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How to WOW Your Clients

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



Last month, I showed you the various components that make up a WOW service offering—one that

ensures a consistent and high-quality experience at every point of contact and that will truly delight your clients. To get a good sense of the actions you

can take to deliver that kind of WOW service offering, it's helpful to consider what some top advisors are doing with their service efforts and initiatives.

In a broad sense, the very best advisors implement processes that enable them to know their clients on very deep levels and build service offerings around that knowledge—thereby generating much greater success. Take wealth managers, for example. We find that wealth managers are much more likely to use formal systems to ensure high-quality service.

For example, 85.5 percent of wealth managers conduct formal interviews with clients, versus just 58.7 percent of investment generalists (the transaction-driven advisors that represent a majority of the industry). And while 81.9 percent of wealth managers provide clients with formal plans, just 37.0 percent of investment generalists do so.

Wealth managers also are much more systematic about contacting their clients regularly. On average, wealth managers contact their best

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First Word

By John J. Bowen Jr.



Journal of Wealth Management Consulting

Mark Klimek
Editor

Patricia J. Abram, John J. Bowen Jr., Jordan Gruber, Nate Hardcastle, Jonathan Powell, Katie Soden
Contributing Writers

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CEG Worldwide, LLC
1954 Hayes Lane
San Martin, CA 95046
(888) 551-3824
www.cegworldwide.com
info@cegworldwide.com



There are many reasons for the huge success that today's top wealth managers enjoy. But at the core of their success is an unwavering focus on their clients. With the markets struggling and clients defecting, a client-centric approach has

become a bigger differentiator than ever in the effort to attract and retain affluent investors.

Of course, most advisors *say* that they focus on their clients above all else. But the research tells us that advisors don't always put their money where their mouths are. For example, when CEG Worldwide asked 2,094 advisors from all channels about their top concerns for the future, the differences were profound. As seen in the chart below, nearly twice as many wealth managers as investment generalists are very concerned about expanding their service and product offerings to serve wealthier clients. Meanwhile, more than twice as many wealth managers say they are very concerned about better understanding clients' needs. This emphasis on understanding clients

reflects the relationship-oriented philosophy that underpins a true wealth management business model.

The implications of these results are profound. For advisors, they mean that you must organize your business around your clients and spend the vast majority of your time on client-facing activities—from discovery meetings where you uncover key needs and values to frequent client contacts throughout the year—and figure out ways to let others address other duties and activities. For financial institutions, it means that you must provide the right type of support to your advisors—support that will help them win the business of affluent investors and continually reinforce the value of the relationship through exceptional service.

The Top Concerns of Wealth Managers vs. Investment Generalists

	WEALTH MANAGERS	INVESTMENT GENERALISTS
Expanding service and product offering to serve wealthier clients	42.8%	22.6%
Improving client satisfaction	41.3	35.0
Better understanding client needs	35.5	14.6

N = 2,094 financial advisors. Source: CEG Worldwide, 2007.

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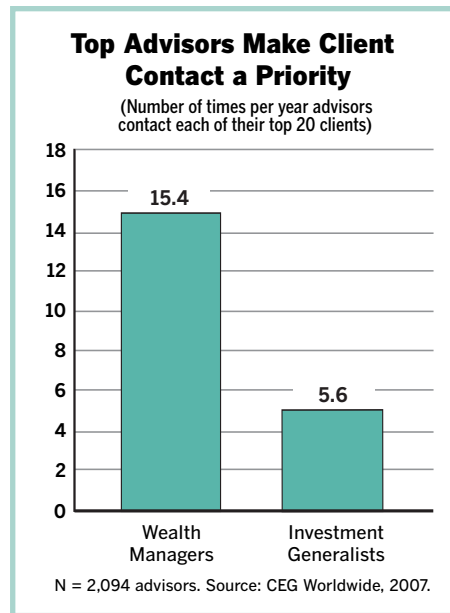
clients 15.4 times per year. By contrast, investment generalists contact their best clients just 5.6 times per year on average (see the chart at right).

The end result of those additional contacts: stronger asset growth. While the wealth managers received an average of \$2.7 million in additional assets from their top clients, the investment generalists garnered just \$470,000. These service-focused systems are a big reason why advisors using a wealth management business model earn an average annual net income of \$881,000, while investment generalists earn an average of just \$279,000 a year.

One way that wealth managers are able to devote so much energy to their clients is by farming out tasks that aren't directly related to client relationship management. Consider that a full 76.8 percent of wealth managers outsource their money management business to a third-party expert (such as a turnkey asset management program or similar). This gives these wealth managers the time they need to focus on client contacts—thereby building trust and loyalty.

In talking with some of these wealth managers, I see remarkable examples of highly creative WOW service. One advisor sends his clients who are about to go on vacation a guidebook for that particular destination, and he always follows up later with an email asking how the vacation went. A few advisors I know give out to their very best clients a special direct phone number that allows those clients to contact the advisor immediately. Another sends a member of his technology support team to clients' homes if they need help setting up a new computer system.

Note that these actions are not related



to investments. They are the types of “touches” that go above and beyond the norm and will truly delight your clients and help you build great relationships that give your business a sustainable edge. What’s more, none of these services is difficult or expensive to provide. But to implement steps like these, you’ve got to start by getting to know your clients on a deep and profound level.

In the end, the role that client service plays in your success cannot be underestimated—especially in today’s challenging marketplace, when you probably don’t have impressive returns to fall back on. As you examine your business practices, ask yourself if you are truly providing a superior level of service to your clients. Chances are, you’ll find that there are plenty of steps you can take to know your clients better and strengthen your current offering, with impressive results. Indeed, by cultivating a WOW service experience, you’ll find yourself with an affluent client base that will stick with you for decades—and provide you with more business than you might have thought possible.

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 CPA Opportunity

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



Strategic alliances with outside professionals are one of the most effective ways for advisors to build successful wealth management businesses. These agreements represent formalized and ongoing relationships that have been clearly spelled out

and committed to by both sides, and that set the stage for a long-term, profitable relationship for both parties. When it comes to building strategic alliances, CPAs are extremely attractive partners for wealth managers. There are four fundamental reasons why:

1. CPAs are highly trusted. In almost all surveys of affluent investors, CPAs rank highest when it comes to the issue of trust. Attorneys usually rank second and financial advisors third. When you consider the most basic desire of clients—to have a trusted advisor who can help them reach their financial goals—you'll see that CPAs already have a key competitive advantage over financial advisors.

2. Clients want to obtain financial services from their CPAs. Not only do investors trust their CPAs the most, they are also keenly interested in obtaining financial products from them. Consider that half of all CPA clients (50.9 percent) would be very likely to buy

financial investment products from their CPAs, were they to be offered, and about three-quarters (74.6 percent) would be likely to buy insurance products.

3. Substantial revenue opportunities exist. A nationwide study of CPAs that we conducted a few years ago found that when financial advisors and CPAs successfully execute strategic alliances, there is a potential for substantial revenue-generating opportunities for both sides. Our study looked at CPA firms that offer financial services in-house (through employees) and at firms that offer financial services through strategic alliances with outside providers (typically financial advisors). Across the board, we found that CPA firms that leveraged strategic alliances with financial advisors earned substantially more revenue than those firms with in-house financial services (see the chart on page 5).

Of course, even more important to CPA firms than the revenue they earn from financial services is the profit they are able to extract from

Average Gross Revenue per CPA Firm from Financial Services

SMALLER FIRMS WITH IN-HOUSE FINANCIAL SERVICES:

\$392,000

SMALLER FIRMS USING OUTSIDE FINANCIAL SERVICES PROVIDERS:

\$834,000

LARGER FIRMS WITH IN-HOUSE FINANCIAL SERVICES:

\$718,000

LARGER FIRMS USING OUTSIDE FINANCIAL SERVICES PROVIDERS:

\$1,241,000

N = 394 CPA firms. Source: CEG Worldwide.

that revenue. Because they rely on outside providers, the firms using the strategic alliances model earn substantially higher profit margins. Think about it: Without the direct costs and overhead associated with employees, nearly all their financial services revenue ends up on the bottom line.

Clearly, strategic alliances with financial advisors are attractive for CPAs wishing to offer their clients financial services. But how does the other side of the equation look for financial advisors? Given that joint ventures between CPAs and financial advisors typically work on a fifty-fifty revenue share (though revenue shares can and do range from 20 to 75 percent), these revenue figures show just half of the total earned by the strategic alliance. Thus, we can assume that if a CPA firm working in a strategic alliance with financial advisors earns \$1 million in gross revenue, the financial advisors are also earning \$1 million in gross revenue. And the financial advisors are earning this revenue without having to spend significant time or money in marketing efforts to draw in affluent clients, because the clients are provided by the CPA firm.

4. CPAs are motivated to offer financial services.

CPAs have many solid reasons for wanting to offer their clients financial services. Our research found that the top reason, cited by 93.4 percent of CPAs, is to better serve their clients. Many of these CPAs would say that the offering of financial services enhances their position as their clients' trusted advisor. In addition, we found that 86.0 percent of firms are offering financial services in order to be more profitable. Also, CPAs—like many advisors—are feeling the competitive heat. In our study, 62.2 percent cited pressure on the accounting practice and 60.7 percent cited competition as reasons for providing financial services.

Finally, keep in mind that there are tens of thousands of CPAs in the country. If even a small percentage want to partner with you, that should still be far more than you would ever need. You don't have to work with a lot of CPAs. In fact, we have found that the most successful wealth managers have relationships with only one or two firms. Those relationships are more than enough to help those advisors build simple and elegant wealth management businesses.

The firms using the strategic alliances model earn substantially higher profit margins.

Small Business, Big Results

By emphasizing wealth management, **George Payne** continues to capture significant assets



In a challenging environment, A.N. Culbertson & Company has added clients and currently manages \$150 million in assets.



Despite today's challenging environment, Charlottesville, Virginia-based A.N. Culbertson &

Company has continued to expand its client roster and achieve greater success in recent months. The firm, which manages \$150 million in assets

for a client base consisting largely of small business owners and retirees in the area, is weathering the downturn through a three-pronged strategy: using a disciplined program of frequent client communication, focusing on asset allocation in its securities selection, and—perhaps most important—emphasizing its wealth management approach to planning.

“We’re well-positioned to help our clients through this particular downturn because of the strategies and services we have put in place over the past several years,” explains George Payne, the firm’s president. “We have a special affinity for entrepreneurs, small businesspeople and others who are either looking to maximize the equity they have in their ventures or are thinking about retirement and estate planning. By providing a holistic wealth management approach, we’re adding significant value and seeing the

fruits of that hard work.”

Case in point: Payne says the firm recently landed two \$5 million accounts that it never would have competed for in the past. “Now that we approach our clients with the totality of their portfolios in mind, we are showing them a good deal more in the way of strategic insights and service efficiencies. This allows them to see the utility and benefits of placing a larger portion of their funds with us.”

Payne himself is oriented toward this type of full-service entrepreneurship. In the past, he served as chief financial officer for private, government and nonprofit entities. He also holds the Personal Financial Specialist (PFS) credential as awarded by the American Institute of Certified Public Accountants (AICPA). Prior to joining A.N. Culbertson & Company, he was vice president, chief financial officer and treasurer for the

CFA Institute. Before that, he was vice president and assistant controller of AMVEST Corporation, a privately held energy company in Charlottesville.

Payne, who holds a BBA degree in accounting from James Madison University, says that from a very early age he knew he wanted to work in business and accounting. “My parents were in government, but as my career progressed I saw I wanted to put my skills to use in the private sector. Our affinity as a firm is for the achievement of private enterprise. That’s the orientation of those who work at the firm, including the founder.”

That founder is Alan Culbertson, a lawyer and member of the Bars of Virginia, Pennsylvania, and New York. He was named the 2001 Distinguished Lecturer of the Ballentine Center for the Study of Securities Markets at Syracuse University and is a graduate of Edinboro University and Syracuse University College of Law. “It was Alan who called me up eight years ago and said he wanted to turn his ‘one-man’ company into a full-fledged business,” Payne recalls. “After thinking about it for a little while, I knew it was an opportunity that I would have to take advantage of.”

While the firm’s approach was initially focused on large-cap stock selection, Payne says that he and Culbertson shared a similar vision when it came to the future. “Alan is an exceptionally generous and far-sighted man,” he says. “We talked about a shared vision for the 2000s, and it became evident that wealth management was where we wanted to be positioned.”

The search for wealth management best practices led Payne to CEG Worldwide, a leading advisor-coaching firm. “We began with CEG

Worldwide and were immediately impressed by how we could implement what they suggested,” he recalls. “Everything they provided was backed up by market research that proved it would work.”

A.N. Culbertson & Company’s wealth management strategy consists of three main components: investment consulting, advanced planning and relationship management. Investment consulting involves managing clients’ investment portfolios based on their goals and risk tolerance, and it is at the core of what the firm does. The firm seeks to minimize risk with a disciplined, actively managed investment process that emphasizes fundamental research and strict valuation guidelines. As part of this approach, the firm follows a discipline of staying invested and diversified so clients can take advantage of time in the market—instead of trying to time the market.

Advanced planning addresses the full range of financial needs beyond portfolio management: wealth enhancement, wealth transfer, wealth protection and charitable gifting. Relationship management involves three key tasks: first, fully understanding critical needs; second, assembling and managing a network of financial experts; and third, working effectively with other professional advisors, such as attorneys and accountants.

Clearly this approach to wealth management is paying significant dividends for the firm—and Payne expects that to continue in the years to come. “What we have learned from CEG Worldwide’s programs has added to our bottom line,” he concludes. “Since implementing wealth management, we haven’t looked back.”

A.N. Culbertson & Company’s wealth management strategy consists of three main components: investment consulting, advanced planning and relationship management.

Building a High-Performance Team

By **Jonathan Powell** ■ Senior Managing Principal, CEG Worldwide



Part II



Last month, I examined two of the essential processes, systems and skills that go into building a high-performance team (HPT) of partners and employees: team beginnings and work effectiveness. By incorporating the remaining two areas—

communication effectiveness and feedback and change management—you'll be able to form a truly committed and exceptionally performing team.

COMMUNICATION EFFECTIVENESS

Communication effectiveness involves creating and enhancing the network of relationships between team members. It leads to high performance, high achievement, enjoyment, growth and overall team resilience. Effective communication involves such aspects as:

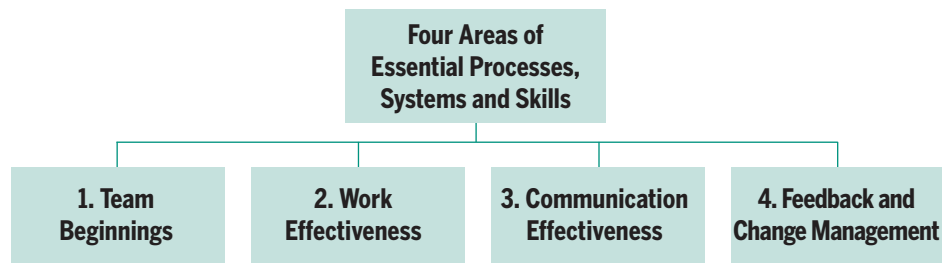
■ **Strong interpersonal skills.** All team members need awareness of how they feel about themselves and come across to other people, as well as how they feel about and affect others. Even if you're not a team leader, it's important to develop the kind of awareness that lets you see things from perspectives other than just your own.

■ **Communication styles.** The three most common communication styles are Dominator, Follower and Facilitator. By understanding the style mix on a team, a high-performance team leader or leaders can better work with these styles and prepare for potential conflict.

■ **Listening.** Reflective listening, in which you let someone know what you heard and that you understood them, is far superior to passive listening. By explaining to the speaker in your own words what you heard, you close the communication loop. Reflective listening is a powerful skill that can be used whether or not you agree with the speaker.

■ **Positive environment and recognizing accomplishments.** Acceptance goes a long way toward creating a positive environment, as does maintaining a 5-to-1 ratio of positive feedback to negative feedback. For example, when closing a meeting, it's best to first ask for comments on what

HPTs: Essential Processes, Systems and Skills



went well and to then inquire as to what can be improved (rather than first asking, “What went wrong?”). If you find it difficult to maintain a 5-to-1 ratio, then there are probably other problems with roles, work processes or resources that should be looked into.

FEEDBACK AND CHANGE MANAGEMENT

An HPT can handle more feedback and change than an average team can. An HPT’s learning environment is oriented toward a steady and appropriate level of change over time. HPTs therefore incorporate both formal and informal ways of monitoring themselves so that appropriate change levels can be maintained. These methods include:

- **A team evaluation process.** It’s important that there is a formal review process for each individual team member and for the team as a whole. The team evaluation process focuses on positive feedback and improvement. There’s nothing wrong with bringing up what isn’t working well, but do so with a constructive end in mind.
- **Individual performance reviews.** Individual performance reviews are vital. One very successful type of performance review calls for each team member to write his or her

own review and perform a self-assessment based on 360-degree feedback and on a set of standardized metrics. A team leader then sits down with the individual and reviews the self-written review in the context of how others on the team perceive that person.

- **Openness to new ideas.** You want to avoid “groupthink” —the thought process that takes over when a group’s members reach consensus without testing, analyzing and critically evaluating evidence and ideas. To do so, regularly encourage dissent. Ask team members to play devil’s advocate on various ideas or to thoroughly analyze issues regardless of their own opinions.
- **Off-boarding.** Separating someone from the team must be done in a healthy way that doesn’t create shame for the person or damage the team’s performance. For example, in the exit interview the team leader or leaders can learn about what went right and what went wrong for the exiting individual and how the person honestly feels about having been on the team.

HPTs require careful preparation, ongoing monitoring and revision as necessary. But by taking the time to create a great team, you’ll create a win-win situation for everyone involved with your firm.

An HPT’s learning environment is oriented toward a steady and appropriate level of change over time.

A Winning Pair

By focusing on several niches and offering in-house services, the Carlson brothers have built an \$800 million statewide firm



Brothers Jeff and Greg Carlson of Carlson Capital Management are wealth managers who operate a bit

differently than many of their peers. Instead of specializing in just one niche, Carlson Capital Management has provided services to several

distinct markets—including corporations, educators, physicians and entrepreneurs.

With nearly \$800 million in assets under management, the brothers have built a thriving business throughout Minnesota with branch offices across the state focused on various specialties. Founded some 25 years ago, today Carlson is a fully integrated advisory firm with specialties in financial, investment, estate, tax and other financial services—all tied together through a comprehensive wealth management strategy. The firm serves high-net-worth individuals and families, business owners, and non-profit organizations and serves as corporate trustee for clients through Carlson Trust Company.

The wealth managers who work at Carlson Capital Management are focused on helping their clients align their values with their financial resources. The downturn in the markets has only increased opportunities to do exactly that,

according to Jeff Carlson. A disciplined, values-driven wealth management offering is a strong differentiator that allows those at the firm to provide clients with a comprehensive and long-term perspective that goes well beyond the market's short-term performance. Individual interviews with clients result in investment plans that seek to provide the greatest reward for the least risk and support individual resources with the invested wealth. Carlson's approach to wealth management also provides clients with a team of experts that integrates financial disciplines using strategies based upon time-tested academic research and efficient market theory. Additionally, the firm's fee-based structure is set up to provide independent insight, and an ethical, transparent relationship.

While there are differing views on how to pursue wealth management organizationally, the brothers largely have come down on the in-house side of the argument. The majority of



Carlson Capital Management's broad-based approach to niche-building continues to provide a significant engine of growth.

clients' assets are managed internally, and Carlson Capital Management also runs an internal trust department and offers accounting and other financial services. That said, the firm does incorporate some asset-class mutual funds from Dimensional Fund Advisors, Vanguard and others into its offering. "We believe you can control the message better and give a more coherent level of quality and service if you do it yourself," says Jeff Carlson. "At the same time we realize this sort of approach isn't for everyone, as you need to have certain efficiencies of scale for it to work. We're fortunate to have the scale to build from the inside out."

That scale has enabled Carlson Capital Management to grow into one of the largest wealth management firms in Minnesota, with four offices and a staff of 21 professionals. The brothers credit their success to always focusing on the client experience. "We set out to achieve excellence. We didn't have any particular goals in mind in terms of the business, except to do the best we could for the clients we gained," says Jeff Carlson.

Their strong results as businessmen, while not initially anticipated, are hardly surprising given the brothers' competitive spirit and history of achievement. "We were good doubles players on the college tennis circuit," Jeff Carlson explains. "Eventually we became the Minnesota state champions in doubles. Our father was a tennis coach, and we have an affinity for clients and colleagues whose values involve achievement and a focus on an individual discipline."

The Carlsons believe that a sports background gives a person a leg up in the business world because of the discipline and hard work that it takes to earn success. The values of a

Midwestern upbringing also play a big part in how the brothers approach their business—they grew up on the prairies of western Minnesota, two of five siblings with childhoods that revolved around family, church and sports. "Honesty is a value I hold sacred," says Greg Carlson. "Honesty means always telling the truth, even when it hurts. Honesty means being transparent in how I conduct business and in all aspects of my life. Most importantly, honesty means being authentic even when it shows my flaws. It is the foundation of the first 22 years of my life, with the experiences of the next 25 years, that guides me in working with the clients of Carlson Capital Management and developing our firm into a successful wealth management firm."

The Carlsons' hard work and commitment to excellence have been further bolstered by their efforts to continually improve and deliver wealth management best practices. For example, the firm is affiliated with Zero Alpha Group, an organization of like-minded wealth management firms that share resources, capabilities and intellectual capital. The brothers also have developed and honed their wealth management strategies through their work with CEG Worldwide, a California-based wealth management coaching firm. "We attended the CEG Worldwide programs and found them tremendously worthwhile," says Jeff Carlson. "They back up their insights with proven research, and the result is a holistic approach to wealth management that takes it a step beyond individual practices into a fully integrated discipline. As a result, we are well-positioned to go forward in the 2000s—and so are our clients."

The wealth managers who work at Carlson Capital Management are focused on helping their clients align their values with their financial resources.

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.

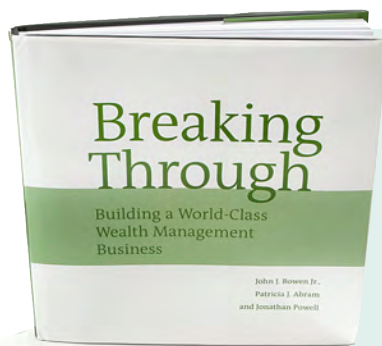
The program's 16 powerful tactics help advisors find more of the high-net-worth individuals and families they want to work with and assist them in building a growing and very profitable practice with loyal clients. Advisors will learn about the affluent and how to position themselves as experts. CEG 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).