Best Practices of Elite Teams

Introduction

Few topics get more attention in the retail world of financial services than the subject of teams. Wealth management teaming is a hot topic. However, it takes more than a group of advisors coming together and announcing themselves as a team to be successful with today's affluent investor. This white paper focuses on how the best teams, which we refer to as "elite," have been able to set themselves apart from their peers.

Our objective was to determine what they were currently doing to attract, service, and develop loyal affluent clients. We sought to discover what specific performance factors these teams had in common, including:

- Practice management techniques that impact team productivity
- Affluent client acquisition strategies that deliver results
- Relationship management skills that increase affluent-client loyalty

This white paper is not intended to serve as a training manual, but rather be a resource that provides you with useful data that is both granular and user-friendly. Our objective is to deliver practical and actionable insights that are supported by data and research.

Survey Methodology

This Best Practices of Elite Teams research project was fielded in July 2011. There were 755 respondents with a variety of backgrounds, industry experience and levels of success. Data was collected through an online survey. Basic univariate results are presented directly. When statements of significance are made, they are based on the result of common statistical methods for the type of survey data and reflect the use of a 5 percent level of significance.

Throughout the paper, for comparison, we have also shown select findings from our 2009 Financial Teams research project. This survey was fielded in the second quarter of 2009 and included 733 respondents.

Elite Status

For the purpose of this study, we have defined elite teams as those who have acquired five or more new affluent clients ($1 million or more) over the past 12 months per advisor, lost four or fewer clients over the past year, and have reported to be in the performing stage of development where team members work together effectively.

Overview

Our ongoing research of wealth management teams continues to reinforce the hard reality that 83 percent of them are actually only loose confederations of financial advisors who refer to themselves as a team. That means only 17 percent of self-identified wealth management teams are operating as a true team and qualify for elite status.

Today's affluent investor is looking for a financial advisor who is not only capable of overseeing the multidimensional aspects of their family's financial affairs, but who is also passionate about their work.

One of the findings you will discover in this white paper is that financial advisors on elite teams are much more likely to describe themselves as "very satisfied" with their careers as opposed to advisors on teams in general. In fact, according to our respondents, financial advisors on non-elite teams are less satisfied than solo advisors. An advisor who is very satisfied with his or her career is also very likely to be passionate about his or her work—and therefore a much more attractive partner for an affluent client.

Elite financial teams come from a variety of backgrounds (e.g., wirehouse, insurance, banking, accounting, independent) and have varying areas of expertise. There is no one path for developing into an elite team. Elite teams build to their status by making the necessary adjustments, year by year, that enable them to excel in attracting and developing loyal affluent clients.

We have used $1 million or more in investable assets as the benchmark for representing the affluent client referenced in this report. The selection of this client gauge was based on our research that indicates that the $1 million-plus client wants a "go-to" financial coordinator to oversee all of their family's financial needs (investments, protection, planning, and banking). Today, advisors from all backgrounds within the financial world are marketing their services to this segment of the market.

Bringing together a group of financial advisors into an elite financial team designed to attract, service, and develop loyalty with these affluent clients is no simple task. It takes the right people, the right processes and a commitment to continual improvement. Elite teams are relentless in making adjustments.

Best Practices of Elite Teams is a continuation of one of the most in-depth studies of teams in the financial services industry. The Oechsli Institute has conducted surveys of affluent investors, financial advisors, and teams cyclically since 1991.

Highlights of the Study

The majority of financial advisors are sole practitioners.

- 54 percent of financial advisors are not currently associated with a team. Of this group of solo financial advisors, only 31 percent expressed interest in either joining or forming a team within the next 12 months.
- 43.2 percent of our team respondents say they are part of a horizontal team with two or more equal partners. 46.2 percent report that they are a vertical team where everyone reports to the team leader.

Today's financial teams are nearly evenly divided between independent and wirehouse broker-dealers.

- 31 percent of our respondents are affiliated with an independent broker dealer, whereas 29.5 percent are working with a wirehouse. 13.9 percent are with regional firms and 11.7 percent are with RIAs.

An area that all teams need to pay more attention to is developing a strategy for working with the children of their current clients.

- 57 percent of the elite teams are currently working on a strategy for the next-generation, as compared to 43 percent of teams in general.

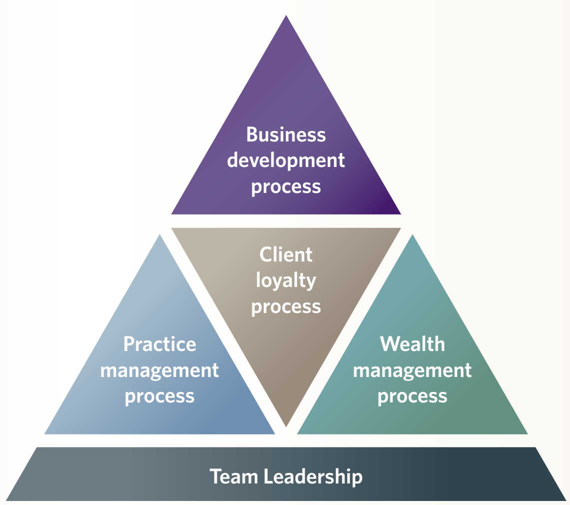
Although the overall career satisfaction of financial advisors has improved since the depths of the Great Recession, advisors who are part of an elite team are in general much more satisfied.

- 61 percent of advisors on elite teams indicated they were very satisfied with their careers as opposed to 40 percent of financial advisors on non-elite teams and 43 percent of solo advisors.

In analyzing our research on teams, we were able to create a model of Elite Financial Teams comprised of five components most critical to a team's success.

Figure 1 | Team Leadership

Source: The Oechsli Institute



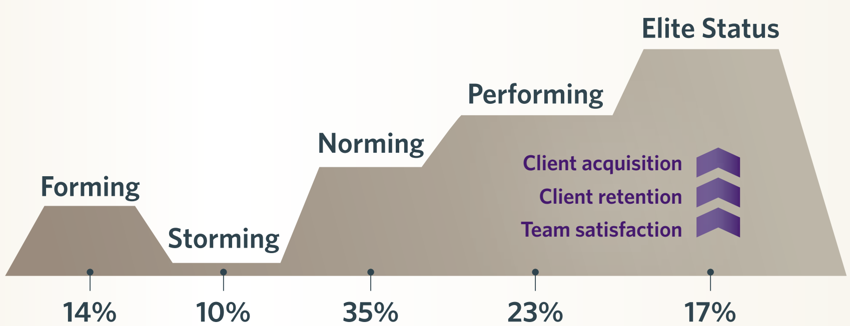
Our objective is to create a prototype for teams that are interested in improving. We recognize that not all teams will be capable of achieving elite status, but it is our belief that every team is capable of improving their performance. As you will discover, most if not all of the findings in this paper fit neatly within the five components of our team model.

Stages of Team Development

If you are involved in a financial team, the following stages of development may be familiar to you. Every team goes through this progression, albeit some faster than others:

Figure 2 | Stages of Team Development

Adapted from Bruce W. Tuckman: Developmental Sequence in Small Groups, Psychological Bulletin, 1965, Vol. 63, No. 6, 384-399.



Forming Stage

14 percent of survey respondents reported being in this stage.*

At this beginning stage of development there is both excitement and anxiety. People are cautiously optimistic. Individual roles and responsibilities are unclear, and team members are often guarded in their interactions. Team members are totally dependent on their leader for guidance.

Storming Stage

10 percent of survey respondents reported being in this stage.

Team members frequently begin challenging each other and strained relations emerge. Members struggle through their differences and decisions do not come easily. The team leader's responsibility is to resolve conflict and focus the team's efforts. No matter how successful a team becomes, every team must pass through this stage; the secret is to pass through it quickly.

Norming Stage

35 percent of survey respondents reported being in this stage.

Team members learn to work in harmony. Individual roles and responsibilities become clear and are accepted. Team members work hard to reach consensus when making decisions. Commitment and unity are strong, and team members are not as dependent on the guidance and direction of their Team Leader as they once were. However, high performance still eludes them, and if the team fails to move to the next level in a timely manner, they are likely to fall back into the storming stage.

Performing Stage

23 percent of survey respondents reported being in this stage.

In all of the teams at this stage of development, team members work together to achieve goals, strengthen relationships, and support each other's efforts. Team members are also able to work equally well alone or in small groups. Their team leader essentially delegates, coordinates, and participates with the team.

Elite Status

17 percent of survey respondents were categorized as being in this stage.

Although all teams in the performing stage were functioning quite well, 17 percent excelled even beyond those standards, bringing in $10 million or more new assets per advisor and meeting specific benchmarks for affluent client acquisition and client retention. We categorized these teams as "elite."

*Please note that the total of percentages in this section does not add up to 100 percent due to rounding.

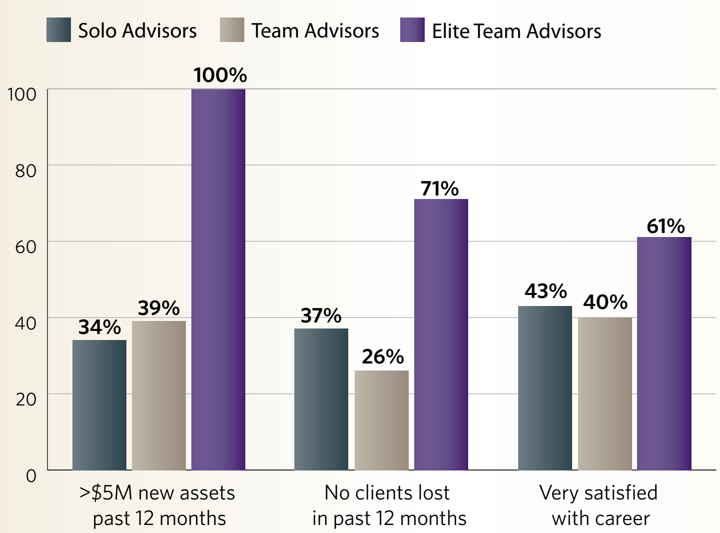
Solo Advisors vs. Team Advisors vs. Elite Team Advisors Findings

Overview

Figure 3 shows that elite team advisors are doing a much better job than solo advisors and team advisors in retaining current clients and bringing in new affluent clients. This is most likely the result of their enhanced collaboration and focus.

Figure 3 | Head-to-Head Comparison: Solo Advisors vs. Team Advisors vs. Elite Team Advisors

Source: The Oechsli Institute



It is interesting to note the difference between these three groups regarding career satisfaction: 61 percent of elite team advisors reported being very satisfied with their career versus 40 percent of team advisors and 43 percent of solo advisors. It seems that when advisors put forth the effort to be part of a unit that performs at a much higher level, career satisfaction increases as a result.

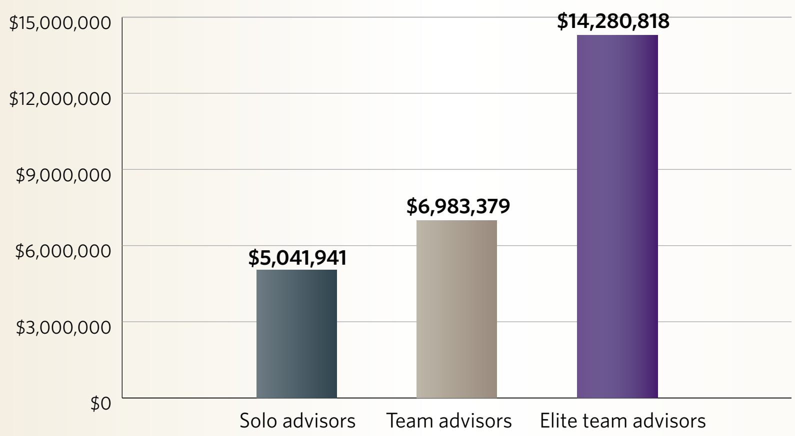
It's been our experience that advisors on elite teams tend to have more balance in their lives. They enjoy their profession, are able to mix business with pleasure, make time for their family, take care of their health, and remain involved in outside interests.

New Assets

As highlighted in Figure 4, advisors on elite teams are doing a much better job of marketing their services to affluent investors, bringing in nearly three times the assets of solo advisors and over twice that of other teams. Advisors on elite teams typically have a clearly defined ideal client profile which serves as the focal point for their marketing efforts. To that end, they are disciplined around maintaining their minimum new-client standards for service provided and revenue generated. Typically, though, advisors fall into two traps: they don't have an ideal-client profile, so they can't focus their marketing efforts; and they don't have new-client minimum requirements, so they take on clients they shouldn't.

Figure 4 | Average New Assets in the Past 12 Months

Source: The Oechsli Institute

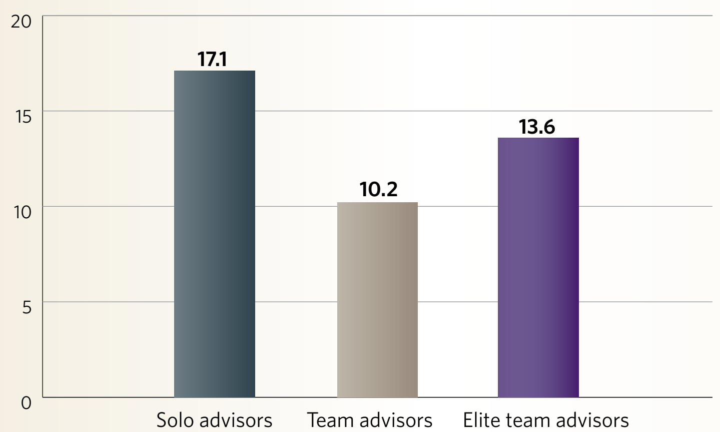


New Clients

Although Figure 5 shows that financial advisors on elite teams brought in fewer new clients, the clients they brought in have significantly more assets than do the new clients of solo advisors or other teams (compare Figure 5 with Figure 4). Nonetheless, the Great Recession has created enough dissatisfaction among affluent investors to suggest that advisors in all of these groups, including those on elite teams, should attempt to bring in more new affluent clients—many such clients are open to getting a second opinion on their finances.

Figure 5 | Average New Clients in the Past 12 Months

Source: The Oechsli Institute



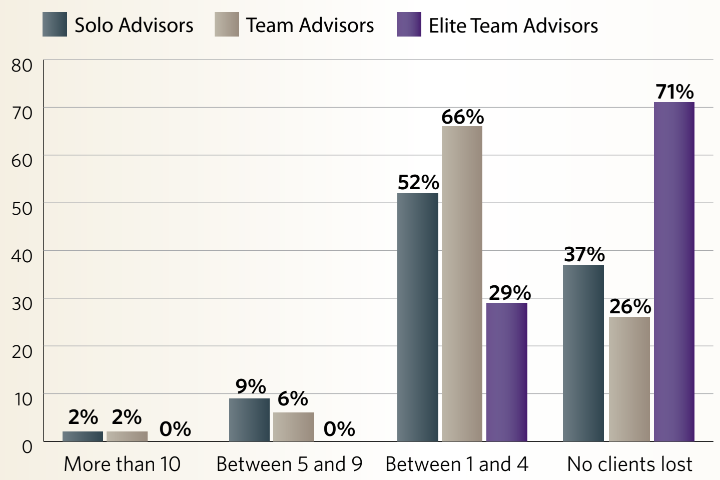
Client Loyalty

It should be no surprise that elite teams are leading the field in client loyalty, but the size of the lead should get everyone's attention. Seventy-one percent of elite team advisors lost zero clients last year versus 37 percent of solo advisors and 26 percent of teams in general. With solo advisors outperforming the general population of teams with respect to client retention, it appears that advisors on teams, unless the teams are elite, do not have as strong a relationship with their clients as do solo advisors.

In today's environment, affluent-client loyalty is becoming increasingly more important. Our research highlights the fact that word-of-mouth influence has a major effect on affluent clients' decision making and that the reputation of an advisor or team is one of the key factors in their selection process—all of which points to the fact that the preceding figures should not be viewed in isolation, as they are also linked to affluent client acquisition.

Figure 6 | Clients Lost in the Past 12 Months

Source: The Oechsli Institute



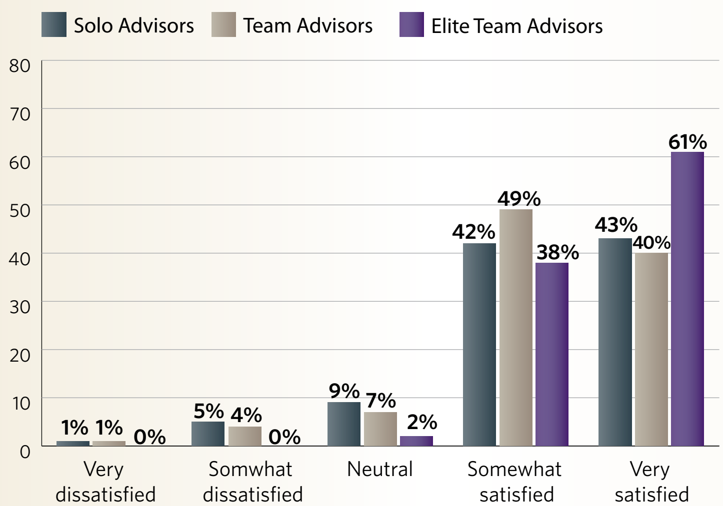
Career Satisfaction

The disparity in career satisfaction between advisors on elite teams (61 percent very satisfied) and the rest of the field (43 percent and 40 percent very satisfied) raises the question, Are they very satisfied because they are elite or are they elite because they love what they do? Most likely the answer is somewhere in the middle. These financial advisors on elite teams love what they do, are committed to excellence, and have become an elite team as a result.

We also found it interesting that the career satisfaction of solo advisors had a meaningful improvement from 2009 to 2011 (increasing from 29.6 percent to 43 percent reporting "very satisfied") while career satisfaction of the general team population remained basically the same (41.6 percent in 2009 and 40 percent in 2011). It is also worth noting that solo advisors are currently more satisfied with their careers than advisors on teams in general, while advisors on elite teams lead the field by a wide margin.

Figure 7 | Career Satisfaction

Source: The Oechsli Institute

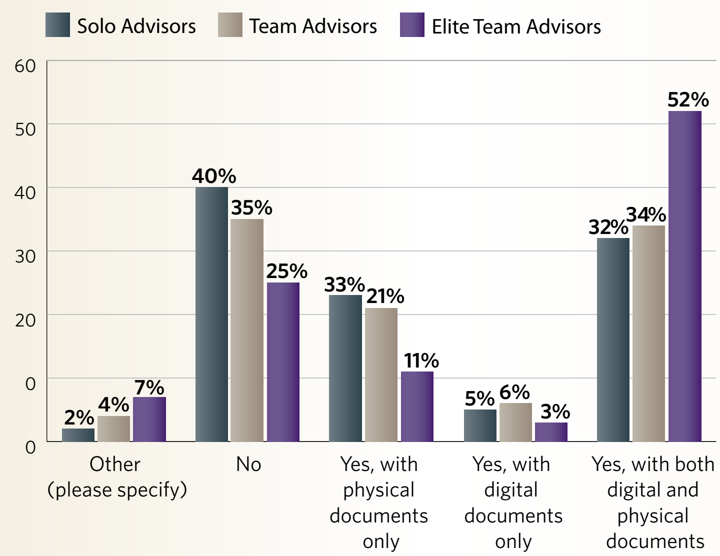


Organization Services

Our affluent-client research continues to highlight the fact that today's affluent want their financial advisor to organize all of their financial documents. While elite teams were significantly more likely to provide this service (52 percent as compared to 34 percent for team advisors in general and 32 percent for solo advisors), more advisors should be incorporating document organization into their wealth advisory process.

Figure 8 | Providing Financial Organization

Source: The Oechsli Institute



Action Steps

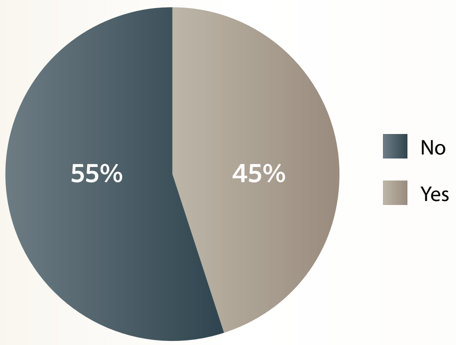
- The team leader must communicate to the team the importance of strengthening the loyalty of every affluent client (relationship management) as well as the connection to acquiring new clients (relationship marketing). If this isn't clear, a team meeting should be held on this topic. The idea is to incorporate this strategy into the team's business plan and annual goals.
- Every team member must understand his or her role and area of responsibility. For example, one team member is broadening the wealth advisory services being delivered to a particular affluent client, another team member is doing something social with this affluent client, and another is continually gathering personal information that will enable the team to surprise and delight the client in a personal and timely manner.
- Develop two service models, one for top clients (platinum) and another for good profitable clients (gold). Make certain every team member is aware of the classification of each client and service model.
- Assign each affluent client to a relationship manager (an advisor) and a backup. This creates structure for strengthening loyalty.
- Financial advisors on the team must develop the habit of sourcing names (identifying prospects) within each affluent client's centers of influence. This is called relationship marketing.
- The team's marketing effort should utilize the core relationship management and relationship marketing activities most effective for acquiring affluent ($1 million-plus) clients, including strategic networking (both social and civic), introductions, intimate client events, and referral-alliance partners. For more details, see our 2011 white paper *Marketing Tactics of Elite Advisors.*
- The team leader should take the lead role in executing the core marketing activities and assigning specific client acquisition goals, complete with daily action plans for each advisor on the team.
- The team leader must hold every team member accountable for performing the actions agreed upon and monitoring what is expected.

Team Findings

While teams are playing a significant role in the world of financial services, the majority (55 percent) of advisors are currently not working on a team. In looking at the respective differences between solo advisors and the general population of teams on measures such as career satisfaction (40 percent vs. 43 percent), $5 million or more in new assets acquired (34 percent vs. 39 percent), and client loyalty (26 percent vs. 37 percent losing no clients), advisors should take care in making the decision of whether or not to join or form a team. That said, financial advisors on elite teams excel in all of the key metrics.

Figure 9 | Currently on a Team

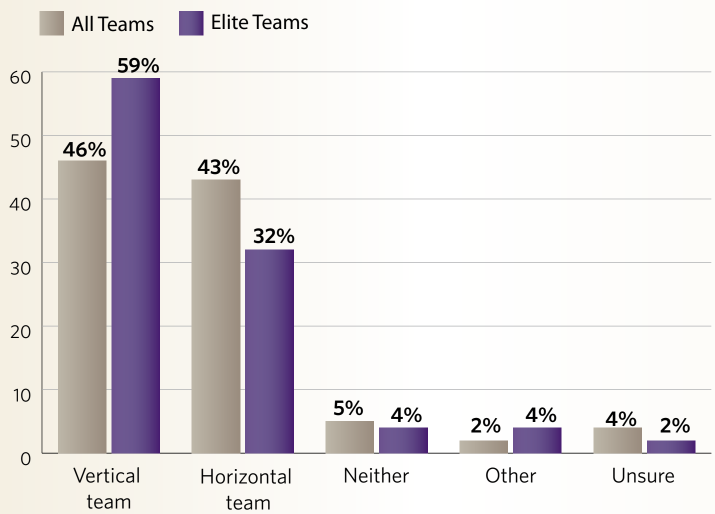
Source: The Oechsli Institute



It is interesting to note that there is little difference between the vertical and horizontal models in the general population of teams, while there is a major disparity in elite teams between the vertical and horizontal models (59 percent vs. 32 percent, respectively). There may be a number of explanations as to why this is so, but it could be as simple as the fact that a vertical team is led by one financial advisor, whereas a horizontal team, under the direction of multiple advisors, may find the effectiveness of its leadership diluted.

Figure 10 | Structure of Team

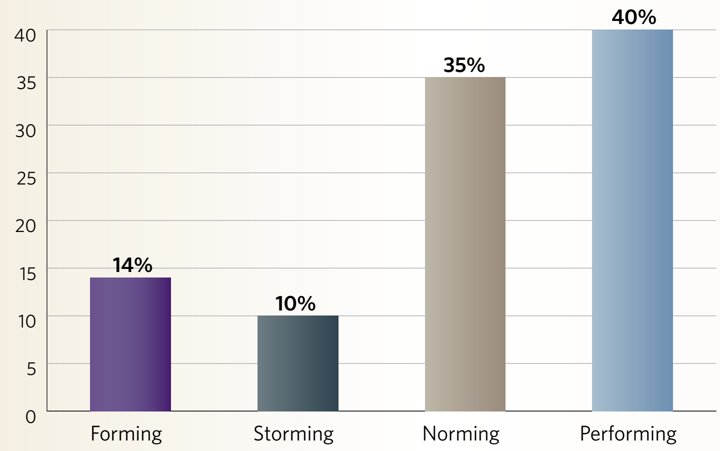
Source: The Oechsli Institute



Forty percent of our respondents self-assessed their team to be in the performing stage of development, up from 31 percent in 2009. However, when other key metrics are included (new affluent clients in the past 12 months, assets and client retention), only 16.8 percent qualified as elite, essentially identical to the 17 percent who qualified in our 2009 research.

Figure 11 | Stage of Team Development

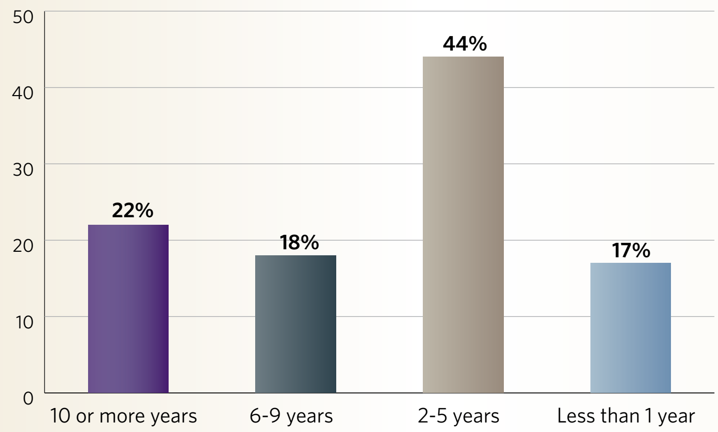
Source: The Oechsli Institute



The 40 percent of financial advisors who responded that they have been working with their current teams six years or more represents healthy mentoring opportunities. The longer a junior financial advisor has been on a team, the greater the potential for a deep and fulfilling mentorship with a senior advisor, and the better he or she is able to work with the other members on the team. Still, all advisors should be working hard at collaboration and goal focus, which should improve their team's ability to reach the performing stage. Also, it's worth recalling that reaching the performing stage is only a baseline requirement for elite status—acquiring $10 million or more in new assets per advisor is also required.

Figure 12 | Tenure with Current Team

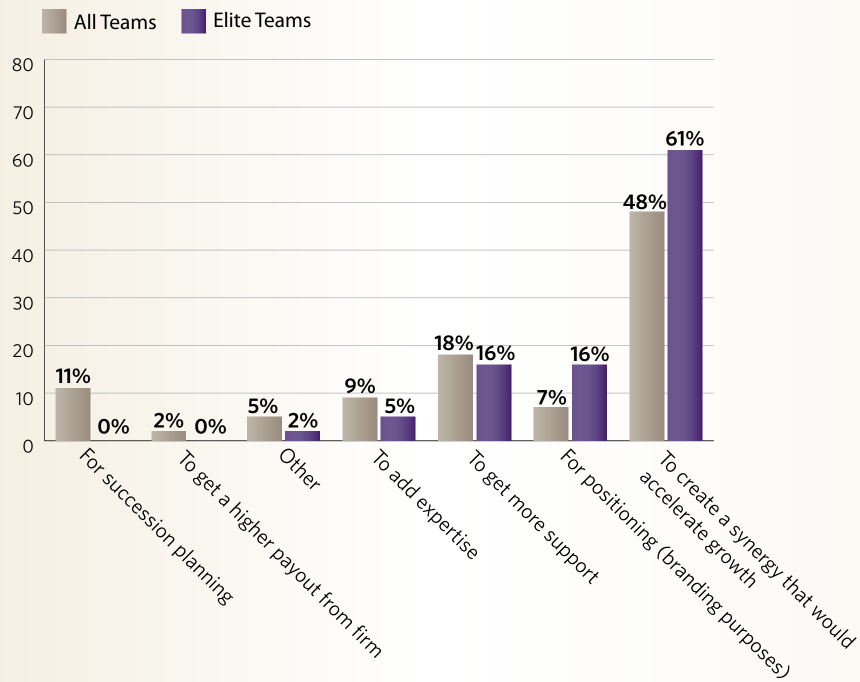
Source: The Oechsli Institute



When we collapse the last two categories of Figure 13, concerning positioning and synergy for growth, we find that the majority of financial advisors (77 percent elite, 55 percent general) have either joined or formed teams in an attempt to accelerate their growth. However, with only 16.8 percent of the teams currently achieving elite status, it is apparent that these expectations are not being met for many advisors. This is likely a contributing factor for most advisors on teams having lower levels of career satisfaction than solo advisors.

Figure 13 | Primary Reason for Joining or Forming a Team

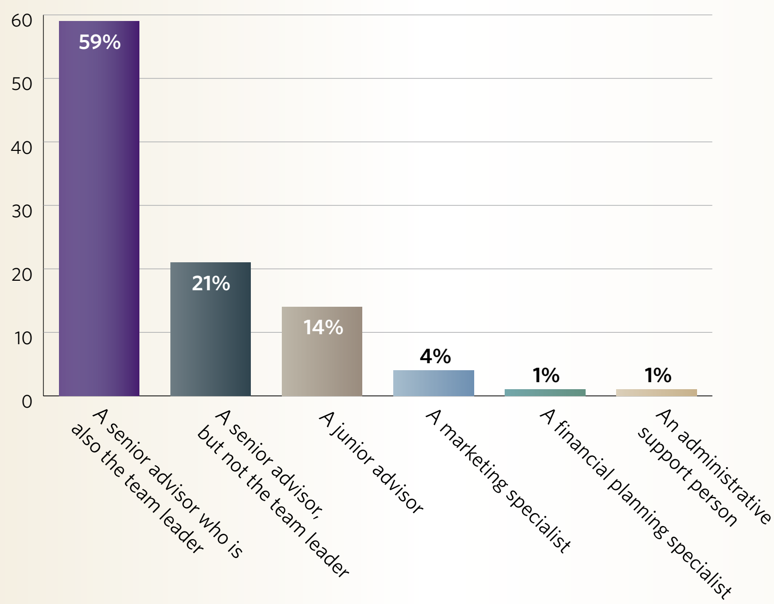
Source: The Oechsli Institute



Most of our respondents were senior advisors within their firm, with 59 percent identifying themselves as the team leader. With the team leader fulfilling such a critical role on an elite team, broker-dealers should consider creating training programs focused specifically on developing effective team leaders. This type of training would likely impact both team performance improvements and elite team development.

Figure 14 | Role on Team

Source: The Oechsli Institute



It was a surprise that only 77 percent of elite teams claimed to have clearly defined roles and responsibilities among their team members. We would have thought that figure would be higher, although this could be explained by the fact that elite advisors strive for excellence and tend to be more self-critical than the average advisor, as noted in our 2011 *Marketing Tactics of Elite Advisors* white paper. Nonetheless, there is a large gap between elite teams and the rest of the field when it comes to team members having clearly defined roles and responsibilities. Over half of the teams have either a loose structure or possess no definition of roles and responsibilities. In essence, many teams appear to be "winging it." While luck may play a part in success, it shouldn't be relied upon for success. Well-defined roles and responsibilities are the hallmark of any great team, whether in an office or on a playing field. Spending the time to identify each person's role and core value to the group can be an important facilitator in the team's overall success.

Figure 15 | Roles and Responsibilities Within Your Team

Source: The Oechsli Institute

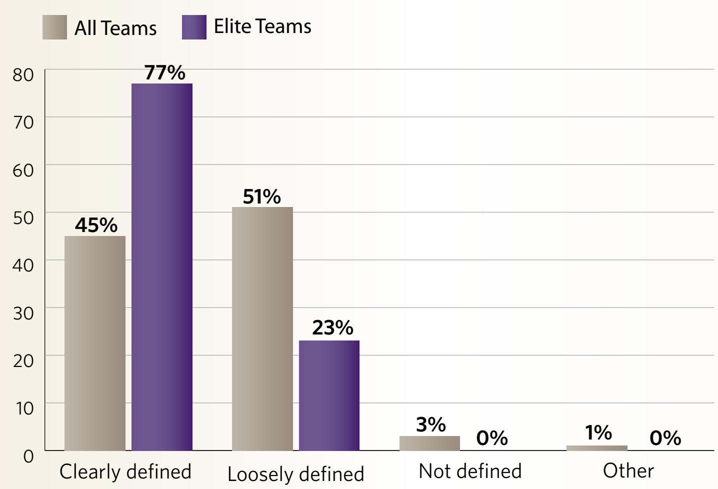
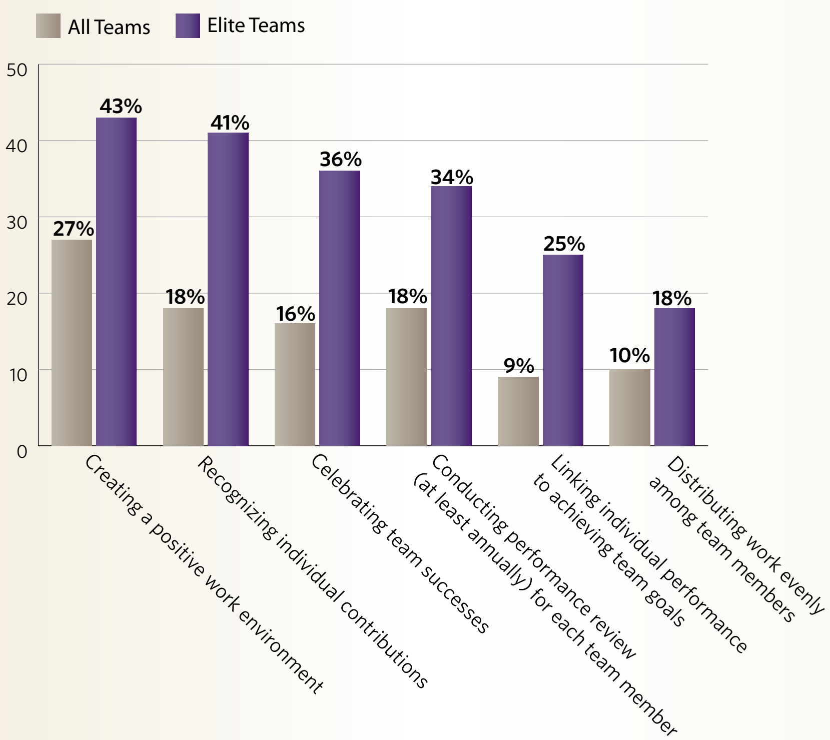


Figure 16 shows how well teams perform in critical areas, and it is quite telling. On each measure, elite teams are outperforming the general team population. This should come as no surprise as it is reflective of the overall commitment of (and to) the financial advisors on elite teams versus advisors on teams in general, as well as being indicative of the relative effectiveness of the teams' leaders.

Figure 16 | Perform Extremely Well in Critical Team Functions

Source: The Oechsli Institute

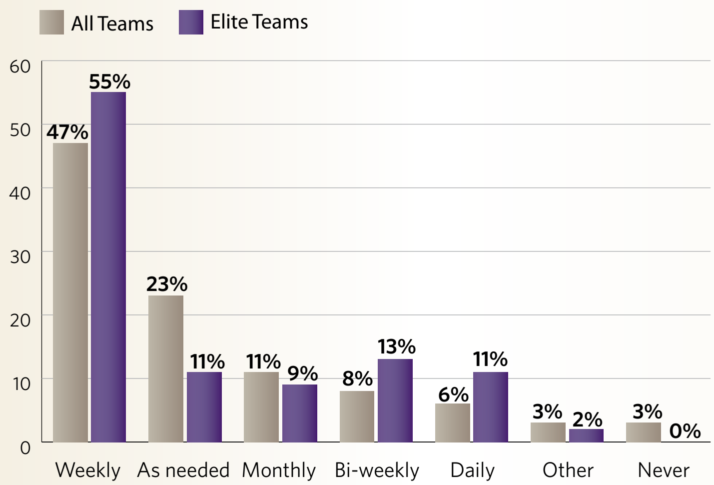


Team Meetings

As shown in Figure 17, most of the surveyed teams meet on a consistent basis. With 55 percent of teams meeting either weekly or bi-weekly and 68 percent of elite teams meeting within this structure, team meetings are becoming standard fare. However, only 55 percent of elite teams and 47 percent of the general population of teams meet on a weekly basis. Weekly team meetings are important for communication, focus, and accountability among team members, so there is considerable room for improvement across all teams. However, team leaders would be wise to engage in training on how to conduct an effective team meeting to ensure that the time is used to full advantage.

Figure 17 | Frequency of Structured Team Meetings

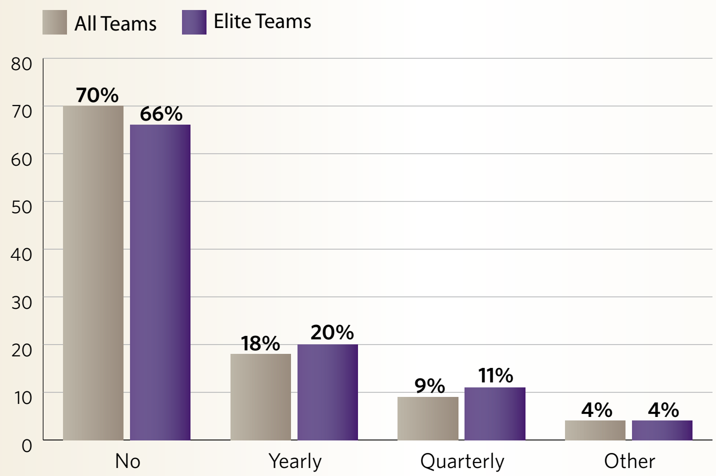
Source: The Oechsli Institute



Hosting a team off-site means taking the team out of the office for a period of time (an afternoon, a day or multiple days) to discuss team goals, strategies and action items. In a sense, they are an extension of the structured weekly team meetings but in a different environment and with a broader agenda. Off-sites have yet to become common practice, even among elite teams. As more elite teams conduct either quarterly or annual off-site meetings or retreats, they will become more common among the general team population. Much like holding weekly team meetings, the key is for teams to be able to conduct effective team off-sites.

Figure 18 | Conduct Team Off-Sites

Source: The Oechsli Institute

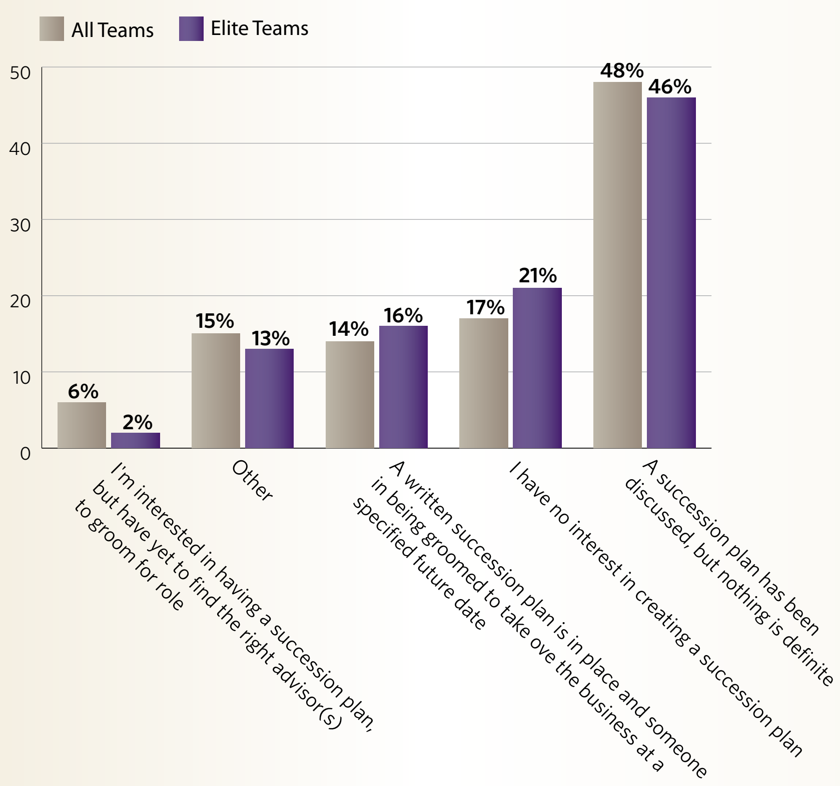


Team Succession Planning

This is an area that all teams should address. Who is going to retire and when? Who is going to take over the lead role(s)? What will the ongoing structure of the team look like? Will the team need additional personnel to handle the workload? Will the team be sold? With the demographics of our respondents telling us that 44 percent of advisors are 50 years or older and 11 percent are over 60, the topic of succession planning must be addressed. With only 21 percent of elite teams claiming to have a written succession plan in place with someone groomed to take over versus 17 percent of the general team population, there is work to be done by all teams.

Figure 19 | Team Succession Planning

Source: The Oechsli Institute

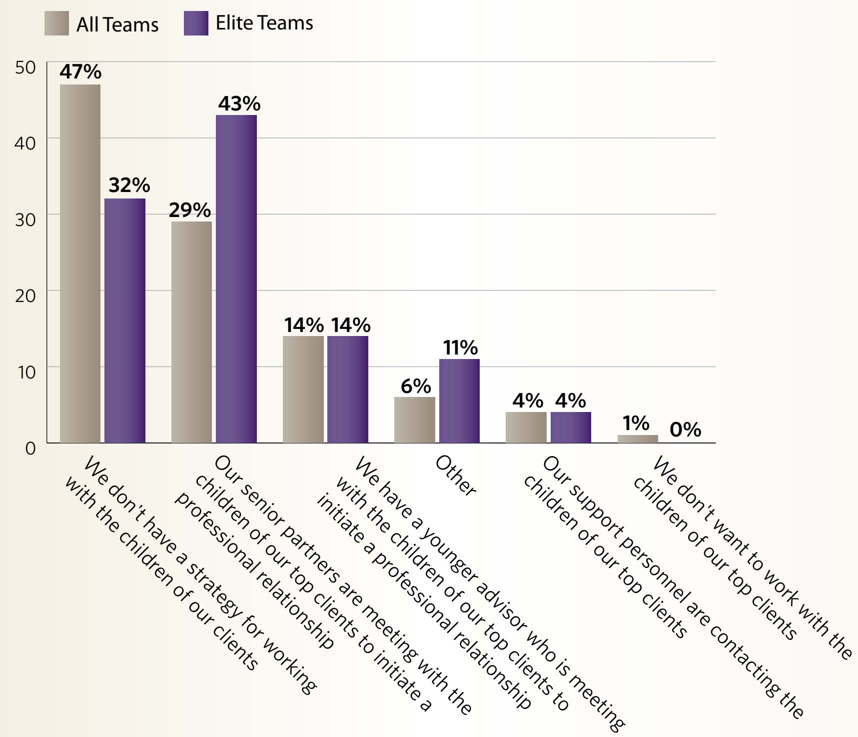


Reaching Out to the Next Generation

Elite teams are doing a better job of creating plans to acquire the children of their top clients with 61 percent employing some type of strategy as opposed to 37 percent of teams in general. This is an area that every team should revisit and it's a perfect role for a younger advisor as there will be less chance of a generational communication gap. Younger advisors on every team should get more involved in the process of developing a professional working relationship with the children of more affluent clients.

FIGURE 20 | STRATEGY FOR ACQUIRING THE CHILDREN OF CLIENTS

Source: The Oechsli Institute

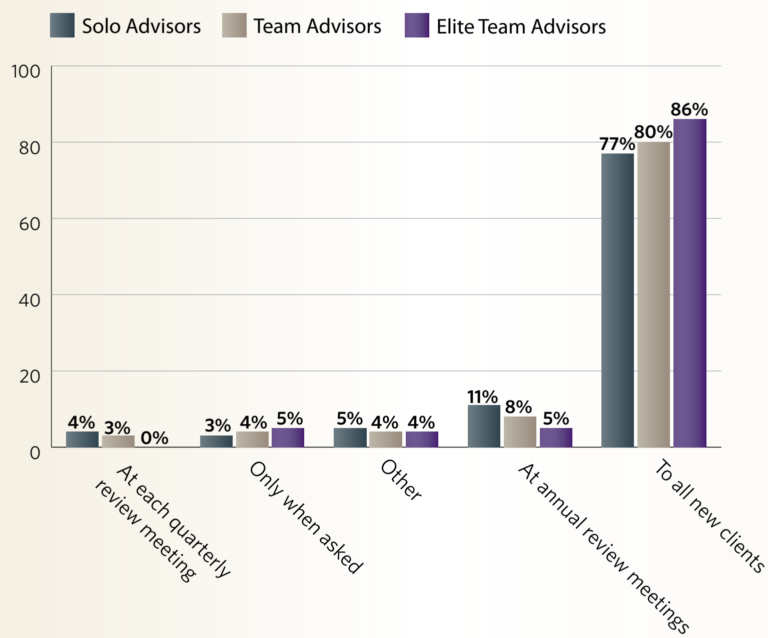


Fee Disclosure

Full disclosure of fees is a big issue in the eyes of today's affluent investor. It seems as if most of our respondents are doing a fairly good job in explaining fees to new clients, but doing a poor job of explaining fees during annual-review meetings. Because of the skepticism that today's investor holds towards the financial services industry and the complex fee structure associated with financial products and services, advisors should address fees at every annual review.

Figure 21 | Process for Explaining Fees

Source: The Oechsli Institute



Action Steps

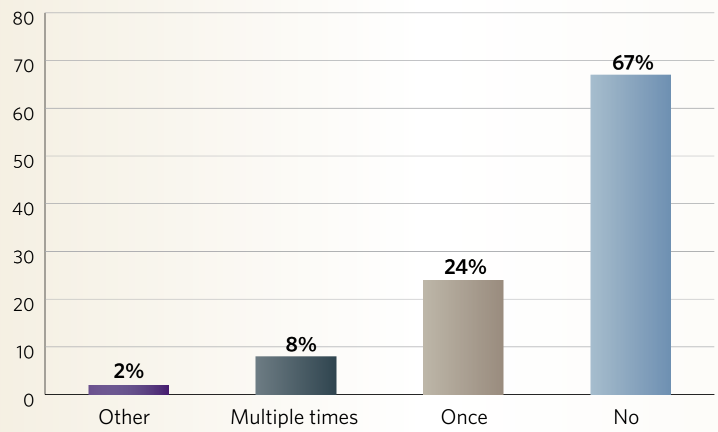
- If you are in a horizontal structure, select a team leader. The majority of elite teams are vertical because in that structure the team leadership is more easily defined. It is usually naturally filled by the senior advisor.
- If your team has not currently reached elite status, work through the Team Forming Checklist on page 35.
- Although an advisor's tenure with a team is linked to the performing stage of development, longevity without performance doesn't work. Career-counsel any non-performing team member. A team is only as strong as the weakest link.
- Ask each team member to describe their role and specific day-to-day areas of responsibility in writing. The team leader should meet with each team member and discuss this exercise so he or she and each team member come to an agreement on roles and areas of day-to-day responsibility.
- The team leader should conduct a meeting with the team to facilitate open communication among team members, and discuss important timely issues. Get input from all team members with the objective of helping the team excel in all of them.
- Hold structured weekly team meetings with an agenda.
- Conduct quarterly off-sites to review both team and individual performance.
- Conduct an annual retreat to review the year, establish goals for the upcoming year, review individual performance, and enhance team-building.
- Regardless of the age of the firm or its most senior advisors, ensure there is a succession plan for the team.
- The team leader must assign affluent-client generational planning (reaching out to affluent clients' children) to a team member, preferably a younger advisor.
- Make certain your team has a process for total fee transparency and regularly communicates your firm's fee structure with clients.

Solo Advisor Findings

Slightly more than two-thirds of solo advisors have had no personal experience working on a team, while approximately one-third have been part of a team at some point during their career. Whether or not an advisor has had experience working on a team, any solo advisor considering forming or joining a team should consider the information presented in this white paper carefully.

Figure 22 | Solo Advisors: Prior Experience Working on a Team

Source: The Oechsli Institute

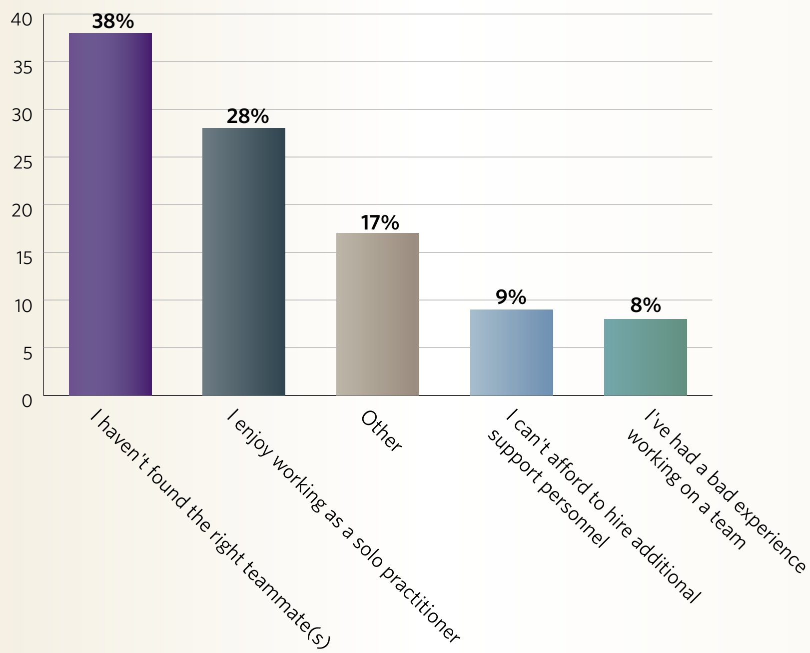


To Team or Not to Team

Finding the right teammates is the most critical ingredient for a financial advisor to be able to form a team, work through the stages of development, and become part of an elite team. Advisors who enjoy working as a solo practitioner and are interested in attracting, servicing, and developing more loyal affluent clients should consider creating a virtual team formed by aligning themselves with other industry experts who are called upon on an as-needed basis to assist in providing financial solutions for their affluent clients. These advisors should use experts in their community and within their broker-dealer to service their clients. Also, just because the industry tends to define a team as having more than one financial advisor, a solo advisor with one or more support personnel can function very effectively as a team within the vertical model.

Figure 23 | Solo Advisors: Reason for Not Currently Teaming with Another Advisor

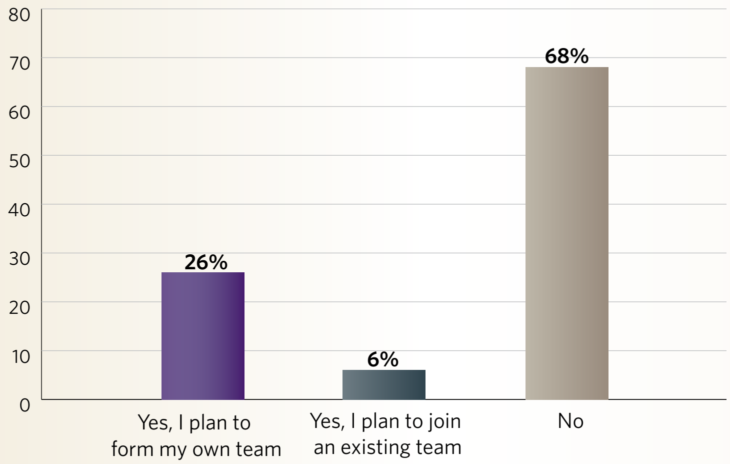
Source: The Oechsli Institute



Solo advisors planning on either joining or forming a team should do so with great care. The primary objective should be to develop into an elite team. The reality is that 83 percent of teams are performing no better than solo advisors. The fact that today's solo advisors have greater career satisfaction than advisors in the general population of teams highlights the importance of approaching the teaming concept very cautiously.

Figure 24 | Solo Advisors: Plan to Join or Form a Team in the Next 12 Months

Source: The Oechsli Institute

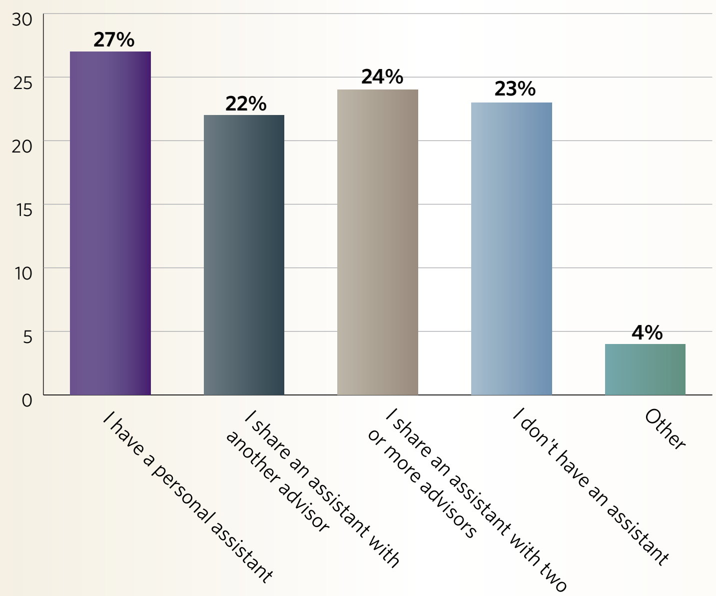


Administration Support

The majority of solo financial advisors have their own assistant or share an assistant with one or more advisors, while 23 percent do not have a personal assistant. These advisors are likely to find themselves challenged in trying to meet the expectations of today's affluent clients.

Figure 25 | Solo Advisors: Current Administrative Support

Source: The Oechsli Institute



Action Steps

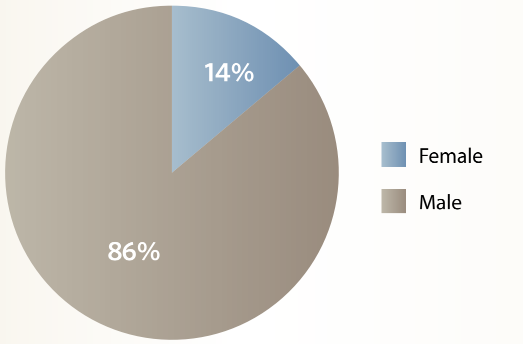
- If you are considering joining or forming a team, work through the Team Forming Checklist on page 35.
- Whether you are sharing an assistant or have a one-on-one relationship, consider your current support staff to be your vertical team. Within this context, you should work through the same action steps that have been outlined for teams in this report. Apply what is appropriate.
- Source outside experts who can provide specific areas of expertise for your clients.
- Develop a working relationship with a select group of these outside experts so that they can function as your virtual team.
- Commit to executing the core marketing activities outlined in the earlier action steps for teams (see page 10).

Team Demographics

Men continue to dominate the financial services industry. In fact, our 2011 survey showed fewer female advisors on teams than we reported in our 2009 team research report which cited 18 percent of team advisors as female. However, the male to female ratio among advisors on teams is similar to that of the advisor population in general, which is more than 80 percent male.

Figure 26 | Team Advisors: Gender

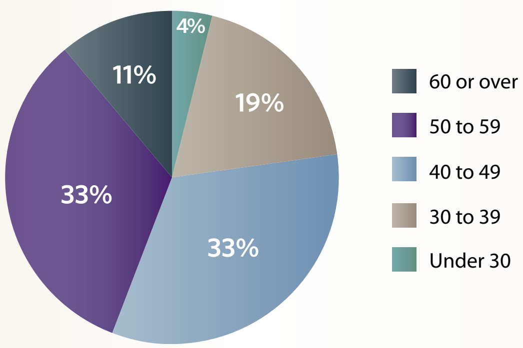
Source: The Oechsli Institute



Two-thirds of advisors on teams are in what is considered their prime years for productivity (ages 40 through 59). This should be an indicator that, with the proper coaching, many teams are capable of performing at higher levels, and more are capable of attaining elite status. With only 4 percent of advisors on teams under the age of 30 and 19 percent between 30 and 39, teams don't appear to be properly staffed either for succession planning within the team or generational planning for their clients.

Figure 27 | Team Advisors: Age

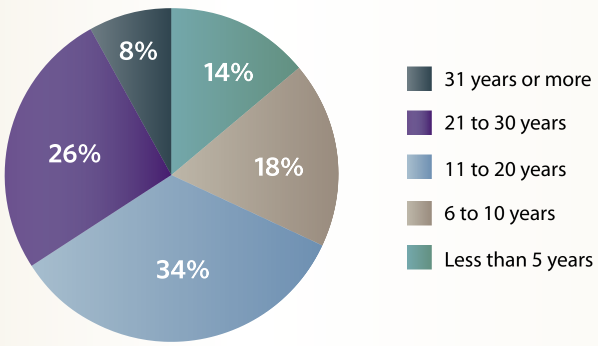
Source: The Oechsli Institute



The majority of financial advisors on teams are experienced, with 68 percent reporting to have 10 or more years of experience. When looking at both age and length of service, one could conclude that approximately 10 percent of advisors on teams are nearing retirement.

Figure 28 | Team Advisors: Length of Service

Source: The Oechsli Institute

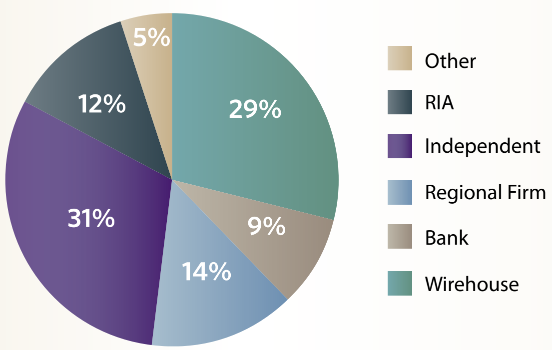


Broker-Dealer Affiliation

Our respondents are fairly evenly distributed between the wirehouse and independent channels. When you collapse regional firms with wirehouses and RIAs with independents, both groupings own a 43 percent share of today's wealth management teams. However, the independent channel has grown from 29 percent in 2009 to 31 percent today, while the bank channel has gone from 15 percent in 2009 to 9 percent.

Figure 29 | Teams and Type of Broker-Dealer

Source: The Oechsli Institute



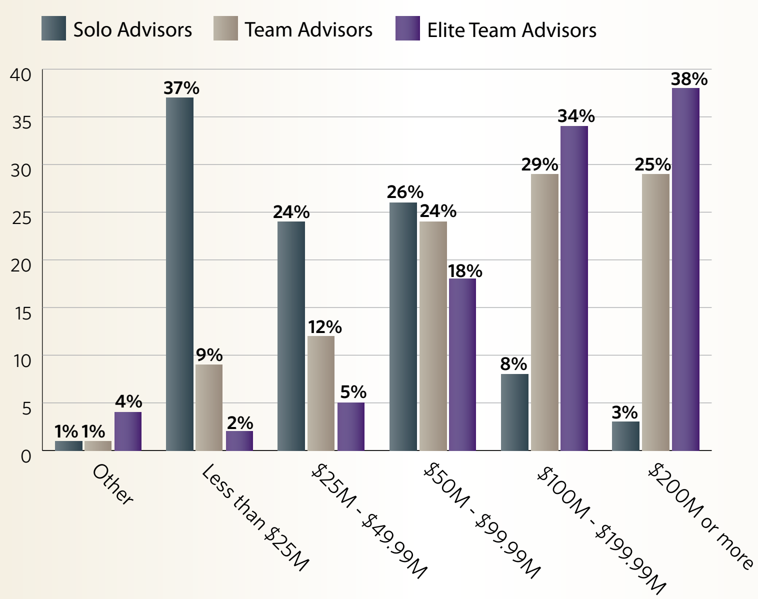
Size of Practice

Elite teams control far more assets than the general population of teams and solo advisors. What is of interest is the similarity between solo advisors and advisors in the general population of teams in terms of assets under management in the $50 million to $100 million range.

When comparing the production of teams with the production of solo advisors, it's important to remember that our respondents are averaging 2.5 advisors per team, whether elite or not. That said, a much larger proportion of the higher production numbers come from advisors on teams, with advisors on elite teams leading the field by a wide margin.

Figure 30 | Assets Under Management

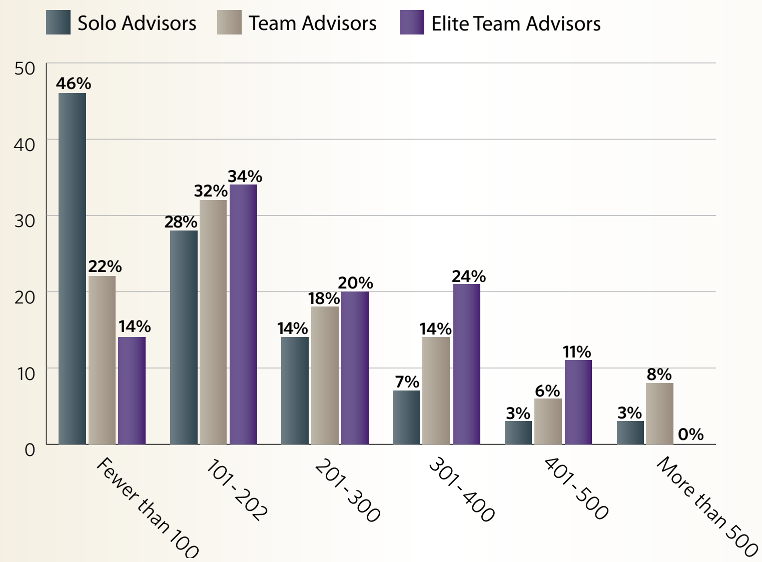
Source: The Oechsli Institute



If our respondents are any indication, both solo advisors and teams are working with fewer clients than advisors on elite teams. This is a positive trend if it is a strategic bandwidth maneuver to provide the higher level of service being demanded by today's affluent investor. However, it might also be a result of solo advisors and advisors of the general population of teams not having the level of client loyalty and the success in acquiring new clients as their elite team counterparts.

Figure 31 | Total Clients

Source: The Oechsli Institute



Conclusion

The gap between elite financial teams and the field is widening. The number of financial advisors who report that they are only somewhat satisfied with their careers speaks volumes to the challenges they are encountering in attracting, servicing, and developing loyal affluent clients. The days of an advisor being rather casual about his or her career and earning a six-figure income are numbered, if not gone. This report should serve as a reminder to those advisors wanting to meet the expectations of today's affluent client that they must be prepared to work at modeling elite teams.

It is our suspicion that elite teams will continue to distance themselves from the field in terms of attracting, servicing, and developing loyal affluent clients. As they continue to improve, they will find themselves with less competition. If this trend continues, the majority of advisors, team or solo, will find themselves working with a greater share of less-profitable clients.

With 17 percent of the general team population qualifying as elite in this study, elite teams have held steady throughout the most severe financial crisis of our lifetime (17 percent qualified as elite in 2007). During the same period, teams in general not only fell further behind these elite teams, but in numerous measurements they also trail solo advisors. These turbulent times have exposed many teams who have been attempting to market themselves as a financial team when really they were merely a loose confederation of financial advisors.

With 66 percent of our respondents in their prime (40 to 59 years of age) for performing at higher levels, we remain convinced that the majority of teams can significantly improve their overall performance by using our elite-team model as a roadmap. Yet we don't envision that many will be willing to make the commitment required to achieve elite status. Sadly, this is likely to continue the downward trend of career satisfaction for non-elite advisors and non-elite teams while continuing to widen the elite-team gap.

This lingering financial crisis continues to fuel skepticism within affluent circles and has a direct impact on their expectations, which means that every financial team needs to be working towards achieving elite status.

Team Forming Checklist

Instructions

This checklist is designed to help you determine whether or not you are ready to come together as a team. Each prospective team member, including all potential partners, should complete this checklist independently and honestly. Once everyone is done, the potential team members should come together to discuss their answers and work through any differences of opinion—another window into the viability of the team.

Scoring: Strongly Agree - 4 Mildly Agree - 3 Mildly Disagree - 2 Strongly Disagree - 1

1. Trust

In order for your team to be successful, you must have complete trust in your partners and they must have complete trust in you. This 360-degree circle of confidence creates the team integrity essential to long-term success.

I have complete trust in my potential team member(s). 1☐ 2☐ 3☐ 4☐

2. Compatibility

While trust is essential, you must also be able to get along in a high-pressure business environment. This is much different than enjoying each other's company socially.

We can work well together and be supportive of one another. 1☐ 2☐ 3☐ 4☐

3. Work Ethic

Even if all team members trust one another and are compatible, all partners must agree on the team's work ethic. Whenever one partner perceives that he or she is working harder than another, resentment surfaces that will ultimately lead to conflict that can destroy a team. Everyone must agree on the desired work ethic prior to forming the team.

I have total respect for my potential team members' current work ethic and fully expect that work ethic to continue once we form the team. This includes how they handle scheduled vacations and personal time. 1☐ 2☐ 3☐ 4☐

4. Competency

This should go without saying, but all team members must be fully capable of performing well in their areas of expertise. History can be a fairly good indicator. For instance, if a partner has acquired very few clients over the past 12 months, he or she will probably struggle with marketing the team.

I have utter confidence in my potential team members' ability to perform their duties with professionalism and competence. 1☐ 2☐ 3☐ 4☐

5. Comprehensive Business Plan

Each partner must agree not only on the vision of the team, but also on its long-range goals, ideal client profile, number of clients, assets, revenue, services to be provided, and so on. This agreement is essential for creating a "critical path" that the team will follow as it grows.

All potential team members have a thorough understanding of, and are in complete agreement on, the team's projected long-range business plan, goals, and services to be offered. 1☐ 2☐ 3☐ 4☐

6. Clear and Unified Goals

Each partner has to buy in to annual team goals, which means they must subjugate their personal goals in favor of the collective goals.

I am willing to put aside my personal goals in favor of the collective goals of the team, and my potential team members are willing to do the same. 1☐ 2☐ 3☐ 4☐

7. Clear Roles and Responsibilities

Every team member should have a clear role and delegated areas of responsibility prior to forming or joining the team.

I have a thorough understanding of each potential team member's role and delegated areas of responsibility. 1☐ 2☐ 3☐ 4☐

8. Partner Contribution Clarity

Each partner should have a clear understanding of his or her individual contribution to the team's annual goals. Procedures should be in place for making partner compensation adjustments if one partner:

- Exceeds individual contribution targets, or
- Falls behind individual contribution targets.

I have come to an agreement with my potential teammates on my expected contribution and agree with and to the corresponding compensation adjustments for exceeding or falling behind my contribution targets. 1☐ 2☐ 3☐ 4☐

9. Client Segmentation

Before forming a team, partners must agree on how they will segment their current client base. Whether called "A" and "B" or "platinum" and "gold," partners' segmentations and corresponding levels of service should be in agreement with each other.

We have agreed on how to segment our current clients to ensure that all clients of a specific profile receive the same services. 1☐ 2☐ 3☐ 4☐

10. Wealth Management Services Provided

Partners should agree on a client-centered approach that is consistent for every client of a certain profile. Otherwise, each partner may handle clients differently, which can create practice management challenges.

We have agreed on a service model that will enable us to deliver a consistent client experience to our top- and middle-tier clients. 1☐ 2☐ 3☐ 4☐

11. Compensation

A bonus structure for non-partner team members (support personnel) should be agreed upon in advance. This should be based on team growth and individual contributions.

We have agreed on an annual merit-based bonus structure for all support personnel. 1☐ 2☐ 3☐ 4☐

12. Individual Performance Reviews

Partners need to agree on who will conduct performance reviews of support personnel, how they will be conducted, and when they will occur.

We have agreed on a scheduled review process and who will be conducting each review. Every team member will have at minimum an annual review. 1☐ 2☐ 3☐ 4☐

13. Basic Team Operations

All members of the team should agree on office hours, phone coverage, the schedule and method of conducting weekly team meetings, and the like.

We have clear team procedures for office hours, phone coverage and weekly team meetings that are agreed upon by each prospective team member. 1☐ 2☐ 3☐ 4☐

14. Partner Performance Reviews

Team partners must be held to the same—if not greater—level of performance and accountability as the team's support personnel. Senior partners should review junior partners, equal partners must review each other, and senior partners must allow their performance to be reviewed by junior partners.

We have agreed on a scheduled partner review process that will instill an equal level of accountability for all partners. 1☐ 2☐ 3☐ 4☐

15. Team Performance Reviews

An annual team retreat or off-site meeting is a good way to review the past year's achievements, reinforce team accountability for achieving goals, make necessary adjustments, and agree upon the upcoming year's team goals—provided all team members attend.

We have discussed and agreed upon on when, where, and how we will conduct our annual team performance review. 1☐ 2☐ 3☐ 4☐

Scoring

Add up the totals from each individual answer to determine your final score.

Your Score:________

Score Breakdown

60	Perfect! What are you waiting for? Form your team and get on the road to high performance.
59 – 54	You're ready to form your team, but revisit the handful of areas that you moderately agree upon to get more clarity.
53 – 46	You probably think you're ready to form your team, but you should slow down and have a serious discussion on every area that you do not strongly agree on. It will pay off by accelerating your team's journey to high performance.
45 – 36	You're not ready yet! You have some work to do before forming a team. Invest the time and energy now to determine whether or not you should form a team.
<36	Don't even think about it—you're not ready.

Done properly, the forming stage requires a lot of work, which is why many of the steps outlined in this checklist are frequently skipped. However, it is a mistake to ignore these considerations in their entirety and avoid coming to a team-wide consensus for each one. Joining a poorly functioning team may not make you any happier, and could put you no further ahead than maintaining your status quo. Taking the extra time to go through this checklist could be the difference between your career taking off—or simply taking an unexpected turn.

About The Oechsli Institute

The Oechsli Institute, founded in 1978, specializes in helping the Financial Services Industry improve its ability to attract, service and develop loyal affluent clients. Their research-based performance coaching and training programs have become the standard within the industry. The Oechsli Institute does ongoing work for nearly every major financial services firm in the U.S. For individual advisors, Matt Oechsli and his associates remain in high demand for Performance Coaching, Rainmaker Retreats, and Fast Track for Growth (for new advisors).

For more information on their services, visit www.oechsli.com or call 800.883.6582.

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