

Sourcing the High-Net-Worth for Wealth Protection

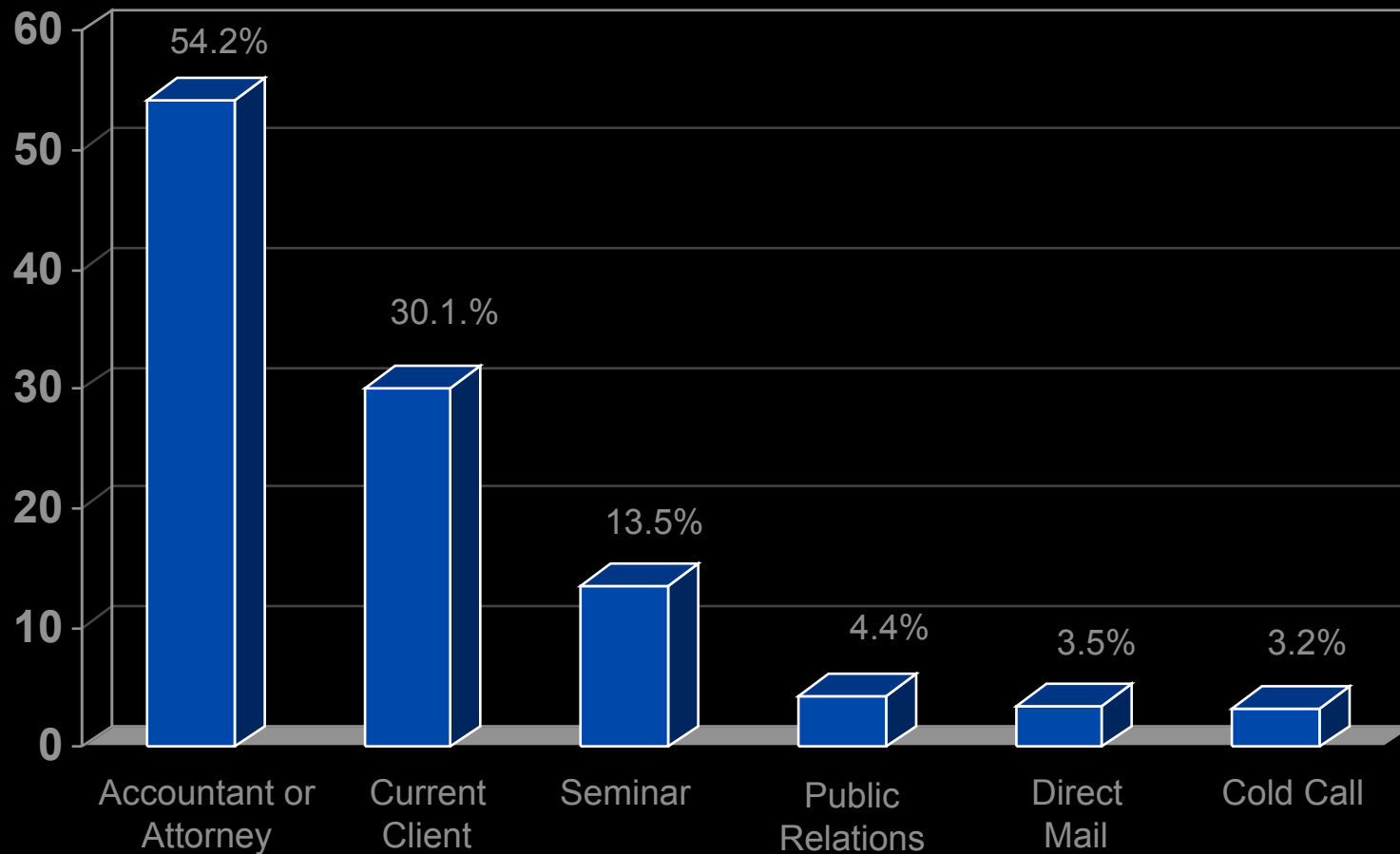
Hyatt Regency — Chicago, IL
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Wealthy clients turn to professionals with whom they have established, trusted financial relationships for guidance when seeking a financial advisor.

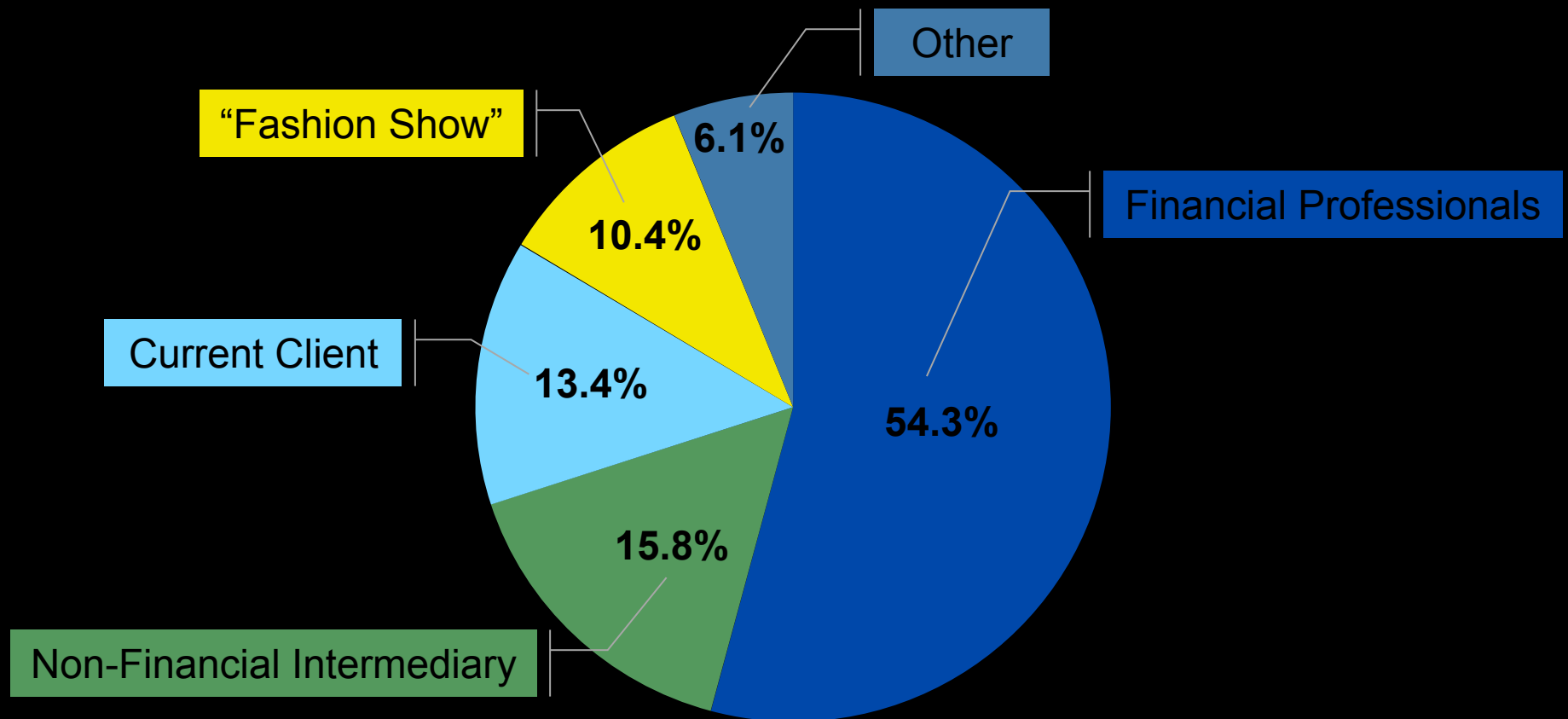
The Affluent Client Perspective

How the \$1M-\$10M net worth segment source advisors



The Ultra-Affluent Client Perspective

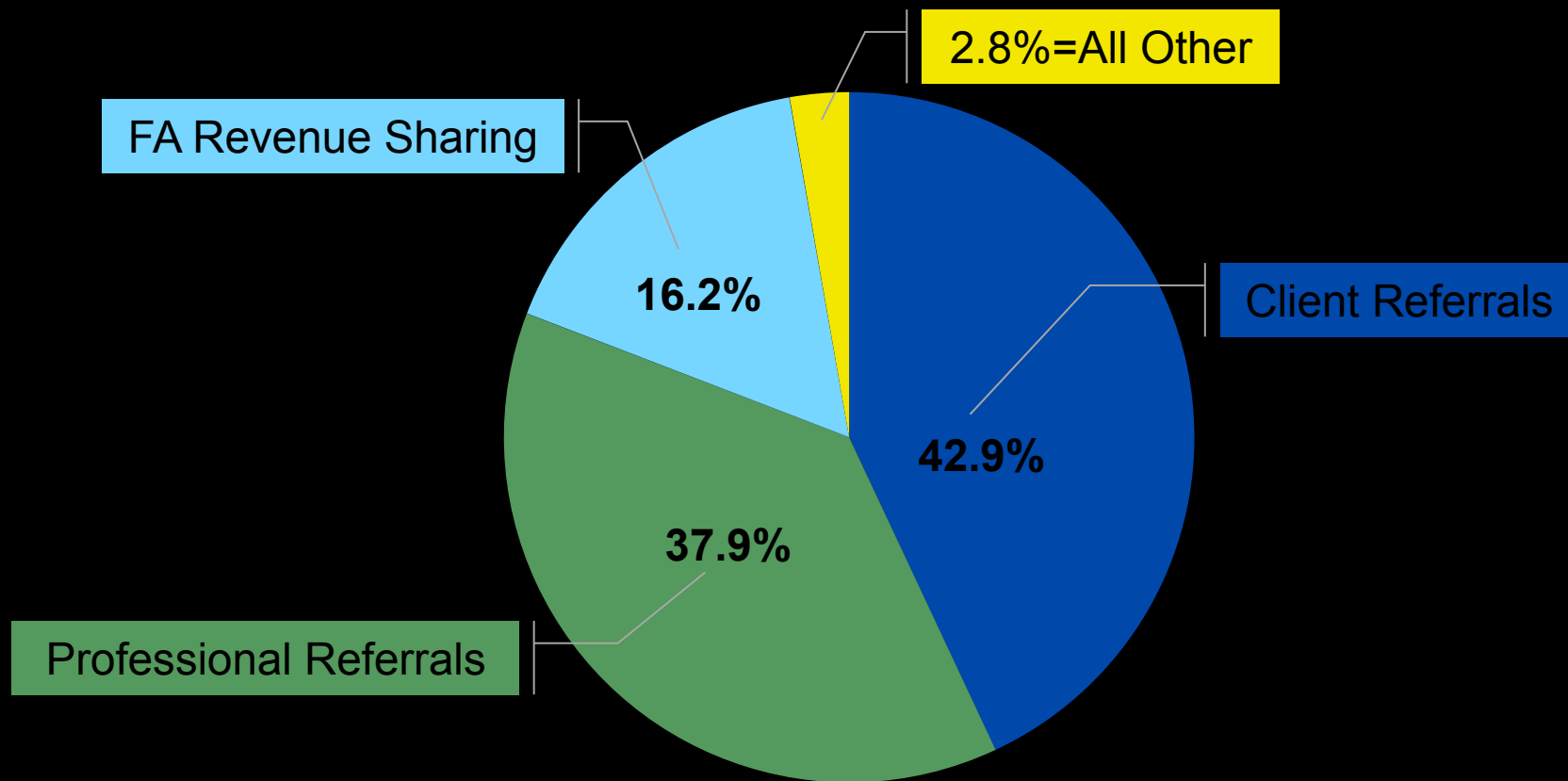
How the \$20M+ net worth segment found their advisors



Advisors consistently receive their best wealthy clients from professionals, such as accountants, that provide a complementary service to their own.

The Advisor Perspective

Sources of best wealthy clients in past 12 months



The average net worth of clients referred to advisors by centers-of-influence is significantly greater than those referred by other sources...

...and high-net-worth practitioners are more likely to get new business from professionals than clients.

Wealthier Clients Turn to Trusted Professionals

New Business Sources by Client Net Worth

Source	\$1M+	\$500k-\$1M	\$250k-\$500k	<\$250k
Client Referrals	5.8%	22.6%	39.7%	50.8%
Professional Referrals	76.9	65.1	41.3	28.0
FA Revenue Sharing	17.3	12.0	9.9	21.2
Other	0.0	0.2	3.1	3.8

High-Net-Worth Advisors Rely on Professionals

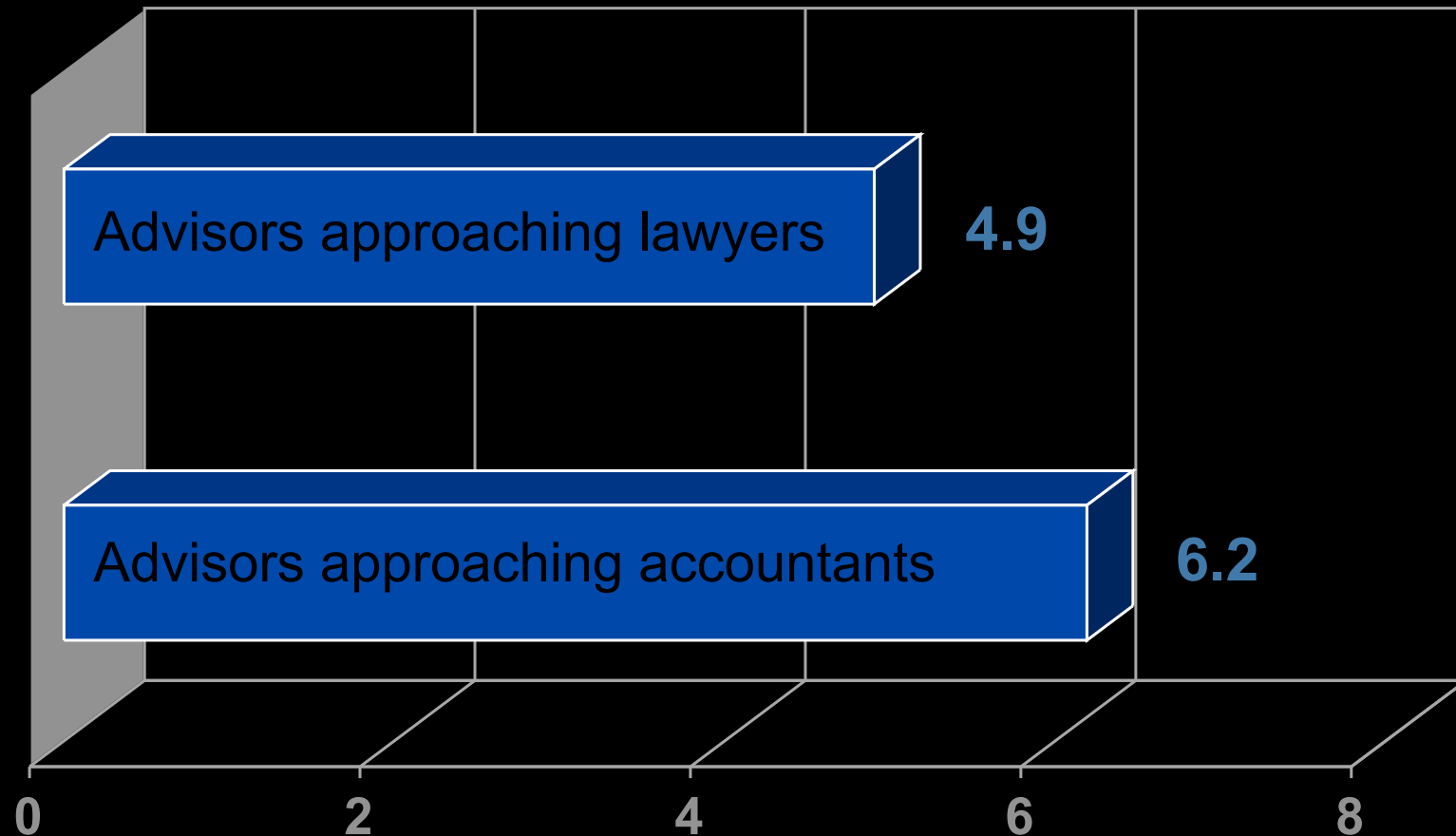
New Business Sources by Business Model

Source	Multifamily Office	Wealth Manager	Product Specialist	Generalist
Client Referrals	16.7%	38.7%	4.9%	61.7%
Professional Referrals	52.3	57.9	17.5	31.7
FA Revenue Sharing	29.3	1.2	77.1	2.1
Other	1.7	2.2	0.6	4.4

Advisors know that centers-of-influence can be an important source of new business, but most can't realize the opportunity.

In The Crosshairs

COIs report significant attention in just a 6-month period



Most Advisors and COIs Interact Intermittently

The Typical Alliance

Periodic referrals of new business

One of many advisors that receive new business referrals

Not focused on sharing business opportunities

Not considered in the business planning process

What Has to Change?

Comparing Typical Alliances & Strategic Partnerships

Typical Alliances	Strategic Partnerships
Periodic referrals of new business	Regular referrals of new business
One of many advisors that receive new business referrals	The only or primary advisor for referral business
Not focused on sharing business opportunities	Actively looking for opportunities that benefit the partnership
Not considered in the business planning process	Central to one another's growth plans

Most advisors value their client relationships more highly than their referral sources, a fact that is reflected in how they interact with and service centers-of-influence...

...but COIs are relationships that need to be cultivated and managed like clients in order to flourish and be productive.

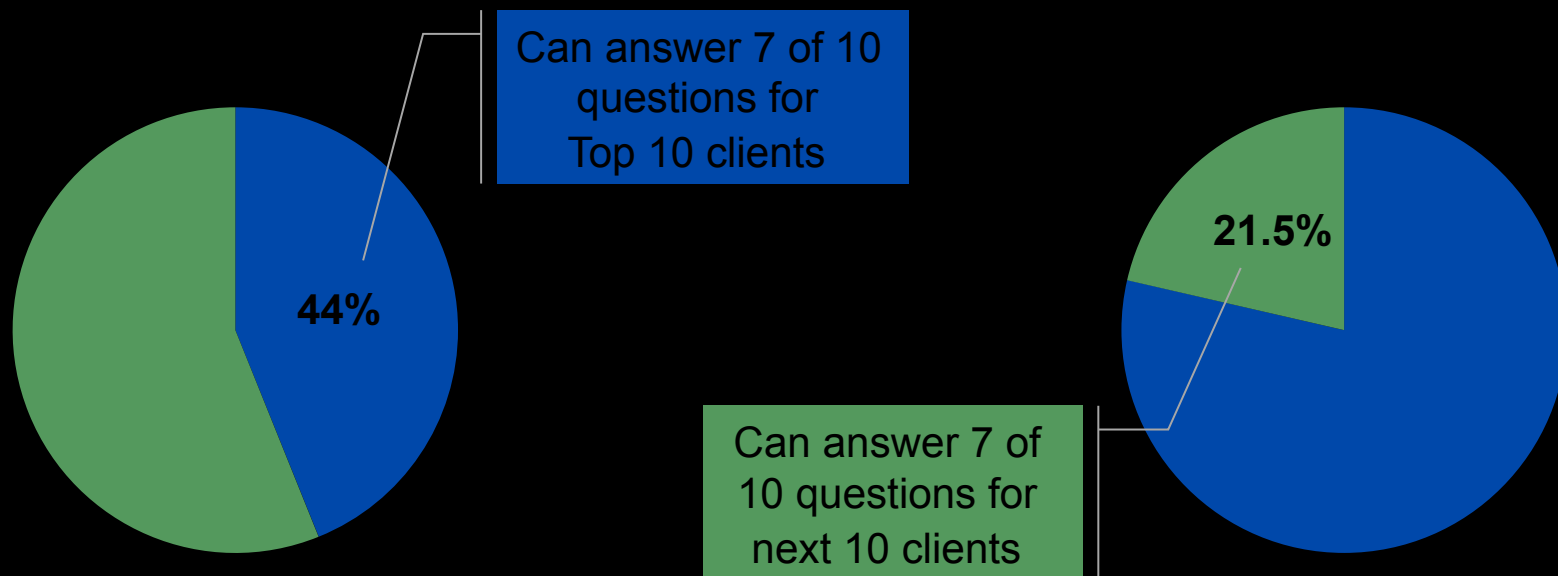
Knowledge Is Power

Answer the following questions for your Top 10 Clients

1. Client's long-term financial goals and objectives
2. Name of significant other, if any
3. Names of children, if any
4. Client's top three pressing concerns
5. Client's interest outside of work
6. Best experience with a financial advisor
7. Worst experience with a financial advisor
8. Preferred method(s) of communication
9. Religious orientation
10. Nature of philanthropic activity, if any

A Direct Relationship

Knowledge decreases with income and business complexity



For Top 10 Clients

67% of advisors with \$1M+ income
69% of wealth managers
94% of multifamily office providers

For Next 10 Clients

52% of advisors with \$1M+ income
80% of multifamily office providers

A Different Perspective

Answer these questions for one of your referral sources

1. COI's long-term financial goals and objectives
2. Name of significant other, if any
3. Names of children, if any
4. COI's top three pressing concerns
5. COI's interest outside of work
6. Best experience with a financial advisor
7. Worst experience with a financial advisor
8. Preferred method(s) of communication
9. Religious orientation
10. Nature of philanthropic activity, if any

Both parties have certain baseline expectations and needs. Know what they are in advance and don't compromise.

A Starting Point

These five questions can quickly identify a “bad fit”

- Who is the professional as a person?
- What are the professional’s goals and objectives for his or her practice?
- Does the professional have a perspective or bias on various financial services and products?
- What is the average profile of the professional’s current clientele?
- How does the professional currently get new business?

The Short List

COIs have prerequisites for their partnerships, too

	Lawyers	Accountants
Personal Integrity	98.4%	99.2%
Understand Their Role	94.0	94.8
Technical Expertise	91.9	88.8
State-of-the-Art Strategies & Product Ideas	75.3	82.1

The right professional partner must be selected through careful screening to ensure a fit with your business goals, capabilities and personal style.

Draw On Your Strengths

Client interactions can be a blueprint for working with COIs

- Develop a profiling process
 - Gather essential data
 - Build rapport
 - Evaluate the potential
 - Identify how to add value

Getting to the Next Level

Understanding their practice and perspectives is necessary

- How do they manage their practice?
- What marketing approaches do they use?
- How are they compensated and how does it impact their lives?
- How can you be a resource for them?
- How open are they to working with you?

Words To The Wise

Preparation and planning are worthwhile efforts

- Identify and rank potential partners
 - Past referral sources
 - Potential sources of new business
- Structure your profiling process
 - Create a “hit list” of high impact questions that access the information you need
- Conduct and review meetings
 - Start at the bottom of your list
 - Refine your efforts based on experience and results

Perhaps most importantly, both professionals must get value from the partnership for it to sustain and evolve.

What's In It For Me?

Remuneration comes in many forms

Direct Financial Incentives

- Reciprocal referrals
- Sharing in revenues from product sales
- Generating significant professional fees

Indirect Financial Incentives

- Practice management
- Marketing support and ideas
- Insights into alternative compensation structures

Key Areas of Interest

Leverage your resources to meet their needs

	Lawyers	Accountants
Best Practices	86.1%	89.2%
Marketing Ideas & Support	64.3	73.3
Ways to Improve Compensation	75.9	68.1

Food For Thought

Guiding principles for working with centers-of-influence

- COIs are the best source of new wealthy clients, but a relationship doesn't presume referrals
- COIs must be cultivated and access to their clients must be earned
- Not everyone deserves to be your partner, dedicate the time upfront to understand and assess possible candidates
- In a strategic partnership the COI is your client
- Limit your strategic partnerships to 5 or less
- Respect the existing relationship between COIs and clients, keep them informed and don't overstep boundaries
- Continually add value to become the essential partner

Thank You!!

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