



# EPISODE TRANSCRIPT

## Advisor Success Formula: Closing the Gap Between HNW Client Expectations and Advisor Services

A conversation with John Bowen, CEO and Founder, CEG Worldwide, LLC.

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is Advisor Success Formula: Closing the Gap Between HNW Client Expectations and Advisor Services. It's a conversation with John Bowen, CEO and Founder of CEG Worldwide. I'm Mindy Diamond, and this is The Diamond Podcast for Financial Advisors. This podcast is designed for advisors like you who are interested in learning more about the evolving wealth management industry through candid dialogue with breakaway advisors, those from the C-suite and industry thought leaders. It's available on our website, [Diamond-consultants.com](https://diamond-consultants.com), as well as Apple Podcasts and other major podcast platforms. So be sure to subscribe and share it with your colleagues.

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The most successful businesses are often distinguished by this one trait, that is, the ability to recognize and fill gaps that may exist. In the wealth management industry, we often talk about the incongruence between an advisor's expectations and those of their firm. But what about the clients? Are their expectations well-aligned with the advisor's ability to serve them? In a world where efficiency and client service is becoming more entrenched in technology and automation, the question remains whether clients are satisfied, particularly those in the high net worth segment. So John Bowen and his team at CEG Worldwide embarked upon a data-driven exercise to determine just that. In the latest of a series of reports on bridging the wealth management divide, they surveyed affluent clients to determine what they want most from their advisors, and ultimately they found there was a gap between what clients expected and the services that advisors delivered.

No doubt the data alone is useful for advisors, because understanding what clients want can help you to better model your service delivery. But take it a step further. Think about how the knowledge can help you to better differentiate your business from others in the field. That is, to address needs that might otherwise be overlooked by your competitors. Plus the ability to better serve your clients will foster enduring relationships, more referrals and sustainable growth. So in this episode, my partner Louis and John dive into the data and come up with valuable action



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items for all advisors, whether they practice at a wirehouse, regional boutique or independent firm. There's a lot to learn. So let's get to it.

Louis Diamond:

John, thank you so much for spending time with us today.

John Bowen:

Well, I'm excited to be here. It's an opportunity to share with your audience some really big elements that can help them be even more successful, which is always fun to do.

Louis Diamond:

And that's what everyone tuned in for, is to elevate their level of success and their awareness. But before we dig into the meat of the episode and your very impactful research study, just for some context, can you share a bit about your background before founding your coaching company, CEG Worldwide?

John Bowen:

It's one of those things. I had the privilege of being an advisor for most of my career. I was an advisor for 26 years and played at every level. And in 1998 sold our \$2 billion RIA practice. We were the largest advisor at the time, custodian at Schwab. So there were a lot of deal people trying to figure out what was going on in those days. So got a ridiculous multiplier and decided to sell, and it was a really hard decision. But one of the things that it gave me the opportunity to do is to start CEG. And the whole idea here is that as an advisor, I always felt like I was in an entrepreneurial fog, and I really wish there was someone, a consultant, a coach, or somebody that could give me the roadmap to be hugely successful.

And I valued research tremendously. I saw the power of it in investments, but there wasn't in those days the advisor research, best practices, what the affluent wanted at every level. And we decided to build a company around doing that. And that's what we do is really focus in on what I would call the intelligence so that you can make smart decisions. We always talk about it as advisors, smart decisions about the money, but this is really about your business. How can you build a simple and elegant wealth management business where the business is indispensable to the right clients you want to serve?

Louis Diamond:

I love what you said, the entrepreneurial fog. I know I fall into that sometimes. You're always in go, go mode and don't always prioritize the right activities. So having a resource to bounce ideas off of and also just I think point out maybe some flaws in your thinking or just reprogramming your way of doing things is ridiculously helpful. So in CEG, what would you say are the main challenges you're helping your clients overcome?



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John Bowen:

This is one of the best industries in the world. You get to do well by doing well by others, but there's so many issues that keep people from being advisors who are as successful as they really should be. Our research we see the majority of advisors are making less than half what they should be doing based on the activity level. And one of the things that we really do is we're big on not just making money or financial services. Of course that's important, but it's building an amazing life of significance. So how do you move from being frustrated knowing that you're capable of a lot more, but just not sure to building an amazing life of significance where you're taking care of your clients, your teammates and your family and yourself, doing it in a way that business supports it and you're able to do it quicker and faster than you ever thought possible.

And we're going to really talk about that here, but it's so much getting over the frustration. There is such a roadmap out there of being successful that it's a shame more advisors aren't executing on this. It goes back to our entrepreneurial fog we were talking about, Louis. You get caught up in the day to day, you're running hard, you're making some activity and too many things are one off. And this is a great business once you get the framework really working for you.

Louis Diamond:

Yep. I think too, what's been a wise sentiment is no one's going to win an award for recreating the business model of being a financial advisor, in my opinion. So may as well leverage what others do really well and then add your own unique spin to it. Would you agree?

John Bowen:

Yeah. One of the things we're all different. We all have different skill sets, unique abilities, and what we want to do is look at that framework and how can we customize it to get the outcome that we want? Because my definition of an amazing life of significance is probably different than yours, Louis. And we're at different points in our career, what we want to achieve and so on. And it should be yours, but it should be each advisor should be making that decision. But there's a roadmap and speed's important. One of the things we're going to talk about today is what you can accomplish in the next five years. My belief with a roadmap, you can do it in 18 to 24 months. And what's the value of three years? It's huge for all of us.

Louis Diamond:

And it's an ideal segue into the focus of this episode, which is digging into the proven high net worth attraction and retention strategies research study that your team conducted. Because I think the real value of data is that it informs decisions you're going to make. So instead of just taking someone's word for it that you should do this or that, this is looking at real life information from target clients and from other advisors in the industry and allowing it to inform your next



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best action. So why don't you share with us an overview of the study and then we'll dig into more specific elements of the data.

John Bowen:

Thanks Louis. And what it is we call it closing the wealth management divide. And we're going to make this available. We'll give you a link so that you can download this, what we call play to win. This is the version we do. We have a company, CEG Insights that does the research, very comprehensive for all the corporate clients and media as well. And this is one written specifically for financial advisors. And as a listener here, we're going to make that available to you. But what the study was is we're always looking at what works best, what are the services that the affluent want from their primary financial advisor, and are financial advisors delivering it? And there's a difference between when a financial advisor thinks they're delivering it and that high net worth client really feeling that they receive the value. And so this study looks at how can we as advisors really gain a competitive edge?

So first we want to retain all our clients that are appropriate that we can serve well. And at the same time, what we want to do is be able to attract, have some differentiation that we can attract a steady stream of pre-qualified, pre-end endorsed clients, who are the clients we want to be a hero to, they're the right fit clients. And this study looks at that. It's 40 pages that you'll be able to download. Louis, you and I are going to go over the highlights of it, but this is the kind of thing that I always think of. Empirical research is just so powerful in our industry and we want to have the applied experience and because we have the coaching organization, the research, we're going to bring together both of those to get out of this entrepreneurial fog.

Louis Diamond:

Love it. So why in your view should advisors and business owners care? So obviously data is interesting, it's a good conversation piece, it informs potential actions. But specific to this study, why do you think advisors should really be paying attention?

John Bowen:

Well, I think the one thing that is so hard, we have a mastermind group and we had a couple hundred top advisors at that. We had an outside speaker, and this was about five years ago, six years ago, I'll never forget. He took a picture off LinkedIn of all the guys and gals and put them together. And really, from the guys' perspectives, he couldn't tell the difference. They either had a red tie or blue tie on type thing. And we don't realize how hard it is for us for high net worth clients to make that decision to switch to us. There is a very high number of people that are open to switching if you have a compelling value promise. So what this research shows you is not only what they want but what they're not getting from your peers, and how you can gain that competitive advantage.



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And that's huge. And it's also important even if you're not looking to grow, but to maintain your existing clients, you want to have this, because the speed of change that's going on, the competition in our industry is extremely high, but the opportunity is there too. And with everything going on with technology today, there's going to be a smaller group of winners and we want to help you play to win.

Louis Diamond:

Yep. I think that's right. And I think what I especially liked with what you said was the real opportunity is for capturing prospects who aren't receiving a level of service or a product or basically their expectations aren't being met. Because I am with you. That's the opportunity. It's not how do I create all the bells and whistles? But I'm creating something that my target consumer actually wants. So I love that and I'm excited to dig in.

John Bowen:

Well, let me shoot in just a couple of numbers. And it's not in this study, but I feel like a kid in a candy store because we do an awful lot of research. We are surveying somebody at every single time and we're looking at a group of \$10 to \$25 million investments. And this would be for many of you a high investible assets. But 2% of them were looking actively to change their primary financial advisor. And we're just finishing an entrepreneur study where 20% of the 2,049, so I just wrote an article on this so I know if this went off the top of my head, 2,049, 20% to switch advisors and 18% are open. They think it's likely if they could find a compelling vision. So this is for those of you who want to move up market, if you can understand what your clients want, this is going to give you a big advantage. And it's not only delivering the client experience, you got to actually deliver on it, but you have to be able to communicate it as well.

Louis Diamond:

So let's talk about differentiation. It sounds like that's what you're driving at. In your expert opinion, do you believe there is a high level of differentiation amongst advisors across the industry? Or is everyone fairly similar or homogenous?

John Bowen:

Well, that's where I was joking with the red and blue tie diversification, but with the research we didn't ask on tie colors, and I'm in Silicon Valley, so there aren't that many ties anymore. But when we asked all these advisors, how do you differentiate yourself? Well, 58.2% said financial planning services. Okay, that's not a big differentiator. And the next one was level of customer service, 55%, comprehensive service, years of experience. These are the big differentiators that everybody's using. And the reality is that's not a competitive advantage. That's not specifically what they're looking for. If you think about it, Louis, if you're having a conversation with a vendor and of any service and they tell you they do good service, well that's table stakes. Of course. I would expect that's at a minimum of what you'd do. And so what we have to do is really be able



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to provide a competitive advantage and it has to be actual versus perceived, and you don't want to fall prey to these common differentiators because they aren't going to put you in a situation where you're winning.

Louis Diamond:

Yeah, it's so interesting because by definition, if over half of advisors are claiming the same two things as their differentiator, that's not differentiated. So it seems like similar to level of customer service, that financial planning is also potentially table stakes if so many different advisors are claiming that as their core competency. Do you agree?

John Bowen:

Yeah. One of the things, I almost input this in the research study because you shouldn't be doing it, but at the same time what happens is this is where we get a competitive advantage. If we understand what our peers are doing that isn't really positioning them well, we can take a different direction. So it's not only how we're differentiating ourselves as an advisor, as an individual, as a practice, but it's also differentiating on services. So when we looked and asked, the number one thing is advisors were saying one of the big services they do is long-term financial planning. Okay, again, so what? That's what everybody does, family financial education, it's a nice to have, but they're not going to select you for that. And the next one was charitable planning, which is actually pretty significant by investors. 87.3% want it, but only 44% were using it as a differentiator. And we can go on the long list of elements people are doing, but it's not really driving to what individuals want. And that's really what we want to understand better, what do the affluent really want?

Louis Diamond:

And I guess the big question is why then do consumers or target clients really struggle to tell the difference between practitioners? Is it because there really isn't that much difference between practitioners, or is it more that advisors don't do a good enough job messaging or articulating or being overt about how they're truly different? So it just makes it a challenge for an average consumer to understand the difference between advisors. What do you think?

John Bowen:

It's not what I think, it's what I know Louis, because of the Empirical research is that what happens is there's this disconnect between what we say we're going to do and what we do. So it's really both parts of what you said is that what people aren't taking the time, marketing unfortunately is much more important than we would like to believe. Being able to stand a brand identity, not the logo, but how are we communicating what we do to the outside world, not only prospective clients, but also strategic alliance centers of influence, accountants, attorneys, other professionals. And as we want to bring teams in too, they want to work with someone that is making a difference. How are you going to do that? The same part. So it's that marketing, but



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it's also the client experience. What are you delivering? And so often clients aren't really sure of what they want unless they have a lot of experience.

And this is at the higher level of wealth, there's a lot more competition because they have the experience. But the novel idea when we talk about the wealth management divide is, how do we address this gap that's actually happening between what investors expect from their primary financial advisor and what the advisors are actually doing? And if you can connect that so that you're delivering not only your marketing, not only what they want, but you're actually delivering it, you're going to gain a huge advantage, because not only are they going to want to stay with you, not only are they going to entrust a larger percent of the assets to you, but they're going to want to introduce you to the people they care about because of the experience they're having with you. And that's where the power comes in.

Louis Diamond:

So let me play a little bit of devil's advocate with you. My guess is an average client of whatever wealth, two of the big things they're going to be looking for from a financial advisor is financial planning expertise and great customer service. So I think we agree that it's table stakes and people offer it, but are you saying that instead of talking about that as a differentiator, you talk about other services, how then will a consumer know if this firm has great service and does financial planning, if you catch my drift?

John Bowen:

Yeah. So the big thing is if they're talking with you and exploring the potential of working together with you, they by definition think you have a good experience. Now what you want to do is you want to provide them what is it that you deliver. Now the way we look at it from a research perspective, we call it the big five. These are the five key concerns that affluent individuals. Affluent to us is somebody with over a million dollars more of investible assets. And we study all the way up to the single family office, and we actually do some research in the single family office as well, which is typically \$150, \$250 million of net worth. And so the sweet spot for most advisors is that \$1 to \$25 million of investible assets. So let me share some of the direction there. There's five key concerns. Number one, which is really great, is investment management.

They want help making smart decisions about their money. 92.1% told us that's the number one service that they want. Tax planning is typically second. In the most recent study, 89.2% want that. Estate planning a little higher, 91.1% this time, they want mitigating taxes, they want to take care of their errors, they want to protect their assets, 73.8%. And then charitable planning 87.3. Okay, that's what they want. Now, if we stopped there and said, "Okay, let's just do a study on what are advisors providing?" And again, you'll be able to download this report, so you'll get all these illustrations and so on. And actually Louis, why don't I mention it because if



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you want to follow along, you can just go ahead and download it at [www.cegwin.com/diamond](http://www.cegwin.com/diamond). Wanted to make it available to all listeners. You'll see it's right in the beginning of the study.

It's a heat map showing this, and it's on page six, and it walks through what the wealthy investors want. And then it goes through what are the services the advisors are telling the investors they're providing? Well, investment management, 97.7%, so it's even more. Tax planning, 85%. 89% wanted it from investors. The advisors, 85% are providing it. Estate planning, 91% of the investors want it. 85% of the advisors say they're delivering it. Wealth protection, 73% want it on the investor side, 75% of the advisors say they're doing it. Charitable planning, 87.3%, the investors and advisors, 80%. Just stop there, Louis. This is where it's almost perfectly aligned, but we want one more question and we said, do you perceive that you're receiving it? We asked the investors, do you perceive that you're receiving it? Well, I got to tell you, I was shocked even on investment management. Only 72% thought they were receiving the investment management from their advisor.

Tax planning, high 80s on both sides, 24% thought they were receiving it. Estate planning, again, very high, 22% actually perceived they were getting it from their primary advisor. When we got to wealth protection, it became ice cold on a heat map, it was 7.5% were receiving it, and three out of four of investors wanted it, and advisors said they were doing it. And charitable planning here, four out of five on both sides are saying it's happening. Only 6% felt that they received it from the investors. Boy, this should be eye-opening for everyone, for your existing clients, or is this one of your clients being surveyed? There's a lot of disappointment there.

Louis Diamond:

Yeah, I think there's a lot of numbers that hard to make heads tails of without really digging in. So I think what would be really helpful is let's go through and let's get more specific about what this data actually means, and how advisors can implement certain changes to close this gap that you talk about. So let's back up a little bit and we're going to agree that advisors seem to compete along in an inefficient frontier, that what one does isn't really all that different from the other. So the question then is what services can an advisor actually provide that are going to make them stand out from a crowded field?

John Bowen:

Yeah, this is where it's really interesting because if you think of these five areas that I talked about as concerns, Louis, how do you position yourself that you're going to be able to do that in a way that others who are saying they're doing it it's hard for a consumer, for an investor to judge? So one of the things to do is really start thinking about, okay, what would stand out? So one of my favorite right now, particularly if you're working with people with \$5 million or more investible assets, virtual family office services, people want what they can't have. The idea of having a single family office, an investor understands what that is. The idea here is you usually have some kind of major liquidity event. You have \$150 to \$250 million or more. Most of the





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studies we do are in the \$500 million net worth. And what you're doing there is you want to have complete control, you want to have complete alignment, you want to have privacy.

So you decide to, in essence, set up your own advisory group. And typically you'll start by hiring the partner from a major accounting firm to lead that. And it's a multimillion dollar payroll, okay? Most of us can't afford that type thing or for a very long. So creating with today's technology, you can offer these services, packaging them up as a virtual family office with the idea that you're the general manager as the wealth manager, the general manager you're going to address, let's say your specialty is on the investment side, but all those advanced planning, the mitigating taxes, taking care of the errors, protecting the assets from being unjustly taken and the charitable giving, you can work with other professionals. And because of today's technology, you can have access to people who would normally only work with family offices.

They're happy to help you out on this as well as the ability to communicate obviously virtually. The same with I mentioned earlier, the entrepreneurial services. When we talk about entrepreneurs, one of the things that was really very important to the entrepreneurs is this 2,049 we just surveyed, we haven't even finished this study enough, putting all the findings together for our corporate clients. But what we have is, over half of them want an advisor that not only can address their personal wealth issues, and the average in this group was just under \$16 million. So it was a pretty good group that most people, if they want to work with business owners, this would be great, but they wanted someone that could also help them on the business side, helping them grow the business, so the entrepreneurial services for business owners. And then really it's any other specialty that is unique toward your niche that you want to work with. You want to have something innovative that differentiates you from the rest of the marketplace.

Louis Diamond:

Very interesting. I have to say, when I hear firms talk about we provide family office services, I feel like isn't that in danger of being commoditized, at least the terminology?

John Bowen:

I think there was a time where wealth management was a novel thing, and I can still remember the first financial plans that I put together running Monte Carlo simulations. This is one of the challenges is we always have to be innovative. I'm going to say that we've got probably a three-year run on this. That's where the opportunity is. And then as the marketplace, if you think about it, 70% of investors when we ask them would they like to have a virtual family office experience? They said, "Yes." In the millennials it was 97%. Okay. So depending on the market, you want to pick the branding, the positioning based on the audience you want to serve. If you're going for retirees from a corporate setting, a virtual family office doesn't make any sense at all.

Louis Diamond:



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Yeah, I'm with you. So it's not that you now have a virtual family office and it's going to be evergreen. It's forever going to be differentiated. But you're saying that at least for a period of time, if you position it correctly, something like a virtual family office or these entrepreneurial services is a way to actually stand out from the competition.

John Bowen:

And you think of how the world has changed. Let's bring one technology, AI, artificial intelligence, is very much present in all investors eyes. And this is where for really all the listeners as a financial advisor, you need to think about how over the next few years that's going to make an impact. And I largely believe the mass affluent below a million dollars will be really served well by artificial intelligence. And when we do studies, it's going to depend on which niche and what age group you're doing what generation, but they expect you to be up to speed on the AI as well.

None of us can predict the future, but what we can do is be very aware of the trends that are going on. And it'd be easy, Louis, if we just do one study a year. And what we find is we do eight foundational studies a year along with custom research for our corporate clients. But that is what it takes for us to really understand, survey many thousands of affluent individuals at different cross sections and so on. And the same with the advisor side.

Louis Diamond:

So let's also backtrack a little bit because you mentioned some of these services, but I think it's important to spend a little bit more focused time on it. So I want to talk about what I think is the most fascinating part of the study, it's the services that high net worth clients actually desire. So can you repeat again, what are the top services that the high net worth who are surveyed prioritize?

John Bowen:

Yeah, and it's really typically in this order too. We call them the big five. They want help making smart decisions about their money. Investment management. This is how the vast majority of advisors make their money, so you couldn't ask for a better thing. And then second thing is typically mitigating taxes. People feel there's a fear of missing out, FOMO, that somehow I know there's something that other people are doing that I'm not doing, and I don't think my advisor is telling me too. Three quarters of the investors think their advisor's not advising them in this area. So investment management, tax planning. Third is estate planning. They want help taking care of their errors. And it's not just people that have assets over the exclusions. They're looking for help making smart decisions with their family, with the people that they care about. And again, it's really one out of five field that's being addressed by their current primary advisor.

And then we go to wealth protection, and this is as simple as having the property casualty insurance up to date. We're not talking about offshore asset protection trust. They've worked



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very hard to accumulate their assets, and three out of four of them are concerned with them being unjustly taken primarily through litigation and divorce, and they want to have that protected. 7.5% of them feel their advisor is advising them where it's valuable. And then the charitable planning, every study over the last 20 years we've done it is always, we see the super majority always are charitable here in the states. And what we're looking at in the most recent, it's four out of five, and it's the same number of advisors saying they're doing it. But when we asked the investors, "Do you perceive that your advisor gave you valuable advice on charitable planning?"

Only 6% said that. So this is where again, you should be delivering. If you want to build a successful wealth management business where it's simple and elegant, you want to move up market as the world's changing, be able to provide for what they want, you've got to address all five of these, and the messaging from a marketing perspective should communicate that. The delivery should actually make it clear that you're wowing them. And then sharing this research. Everyone should be downloading this research, Louis, because I would want to show what my peers are doing. I'm going to tell them, "Hey, we do this." Everybody else says they do it, but they're not delivering it, and you can deliver it. You don't have to do everything. This is where you can be a general manager, where we then bring in franchise players, the experts in these other disciplines to work with you in today's technology that just facilitates. So that's where the virtual family office comes in. That's where working for serving entrepreneurs. None of us have all the answers in this area.

Louis Diamond:

Let me ask you two follow-up questions based upon that. So a large part of our listener audience is employed by a major wirehouse or a bank where there's in many cases a limit the types of services they can provide. You can't do tax preparation, you can't draft estate planning documents. So for folks that are listening that are employed by these firms, what would you say are some strategies they can use within the realm of what's allowed through compliance to close this gap, to be providing differentiated services and to give clients exactly what they want?

John Bowen:

So at every major firm, there's an advanced planning group that will help you on mitigating taxes, taking care of the heirs, protecting the assets, charitable planning, so they have access. And then there's another interest that as you go up in wealth, the debt management, having access. All the major wirehouse have banking facilities. So you start building out the offer, and you can see in our research, we put in a lot more than the big five. And what I would do is go ahead and customize the experience that I could deliver because of the resources of this major firm. In addition, what I would also do is go ahead and have strategic partners. You're not going to do the tax returns. That's actually not what they want. They want help making sure going



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forward they're mitigating their taxes, there's planning. Okay, it's very unlikely. I have a master's degree in tax, but it's from 1985, Louis.

It's not very valuable right now. I want to work with a top tax planning. So bringing these franchise players, experts in the community you want to serve, whether it's geographically or a niche, bringing them together, the firms all support that. Not only does it help deliver a great experience through strategic partnerships, they can be the best referrals to you. They can introduce you to their best clients, and you can grow dramatically that way. We have all kinds of advisors who are bringing in from wirehouses, large amounts, \$50, \$100, even \$200 million in new assets each year through that process.

Louis Diamond:

It sounds like you're not saying that the advisor themselves or their team has to deliver these services directly. It's probably about being knowledgeable and adding value, but a big part of that value add could be having a trusted network of professionals who can actually implement some of these strategies. So you're not saying you have to go against compliance and start doing tax returns under the table. It's more about leaning into the capabilities that the firm already has, perhaps repackaging them or repositioning them, and then plugging the gaps with outside experts to really deliver this cohesive client experience.

John Bowen:

And one, I would never say go against compliance first Louis. Oy vey. But one of the things, we want to build very valuable businesses, and quite honestly the regulatory stuff is very challenging in our industry. You want to have strong compliance to help you on this, but you have tremendous resources at the firm, but you also have the ability to work with outside people. You're a good date, they want to work with you. They're looking at how can they enhance their businesses as well and how can they deliver more value? These are the other professionals. Now, if you're on the independent side, it's quite simple. You're going to talk about how you're independent and you brought together all these resources and you didn't have the bias of the major firm. If you're a major firm, you're going to talk about the resources, the capital you have and so on. But that's a really important part of distinction is that no one person, no one firm has everything.

Louis Diamond:

And I think to a number of our clients who are interested in breaking away and taking the entrepreneurial leap, one of the reasons that they cite for doing it is so that they can differentiate themselves. So they have the ability to do tax preparation in-house if they want to, or to have a brand that's more synonymous with a certain expertise or client segment. It seems like you kind of have two ways to implement these strategies. One is to lean into the current resources your firm has and repackage and reposition, and then fill in the gap with outside experts. Or if you're



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really entrepreneurial and see this vision of doing it yourself, is perhaps going out and creating your own firm in your own image with the services that based upon this research that your prospects and existing clients actually want.

John Bowen:

Yeah, let me make two comments to it. One, tax returns are not very compelling for high net worth individuals. The planning is, so don't feel that you have to do tax returns. It's a low margin business, it's a growing business, all that. I'm a big believer that free markets work. Whether you're an advisor, the brands of the major four wirehouses, we could argue whether over 2008, 2009, how much they were damaged. But quite honestly, in our research, there's a lot of value with brands. At the same time, if you're very entrepreneurial, you've got a decision to make and there's trade-offs. But here's the thing to remember, the affluent clients are pretty indifferent. There's a preference work with the bigger firms because of the capital and all those type of things and more services.

But what you have to do is recognize what they want, the experience they want, and this is the report, the wealth management divide, and then be able to deliver it in the framework or the strategic partnership, whether it's major wirehouse, whether it's an independent broker/dealer affiliation, whether it's an RIA, whatever you're doing. This is critical because the clients want that irrespective of where you are. And if you're planning on switching between any of those, I would iron out these experiences as much as possible first before moving, because that's going to keep the ability to retain at an unbelievably high level.

Louis Diamond:

Well said, John. Let's pivot to referrals. That's a critical element of most advisors practice, and if it's not, it's certainly worth learning about how to bolster the number and the quality of referrals. So I'm curious how the concept of differentiation that this report highlights. How does that drive referrals?

John Bowen:

Let's go broad base. When we think of referrals first, this is pivotal as you were saying, and when we surveyed advisors, 35.8% from client referrals, that was the biggest source by far. And the top 20 clients on average sent 28 new clients to them. Think about that. That's huge. Now, these are referrals. That doesn't mean they actually became clients. I should have said it differently, but 28.8, that's a big number. And I'm going to put out there that the vast majority of advisors are not being proactive on referrals. So one of the things that you want to do in your positioning is you think about how you're designing your business. You've got to have clarity of intent, not only for yourself but for your clients. So they know who you want to be a hero to. Who do you want to serve? Don't try to serve everyone because then nobody believes you.



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Also, you've got to have a world-class client experience to the extent that people want to share experiences that are good. Now, a lot of us make the mistake we think, "Well, it's only if our investments are doing good." No, it's actually the relationship. And it starts with that initial meeting. Big believers in what we call a deep discovery meeting, really understand that person more than anyone else out there. And we have a whole process of doing that through a mind map, seven themes of questions, 62 questions that we do, and they want to refer you for that rather than the full wealth management.

They know that you're going to really get that person and be able to make a difference. The other thing that's interesting is what we find is the best clients come from the attorney's accountants. Huge, much lower numbers, but because they know the wealth of the person, and if you're clear, very significant. One of the things, a different study now that we did on \$25 million to about \$250 million, the client's referrals were still the number one, but the biggest reason that somebody of significant wealth moved, it was actually around 40% was the investment bankers referring.

So if you're going to play at the really high end, that's a referral. But again, it's always going to be the experience that you're delivering to who, and you've got to be able to communicate that. And then you have to set up a process of referrals. There's two methodologies depending on what you're doing. One is a second opinion. People understand a medical second opinion. You can offer a second opinion to your clients, to the people they care about. And that's been very powerful. We have coaching clients that have grown by 20% a year just doing that if they have a good client base. If you're working at the higher market, you want to do a stress test, it's what family offices do. So if you're doing a virtual family office, it's a stress test where you're going to look to make sure they're making those smart decisions about their money, their wealth, so that they've got everything. There's nothing that's strategically likely to fail the way they've set it up, or have they missed opportunities? And people are very open to that as well, Louis.

Louis Diamond:

That's really helpful. I like what you said, "The two strategies is the stress test or the second opinion." It does feel less intimidating than, "Hey, refer me to your friends." It's more of a tangible value add. But I wanted to latch on to connecting referrals to what we've been talking about the rest of this episode, which is the providing or closing the gap between the services that are actually differentiated that clients want and advisors are providing. Is it safe to say that by focusing on differentiating services and messaging them properly, that alone will help drive more referrals? Is that kind of where referrals fits into the puzzle?

John Bowen:

Yes. And then you have to be proactive. And so at the end of every meeting, what I would do is I would remind them of our second opinion service for the people they care about. And what we'll do is just like we did, and this is very important that you're delivering a great experience



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right from the beginning like the discovery meeting, we're going to simply say that, "I want to remind you that we have the second opinion service for our top clients. You're one of our top clients, and this is for the people you care about."

With everything going on politically, economically, and socially, what we'll do is we'll take a look at with the people that you introduce us to, we'll do complimentary. Take a look at where they are now, where they want to go, what are the gaps? We'll examine whether their current advisor is delivering an experience that's going to help them close that gap. And if not, we'll evaluate whether we're the right ones and we're not right for everyone. And if we're not right, and the their current advisor isn't, we promise to point them in the right direction. I got to tell you that it's a very disarming and it's a value creation rather than asking for a referral type. And so that's why that's been so successful.

Louis Diamond:

Excellent. One more segment before we take this home. So I have to assume that websites are a critical element of any client referral strategy. Do you agree? And if so, why do you think this is?

John Bowen:

Yeah, we just did another study much more in depth on this as well. But let me share what's in this. I was a little surprised. I think of websites as a digital marketing brochure, and as we're diving deeper and deeper, it's very important, and it can be very strategic. Remember almost everyone, well, in the 90%, if they're being introduced to you by a client, a friend, a center of influence, they're going to Google you and they're going to look at your website, and that's going to have an impact. How consistent is the messaging from whoever referred to that website to the experience they get from you?

And I can tell you one of the things that was a little surprising to me, that a third of the advisors credit getting 10% to 24% of their new business from websites. And 25% felt that they got somewhere between a quarter and half of their business., And a very small percentage, but meaningful 6% said they got over half their business from their website. So this is where positioning that messaging, whatever you're doing in setting the stage for a strategy call, a second opinion, or a stress test can be really powerful. And we invest all this time and energy building our business, and we've got this great resource that is very important. It's not that people are going to find you on a cold search, but what this should do is set the stage for whatever methodology of type of referral coming in. This is going to reinforce it and take it home.

Louis Diamond:

I would agree with you, yeah. The website is the digital brochure. It's the first impression that you're making. So having a website but also one that is different from other advisors, I am with



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you, this is critical. So all amazing perspectives that hopefully our listeners can take away and begin to implement to drive growth and drive change to their businesses. So John, appreciate it. Until next time.

Mindy Diamond:

Curious about where, why, and how advisors like you are moving? Download the latest advisor transition report to learn more, including intel on recruiting deals and our insight and analysis on the latest trends in the wealth management space. You'll find it at [Diamond-consultants.com/transitionreport](https://diamond-consultants.com/transitionreport). Or if you'd like to talk, feel free to give us a call at (908) 879-1002.