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The Power of Other Professionals

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



To make a quantum leap in growing your business, you need to move beyond your own affluent clients

and acquire a completely new set of high-net-worth investors. ¶ You have abundant opportunities to acquire these clients by working with a

wide variety of other professional advisors. Indeed, 81.9 percent of wealth managers told us that referrals from other professionals were the source for their top five new clients. Some professionals to consider targeting include:

- **CPAs** who work with individuals and families within your target niche.
- **Attorneys** who work within your target niche, particularly private client lawyers who specialize in trusts and estates and wealth protection.

- **Association executives** who work with organizations that serve your target niche.
- **Bankers.** Many banks do not have investment departments. Very often, when a bank does have an investment department, the top bank officers do not trust the department and prefer to refer their top customers to outside financial advisors.
- **Business brokers.** Often the largest transaction that an affluent client

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First Word

By John J. Bowen Jr.



Journal of Wealth Management Consulting

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For leaders of financial institutions today, it's imperative—and harder than ever—to win and keep advisors'

business. Here are five strategies for doing exactly that. And pay attention, financial advisors: These are also the characteristics you'll want to look for in a

potential financial institutional partner.

■ **Lead for change.** Many advisors have seen their net income and net worth take a huge hit and feel that they have let their clients down. Now is the time to step up, lead and help advisors rebuild their practices and confidence as they pursue new affluent clients. If you truly lead in these challenging times, you'll create more advisor confidence and loyalty than ever before.

■ **Deliver programs with immediate results.** Your programs must deliver early results that energize and motivate advisors. Most advisors give poor ratings to programs they attend, because most programs are not actionable, don't directly apply to the practices of top advisors or are presented by people who don't know the material well. Advisors want programs that clearly present the best practices of other top advisors and provide actionable strategies and tactics that are relevant to their practice.

■ **Focus on long-term results.** Having rapid impact is vitally important, but don't sell out long-term success

for quick fixes that don't deliver sustainable results. For advisors to rebuild a practice to even higher levels of success, they need to fully implement the best practices of the top financial advisors. Our experience shows that the best way to do this is through ongoing coaching support. Advisors need both training and coaching to realize their full potential.

■ **Plan for success.** Great results are driven by great planning and execution. Don't be guilty of "launch and leave." Recognize that you need multidepartmental support. Work with other senior executives to get cross-firm buy-in from marketing, sales and other key stakeholders.

■ **Spread the word.** Success breeds success. The more you promote the early wins of your top advisors, the more likely other advisors will look to your firm and not to your competitors. Identify the early results from your programs and promote them through all available channels. Create a culture of winners by celebrating the successes of top advisors who achieve early breakthrough results.

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will make is the sale of his or her business. Many transactions are not completed because the potential seller is uncomfortable about how to invest the proceeds.

- **Consultants** who work in your particular niche.
- **Human resource directors** are always looking for resources that will help their employees gain a better understanding of how best to solve their financial challenges, enabling them to stay focused on company issues while they're at work.

What's more, many of these professionals are often asked by their affluent clients to provide comprehensive financial advice. Those professionals who choose to offer financial services at all have five options for implementing any new service. Consider each of these five business models from the point of view of the other professional advisor who wants to introduce financial services:

- 1) Buy.** The other professional firm buys your financial advisory firm, thereby allowing that firm to acquire talent immediately. Sizable capital requirements make this option suitable only for larger firms, however.
- 2) Build.** The other professional firm develops its own financial services expertise and builds from scratch all the mechanisms required to deliver those services. Obviously this requires substantial commitment to new resources, including additional expertise and expanded infrastructure. The process might also distract the firm from its core focus and competencies.

3) Referrals. On an informal case-by-case basis, the other professional firm provides clients to you at a predetermined compensation. This is a relatively easy approach to implement. However, the professional firm risks losing control of its clients and its service delivery method with such an informal arrangement.

4) Strategic alliance. Together with your financial advisory firm, the other professional firm creates a formal contractual agreement featuring a share of revenue but not of equity. This requires a close match between the two firms in terms of culture, focus and expertise. When that occurs, there are powerful advantages, such as being able to leverage existing clientele and having control over client relationships and levels of service.

5) Joint venture. Together with your financial advisory firm, the other professional firm creates a formal revenue-sharing and equity-sharing legal entity. The advantages here are similar to those of a strategic alliance, but in this case there is a higher degree of commitment between you and the outside professional.

Notice any key similarities among these options? Four of these five business models include financial advisors—only the “build” model excludes you from the equation. That's tremendously good news. It means that you have lots of avenues for sparking additional growth and building a bigger and more efficient business in the coming years.

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.

A Personal CFO

Sharon C. Allen's deep concern for clients has resulted in huge success



Sharon C. Allen



With just under 30 clients, Sharon C. Allen, founder of Illinois-based Sterling Wealth Management,

knows the people she serves exceptionally well. She also shares much with them in terms of background and perspective. Like many of her clients,

she is an entrepreneur and family-oriented, running Sterling with her husband.

As a wealth manager who brings together the personal with the professional, Allen hopes to enrich clients' entire life experience.

"Working together with our clients, we are committed to identifying their key life goals and challenges and implementing the strategies needed to meet their specific needs," explains Allen. "Our approach is designed to align our clients' wealth and resources with their values and help them achieve all that is important to them."

Given her background, it is not surprising that Allen runs a highly successful firm today (Sterling currently manages approximately \$25 million in assets). But in keeping with her down-to-earth personality, she measures her success based on the quality of the relationships she has developed with her clients, not on assets under management.

Allen's current position was perhaps predictable, considering that

it has been her goal since college, when she began to take courses with a professor who was a financial planner and advisor. After graduating from the University of Illinois at Urbana-Champaign with a degree in finance, Allen went to work for the professor's firm before finally going out on her own. A Certified Financial Planner (CFP) professional and a Certified Trust and Financial Advisor (CTFA), Allen has been intimately involved in all levels of managing the financial lives of affluent families and individuals since 1993.

On a practical level, Allen's objective with Sterling is to provide counsel to a limited number of high-net-worth investors by developing a deep and personal interest in their lives. She's able to build those relationships largely because she uses a disciplined approach to wealth management that seeks to uncover and address clients' most crucial values and needs. Lately, those needs have centered on significant life changes that many of her clients are

experiencing. “Some clients have gone through difficult financial times, and we have been able to add a lot of value by helping them navigate through those waters,” Allen says.

In particular, Allen cites an aspect of wealth management called the Discovery Process—essentially a meeting designed to help clients and prospects identify what is most important to them. “Discovery pulls out so much information about people that it allows us to build stronger relationships and have an impact on all areas of their lives,” says Allen.

Indeed, one seemingly odd Discovery Process question—“Do you have a pet and how do you feel about it?”—helped Allen build a bond with a relatively new client. “It turns out the pet is the client’s life. If I didn’t have a process that involved asking that type of detailed question, I wouldn’t have known about this really important aspect of the client’s life,” she says.

To deliver truly comprehensive wealth management solutions, Allen acts as her clients’ “personal chief financial officer”—coordinating efforts in investment consulting as well as advanced concerns like estate planning, tax and insurance planning, and development of philanthropic initiatives. She utilizes a team of professional advisors—including a CPA firm, an independent insurance agent and a private client lawyer—to manage this process and develop customized solutions that she presents to clients in a unique and highly effective way. “Whenever we talk to clients about their advanced planning needs, we always have a one-page document that shows their

entire financial picture graphically,” says Allen. “It’s always in front of us, so we never lose sight of the key issues we need to address.”

The wealth management model that Allen uses was developed in part by CEG Worldwide, a leading wealth management coaching and training firm based in California. Allen participated in the CEG Worldwide program and adopted much of the wealth management approach offered there. “The program was extremely helpful in defining a disciplined process that truly provides value to clients and gives them a plan that is easy to understand and adhere to over the long term,” she says.

In addition to implementing CEG Worldwide’s wealth management strategies, Allen utilizes an asset-class-based approach to investing that is implemented via Austin, Texas-based Dimensional Fund Advisors. DFA’s practices are based on Modern Portfolio Theory, which holds that risk is defined as volatility over time. The firm provides funds made up of asset classes that help investors build and maintain portfolios with specific levels of risk and reward. By partnering with DFA and other best-of-class providers, Sterling is able to offer investment solutions normally reserved only for large institutional investors—yet another example of how the firm works to bring as much value as possible to clients. “We are loyal advocates for our clients in all that we do,” concludes Allen. “Because of our deep, personal interest in the lives of our clients, we can offer service far beyond what is provided by large financial institutions.”

“Our approach is designed to align our clients’ wealth and resources with their values and help them achieve all that is important to them.”

Lessons from the Best

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



Advisors have a great deal of knowledge to impart to one another when it comes to best practices. At CEG

Worldwide, we have consistently found that the success of top advisors doesn't happen by accident. Instead, elite advisors take the right steps

time and time again that vault them to higher levels of success.

Consider our comprehensive survey of 2,094 advisors from across all channels, which revealed four distinct quadrants:

Quadrant One: Advisors with 150 or fewer clients and an income of \$300,000 or less

Quadrant Two: Advisors with more than 150 clients and an income of \$300,000 or less

Quadrant Three: Advisors with more than 150 clients and an income of more than \$300,000

Quadrant Four: Advisors with fewer than 150 clients and an income of more than \$300,000

The results tell us that the select group of advisors in Quadrant Four—who represent just 12.8 percent of the advisors surveyed—have figured out how to generate significant income while serving a relatively small

number of clients (see the chart on the following page).

Clearly, this is an enviable position to be in. So what can we learn from these top advisors? Our research further revealed several key factors behind their success:

■ **Specialization.** Nearly half (45.7 percent) of the elite advisors who make up Quadrant Four specialize in serving a particular type of client or niche. Far fewer of the advisors in the other quadrants do the same: just 15.4 percent of Quadrant Three advisors, 11.8 percent of Quadrant Two advisors and 25.7 percent of Quadrant One. We have consistently found that such specialization allows advisors to position themselves as experts in meeting the needs of a particular wealthy niche, making it easier to build trust with those clients. That trust, in turn, helps them retain clients and capture additional assets. Elite advisors tend

to focus more on private business owners than do their peers.

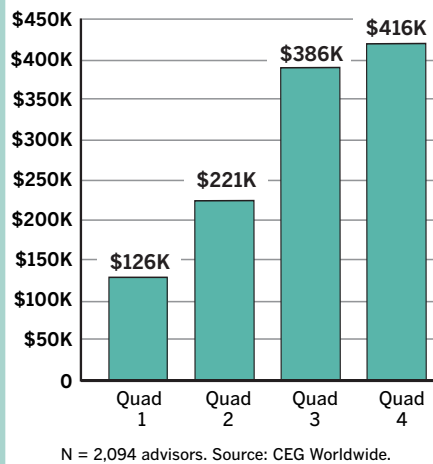
■ **Effective referral strategies.**

Quadrant Four advisors use referrals from other professionals (such as accountants and attorneys) far more often than other advisors do. More than half (53.9 percent) of these advisors told us that other professionals were top sources for new clients. By contrast, just 38.3 percent of Quadrant Three advisors agreed, and far fewer of the Quadrant One and Two advisors saw other professionals as key sources of clients. Forging strategic alliances and relationships with those types of professionals is therefore an excellent way to build up a wealth management practice.

In addition, elite advisors are much more likely to ask their best clients for referrals. Nearly half of Quadrant Four advisors (45 percent) regularly ask their clients for referrals. The proportion of advisors in Quadrants One, Two and Three who follow suit are just 13.3 percent, 11 percent and 12.7 percent, respectively. It shouldn't come as a shock, therefore, to learn that the top advisors get three referrals a year on average from each of their top 20 clients, or that Quadrant Three advisors get just 1.8 referrals and advisors in the other two Quadrants get less than one referral on average.

■ **A client-centric focus.** Elite Quadrant Four advisors are demonstrably better than other advisors at providing great client service. The top advisors contact their best clients nearly 15 times a year. That's more than twice as often as the next closest group, Quadrant One (around seven times annually). Advisors in Quadrants Two and

Advisors' Average Net Income (By Quadrant)



Three contact their clients even less frequently, most likely because they each have more than 150 clients on average and can't reach out effectively even to their very best ones. Results like these are a key reason why we recommend that wealth managers focus on serving fewer, but highly ideal, investors.

Quadrant Four advisors also are more likely to have systems and practices in place that help to ensure a great client experience. They are roughly twice as likely as other advisors to provide clients with a formal plan (61 percent compared to 35.4 to 38 percent for the other groups) and are significantly more likely to provide an investment policy statement and engage in a formal interview process with clients. The use of such client management systems by the most successful group of advisors reinforces CEG Worldwide's long-standing recommendation that advisors adopt the consultative client management process to govern interactions with clients.

Elite advisors take the right steps time and time again that vault them to higher levels of success.

In High Gear

The Alfa Group has revved up to nearly \$1 billion in assets by emphasizing wealth management



Daniel S. Schwartz



New Jersey-based wealth manager Daniel S. Schwartz has built a nearly \$1 billion practice, The Alfa Group, part of Morgan Stanley's Global Wealth Management Group, by emphasizing a flexible, comprehensive approach to wealth management

and focusing on a broad cross-section of entrepreneurial and family-oriented clients. The group is ranked No. 1 by assets under management in Morgan Stanley's Custom Portfolio program in the state of New Jersey, and fifth in the country.

The Alfa Group, which operates as part of Morgan Stanley's wealth management division, seeks above-market returns by anticipating possible scenarios and understanding risks and the interconnectivity of the world economy. The three most important parts of the Alfa approach to wealth management have to do with believing that the return of the investment itself is more important than the return on the investment; believing that emotional intelligence is needed to control the urges that get other people into trouble with investing; and believing that, while markets may be illogical, portfolio decisions need to be logical at all times to maximize the probability of success.

The Alfa Group uses a customizable asset-class approach,

and Schwartz and his team believe that there are certain events they can adjust for that may improve return. But Schwartz also understands that an overemphasis on performance can be counterproductive. As wealth managers, the group incorporates a values-focused approach with a performance-oriented methodology. The idea of aligning resources and wealth to support client values is a fundamental precept of true wealth management.

Schwartz's flexible and imaginative approach has much to do with his background. His father was an automobile trader, and Schwartz himself became fascinated by finance along with cars (the Alfa Group is named after the high-performance Alfa Romeo). After majoring in economics, he joined the then-well-known firm of Kidder Peabody as a financial advisor. It was at Kidder where he first came up with the inspiration for The Alfa Group, with a drive to become exceptional. "Right from the start I enjoyed it," he says.

“But I was obsessed with doing better—better than Wall Street, better than my peers and better than the market, especially.”

Now overseeing assets under management of nearly \$1 billion, Schwartz looks back on a career that certainly has been “a cut above.” One big reason: “We’ve always made sure that our moves from a business standpoint were made on behalf of the client first.”

Schwartz left Kidder and joined Smith Barney. After 16 years there, he signed on with Morgan Stanley’s wealth management division, and his team soon followed. “We believe that Morgan Stanley has a virtually unparalleled reach of cutting-edge financial products that give us the tools to do the best possible job for our clients domestically and internationally. The resources that we have available give us tools that other wealth managers simply do not have.”

Schwartz has seen a great deal of Wall Street history—navigating five bear markets along the way. Starting at Kidder before the crash of 1987, Schwartz experienced the sales-focused orientation of that era’s brokerage profession, and he later participated in the evolution and growth of wealth management. “I was much more comfortable with wealth management than with a sales focus,” he recalls. “With wealth management, I thought we were starting to render a significant service to individual clients.”

He sees wealth management, with its emphasis on positioning resources

to fulfill “everything that is important” to clients and their families, as a further and perhaps final evolution in the financial advisory process. The Alfa Group provides a unique approach to client services, offering a full panoply of services from estate and retirement planning to charitable giving. Schwartz points out that Morgan Stanley’s broad resources allow him to fulfill client needs internally for the most part. “When you are dealing with high-end wealth, there are many directions that you can adopt, and you can choose to emphasize many different parts of a portfolio,” he says. “To do it right, you have to listen very carefully and then continually correct your implementation as the environment changes. Having so many resources available at Morgan Stanley helps with that.”

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"Financial planning is one of many products and services offered by Morgan Stanley. Please consult your Financial Advisors for more information about any of our products and services."

“We’ve always made sure that our moves from a business standpoint were made on behalf of the client first.”

Your Credibility Is Key

By Jonathan Powell ■ Senior Managing Principal, CEG Worldwide



When it comes to marketing yourself to affluent prospects, you'll have much greater success if you pull them in—instead of pushing them to buy.

¶ One of the key components of a great pull marketing campaign is the credibility channel, which

focuses on building a stellar reputation of expertise among your target client base. To gain maximum credibility, follow these 12 steps—some of which can be completed with relatively little effort and time; others will require a substantially higher level of commitment.

Step 1. Set your overall goals and strategy.

Evaluate the unique set of needs and challenges of your target niche so that you have a deep understanding of what is most important to this group. Develop your own comprehensive outlook on these concerns as well as a full set of solutions that addresses them.

Step 2. Review existing marketing materials.

Before you invest resources in new marketing materials, first assess the collateral materials you already have and how they will (or will not) fit into your new marketing strategy—and make any necessary changes.

Step 3. Perform a SWOT (strengths,

weaknesses, opportunities, threats)

analysis. Take an honest look at what your business does well and what it isn't succeeding at, opportunities in your target market and threats to your business.

Step 4. Write and produce a positioning package.

Describe, in detail, your firm's mission, history, personnel, fees, strategic alliances, wealth management philosophy and consultative process. Most important, your positioning package should spell out all the benefits of working with your firm to clients in your market niche and why you are the right expert for their needs.

Step 5. Update your Web site.

You should include content designed for your target niche and update that content regularly. Clients and prospects need a reason to revisit your site. By frequently updating your content to provide new useful information, you will provide them with this reason.

Step 6. Research and contact media resources. Instead of just getting your name published in an article or two, get your byline published. The real benefit of published articles is that they communicate your message to a greater number of people than you could reach by yourself. To locate appropriate publications, ask the top clients in your niche which professional trade magazines they read. Most trade associations have their own publications, and these are relatively easy to break into.

Step 7. Write and publish articles and send reprints. Your goal should be to publish at least three articles per year. Once an article has been published, obtain reprints and distribute them widely. You'll have much more credibility if you are in a position to show a prospect or client some of your ideas that are published in his or her own trade journal or local business magazine.

Step 8. Create an email newsletter. Creating a well-produced and regularly delivered email newsletter is an easy and cost-effective way to remain in regular contact with clients, prospects and centers of influence. Your newsletter should contain well-crafted articles that speak to the needs and interests of your audience. (Use your previously published articles, if you have any.) The newsletter also should prompt readers to take a specific action you want them to take.

Step 9. Deliver group presentations. Develop a 30- to 45-minute presentation on a subject that your ideal clients will find compelling and that will motivate them to answer a call to action consistent with your client service process. The

key to an effective presentation is to differentiate yourself from the mediocre seminars aimed at the masses by effectively marketing your presentations to your specific audience.

Step 10. Write and publish white papers. Research-based white papers dealing with your specific niche will establish you as a true authority in your area. Each white paper should address a topic that is of serious interest to your niche, fill a defined need or help solve a specific problem. For greatest effectiveness, combine industry research with your own commentary and Recommendations.

Step 11. Write and publish books. This strategy will bestow tremendous credibility, for few things designate expertise like your name on the cover of a book. We strongly recommend that you not attempt to write a book unless you have already published at least 12 articles you can draw on to build the basis for your book. If you have fewer than 12 articles, the task of creating all at once the large block of content that a book requires will be a major distraction from your core competencies.

Step 12. Appear on television and/or radio. The primary reason to appear on television and radio is not that viewers will be attracted to your service (it's unlikely that many will be within your niche), but it allows you to say that you have been on national television and/or radio. The implied endorsement of having appeared on television and/or radio will reinforce your position as an expert among your existing clients as well as prospective clients.

One of the key components of a great pull marketing campaign is the credibility channel.

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.

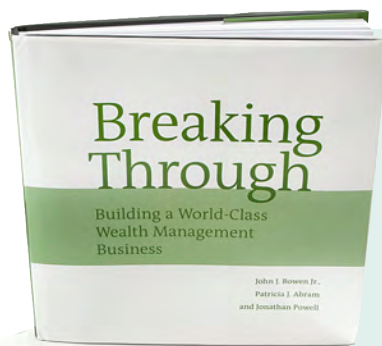
The program's 16 powerful tactics help advisors find more of the high-net-worth individuals and families they want to work with and assist them in building a growing and very profitable practice with loyal clients. Advisors will learn about the affluent and how to position themselves as experts. CEG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