

MANAGING YOUR PRACTICE: A DIMENSIONAL PODCAST SERIES

Four Strategies for Becoming an Elite Financial Advisor

Catherine Williams: Hi, everyone, and thank you for joining us today. I'm Catherine Williams, Head of Practice Management for Dimensional Fund Advisors. Today, I want to talk about what is probably the number one question me and my team receive as we engage with advisors around the world. How do I grow? And probably then shortly followed by the question of, what are faster growing advisors are doing? We see in our annual advisor benchmark study, which includes nearly a thousand advisors this year, that there are in fact some unique behaviors and characteristics these top advisors demonstrate both in their business and how they live their lives and certainly how they engage with clients. So that's what we're going to talk about today. And joining me to share his unique and expert perspective on this topic is John Bowen, founder and CEO of CEG Worldwide. Hi, John. Thanks for joining us today.

John Bowen: Well, Catherine, thank you for having me.

Catherine Williams: I want to give a little bit of a background for the few folks out there that may not know your name or be familiar with CEG, you founded CEG nearly 20 years ago and your organization, I will be so bold as to say, is absolutely one of the world's leading coaching firms when it comes to financial advisors. You focus on coaching elite advisors thinking about their business, their personal lives, their legacies, and you and your team have delivered hundreds of workshops and presentations to thousands of advisors around the world. So just an incredible body of work and deep knowledge in the areas we're going to talk about today. I also want to mention that you are the author of a book about a dozen books, including "Elite Wealth Planning: Lessons for the Super Rich" and "Breaking Through: Building a World Class Wealth Management Business." So really happy to have you with us today. And I'm looking forward to our discussion.

John Bowen: No, I'm excited to be here, and one of the reasons I'm so excited is Catherine, I had the opportunity to work with Dimensional as an advisor. I think I was number two to work with and Dimensional had under five billion in assets. And today, I think it's higher, I'm not sure the exact number, but it's a little bit higher. And when we're talking about growth, the experience that we've all had, particularly some of the advisors that were early on, I had the privilege of, with two partners, building a business to \$2 billion. We sold that and it became Loring Ward, and now Buckingham. I've got a lot of history of not only working with the firm, but also as an advisor, but also had the privilege of working with many of your top advisors as well as top advisors around the world. So I'm really excited sharing what's working now in these unprecedented times and really unprecedented opportunities out there.

Catherine Williams: So to start, let's, I guess, kind of level set the landscape, if you will. But when you think of where financial advisors are today and how they're doing today, what comes to mind?

John Bowen: You know, I really think of why I started CEG nearly 20 years ago and there's a lot of frustration, Catherine, that, you know, I was seeing myself really in an entrepreneurial fog for too much of my career. It just seemed like I had to figure out too much on my own of how to build a practice and really grow it and serve clients well. And as I look around today, it's really not that much better. Certainly there's a lot of very successful advisors. But in our research, what we find over and over again is that so many advisors earning less than half the net income they should, and they're working twice as hard as they need

to. And I've got to tell you, this is a shame. It shouldn't be this way. And one of the things we do at CEG, you know, every single advisor can build an amazing life of significance and we define it as taking care of the people you love, causes you to care about making a difference in the world. And you can do it by working with fewer but wealthier clients and do it faster and with less effort than you ever thought possible. And what's so great is the ability that you can build this amazing life of significance and you can do it for your clients as well. And, you know, unfortunately, it's a small percentage of advisors doing it.

Catherine Williams: So what separates the top financial advisors from the rest, when you think about that elite advisor, what makes them elite?

John Bowen: Yeah, and it's so, I'd love to tell you it's the technical skills that they understand the wealth planning, taxes, and estate planning, and they really they understand being cross covariance of optimization and all that. But there's really only one thing that separates the elite advisor, and let me define elite advisors to us, it's someone who's netting consistently, and that our research has to be at least three years in a row, earning over a million dollars a year of net income and doing a great job with their clients. And what we find is there's only one thing separating them, and it's their ability to source wealthy clients. That they can have a consistent stream of prequalified, and pre-endorsed is a key thing, wealthy clients coming to get them. They're no longer concerned where their next client is coming from. They have that quiet confidence. So the big thing I really want to get across in our podcast today, and I'm going to share a couple of bonuses to help along the way, but you've got to get good at sourcing a consistent stream of prequalified, pre-endorsed wealthy clients.

Catherine Williams: You make a really great point, and we see this as well in our work with advisors in our particularly in our advisor benchmark study, that it's not just enough to have a full pipeline, but the quality of that pipeline. And I know that for you and for CEG, you do think about some core disciplines around some core strategies, if you will. Can you speak a little bit about what you focus on? I think it's four core business development strategies as you think about building a true elite wealth manager.

John Bowen: Yeah, if you really want to be at the top, you know, and consistently earning that type of income, a million or more and, you know, we have advisors earning several million dollars. I mean, this is what in today's world, particularly where many of us are locked down, I'm in Silicon Valley and we get the time of the recording, we're really locked down. The pandemic has changed things. So our ability to scale up now using technology has never been greater. It's no longer just geographic. And so all the things that made elite advisors elite now can be even more powerful. And there's four business development strategies that we focus on. And this is from our research of really over 10,000 advisors. And that, number one, they become thought leaders, their position as the go to advisor in their community, their niche, who they're going to be a hero to, they've mastered framing. This is something that will go into a little bit more because most advisors don't think of it. But what we have is if we don't structure our conversations well, what happens so much is we compete with the noise out there and with everything going on politically, economically, and socially, the noise level is so high. In addition, we maximize client relationships. And this is so important. We're in business to serve our clients. So sourcing clients is important, but we've got to deliver a great experience so that they become, they want to share you with the people they care about. But the most important one, if you're going to be at the top level, is building strategic partnerships with the right centers of influence. So the big four; becoming a thought leader, mastering framing, maximizing client relationships, and really building strategic partnerships with the right COIs.

Catherine Williams: So let's dig into each of those, if you don't mind, for a few minutes, and really I'd love to share with our audience this question of how. So when we think about that thought leadership piece, how do financial advisors become a thought leader to the affluent clients they most want to work with?

John Bowen: You know, it's one of those that I've been really fortunate. I found this out early in my career, and that's one of the reasons why I've written so many books and so many white papers and so many different things that we publish, and the videos and so on. One of the things we all want to be is perceived as the expert. And to do that, you've got to be a thought leader, and you've got to be able to monetize that. It's kind of two parts that you have to do.

And so because there's certainly no shortage of people who have written a lot of content and haven't made it work. But I want you to think most financial advisors we think of are hidden talent. And I know the quality of advisors that you're working with, Catherine, that they're, they are extremely good. And they know if they sat down with a right fit, affluent client, whether it's over zoom or physically together, that they could do a discovery meeting and really get clear where they are, where they want to go, and how they could add tremendous value. And we call these advisors hidden talents. You know, they're talented, but they're hidden. People don't know. And I know for most of my career, certainly in many of the early years, I felt like I was a hidden talent. What I found was there's a bridge to becoming the talented expert. Clients have a choice, and particularly as you move more and more upmarket, they've got a lot of choices of who they can work with. So they want to work with someone that they perceive as an expert. And one of the best ways to do that is through thought leadership. That's the bridge from being a hidden talent to a talented expert.

And so the elite advisors, those earning over a million dollars or more, have learned that's very powerful. Now, one of the things that's become really a huge opportunity is to recognize that you don't have to go out, write all the books that I've written or my partner. I've done over 20 books. My partner, Russ Allan Prince, has done over 60. I feel like a little bit of a slacker here. But the idea that for what we've done in our research, we found if you curate content. So I know certainly Dimensional publishes a lot of content, they're a thought leader, you know, there's content the advisors can use, but also working with other groups for more the wealth management, the practice management. And it's not only on the, it's both the technical things, we all want to use things that are going to inspire clients to immediately move assets, but you want to help them build an amazing life of significance. So it's thought leadership on those things that the clients you want to work with are interested in. A lot of times it's about having a better life, but that's really that thought leadership you can curate. It has to be consistent. You should be doing that on a steady stream. So you're out there. And one of the easiest ways to do it is on video because you can provide your unique perspective on these different areas.

Catherine Williams: It's interesting, I'm thinking a little bit about some of the recent findings from our advisor benchmark study. And again, sort of looking at those characteristics of those faster growing top firms in the study, when it comes to what we often talk about is that that ideal client profile, top quartile firms are two times more likely to not only account for interest and understanding different elements of the clients they want to work with, but they absolutely have dialed in around the values and the behaviors more so than bottom quartile firms. They really think very carefully, very purposely about the kinds of clients they want to work with. And then in certainly in that digital landscape, it informs where they show up and how they show up.

John Bowen: I totally agree, I mean, it's you know, and we call it being a hero. You've got to decide who you want to be a hero to. And then that means you really need to understand their unique needs and wants. And by communicating that effectively in the thought leadership, you so differentiate yourself. And when you give your own perspective, particularly like video, when you're going over previously written material, what you can do is you can connect with them and share your perspective. And that makes you the you really become the expert they want to work with.

Catherine Williams: So we talked about the thought leadership, you've also mentioned being master framers, if you will, and elite advisors really executing that. How do elite advisors master that framing piece? That's that second of the four strategies you mentioned.

John Bowen: Sure. And this is something that I don't think most of us get initially when we're an advisor, you know, as we start, you know, we just we really want to just share what we know. And it's not structured very well. It's not. And we overshare, and particularly some of the advisors that are attracted, including me, to Dimensional, you know, the technical stuff gets so exciting and we forget we're a little weird. Clients don't want that much knowledge in this. The vast majority, we find that 84 percent in our studies, don't want to get very knowledgeable on this. They want to connect with you emotionally first and then justify engaging you with logic. And so we all want to go to logic right away. And so one of the things we want to do is really think through on framing that words matter. And if you just start talking and it's not structured, you know, prospective clients, clients are going to hear you, but it's really going to come out as noise and you're not going to differentiate yourself. Elite advisors really understand that if they organize it, they create structural access, it's in the words that the clients are going that are going to resonate with a client. They get it and it becomes believable. So, for example, in our research, I always talk about a good example of mastering framing would be, there's five key concerns that the affluent have.

John Bowen: Our definition of an affluent is over a million dollars of investable assets. So when we, if I'm talking with a client, I want to or prospective client, I want to really share with them. And it could be with a COI, accountant or attorney or other professional. I want to share with them what I do. Well, there are really five things. If I'm an advisor, an elite advisor, I'm going to say something like this. We help our clients make smart decisions about their money. Number one. Number two, we mitigate taxes. Number three, we go ahead and take care of the errors, help our clients, take care of the errors. Fourth is protect their assets from being unjustly taken through litigation or divorce. And fifth is to the extent they're charitable, we help them magnify the gifts. Those are our five key focuses. Now, why is that so important? Well, clients want to understand and we get into talking about regression analysis, and Monte Carlo simulations, and this and the Sharpe ratios, and this kind of stuff. The more we can talk in their language and have it structured. So the three points, five points, certainly no more than seven, usually three to five, and have it clear, it's repeatable. And particularly if you're building a larger firm that everyone in the firm is able to communicate, that becomes very, very powerful.

Catherine Williams: Absolutely, and I have to think, tell me if you've observed this, that when an advisor can, with three to five clear, concise points, convey and give those examples, that I would think makes it easier then for those clients as well to communicate to someone that they think should work with the advisor as well. In other words, making referrals, they can now speak very clearly. These are the ways that my advisor shows up and helps me. I have to think that that makes that process much, I don't know if easier is the right word, but opens that up as well.

John Bowen: It really does, Catherine. It's a great point because, you know, if I'm at a cocktail party and somebody asks me, let's say I'm not a financial advisor, I'm a fellow executive or a fellow entrepreneur or whatever the setting is, and they go ahead and say, you know, I need some help in my financial side, you know, who are you working with? And I go, I've got a financial advisor. And what's the next question they're going to ask? Are they any good?

And the most common reaction is he's OK, she's OK. And you know what they're going to ask about the sport game or what do you think about this or that? They're not going to ask. What we want to do is create really marketing apostles, raving fans, whatever term you want to use. And for that you have to provide the framing so they know they're getting a wow experience. You know, I like the term, I trademarked it when I was at our advisory firm, Personal Chief Financial Officer. And this whole concept that, you know, what you

want is your story to proceed you. So imagine you're at the cocktail party and they ask you as a financial advisor, what do you do? OK, this is your value promise. You know, you want to be able to say who you work with and what is the benefit. I was in Silicon Valley, so I talked about I work with successful high-tech executives making work optional. They were very independent. They wanted to achieve a number that whenever they achieved the number, they wanted the next number to fund their lifestyle and their retirement and all that. But if they were not a high-tech executive, successful one, they changed the conversation. If they were, they said, how do you do that? Well, I act as their personal chief financial officer, and I help them make smart decisions about their money, mitigate taxes, take care of the errors, protect their assets from being unjustly taken through litigation or divorce. And then to the extent they're charitable, and I know from research, 70 percent of this audience is, that we help them magnify those charitable gifts. And I do this with a professional network of other professionals so we can make, help you make, really smart decisions.

John Bowen: And then they're going to ask something like, you know, if that's at all of interest. And for most it is because they're really concerned now with everything going on politically, economically, socially, they're concerned. Are they missing things? The advice they have today, have they outgrown them? And, you know, they go, well, how do you do that? And I said, well, no, I don't know if we have a basis. You know, it makes sense for us to go any further. But what we do is we have a process we call a second opinion. We'll take a look at where you are now, where you want to go, what the gaps are. We'll, take a look at your current providers, not only your financial advisor, but accountants, attorney, what you're getting now. And if they're doing a good job, we're going to recommend that you stay with them. But if they're really not and we're a group, we only take clients that we can make a huge impact with. But if we think we can make a huge impact with, we'll tell you how we could do that, to help you accelerate your success. At the same time, if your current provider isn't the right ones and we're not the right ones, I promise to point you in the right direction. I'm going to tell you about 80 percent of the people that you'll have that conversation with when it's delivered well, and there are right fit for the client, they're going to want to do a discovery meeting. And another 80 percent of those people who do that discovery meeting are going to become clients.

Catherine Williams: So let's pivot a little bit. And you mentioned in terms of those strategies that the client relationship, the experience that financial advisors are delivering is absolutely a core strategy. How do elite advisors differentiate themselves by maximizing their client relationships, really thinking about the experience they're delivering?

John Bowen: You know, it's interesting, I just came off a video conference where we just went over this kind of planning for 2021 with some of our top clients, our coaching clients. And, you know, there's just so much opportunity right now to provide the leadership. And again, I repeat myself, but this concept, the markets at the time of this recording, the markets are doing phenomenally well. We're near highs, and there's so much uncertainty out there. And normally when the markets have done as well as they've certainly done recently, you know, it's very hard to get good clients to switch. That is not the case now. That is not the case. So one of the things that's really important is for you to make sure you're delivering a world class client experience so that some of our coaching clients are reaching out to your clients. How can we do that? But we want to define what a world class client experience is. And one of the most important parts is to really understand who your client is and to do a review. And I would have it structured. So whenever you're listening to this podcast, you start going through systematically and schedule to check in, and particularly now using Zoom and other video conferencing tools. You can do it more frequently. It's easier for the client then and really think of it as a four part. You're going to go ahead and you're going to get yourself prepared, you know, with the technology and all that. But the main thing is you're going to do impactful listening. We call tuning it. And one of the things I want you to write down if you're not driving a car is 10 percent. In this meeting, you should not talk more than 10 percent. It's all about asking them great

questions and then the discovery. And so this is your rediscovery or checking in with them. And certainly, if you're listening to this, I hope some people are listening to it when the pandemic is over. It's no longer a concern, but we're in the middle of it right now.

And so the very first thing you should be asking about is how are they doing now? I know you did it in March of 2020. You checked in with them in April. But you know what? It's still there. And not only how they're doing, but how the people they love, their spouses, their partners, their kids, their grandkids, how are they weathering the storm? And then if they're entrepreneurs, you want to ask them about their business. If they're professionals, you want to ask them about their practice. If they're employees, you ask them about their job. And how are they doing and what are their concerns? And notice, I didn't ask them about their investments. I asked them about themselves and the people they love. And I got to tell you, so many opportunities for you to serve are going to be there.

It's very likely there's assets away from you, even though you don't think there is. I mean, if you're going at the higher-level clients at five million or more, when we survey them, they on average, and this is five million to about 100 million, have 5.7 advisors. Your ability to consolidate by doing having that conversation and hearing they're concerned with the future and offering to do a second opinion, a diagnostic, whatever term you want to use, and take a look at their investments. And as you deliver this great experience, you offer them what you provide to your top clients, the ability to have the people they care about get a second opinion as well. And we find these elite advisors, they're having 20 percent growth just doing that, Catherine, by providing second opinions for the people that their top clients care about and doing that review. It just makes a huge difference.

Catherine Williams: And do you also see where elite advisors in particular have developed other ways that clients can feel that they're getting cared for in regard or having interactions, if you will, with the business, even if they're not directly sitting on, in this case, a Zoom call or meeting with the advisor. In other words, are they leveraging digital? What are they doing other things as well that just continue to sort of wrap their arms around clients even when they're not on a live conversation with them?

John Bowen: Well, and that's where the thought leadership, having a consistent stream of thought leadership that you're doing, so you're in front of them. And it's not only emails, more and more emails aren't being opened, even, you know, even when it's your top clients. But video is becoming really powerful. A short video sharing your perspective. And I'm not talking about sharing your perspective on investments, talking about sharing your perspective on really building and helping your clients build an amazing life of significance. And they open those up. What video can do, unlike printed material, it can create emotion. And people want to connect with you emotionally.

Catherine Williams: I recorded a podcast a couple weeks ago with Dave Welty of Avier Wealth, and he talks about grabbing the camera, the tripod and the Labrador and just going down to the dock on the lake that he lives in the Seattle area and doing quick videos and how those have just really reached a lot of both existing clients and prospective clients. But like you said, he's making a very real quick, concise connection, if you will, with clients. And that's been really powerful.

John Bowen: It's amazing the impact this is having and so few advisors are doing even just take the tripod down to the lake type thing. But if you do it systematically, it's pretty amazing what you can do. But I do want to make sure we get the last one because it's the biggest one of the four.

When we survey these elite advisors, we ask where they got their five best clients, the super majority in every single study we've ever done say they got it through accountants and attorneys. When we survey affluent clients, 54 percent told us that they found their primary financial advisor, who has a vast majority of

their assets, through their accountant and attorney. To the extent that you want to be successful on purpose, you have to incorporate this, this is just such an important part of making it work. And the mistake I think we see over and over again that so many advisors do, is they think that, you know, I'll go talk to the accountant and attorney, and I'll tell him how good a service I do. Well, the reality is that is not going to do it, because they can't tell the difference. Much like you can't tell an accountant or attorney service. And they're going to just assume that, you know, that's table stakes. So one of the things I want you to think about is, you know, it's all any conversation you're having is what's in it for them. I mean we've all, I can't in my early in my career, Catherine, I took out more accountants and attorneys to lunch, dinners, breakfasts, and they would promise you we're going to start referring to each other. We'll trade clients type thing. And the only thing for sure that always happened, I picked up the bill.

Catherine Williams: Right.

John Bowen: And then the vast majority of time there was almost nothing. I would salt the mine, if you will, by giving them some referrals. And nothing ever happened. Hardly. Now, what we've learned at CEG, the elite advisors are doing, and at the end of my career I did this well, and I had one CPA that referred me in that one year, over 200 million dollars of business, and that was multiple clients. And I learned the power of economic glue. And it's not revenue share. In the past, at CEG we did a lot of revenue sharing. What we've really found, what they want is guidance. Matter of fact, we have a program that we do for our coaching clients that we can do now with the world changing that we will have next month. We're running one Accelerating Your Alliance. We'll have 150 of our coaching clients, probably maybe 200, and they'll bring 400 COIs to it. And we will walk them through four things that we have found that create economic glue. And the big premise of the economic glue is we're going to show them how to make 20 percent more net income over in 2021, the next 12 months. And if you think about that, the estate planning attorneys have really they've been hit pretty hard. They don't have the reoccurring revenue that many of the advisors have. And the accountants, because of PPP and the Cares Act, they've been OK, but they're scared to death of the future.

John Bowen: And they were already scared before the pandemic. You know, when you talk with them, they're all going to tell you that they have been really busy. But when you, and they've done OK, but almost everyone's off their high of 2019 income. So they're really interested, if you can share with them how to grow their business, their revenue, and you can do it through, in our case, what we do is we help them identify opportunities in their existing client base. We show them how to use thought leadership. It's the same things we're talking about where this works with everyone. And then we show them how to do webinars with the financial advisor partner. And lastly, we actually create some national events that they can speak at and bring their clients to generate business. We call it a virtual family office forum, but we are finding unbelievable interest. One of the early ones we did, I was just talking with an advisor in follow up. He ended up getting 10 clients over 10 million dollars. I mean, that makes a career for a lot of people. So they already have your clients. You it's you need to put the framing right to work with them.

Catherine Williams: I think you made a really great point. It's all about helping them see how you can help them and engage with them, illuminate them, help them look great with their clients as well, and vice versa. And how do you open up that conversation taking a different approach? Because certainly we know from many of the advisors we work with, that when they call when they talk to an accountant, the accountant is saying, hey, you know what? I've got 10 or 15 or 20 of you knocking on my door. So how do you really over time differentiate yourself with that, with that potential partner? I think there's some excellent points there.

John Bowen: Well, and what you picked the right partner, I mean, it's important to work with people that want to grow their business, they're committed to building a business with the clients that you want to work with, and that they've referred not necessarily to you, but to any financial advisor. And they understand the

importance of being perceived as an expert, a thought leader, and they want to do group presentations. And if they have that and they share with you about their practice, I got to tell you, I have yet to meet anyone who hasn't told us that they're not interested in growing their business in 2021. And when you tell them, you know, if you can help them grow their business by 20 percent or more in 2021, would you have any problem referring the appropriate clients to me for my expertise?

John Bowen: It's a resounding yes. And that's the power there.

Catherine Williams: We have just a few remaining moments, and I want to ask, I think probably a question that's on the minds of everyone who's listening to this podcast, which is, you know, especially if they're an advisor, how can advisors make sure they are on the fast track moving up the hierarchy for ultimate success?

John Bowen: Well, and we have you know, in our research, we've created a hierarchy of advisors success and, you know, if you're going to build an amazing life of significance working with fewer but wealthier clients, we want you to do it faster with less effort than you ever thought possible. And one of the questions I get is, John, can you take a look at our practice and see what we should do to accelerate our success even more, and to hit that elite level or if you are already at the elite level, continue up or that million dollars or more of net income delivering a great experience. And I'm going to tell you the answer is a resounding yes. We're happy to do it. Every day, our team is working with financial advisors just like you to show you the specific actions that we would take if we were you to accelerate the success even more.

John Bowen: We'll take a look at where you are now on this hierarchy of success and create a mind map of where you are now and where you want to go and where the gaps and that huge value there. And then they'll set up a second meeting where they'll review with a strategist. So you'll get together with one of our consultants, and they'll actually show you the nine accelerators that we're seeing these elite wealth managers do. And they'll actually help you see where your focus should be in 2021. And we'll also let you know if we could help you make it happen faster and easier than you ever thought possible.

Catherine Williams: John, I want to thank you for your time today and the generosity of sharing your knowledge and expertise, certainly these resources are incredibly valuable. And I really want to encourage everyone listening today to check them out and absolutely consider what you want for your own business as an advisor in the kinds of clients you want to work with. Thanks, everyone, for your time and for listening today. And we will catch you on the next podcast.

Thank you for joining us today for Dimensional Fund Advisors' Managing Your Practice Podcast. For more information, please visit www.dimensionalfund.com.

Dimensional Fund Advisors, LLP is an investment advisor registered with the Securities and Exchange Commission. All expressions of opinion are subject to change. This podcast is distributed for informational purposes, and it is not to be construed as an offer, solicitation, recommendation or endorsement of any particular security products or services. Please consult with qualified legal or tax professionals regarding your individual circumstances. Investing involves risks. Risks include loss of principal and fluctuating value.