

Building Lasting Value

A Guide to Creating A Successful HNW enterprise

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Industry Backdrop

Increasing ...



Accountability



Transparency



Demands (clients, time, services)



Expectations (results, loss prevention)



Downward pressure on fees



Use of DIY (robo, self-directed)

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Industry Backdrop

Despite the challenges, there are many positives at play:

- ✓ There has never been more wealth in the world than today
- ✓ HNW assets in the U.S. are approaching \$20 trillion¹
- ✓ HNW assets are expected to grow at **6.1% CAGR** over the next **5 years**²
- ✓ The world is increasingly complex and connected
- ✓ There has never been more need for what you do
- ✓ Fewer people coming into the business will create opportunities for existing advisors to scale, representing a tail wind for those who take action

¹The Cerulli Report, U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2018

²Global Wealthy Projected to Grow 6.1% Annually in Next 5 Years:

<https://www.barrons.com/articles/global-wealthy-projected-to-grow-6-1-annually-in-next-5-years-01547661392>



So what mindset is needed for an advisor to win in the future?

Commit to stop playing small ball

- ✓ Turn focus to net client and asset growth, not production
- ✓ Standardize your processes
- ✓ Commit to completely reassessing your business model every few years



Deacceleration/flattening of growth generally occurs at around 11-13 years in the business and +/-1 million in annual production.



So what mindset is needed for an advisor to win in the future?

Think enterprise, not practice

What does that mean exactly?



A **practice** generally aligns around individual skills and preferences, and often relies heavily on individual nuances like expertise, personality, opinions, biases, etc.



An **enterprise** is built on a foundation of processes and disciplines that reduce drag and friction, and is designed to be executed at scale. It focuses on driving consistency of experience and flawless execution.



So what mindset is needed for an advisor to win in the future?

Ask for feedback and evolve

- ✓ Feedback is a gift. Treat it as such.

- ✓ Reach out to clients, team members, management and external partners.

- ✓ Commit to completely reassessing your business model every few years.

Ask for honest and critical feedback – don't search for validation.





10 Keys to Building Lasting Value

01

Know who your optimal client is
and stay true to that:

- Level of wealth
- Source of wealth
- Complexity of situation
- Personality profile
- Centers of influence



10 Keys to Building Lasting Value

02

Have a clear and articulate value proposition:

- What you do
- Who you do it for
- Why you do it
- How you do it

View every opportunity as one to lose, not win.



10 Keys to Building Lasting Value

03

Know your strengths and weaknesses, individually and collectively:

- What you are good at
- What you are passionate about
- What skills and abilities you need to hire to round out the team



10 Keys to Building Lasting Value

04

Have standardized operation and measure your progress against stated objectives:

- New client acquisition
- Client onboarding process
- Manager search and selection
- Portfolio construction and rebalancing
- Call and meeting frequency
- Service standards
- Issue resolution
- Balance sheet management – credit and lending
- Wealth planning process
- Client offloading



10 Keys to Building Lasting Value

05

Have clearly defined roles and responsibilities on the team and train to these responsibilities:

- Each role defined with respect to objective and what success looks like
- Key activities of the role
- How the role holder will be measured and ultimately compensated
- Critical skills and experience necessary for success in the role
- Embracing technology to create capacity and efficiency



10 Keys to Building Lasting Value

06

Inspect what you expect

- Live by credo “What gets measured gets managed”
- Actively ask clients for feedback
- Use insights/feedback to help improve, not criticize



10 Keys to Building Lasting Value

07

Have gotten out of the business of
“managing money”

- Delegate to world-class asset managers
- Have adopted portfolio model approach
- Focus is on risk budgets and fee budgets



10 Keys to Building Lasting Value

08

Are focused on generating outcomes

- Understand how value is created vs. where time is spent
- Align clients to progress against goals rather than vs. benchmarks



10 Keys to Building Lasting Value

09

Create career paths for your people and share economics

- Understand the value of team vs. value of me
- Create opportunities for growth
- Incentivize desired behavior, create loyalty and reward results
- Celebrate success



10 Keys to Building Lasting Value

10

Never stop learning

- Operate in the art of the possible
- Seek out opportunities to learn and share with the team
- Incorporate learnings into business routines
- Commit to continuous improvement discipline



Putting Everything Into Action

- ✓ Having the proper mindset is critical.
- ✓ Hire outside experts.
- ✓ Don't rush things.
- ✓ Data matters.
- ✓ Don't do it alone. Team must help design change.
- ✓ Get off-site.
- ✓ Step back and allow the team to lead.
- ✓ Involve your manager.

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