FirstClearing

Best Practices of Today's Elite Advisors

THE OECHSLI INSTITUTE

Executive Summary

This paper from The Oechsli Institute and First Clearing is designed to provide firm principals and financial advisors with some of the latest insight into "best practices" for reaching and serving today's affluent clients. This insight is drawn from the results of The Oechsli Institute's 2015 Affluent Client Research, which is presented in a companion paper, "Understanding Today's Affluent."[1]

One of The Oechsli Institute's primary objectives in conducting such ongoing research (over nearly two decades now) is to uncover trends related to *affluent investors and financial advisors*. Our intention is to better understand the relationship between these two groups — how clients and advisors meet, work together, and make smart money decisions. This year, we've noticed a number of industry trends continue:

- The phasing out of the one-dimensional investment advice model in favor of a more holistic planning approach.
- The client-advisor relationship expanding from purely business, to business *and* social.
- Affluent families, including spouses and children, becoming more involved in the advisory relationship.
- Technology improving advisor productivity, financial planning, and the overall client experience.

At a glance, none of this appears revolutionary. It seems like common sense. Yet when you take a closer look at the general population of financial advisors, it becomes apparent that common sense isn't always common practice.

Among elite advisors, 0% have lost an affluent client to a "robo-advisor."

The advisors whom we call "elite advisors," however, are supremely aware of these trends. It's why they're elite; they're always working to improve. Right now, we see their actions focused on two interrelated areas:

1. **Relationship Management.** Elite advisors are able to exceed the expectations of their affluent clients in terms of services provided, breadth and depth of knowledge, professionalism, and personalized service. Elite financial advisors develop loyal affluent clients who are advocates.
    - **82%** have broadened the relationship they have with their affluent clients to include a social component. (Affluent clients rank their financial advisor's overall performance in key metrics 13 to 14 points higher when the relationship is expanded to include a social component.)
    - **0%** have lost an affluent client to a "robo-advisor."

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2. **Relationship Marketing.** Recognizing that the affluent distrust traditional marketing tactics, elite advisors have moved away from the traditional marketing tactics of cold-calling, direct mail campaigns, public seminars, and asking for referrals. They've developed a more nuanced, personalized approach that involves some combination of social prospecting, intimate events, referral alliances, and personal introductions. These elites understand that social prospecting in affluent circles is what cold-calling was 35 years ago: It's *everything* in the world of marketing to the affluent.

Social prospecting in affluent circles is what cold-calling was 35 years ago: It's everything in the world of marketing to the affluent.

Through relationship marketing, elite advisors are acquiring $1million+ clients far more successfully than the general population of financial advisors.

On average, over a 12-month period:

- **46%** brought in between $10,000,000 and $19,999,999 in new assets from *new* clients.
- **35%** brought in between $20,000,000 and $29,999,999 in new assets from *new* clients.
- **19%** brought in $30,000,000 or more in new assets from *new* clients.

In this report, we're going to share with you how these trends have shaped today's elite advisors, the impact this is having on their respective practices, and the disparity between elite advisors and the general financial advisor population (GFAP).

You'll see references to affluent investor and elite advisor data from our research, which we've organized into **four key areas of an elite advisor's practice:**

- Wealth Management
- Practice Management
- Client Loyalty
- Business Development

Wealth Management

It's been over a decade since elite advisors became early adopters of comprehensive wealth management. This requires continuous learning — an ongoing expansion in both the depth and the breadth of their knowledge about, first, the affluent investor and, second, the complexities and nuances of true wealth management. The need to learn continuously has prompted elite advisors to surround themselves with knowledge workers (former sales assistants who've become CFPs, practice managers, relationship managers, etc.). They also develop working relationships with outside experts.

Services the Affluent Want

Regardless of whether a particular wealth-management solution is profitable, time-consuming or enjoyable, elite advisors deliver what affluent clients need and want. We've said it many times, but our research on today's affluent is clear: ***They want a solutions provider to oversee multiple aspects of their family's financial affairs, and the affluent woman of the household wants to be involved.*** "Solutions provider" is precisely the role that elite advisors play. Equally important is the fact that they are proactive in making certain they're working with both spouses.

Affluent clients today want a solutions provider to oversee multiple aspects of their family's financial affairs.

As we list the spectrum of wealth-management services, remember the following: Although these are areas in which affluent investors want advice and guidance, the process of delivering them is very fluid. We're living in a globalized and digitized world, one where change has become the norm. With that caveat, think in terms of whether you have the expertise within your firm to deliver *all* of these services. If you don't, that's okay, but you're going to need to coordinate with appropriate outside experts.

Obviously, not every affluent client will need or want all of these services. The advisor's responsibility is to have a working knowledge of these services, know when to introduce them and know how to access the necessary expertise.

10 Key Wealth-Management Areas

The following are 10 key wealth-management areas pulled straight from our many years of research on the affluent. The majority of today's affluent clients want these services. Your firm may be offering some or all of these, but as you read each one, make note of your current offering in each area and determine any necessary action steps.

1. **Banking Services**
   Current Offering: ________________________
   Actions Steps Needed: ________________________

2. **Insurance Planning**
   Current Offering: ________________________
   Actions Steps Needed: ________________________

3. **Asset Management**
   Current Offering: ________________________
   Actions Steps Needed:________________________

4. **Cash Flow Management**
   Current Offering: ________________________
   Actions Steps Needed: ________________________

5. **Education Planning**
   Current Offering: ________________________
   Actions Steps Needed: ________________________

6. **Tax Planning**
   Current Offering: ________________________
   Actions Steps Needed: ________________________

7. **Retirement Planning**
   Current Offering: ________________________
   Actions Steps Needed: ________________________

1. **Estate Planning**
   Current Offering: ____________________
   Actions Steps Needed: ____________________

2. **Charitable Giving**
   Current Offering: ____________________
   Actions Steps Needed: ____________________

3. **Generational Planning (Wealth Transference)**
   Current Offering: ____________________
   Actions Steps Needed: ____________________

Themed Review Meetings

Instead of having clients attend meeting after meeting with the same agenda (or no agenda), many elite advisors are holding three to four "themed" reviews throughout the year, with an agenda that specifies which area of the client's financial life will be addressed at which meeting.

Creating themed reviews benefits financial advisors on two fronts:

- *Positioning as a Wealth Manager* - Clients today are more aware of the value they're receiving. When an advisor can help them in many areas, they'll perceive him or her as a comprehensive wealth manager, not just an investment advisor, and will turn to the advisor for multiple services. Affluent prospects will also want to see a concrete example of a financial advisor's comprehensive wealth-management services, providing tangible evidence of his/her ability to deliver.
- *Structure* - The advisor is able to ensure that every affluent client is offered a full array of ancillary services: scheduled meetings with outside experts, reviews of old insurance policies, meetings with the children, etc. This structure provides the professional platform upon which an advisor is able to demonstrate his/her value.

We recognize that every financial advisor has different areas of expertise and different processes for working with clients. That's fine. The secret is fitting service elements into a clear process that both clients and prospects can understand.

In creating a series of themed reviews, the first step is to analyze everything currently being done for top clients. Next, determine what else *could* be done for them. The third step is to decide *when* each element is analyzed or reviewed with the client. All of this culminates in a written outline that can be given to each affluent client and prospect.

Example: A series of three client reviews scheduled throughout one year

(Actual agendas would be more detailed, based on each financial advisor's specific wealth-management process.)

Review 1—Portfolio Review
- Asset Allocation
- Performance
- Fee Discussion

Review 2—Financial Planning
- Financial Plan Update
  Net Worth Statement Update
- Changes to Your Financial Life (inheritance, marriage, etc.)
- Family Discussion (kids and/or parents)

Review 3—Risk Audit
- What-if Scenarios
- Wills
- Estate Planning
- Insurance (life, health, disability, long-term care, etc.)
- Outside Experts - Current professionals used and ratings for each professional (1–10 scale)

Consider having the same meeting in the same quarter of the year— i.e., Q2 is always about financial planning for all clients. This creates structure and helps your staff prepare more efficiently.

Done properly, themed reviews should be command performances — opportunities for the advisor to display his or her broad expertise and/or wealth of knowledge on a variety of subjects. This knowledge can be naturally woven into an advisor's marketing/branding and professional services.

Once again, this is all about creating a *process* for working with today's affluent. If you're introducing services as the need arises, you're probably missing opportunities to help your clients in areas they might not have mentioned. But by discussing a full array of wealth-management services, you're both communicating and quantifying your role as a comprehensive wealth manager.

Wealth Management Key Takeaways:

- Wealth-management solutions are always changing, so you need to always stay ahead of the changes.
- Being *capable* of providing a service is very different from actually *providing* the service. What is your process for delivering each service?
- Themed reviews are an excellent way to add structure to your process. Three reviews per year, with three distinctly different agendas, help you provide a clear, comprehensive approach.
- Print a copy of your client review agenda for use with prospects. It's tangible evidence of what you do.
- Engaging the spouses of your clients can be hard work, depending on your proficiency with this in the past, but it's well worth the effort.
- Calling non-participating spouses and asking them, "Is there anything on your mind financially?" is a great way to begin the relationship-building process.

Practice Management

Elite advisors run their practices like a business. For them, practice management is really all about managing a business in the most efficient and client-centric manner possible. Their mantra has become "delivering *Ritz Carlton* service with *FedEx* efficiency."

Although every elite advisor has a unique business, the following are practices common to the majority:

- Clients segmented into two service models: Platinum & Gold (>80%)
- Clear roles and areas of responsibilities (>80%)
- Effective weekly team meetings (>80%)
- Clear communication within the team (>80%)
- Established policies and procedures (>80%)
- Fewer but more affluent households (>70% <200hhs)
- 75% or more of their revenue is recurring(> 80%)

A lot has been written about practice management over the past decade. So, instead, we thought it would be fun to borrow a page from Charlie Munger's decision-making process and "invert" (do the opposite of) practice management.[2]

The following are five common practice-management mistakes:

1. **Not linking practice management to servicing existing clients, strengthening client loyalty and acquiring more clients.** In essence, elite advisors link all aspects of practice management to their business plan. For advisors who aren't following a written business plan, creating a plan is a great place to start.

   For advisors who do have a business plan, *the secret is making sure your practice-management processes have a direct impact on your marketing efforts.* For example, segmenting clients and creating service models enhances the client experience, increases client contact, and stimulates word-of-mouth influence. Holding effective team meetings will allow you to inspect what you expect; it breeds accountability.

2. **Getting lost in process overload.** When policies and procedures take on a life of their own (excessive paperwork, duplicate procedures, redundancies, etc.), two questions need to be answered: 1) Is this procedure necessary for delivering the promised services in an efficient and effective manner? and 2) Is this procedure interfering with the growth of the practice?

3. **Developing avoidance patterns.** We tend to gravitate toward activities that lie within our comfort zones. Herein lies the irony: Very few advisors enjoy the operational aspects of their businesses. Yet, as distasteful as paperwork might seem, many advisors get involved with tasks that should be delegated and unwittingly develop avoidance patterns; i.e., they stop prospecting.

4. **Lack of leadership.** Effective practice management requires delegation, clarity of roles and responsibilities, clear and ongoing communication, and accountability at all levels. Leadership is work.

5. **Failing to prioritize procedures.** Not every practice-management task is created equal. Creating an outline of each task that must be done on a regular basis is a healthy exercise. These are often divided according to the major components of a practice (business development, practice management, wealth management, and client loyalty). The idea is to include all personnel in a discussion about these procedures to reach consensus on priorities.

Practice management is a work in progress, even for elite advisors. Every time a financial advisor introduces a new service, adds to staff or makes any type of change, it's important to revisit all policies and procedures, and make sure everything is linked and everyone is on the same page. Are roles and responsibilities still clear? Should we eliminate a certain procedure? These are some of the many questions that must be asked.

Working with Support Personnel

Support personnel have always presented a conundrum for financial advisors. Changing the titles from sales assistant to more professional varietals such as *client associate, client service associate,* etc., rings hollow without corresponding structural changes.

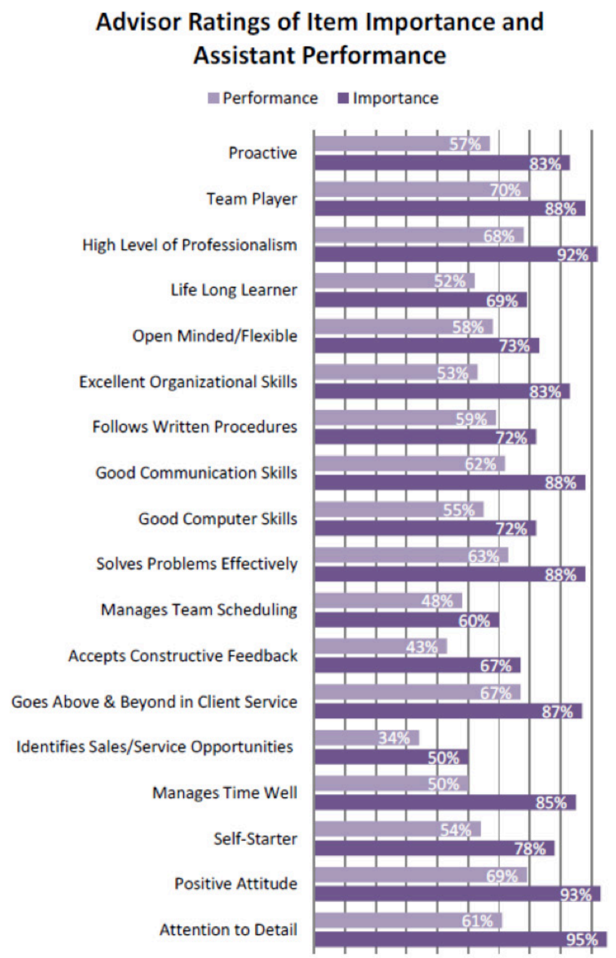
Rarely, if ever, can affluent expectations be met without first-class support personnel committed to delivering Ritz Carlton service with FedEx efficiency. We consider this level of support *indispensable* for advisors who are serious about achieving long-term success.

The relationship between the elite advisor and support personnel is a partnership. They work well together, have clarity regarding roles and responsibilities, lines of communication are open, and are on the same page when it comes to relationship management and relationship marketing. Elite advisors have mastered the art of delegation and empowerment, and their support personnel are consistently up to the challenge.

The Oechsli Institute commissioned a specific study on financial advisors and support personnel which uncovered the reality of the general financial advisor population (GFAP)-assistant relationship.

The following graph shows the areas most important to advisors with regards to their primary assistant. It also shows the advisors' performance rankings of their assistants in each area. As you will see, there are significant gaps.

18 Areas of Importance



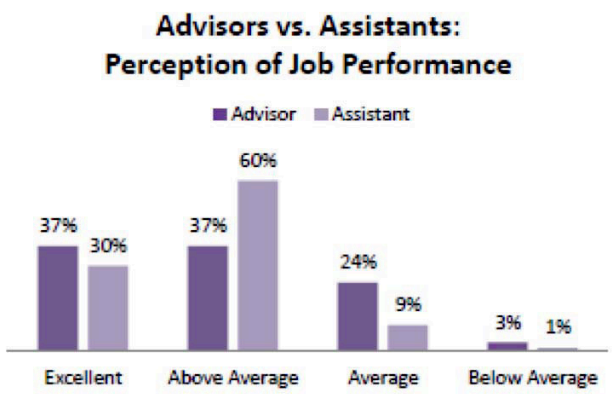
Source: Oechsli Institute 2012 Administrative Assistant Research[3]

A close look at these GFAP-Assistant gaps raises a series of questions:

- Is there clarity in roles and responsibilities?
- Do assistants know what's expected?
- Are they being properly trained to perform their roles?
- Is communication between advisors and assistants clear and ongoing?
- Are assistants being monitored and reviewed properly?

Fifty-seven percent of financial advisors share an assistant or don't have access to support. Elite advisors invest in their support personnel. Not only is this essential for servicing the affluent, it's an investment that has helped propel them to elite status.

In the same research project, we also ran a study comparing the perceptions of advisor and assistant. The lens through which we view performance greatly impacts our ratings. Assistants thought they were easily "above average" whereas advisors weren't so generous. (Assistants were also more likely to rate themselves as "underpaid.")



Source: Oechsli Institute 2012 Administrative Assistant Research[3]

Much of this is a result of poor communication. Healthy communication means more than engaging in reactive dialogue throughout the day. The best advisor-assistant relationships are based on sharing business goals, defining the role, establishing performance expectations, aligning compensation to business goals and performance, instilling accountability, and conducting structured weekly meetings.

Practice Management Key Takeaway - Action Plan:

The following is a brief action plan that may improve a financial advisor's practice management and support-personnel relationships:

- **Discuss assistant's performance regarding the 18 Areas of Importance illustrated in the previous chart.** This should be part of an overall discussion about team performance. What could be done better? Ask assistant(s) to self-score on each criterion with 1 being poor and 10 being excellent. Financial advisors should also self-score each criterion. Once completed, compare results. This exercise typically will identify at least two or three areas for immediate improvement.

- **Conduct weekly team meetings.** Elite advisors hold weekly meetings with all personnel every week. These meetings are held at the same time/day each week with a preset agenda.

- **Celebrate successes.** Whenever a new client is onboarded — or a current client gives a compliment — spread the word, ring the bell, celebrate. It's easy to dwell on what's wrong, but elite advisors look for opportunities to offer positive reinforcement.

Client Loyalty

Elite advisors rarely lose clients (< 2 per year, according to our research). Not only do they understand that loyal affluent clients are extremely profitable to their bottom line, they recognize their value in helping them acquire more affluent clients. To this end, elite advisors are acutely aware of the two major affluent trends that have occurred:

- **Gender Shift**-Affluent women are now more involved in their family's financial affairs. Elite advisors make it a priority to have a strong relationship with *both* spouses of a household.
- **Relationship Shift**-Skepticism and distrust is so prevalent that today's affluent clients want to know their financial advisor on a personal level. This is a trust issue.

Both affluent trends are having a major impact on client loyalty. When a financial advisor addresses them, loyalty is strengthened. When left unattended, loyalty weakens.

Client Profiling

Managing relationships with top affluent clients is a fairly straightforward concept. The objective is to interact with clients on both a professional and personal level. Most advisors understand the professional nature of the relationship. It involves in-person annual reviews, effective practice management, problem solving, personal communication, proactive financial advice, and so on. However, it's the *personal* aspect of the relationship that's a new concept for many within the GFAP.

Personalizing the client relationship needs to involve everyone in an advisor's practice. This can be as simple as support personnel asking personal questions about hobbies, family, or upcoming events and passing the information they uncover to everyone else.

The following highlights the type of information elite advisors gather. The more everyone knows about an affluent client, the easier to strengthen loyalty.

Affluent Client Profile:

- Name
- Marital status
- Spouse's name
- Home address
- Vacation home address
- Wedding anniversary
- Hometown
- Hometown (spouse)
- Birth dates
- College(s) & graduation date(s)
- Military service
- Business
- Business address
- Position
- Spouse business
- Business address
- Position
- Previous employment
- Children (their names, status, etc.)
- Grandchildren
- Health issues or history
- Community activities
- Political activities
- Religious activities
- Service organizations / Charitable interests
- Favorite restaurants
- Hobbies, sports, recreational interests
- Vacation habits
- Cars driven
- Conversational habits
- Close friends
- Close family

This information should be gathered over time through *conversation*. It is far less impactful to gather this information through a survey. Advisors should revisit these notes often and use it appropriately. For instance, if an advisor knows a client's favorite restaurant, he or she could suggest eating there for lunch after the next review meeting.

Relationship Management Tactics

Relationship building can be achieved through a simple phone call, but this process works best face-to-face. We've found that many clients love getting together "just to catch-up." All sorts of information can surface during these social encounters — from names that will lead to introductions, to relationship-strengthening "surprise and delight" opportunities. Much can be gained by devoting the right amount of energy to the right clients.

The following are some core tactics used by elite advisors to develop stronger personal relationships with affluent clients. The activities are simple, but require discipline to be implemented consistently.

- **Non-Business Lunches** — Set aside certain days of the week for entertaining client couples over lunch. Treat these outings as scheduled events, even though they're non-business. This adds structure to "getting personal" with top clients.

- **Intimate Client Events** — These events play an important role in getting social with affluent clients. These events provide a natural forum for socializing with a handful of affluent clients at the same time. They also allow clients to get to know you and your team on a more personal level.

  In one of our recent research projects, we asked affluent investors their preferences regarding advisor events. The following ranks the events they would prefer to attend:

  1 – small group social dinner
  2 – one-on-one social dinner
  3 – economic update (8-12 attendees)
  4 – economic update (30 or more attendees)

- **Managing Relationships Online** — Because the affluent are getting more involved with social networking (Facebook, LinkedIn, Twitter, Instagram, etc.) sites, it's helpful to connect and to engage in online conversations.

- **Surprise and Delight** — This is an excellent way for a financial advisor to express "I listen" and "I care." Surprise and delight can be accomplished with any thoughtful gesture that puts a smile on a client's face. These personal touches tend to come as surprises to clients, and they are delighted at the thoughtfulness.

Client Loyalty Key Takeaways:

- Investment performance is important, but getting to know clients personally is the key ingredient in building loyalty.
- Elite advisors put structure around relationship management. They have a plan for client lunches, surprise and delight, and other relationship-building tactics.
- Intimate client events are a great way to strengthen affluent loyalty.
- Analyze contact points (in-person, phone, email, etc.) with both spouses, including both business and social contact points. No affluent client — or spouse — should be overlooked.

Business Development

Word-of-mouth influence is a powerful and ever-growing marketing force in affluent circles — which is the other reason why elite advisors spend so much time with their affluent clients. Our data on the trustworthiness of financial-services advertising clearly indicate that today's affluent don't trust advertising and marketing campaigns:

- No Trust 12.4%
- Little Trust 31.1%
- Neutral 30.1%
- Some Trust 23.4%
- Full Trust 3.0%

The affluent do, however, trust the opinions of people they know, respect, and trust personally. Among affluent clients, this has evolved into what we refer to as the *Relationship Management-Relationship Marketing Nexus.* They are inextricably linked.

The most common way today's affluent discover their financial advisors is through some form of a personal introduction. Whether it was by a friend, family member, colleague, or another professional, the *personal introduction* leads the marketing field by a wide margin. It's a proactive non-verbal version of word-of-mouth influence. In today's affluent world of distrust, a personal introduction is a statement of trust; the financial advisor being introduced has just received a stamp of approval by his or her client.

As you can see below, we have learned that old-school marketing tactics are no longer effective in getting in front of today's affluent.

- **41% Introduced through a friend, family member or colleague**
- **25% Introduced by another professional**
- **14% Various forms of word-of-mouth**
- **9% Made contact based on a strong reputation**
- **4% Through community involvement**
- 2.7% Through a public seminar
- 1.4% Through cold call
- 1% Through direct mail

In other words, 93% of today's affluent discover their advisors through some form of relationship marketing. Essentially, today's affluent are telling financial advisors how to go about marketing their services to them.

93% of today's affluent discover their advisors through some form of relationship marketing.

Elite Advisor Marketing Activities

It's not surprising the marketing activities used by elite advisors mirror how today's affluent report first discovering their financial advisor. Not only are elite advisors successfully executing various relationship-marketing methods, they are doing so with consistency.

The rankings below show different relationship-marketing activities. The first list ranks the activities used most often by elite advisors (compared to the GFAP). The second list ranks the activities that have brought in the most $1 million+ new clients over the past 12 months. All are statistically significant, but the top four in both lists are closely aligned.

High Usage Ranking (Elite vs GFAP)

1. Strategic Alliances (43% vs. 26%)
2. Social Prospecting (41% vs. 26%)
3. Indirectly Generated Referrals (32% vs 13%)
4. Personal Introductions (30% vs 21%)
5. Intimate Events (16% vs 8%)

$1 million+ Acquisition Ranking

1. Personal Introduction
1. Strategic Alliances
2. Indirectly Generated Referrals
3. Social Prospecting
4. Intimate Events

It's important to take note of the usage gaps between elite advisors and the GFAP. All of these relationship-marketing activities, with the exception of "indirectly generated referrals" (i.e., word-of-mouth influence/reputation), involve some form of *proactive* behavior on the part of the financial advisor. The more frequently these activities are used, the better the results.

Personal Introductions

The GFAP tend to view referrals and introductions as one and the same. From the perspective of the affluent, they are not. In fact, they are virtually polar opposites.

In our annual affluent research, we carefully craft a series of questions on this topic. The context of the questions is the following: *If the client's primary financial advisor — whom the client trusts and respects professionally — asks for a referral, how does the client feel?* How does this compare to being asked for a personal, non-business introduction to a specific person?

The easier you make it for your client, the more likely you'll get introduced.

The affluent response has been consistent year after year since 2004. As shown below, the majority of today's affluent are uncomfortable when asked for a referral, yet are quite willing to facilitate a *personal introduction* to a specific person they know. It's also important to note the 20% point gap between advisors who have only a business relationship and those who've broadened the relationship to include a social component.

- **77% willing to introduce** (business and social relationship)
- **57% willing to introduce** (business relationship only)
- **75% uncomfortable when asked for a referral**

The point is this: When a financial advisor asks an affluent client for a referral, he or she is putting the client in an awkward position. First, the client is being asked to source a person in their spheres of influence whom they think might be a good client for the advisor. That's a big ask and an awkward ask. The affluent rely on word-of-mouth but they don't typically talk about their finances and don't like salespeople trying to push their way into their spheres of influence.

On the other hand, when an elite advisor asked to meet a specific person in a social setting, it's much more natural. The advisor has done the legwork of identifying someone he or she would like to meet, and most affluent clients are quite willing to help. The figures below basically send this message: The easier you make it for your client, the more likely you'll get introduced.

Venues for Personal Introductions

The affluent have preferences in *how* and *where* they introduce their financial advisor. The following data from our research indicate that the easier the advisor makes it for the client, the greater the likelihood of a successful introduction. These figures are for clients who report having both a business and social relationship with their advisor, and show whether they would introduce a colleague or friend to their financial advisor in the following situations:

- 84% at a social function
- 77% on a social level
- 74% at a lunch
- 74% at an advisor-hosted social event

The key to a successful personal introduction is making it "natural and easy." This is why today's affluent clients prefer making an introduction in a social environment. When a financial advisor is at a social function with an affluent client (relationship management), then notices a friend or colleague of his client and asks to be introduced, it's natural and easily done. And elite advisors do their homework before attending social events with clients and usually know who, within a client's sphere of influence, will be attending.

Strategic Alliances

Professionals who also work with today's affluent, such as CPAs, attorneys, and bankers, are an excellent source of introductions and referrals for financial advisors. Most of these professionals, however, are extremely protective of their affluent clients. This is why few financial advisors have proven to be successful in developing healthy strategic referral alliances. Yet, compared with 35% of GFAP, our research shows that 78% of elite advisors have acquired one or more $1 million+ clients through strategic referral alliances in the past year.

Once again, this is a *trust issue*. Elite advisors put in the time, energy, and resources in order for their strategic referral partners to get to know and trust them. When a CPA, for instance, develops a level of professional comfort with a financial advisor and understands the value the advisor can deliver to his or her affluent clients — and, on a personal level, understands and appreciates the advisor's values — then the window of opportunity opens for developing a healthy strategic alliance.

Business Development Key Takeaway - Action Steps:

- Establish annual new client/new asset goals.
- Identify affluent prospects connected to affluent clients with whom you would like an introduction.
- Incorporate a system for asking for introductions in a social environment.
- Identify other professionals (CPAs, attorneys, bankers) who work with affluent clients.
- Create a relationship management strategy for these professionals, including both social and business relationships.
- Make certain that everyone within your practice is accountable to the expectations that are established.
- Hold effective weekly team meetings with some business-development agenda items.

Conclusion

This is a wake-up call for today's financial advisors: Being a knowledgeable and competent professional is no longer a value proposition (if it ever was); it's now a basic expectation. Affluent clients expect their financial advisors to already be students of their profession. *Instead, what today's affluent really want to know is: "Can I trust my advisor to always have my best interest in mind — in every aspect of advice I receive?"*

In other words, the core issue in today's world is trust.

> ***What today's affluent really want to know is: "Can I trust my advisor to always have my best interest in mind – in every aspect of advice I receive?"***

Look closely at elite advisors and their practices, and you'll see this at work.

First, these advisors understand that trust relates directly to today's two major affluent trends: the gender shift and the relationship shift. From the affluent client's perspective, financial advisors in general need to invest more time and energy on both fronts. Elite advisors, however, have done a tremendous job of adjusting to both trends.

They know that developing a relationship with both spouses of each affluent household needs to be intentional. They recognize that affluent women are major decision makers who stimulate more credible word-of-mouth influence and who want to know — to trust — that their advisor will include them in their family's financial planning.

Elite advisors also grasp that expanding the relationship to include a social component is a matter of trust ... or lack thereof. Today's affluent investor is a sophisticated consumer who possesses a high level of skepticism. Investors like this are suspicious of marketing campaigns, advertising promises, and the like. Rather, it's important for them to feel as though they know their financial advisor on a personal level.

It's equally important that they get what they need and want. As we've said before, our research on today's affluent is clear: They want a solutions provider to oversee multiple aspects of their family's financial affairs. This is precisely the role that elite advisors play.

And when it comes to supporting the relationship, top-notch service administration is critical, whether it's onboarding a new client or day-to-day tasks. Every aspect of the administrative tasks involving a client should be seamless. Highly successful financial advisors strive to take the "hassle" out of every client interaction, which requires attention to detail, close communication with support personnel, accountability, and training.

Unfortunately, only a small percentage of financial advisors have made the necessary adjustments to be successful working in today's affluent market: Only 6.3% of financial advisors from our 2015 Financial Advisor Research meet today's affluent standards. That means almost 94% of financial advisors continue to make weighty mistakes, from not really connecting with both spouses of the affluent household to not taking the time to expand the relationship.

Because of this ugly trend, which we've been tracking for over a decade, disruptive forces have emerged and now pose a serious challenge to the profession. Low-cost providers — christened "robo-advisors" — are forcing firms throughout the entire financial services industry to ask themselves some tough questions.

The good news is that elite advisors are not losing clients to robo-advisors. According to our research, the "do-it-yourself," low-cost alternative has yet to significantly pique the interest of today's affluent investor. The best defense for the general financial advisor population is a *proactive* offense: Apply what we've outlined in this report and make becoming an elite advisor a top priority.

Endnotes

1 "Understanding Today's Affluent," a white paper from First Clearing and The Oechsli Institute, June 2015, available on www.firstclearing.com

2 For more on Charlie Munger and inversion, read his 1986 Harvard commencement address at http://www.biznews.com/thought-leaders/1986/06/13/charlie-mungers-speech-to-the-harvard-school-june-1986/

3 Administrative Assistant Research, The Oechsli Institute, 2012

Only 6.3% of financial advisors from our 2015 Financial Advisor Research meet today's affluent standards.

About First Clearing

Empowering Quality Firms and Advisors to Help Their Clients Succeed Financially

Now in our fourth decade of service to quality, independently owned broker-dealers, First Clearing maintains a leading position in empowering firms, their leaders, and their advisors to compete successfully — to help their clients succeed financially.

Our team of experienced professionals offers some of the industry's best thought leadership and innovative approaches to business advancement. Because of our affiliation with Wells Fargo Advisors, one of the nation's largest brokerage firms, and our parent company Wells Fargo & Company, one of the world's most admired financial services firms and valued brands, we support multiple business models. Our clients enjoy access to vast resources, including: a full range of investment, advisory and banking products; industry-leading research; alternative investments; fixed income, lending, retirement, and trust services; advanced advisor workstation and workflow technologies; risk-management and compliance support; and advisor recruiting services. Financial professionals with our client firms have exclusive access to First Clearing's Growth Accelerator® — a professional-development and practice-consulting program designed to take an advisor's practice to the next level.

Headquartered in St. Louis, MO, First Clearing is a member of the New York Stock Exchange, NASDAQ, and other major exchanges.

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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. Its 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 United States. Matt Oechsli and his associates remain in high demand for keynote speeches and workshops. When not immersed in research projects, they spend most of the week traveling to national conferences, industry events, and other speaking engagements. Every program they conduct, every coaching session they hold, and every product they create is:

Research-Based

The Oechsli Institute has conducted numerous research projects on the affluent, rainmakers, and elite financial teams. This research is the foundation of every program, speaking volumes about what the affluent want and how elite financial advisors and teams meet and exceed their expectations.

Action-Oriented

Each program conducted by The Oechsli Institute is driven by the principle, "Activity drives the dream." Why? Too many financial advisors get derailed by too much preparation. Oechsli Institute programs get you learning experientially!

Street-Tested

The Oechsli Institute tests every facet of its approach to ensure its methods are working in today's environment. Every tactic we promote has been proven successful by many hard-working professionals.

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Notes

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