



#### **Building Lasting Value**

#### A Guide to Creating A Successful HNW enterprise

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Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

#### **Industry Backdrop**

#### Increasing ...



#### Accountability



Transparency



Demands (clients, time, services)



Expectations (results, loss prevention)



١ پ پ Downward pressure on fees

Use of DIY (robo, self-directed)

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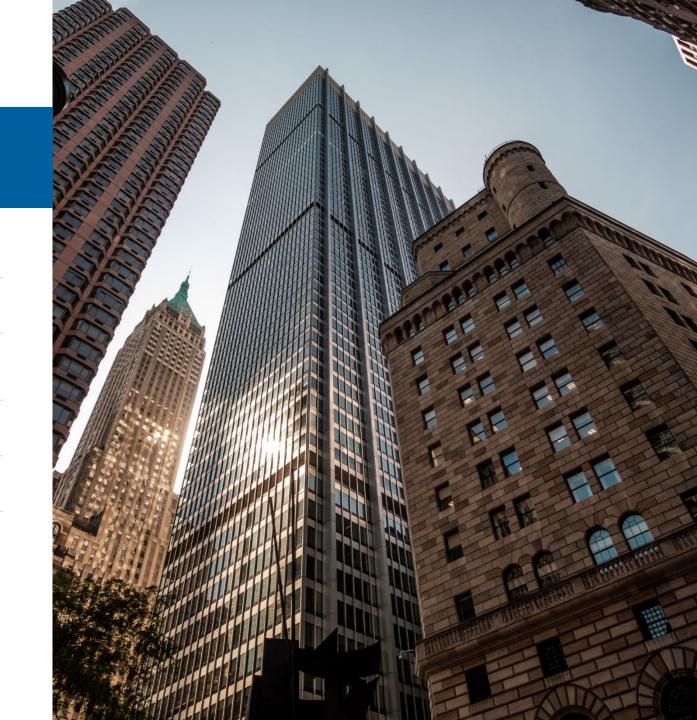


#### **Industry Backdrop**

### Despite the challenges, there are many positives at play:

- There has never been more wealth in the world than today
- $\checkmark$  HNW assets in the U.S. are approaching \$20 trillion<sup>1</sup>
- HNW assets are expected to grow at 6.1% CAGR over the next 5 years<sup>2</sup>
- O The world is increasingly complex and connected
- $\checkmark$  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
- <sup>1</sup>The Cerulli Report, U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2018 <sup>2</sup>Global 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

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

#### Commit to stop playing small ball

 $\checkmark$  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

 $\checkmark$  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.





# 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





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.



# 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





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



# 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





#### 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



# 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



# 80

#### 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



# 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

#### 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

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Hire outside experts.

 $\bigcirc$  Don't rush things.

Data matters.

 $\bigcirc$  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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