ceg worldwide LLC
Institutional Strength Intelligence

Journal of Wealth Management Consulting

March 2009 • Vol. three • N0. 03

INSIDE THIS ISSUE

Pull 'Em In!

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

As an advisor seeking to effectively attract affluent investors, you are faced with an important and seemingly overwhelming task: to develop an ongoing stream of ideal affluent prospects from your chosen market niche. Many advisors try to do this the old-fashioned way—through hard selling, or pushing clients into buying. But the fact is, a push-based strategy simply will not work with sophisticated affluent investors. Mass-marketing tactics, such as newspaper advertising and direct mail, also fail to attract affluent prospects. They find these methods annoying.

Top wealth managers understand this. Instead of pushing, they leverage *pull marketing* to attract the right clients to their doorstep. At its core, pull marketing is about connecting with the right people—ideal prospects—and letting them know that you are the expert they need. These ideal prospects will be attracted to you because they see you as an expert who can solve their financial challenges.

One key to using pull marketing successfully is to establish a high level of credibility within your market niche. This type of credibility positions you to be first in mind, so that prospects will come to you when they have money in transition (such as after a death, a divorce or the sale of a company) and clients will come to you when they have new assets to invest. When you pull in ideal

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First Word

By John J. Bowen Jr.

Journal of Wealth Management Consulting

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The challenges you face as an advisor in the current environment are immense. The good news: You also face equally immense opportunities to improve your business, leapfrog past your competitors and come out of the downturn in better shape than ever. With that mind, here are five things you need to know right now to get you moving in the right direction:

- **The world has changed.** We are in the midst of a shift in the way financial services firms do business and deliver value to their clients. The industry you have known in the past is not the industry of the future—and that's actually great news for those of you who rise to the occasion.
- **You've never had a better opportunity.** Long-standing loyalties have been shattered as clients have lost confidence in their advisors. Research clearly shows that four out of five investors with more than $1 million in investable assets are considering switching advisors. This has created an unprecedented opportunity for you to win new clients who a year ago might have completely ignored you.
- **What has made you successful in the past will not work in the future.** Excellent investment products alone are no longer sufficient. Nearly every portfolio has now lost significant value, and the affluent no longer see these offerings as a real differentiator.
- **The affluent want a different advisor experience.** They want relationships with their advisors that put their concerns, goals and dreams at the center. They want a higher level of service, a deeper level of commitment and an intimate client relationship. They want you to really understand them and then work collaboratively with them to address all their financial challenges.
- **You must have a plan you can implement immediately.** You need a clear road map, realistic goals and best practices that address the needs of the affluent, as well as the focus to implement those practices quickly. Time is of the essence, because affluent investors are in transition right now.

A simple, elegant and highly successful wealth management business is well within your grasp. Next month, I'll give you five steps you can take to help you build the practice of your dreams.

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prospects, you must be ready with an integrated marketing presentation that appeals to the tastes of the affluent.

There are three primary channels for marketing to prospects and clients:

- **The relationship channel** leverages your relationships with key clients and other professional advisors working in your target market, such as accountants and attorneys.
- **The credibility channel** opens doors for you by building your reputation within your target market. Credibility channel techniques include writing articles, making presentations, publishing your own newsletter, and even appearing on radio or television.
- **The mass-marketing channel** relies on such techniques as direct-response advertising and mass mailings to reach large numbers of prospects. This is the "shotgun" approach—sending out thousands of marketing messages in the vague hope that one will hit its target: an affluent individual qualified to work with your firm.

The first two channels are important parts of a pull strategy to reach the affluent. The relationship channel works by leveraging relationships you develop within your niche, including those with members of that niche, other professional advisors who work with the niche and the associations that serve your niche. Because it requires you to systematically build relationships with future clients over time, this can be the most time-consuming channel. However, it is also the most effective channel for the wealthy, so the rewards of using it can be significant. In this channel, you'll market in one of three ways:

- One-on-one interactions with members of your niche, generated by referrals
- Interactions developed by strategic alliances with other professional advisors, such as accountants and attorneys
- Group presentations that are endorsed by either individual members of your niche or the organizations associated with your niche

The credibility channel opens doors by leveraging your expert reputation—but you won't go from being an unknown to being a recognized authority overnight. You'll first create a base, and then you'll build upon it over time, layer by layer. In a future issue, we'll explore a proven 12-step process for establishing your credibility among the affluent and being the first person they think of when they need to address their most important financial challenges.

The third channel, mass marketing, rarely works for attracting affluent clients. It actually damages your positioning and credibility, because when your target market niche sees you advertising, you're perceived as selling—or pushing—and not pulling your ideal clients to you. The upshot: I strongly discourage you from using any mass-marketing techniques.

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.

Alternative Ways to Grow Your Business

By Jonathan Powell ■ Senior Managing Principal, CEG Worldwide

These days, it's tough for many advisors to rely on organic growth to maintain their growth rates. As a result, some ambitious advisors are turning to alternative methods for growing their practices. Here's an overview of the three primary models for alternative growth:

ACQUISITIONS

In an acquisition, one entity takes control of another, through either an exchange or a purchase. This results in a larger, often more efficient organization. Acquisitions allow you to acquire other firms' talent immediately and to achieve the scale you want very quickly—much more quickly than through organic growth alone. They also achieve new efficiencies by creating revenue and cost synergies. And they open new opportunities by allowing access to new markets and distribution channels, by broadening your service capabilities and by leveraging the clientele of both organizations.

That said, the capital requirements make acquisition an option only for larger firms. Also, you alone will have to assume all the risks associated with the acquisition deal and the new service offering. There are also potential problems with becoming too big too fast, including having your current company's culture disrupted or destroyed. And finally, these deals demand a tremendous amount of planning, which can cause you to lose focus on your current business.

MERGERS

In a merger, two or more entities pool interests and combine to form a new, separate entity. A structured agreement governs all aspects of the continued existence of the new organization, including your role and involvement. Mergers are attractive because they require little or nothing in the way of financial resources and usually allow you to retain control over your client relationships and the level of service that clients receive. At the same time, they also allow you to leverage the clientele of the partner firm. And your overall level of ongoing business risk is reduced because you will share it with a partner or partners.

On the other hand, mergers carry culture and expertise issues, requiring similarities between partners in these two important areas. And like acquisitions, mergers can be very time-consuming.

PARTNERSHIPS

In this option, two entities work together in an unincorporated alliance. Each partner typically works in a different discipline of professional services. For example, you might partner with a CPA or an attorney. These strategic partnerships allow you systematic access to new resources, services and clients. In some cases these arrangements also include a process for an eventual takeover of one organization by the other.

Partnerships offer substantial benefits: incredible growth opportunities within marketing, distribution, products and services; greater opportunities to target specific market niches; and an absence of tax issues associated with the initial partnering. And while partnerships typically present many of the same challenges you face in a merger or an acquisition, they offer a huge benefit in that they are extremely easy to unwind, making them easy to walk away from if necessary.

However, partnerships also hold the potential for a range of conflicts between partners, including differences in business philosophy, integration challenges and clashing entrepreneurial egos. In addition, you can spend a tremendous amount of time putting a partnership together only to see your partner walk away from the deal.

In some situations, partnerships can lead to a merger or an acquisition. So it can be beneficial to create the partnership first and a more formal legal union later on, if appropriate.

There are two major points to keep in mind when considering the differences between these models. First, partnerships differ from mergers and acquisitions in that they typically can enjoy the full benefits of revenue synergies. On the other hand, because operations are almost never combined in a partnership, operational synergies are usually created only in a merger or an acquisition.

To decide which model (if any) is best suited to your practice, ask these key questions:

- Which model will provide your clients with the highest-quality and most consistent experience?
- Which model will leverage your core competencies while compensating for your weaknesses?
- Which model best fills the gap between your existing skills and infrastructure and the type of expertise and infrastructure required to deliver additional financial services to your market niche?
- Which model will provide the best environment for attracting new clients and retaining current ones?
- Which model will provide the best insurance policy for your family, clients and associates?

The right model for you depends on how you manage your firm today, the type of clients you have, your particular strengths and weaknesses, and the nature of your competition. And while you may settle on one strategy today, you may find that it evolves into another in the future. For example, today's partnerships are often tomorrow's best merger or acquisition opportunities.

Some ambitious advisors are turning to alternative methods for growing their practices.

Successful Transitions

By refocusing his practice on women in transition, **Evan Miller** is finding success in a challenging market

Evan Miller has built a successful practice by listening carefully to his changing clientele.

Financial advisor Evan Miller began his career with a focus on physicians, but has found that helping women in transition—those who are facing such important life-changing issues as retirement, divorce or the death of a spouse—is both more gratifying and more substantive.

As a partner at FMB Wealth Management in Westlake Village, California, Miller these days seeks to combine his clients' wealth with their most important values. That approach is especially compelling to his female clients as they seek to gain more control over their various resources and make the best possible financial decisions. "I am passionate about gaining a deep understanding of what my clients hope to achieve in order to help realize all that is important to them," says Miller.

For Miller, wealth management is the best way to make that happen. In fact, he believes it is the only sensible approach to take. Wealth management is rooted in the alignment of wealth and values and is therefore an especially suitable strategy for women in transition. "There may be issues for these women that have to do with relocating or going back to work and the profession to which they are returning, as well as the financial needs that must be taken into account," Miller explains. "The only approach that truly works within this context is wealth management."

Miller's focus on helping women in transition is a natural one that resulted in large part from his own family background. One of his grandmothers lost her husband at a relatively young age and struggled for a long time trying to gain control of his real estate business—and her financial situation. "I saw her facing the unimaginable challenges that a widow faces and the incredible strength with which she faced them. While many of the life and emotional challenges that a widow faces are out of her control, financial issues can be controlled if the right steps are taken. Because she had no one to trust and no system to fall back on, she was always uncertain as to her financial position. I admired her courage, and feel that she deserved to have someone to help her feel secure in her financial position," says Miller.

Miller adds that his mother, who balanced work and her family, served as an example of a strong, intelligent and organized woman. “My mom has shown me a great example of what women are capable of and I find great satisfaction in working with women who share her traits.”

Initially Miller focused his efforts on physicians, but soon came to the conclusion that those in the medical profession tended to have a high level of certainty about their investment perspectives and their portfolios. As a result, he found himself more in the position of simply implementing their various wishes than helping them develop detailed wealth management strategies and plans.

Essentially, he wanted to do more for investors by addressing their full range of goals and issues. “It was the ability to help clients focus on the totality of their portfolios in a comprehensive way and to help reposition resources to support values that I found most challenging and fulfilling,” he explains. “The women I am working with now are fully capable of building lives full of great satisfaction and meaning. Facing new and difficult transitions, they may be confused or scared at the start—but we work together, and soon enough they can see a way forward, toward empowerment and control.”

It is this approach that helps Miller gather clients even while other firms are struggling in the current environment. “While one cannot generalize about the sexes, you might be able to say that women are more comfortable with a holistic investment approach,” he says. “They want to see things from all angles, and if you can give them a way of supporting their fundamental values and goals with their resources, they often are willing to move in that direction.”

Miller says that his career as a wealth manager is part of a life plan. He grew up in Westlake Village and attended UCLA, where he majored in business and economics. He studied abroad in Florence, Italy, before returning to the States—at which point his good friend Grant Blindbury (who was profiled in the December 2008 issue of the *Journal of Wealth Management Consulting*) called him with an offer. Blindbury had begun working at FMB and invited him to join the then two-man shop, which was founded by Thomas Fields. “Grant and I had been friends since junior high and had the same background and motivations,” Miller says. “We thought it would work out, and it has.”

Both Miller and Blindbury have expanded their wealth management techniques through programs affiliated with CEG Worldwide, a leading wealth management coaching firm for advisors and financial institutions. “Our experiences with CEG Worldwide have been most positive,” Miller notes. “They emphasize the fundamentals of a management style that allows you to provide a full level of life services for a particular group of individuals. I owe a lot to their programs, and so do my clients.”

“I am passionate about gaining a deep understanding of what my clients hope to achieve in order to help realize all that is important to them.”

Think Like an Owner

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

One truism in our industry is that it always makes sense to think like an entrepreneur by focusing on maximizing your business's long-term value. This is the case whether you own your practice or are an employee of a firm. ¶ Unfortunately, many advisors who are employees at brokerage firms or other types of financial services providers don't recognize that they are "in business" the same way that entrepreneurs are. They often believe they have little control over how valuable their practices can become and that, in any case, they couldn't possibly reap the rewards of any increase in value. They therefore assume that there is no point in focusing on value creation.

Nothing could be further from the truth. Thinking like an owner is a smart move regardless of where you work. It doesn't matter if you're employed by a wirehouse, you are an independent broker-dealer representative or you are a registered investment advisor with your own firm: Building equity pays huge dividends for nearly everyone involved.

For starters, you personally will be better off if you focus on maximizing equity. Think about the last time you sold a home. You probably spruced it up and made all those minor repairs you'd been putting off. As a result, it never looked or felt better. Likewise, even if you aren't looking to exit your business any time soon, really "taking care of business" now will significantly increase both your cash flow and your enjoyment of your business.

Also, a big part of creating a valuable business comes from providing your clients with top-notch service and a consultative wealth management process. The very actions you take to attract and satisfy affluent clients are the same actions that build tremendous value in your business. Your clients, then, will be better off because they'll have the attention and world-class service that they need and expect.

And whether you're in a position to actually sell your business or you work in a firm where you can take advantage of contractual "transfer" provisions, everyone wins. If you sell your business to another advisor or firm, then clearly the buyer is happy to take over what you've created—for a price that benefits you both. If you are an employee, the equation changes slightly, but everyone involved nonetheless ends up benefiting from your entrepreneurial, equity-maximizing approach.

Top firms today understand the importance of succession planning and the advantages of incentivizing their advisors to create as much value as possible. They know that when their advisors follow a value-driven “intrapreneurial” approach, the advisors create a much more valuable set of client relationships and business processes that remain for the long term. As a result, most firms offer contractual transfer provisions that will let you transition out of the business over three to five years.

A typical transfer provision will give you in excess of two times revenue over this time period. You’ll know the check on the back end is as good as your relationships with your clients are now. If you’ve built a valuable business and your clients stay on with your partner or another successor advisor, you’ll do very well. If your partner or the successor advisor can grow the business, you’ll do even better.

All this will stem from the foundation you leave and the real value that you build up over time. So whether or not you technically “own” your business, you should embrace an ownership mentality that will pave the way for the entrepreneurial (or intrapreneurial) decisions that will create the greatest possible value in the long term. Whether you’re an employee or you own your practice, take responsibility for maximizing your equity.

As an employee, consider things from your manager’s perspective. Smart managers will recognize and approve of your efforts to create equity. At CEG Worldwide, we’ve heard from many managers who are eager for their advisors to adopt an ownership attitude. Such advisors tend to be better employees who are more focused and more likely to be successful overall. Of course, it’s a fact of life that your own interests will not always be aligned with the interests of your manager and firm. Managers are compensated in part based on certain metrics, which may involve selling a new offering, doing more underwriting or otherwise enhancing short-term profitability. Put simply, your manager may need you to do certain things in the short run that you do not see as productive to building long-term value.

If such conflicts arise, remind yourself that they are inevitable. Then make sure that you know deep in your heart that these conflicts are not personal. If you take them personally, you will only end up sacrificing the long-term value you had hoped to create. Finally, schedule your time so that you can do what needs to be done for your manager and organization while still moving forward on creating maximum value in your business. No one gets to do what they want to do 100 percent of the time, so you might as well act with maximum effectiveness the rest of the time.

At the end of the day, remember this: Your business is *your* business, and it’s up to you to increase its value. By thinking like an owner and dedicating yourself to smart long-term goals, you (and your clients, team members or employees, and firm or organization) will be far better off in the years and decades ahead.

Your business is *your* business, and it's up to you to increase its value.

A Focus on Values

By emphasizing clients' values, **Jeff Williams** has built a firm with $100 million in assets in four years' time

Jeff Williams has seen rapid growth through his values-based process.

Jeff Williams, owner of Grand Rapids, Michigan-based Grand Wealth Management, is dedicated to solving the needs of high-net-worth individuals and families in the West Michigan area. That dedication, combined with a values-driven wealth management approach to serving clients and managing assets, has helped him build a $100 million firm over the past four years.

His diverse client base has an average portfolio size of more than $2 million and includes business owners, senior executives, professionals and retirees. Some are family stewards managing family assets and some seek to maintain their personal wealth, while others are responsible for managing funds on behalf of pension and profit-sharing plans. Regardless of who they are, however, they all face complex issues requiring coordinated solutions that work in concert with each other.

That's where wealth management adds real value. Williams recognizes the importance of integrating all the key areas of financial planning—investment management, retirement planning, estate and charitable planning, insurance, and income tax planning—as all these areas are integral to achieving personal financial success, especially for affluent investors. "We have positioned ourselves as wealth managers, supporting a broad range of clients who need a comprehensive approach to financial services," says Williams. "We can act as our clients' chief financial officer, handling every kind of economic and financial issue with a network of legal and investment professionals."

Williams focuses much of his effort on making sure that his clients' wealth plans are closely linked to their most important goals and values—a key component of wealth management that differentiates it from other approaches. "We spend a good deal of time making sure we are supporting clients' biggest priorities in life," says Williams. "If the portfolio is not being used to further the individual's quality of life and pursue what he or she is passionate about, then the money is not being properly employed."

Williams says the firm's values-based approach is so compelling that clients have largely taken the recent downturn in stride. “Almost every time we meet with our clients, they tell us that we’ve prepared them well for these sorts of downturns—even an unusual one such as this,” he says. “And then they ask with real concern about how we’re handling our own challenges.”

Many of the firm’s clients are entrepreneurs, a group with which Williams is especially comfortable. Entrepreneurs, he says, understand the ups and downs of financial markets and are more comfortable with a wider range of returns than are many other investors. Additionally, his father ran a travel agency. His mother, a teacher, instilled the value of learning and sharing knowledge—a value that Williams makes sure to pass on to clients. “I didn’t set out to be in this field, but I ended up in an industry that includes both teaching and private enterprise,” he says. “Both of those backgrounds play an important role in how we operate as wealth managers.”

Prior to founding Grand Wealth Management in 2004, Williams was a principal with the international financial services firm Ernst & Young, where he served as director of personal financial counseling services for the West Michigan practice and director of investment advisory services for the Lake Michigan area (including the Chicago market). In this capacity, Williams supervised more than $475 million in investments.

In addition to his extensive professional experience, Williams holds designations including CERTIFIED FINANCIAL PLANNER® professional, Certified Investment Management Analyst® and Accredited Investment Fiduciary®. He is also a certified public accountant and has a Personal Financial Specialist credential. He earned a bachelor’s degree in accounting from Michigan State University and a master’s degree in taxation from Grand Valley State University. He completed his CIMA coursework through the Wharton School at the University of Pennsylvania and his AIF coursework through the Center for Fiduciary Studies at the University of Pittsburgh.

Grand Wealth Management is both independent and fee-only. The firm’s investment philosophy is firmly rooted in the conviction that markets are efficient—meaning that current prices reflect the knowledge and expectations of all investors. The most important decision an investor can make, says Williams, is the appropriate balance of stocks, bonds and cash, not the particular stocks you choose or the timing of your investment decisions. He favors broad diversification that follows the tenets of Modern Portfolio Theory and implements his strategy using asset-class investment solutions from leading firms such as Dimensional Fund Advisors (which he started working with soon after going out on his own).

He also has benefited from CEG Worldwide’s wealth management coaching efforts, which have enabled him to stay abreast of today’s most effective methods for building great relationships, serving clients and growing his firm. “CEG Worldwide is a leading wealth coach at the front of the industry,” he says. “Their approach is based around industry-wide research and the results are grounded in real-world analysis. We continue to work with them because their insights have proven most fruitful in helping us build our business.”

“We spend a good deal of time making sure we are supporting clients’ biggest priorities in life.”

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.

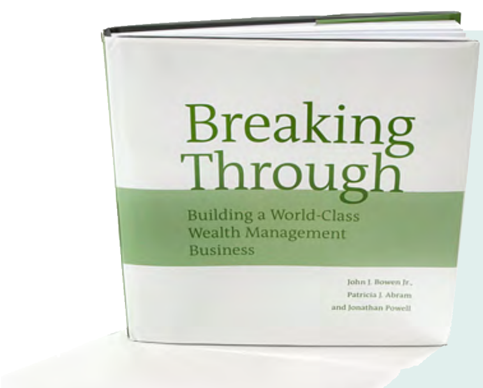
The program's 16 powerful tactics help advisors find more of the high-net-worth individuals and families they want to work with and assist them in building a growing and very profitable practice with loyal clients. Advisors will learn about the affluent and how to position themselves as experts. CEG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