



THE ELITE WEALTH MANAGER

BUILD A SIMPLE AND ELEGANT WEALTH MANAGEMENT BUSINESS

**WORK WITH THE RIGHT
AFFLUENT CLIENTS
RELEASING INAPPROPRIATE
CLIENTS**

VIDEO TRANSCRIPTION

John Bowen: Releasing inappropriate clients. This is just so important as we're zeroing in on who we want to be a hero to and we can't be a hero to everyone, unfortunately. I'd love to do that, but we can't do that. So how are we going to focus in? Well let's do that together. We have had a lot of experience in this process and it's common to assume bigger is better in our industry. And we've had many advisors that come with 500 clients and they often times think of themselves more successful than a hundred. A quite as we've had some of our most successful clients have only 40 or 50 clients, but they have the right wealthy clients. And this is where, is working with us, we'll be able to help you figure out the right mix for you. But what we're big on is let's only work with ideal clients and why. It will free you up substantially.

The time to better focus on serving the clients who got you there, the existing ideal client. And then building your business to attract even more of the ideal clients. So, think about that. All you're doing is working with ideal clients. I mean this is really, really powerful and they're helping you to get even more ideal clients and it's going to improve the quality of life. When you work only with the top clients, you're going to feel energized and really inspired. And we all have worked in the grind part of the business and sometimes we don't as advisors get it, our team gets it. So, this lifts everyone up, which is so powerful. Focusing the practice on select clients really sends a message to these clients that you're devoting to serving people just like them.

It also sends a big message to your team as well. And much more often than not having fewer yet profitable, more profitable clients for me in a much higher net income. And we go through a bunch of things here, but let me just go over, reading it all. I'm going to just go over the options. The first one, that is what happens, what most of us do, we ignore the problem. So, option one is going ahead and what I call quiet filing. Quiet filing inappropriate clients. So, if they're paying us fees, if we don't call them, they won't call us. Think of we're about ready to go into this, developing this world-class client experience and what's going to happen is you're not going to want to deliver that to them. That's a real problem because that's setting the stage that they're going to share that you're not the guy, you're not the gal.

So how we do that? Well let's not do quiet filing. That's just ignoring the problem. Second is we can hire another financial advisors to serve these inappropriate clients. I got to tell you, this is the one we most often hear from advisory says, "you know what? I get it, I'm going to get somebody else to do it." Well, let's think about it. They're not, these clients are not profitable now. You're going to pay someone that you have to manage to do something that's already not on pro. It's not profitable enough. So, what happens is this is just a terrible idea. Don't do that unless they're very profitable clients and now you're going up higher, but you want to keep those clients. They're already ideal clients for your practice. So, option one and two aren't good.

VIDEO TRANSCRIPTION

What about option three? Option three works where you transfer the client to another advisor in your firm. If and only if, one, if they're inappropriate clients, they don't meet your model, your idea profile clients, then go ahead and transfer them. If you're at a major firm, you may want to do that. You may want to transfer them to kind of a service desk as well. Sometimes there's incentive to do it and make sure if you're doing it on a joint code, in essence you're selling them, you're going to have some because you have some shared responsibility. Make sure you're doing the due diligence. You need to do the due diligence for two reasons. One, for the clients. The clients got you to this level. They got you to the dance using that analogy again. Second, you also want to limit any liability exposure. So, I want to find some really good people who are going to take care of them and then remember not everybody wants to move up market.

You're investing time, energy, and money to do it. So, let's find someone who is really satisfied in the market. They are the very content and let them take care of this. Now on the other hand, if you have a larger practice and they're not ideal clients, don't transfer them to somebody in your group. It's going to make it even more difficult. Now, if you do transfer, you choose to transfer, go ahead, and say, "Bill, my business is working with clients like you. However, because of the substantial growth in our business, we've had to undertake many efforts to ensure that we'll provide the highest possible quality of service for every client. To provide this level of service, I'll be asking Susan to join us in a few minutes. Susan is one of our senior financial advisors and we'll be able to devote the proper amount of time and resources to achieve your financial goals. Bill, you deserve nothing less. Because of the growth in the firm, I can continue to only service whatever level. However, I will continue to chair the investment committee."

Whatever that, make sure it's true. Whatever is true that is responsible for the management of every client and then, "Susan will get the full attention you deserve and also get the same quality investment process I've worked with. Would it be okay to bring in Susan?" This is the script. Quite honestly, as I was building our firm, we also started some of attempt turnkey asset management program, Loring Ward, and it was called RWB. It was the initial of our founders Carl Reinhardt, my partner, Alan Werba and myself. And I was CEO of the group and we were starting some mutual funds.

We got a whole bunch of things going on. So, we raised some outside capital and had one of the key guys that was head of sales and marketing in the Franklin, Kenzie Skella, was on our board. And he went ahead, and he goes, "John, you've got to make a decision if you're going to build and lead the company, you can't have all the clients." I go, "Ken, well, that's a real problem. These are all great clients and we want to keep them." And I think at the time it was about half the profitability was due to my clients. And I go, "Ken, they came because of me and if I transfer to someone else in our firm, because they were ideal clients, they're going to leave."

VIDEO TRANSCRIPTION

And Ken goes, "John, you've got to make a decision. One or the other be CEO of the firm, the holding company, or be the advisor."

And I ended up keeping 10 clients. We thought. Ken and I negotiated that and I literally, it's a little embarrassing today but, I got a box of tissues at my desk because I thought all these clients. I had about 150 clients. They're going to start crying as we did this transfer and I did this. I got to tell you all, but one did the transfer and the other, the one that didn't, did it probably about a year later. And he left the firm and then came back because we were providing this and they're only the world class card experience. But at the same time what happened, which was really interesting, is that I also got a lot of thank yous, that they were getting much better service. The only one that cried was me. I transferred them to Barbara and Craig and to Kent and so on.

And it was a great experience because I was distracted doing what I was doing. This is where this creates so much value. The other is you can sell them, and this is something that you should really consider doing if they're non-ideal sell them to an outside advisor. There's a whole process depending on the scale that you have. FP transition is great for smaller amounts and you don't have to sell the whole thing. You can sell a portion of your client base. Actually, the first coaching choir, we have very high-profile adviser now, but she is California, a woman on TV all the time. She went ahead and really struggled with us and then decided, you know what? I'm going to do it. And she took the bottom 20% of our practice and sold it.

That was a low six figure revenue and with two clients within 90 days she replaced it totally. So, she was able to sell that profitably. Well over two times revenue. I don't know the exact number. It's been a long time, but it was just, it was one of those freeing moments and she's gone on to be one of the most successful advisors out there and well deserved, but she needed to free up that time to make this work. So how do you do that? If you're considering selling a portion, we just changed the script. I won't read it to you. You can read this. It's a really good process and if it's a large account, meet with the person individually and let them do a joint meeting with the new buyer and you'll see this is a really straightforward process. And the numbers, we're usually getting about 98% of the people through this process. And work with your coach and with our team, if you're doing this and they're going to help you. The outside service bureaus that do this have gotten really good at it and this can really work well.

So again, let's make smart decisions on the segmentation. To help you on that though, I want to go in the next segment as we go through. I'm going to walk through what are the most successful ways for factors for releasing clients and making this work well for the client and for you. I'll see you in the next video.