative Client Management Process, designed to foster productive, long-term relationships.

Throughout the book, there are charts and graphs, so readers can take advantage of CEG Worldwide's research. In addition, real-world success stories show how advisors who have followed the CEG Worldwide program have prospered.

The book is available through [Amazon.com](https://www.amazon.com).