



GROWTH AT TRANSITION

Increasing Revenue Upon Transition to Your New Broker-Dealer



Part of Securities America's Business Mastery Series

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Need advice on increasing revenue as you make a broker-dealer transition?

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Introduction

Changing broker-dealers is an exciting event in the growth of your practice and career. With the due diligence and selection process completed and a transition date finalized, it's time to get focused on transitioning clients and growing your business at the same time. Yes, growing the business at the same time. Many advisors make the mistake of looking at the transition event as just an administrative function – that period of all hands on deck to get the paperwork done as quickly as possible. But visionary advisors see the transition as a way to strengthen client relationships and increase wallet share by putting the focus on the client.

Maximizing the client transition starts by asking your best clients for the permission to change broker-dealers for their benefit and yours. This creates a prime opportunity to re-engage, re-sell your value, review the services you offer, introduce new services, capture additional assets and ask for referrals. According to the 2013 Fidelity Insights on Independence Study, 54 percent of clients who moved with their advisor to a new broker-dealer increased their investments.

Keep in mind through this process you will also identify clients who should not make the move with you to your new broker-dealer. Spending time refining your value proposition prior to your transition allows you to not waste time and effort on clients who will no longer be a good fit for your services.

The reason you chose to change broker-dealers was likely two-fold: to make more money for yourself, but more importantly, to serve your clients better. Your business growth goals for making a transition likely included:

- Increased broker-dealer resources and support
- Increased leverage/economies of scale through technology
- Increased revenue and profitability
- Increased equity in your practice

This guide will walk you through the steps for preparing for a transition poised to increase revenue quickly and meet your business growth goals.

Getting Started

The more time you have to plan for your transition, the greater the ability and flexibility you will have to implement the tactics provided. If you find yourself with just a short time to execute your transition, it may not be possible to implement all of the suggested tactics immediately, so prioritize what you can and should do now and which can be implemented afterward. We suggest revisiting this guide approximately 120 days after your transition date to begin implementing the remaining ideas. No matter how much time you have, there are three key questions all transitioning advisors need to consider:

1. “Do I want to make a business model change to fee-based business?”

If this is one of the primary drivers of your transition, you will need to determine if you have enough time to prepare to change your business model at the point of transition. By making a business model change immediately, you can avoid two types of conversations that may be confusing to clients. The first one is describing the move and new services, and the second is to re-sign paperwork to implement a new way of being charged for the services they receive. Clients will likely wonder why they didn't just sign the paperwork the first time around.

2. “What new services will I be adding?”

Your choice for a new broker-dealer has likely opened up a range of services that you didn't have access to or were not allowed to offer at your previous firm. Prepare to present the new value-added services in the form of a branded client services schedule or matrix so clients have a tangible take-away to reinforce the value you will be providing.

3. “Do I want to reprice my services?”

Advisors often haven't repriced in many years and are often charging too little for the services they are providing in their marketplace. You may also be adding new services that you previously did not charge for, such as a formal financial plan. The transition event is a perfect time to reflect upon and make changes to your pricing.

Considerations:

<p>Change to a fee-based business model?</p> <ul style="list-style-type: none"><input type="checkbox"/> At Transition<input type="checkbox"/> After Transition	<ul style="list-style-type: none"><input type="checkbox"/> Schedule training with broker-dealer advisory service experts.<input type="checkbox"/> Determine fee-based platform and money managers.<input type="checkbox"/> Determine fee-based pricing.<input type="checkbox"/> Develop client-facing services schedule.<input type="checkbox"/> Create script to ask client for their permission to change broker-dealers, describe new services and explain new business model and pricing.
<p>Adding new services?</p>	<ul style="list-style-type: none"><input type="checkbox"/> Schedule overview sessions with broker-dealer support service experts.<input type="checkbox"/> Develop client-facing service schedule with updated fee schedule.<input type="checkbox"/> Create script to ask client for their permission to change broker-dealers, describe new services and explain new fee structure.
<p>Repricing?</p>	<ul style="list-style-type: none"><input type="checkbox"/> Develop client-facing service schedule with updated pricing schedule.<input type="checkbox"/> Create script to ask clients for their permission to change broker-dealers, describe new services and explain new pricing structure.

Step 1: Review Current Business Model and Make Revisions

The first step in preparing for a transition poised to grow revenue is reviewing your client segmentation, pricing and service models and determining if any revisions or updates should be made.

Current Client Segmentation Model:

	Investable Assets	Yearly Revenue to Firm	Provides Qualified Referrals	Likability or Ease of Service	Other Criteria
A+					
A					
B					
C					
D					

Adjustments to Client Segmentation Model:

	Investable Assets	Yearly Revenue to Firm	Provides Qualified Referrals	Likability or Ease of Service	Other Criteria
A+					
A					
B					
C					
D					

Current Pricing:**Adjustments to Pricing:**

	Pricing	= Average Revenue per Segment	New Pricing	= Average Revenue per Segment
A+				
A				
B				
C				
D				

Current Client Services Matrix:

	Services Provided	Retainer or Planning Fees	AUM Fees Charged	Platform and Manager
A+				
A				
B				
C				
D				

Adjustments to Client Services Matrix:

	New Services and Products to Be Provided	Retainer or Planning Fees	AUM Fees Charged	Platform and Manager
A+				
A				
B				
C				
D				

New advisors to Securities America often add:

- Wider range of access to investment products in all investment categories
 - Alternative investments
 - Bonds (through Ladenburg Thalmann and AAM)
 - Fixed products through our preferred IMO partners
- More robust advisor platform; Managed Opportunities Managed Accounts – Advisor Directed
- Financial planning
- Advisory services on a retainer fee arrangement
- Trust services through Premier Trust

Step 3: Update Your Client-Facing Materials

Step three refines your branded client-facing service and pricing materials so that your clients walk away with a tangible description of the services they will receive and the pricing for those services.

Benefit Tiers	Bronze	Silver	Gold	Platinum
Initial Financial Planning Fee	\$750	\$1,800	\$2,500	\$2,750
Monthly Maintenance & Implementation Fee*	\$50	\$75	\$100	\$150
Services Included				
Meetings Offered Per Year	1	2	3	4
Account Establishment (IRA, Roth IRA, SEP IRA, Simple IRA, Individual, Joint, Trusts, TOD, Bene IRA, Charitable, 401k, LLC Partnerships)	✓	✓	✓	✓
Investment Asset Allocation Guidance - Basic	✓	✓	✓	✓
Corporate Plan Rollovers	✓	✓	✓	✓
Account Consolidation	✓	✓	✓	✓
New Worth Analysis	✓	✓	✓	✓
Transactional Services (contributions & distributions)	✓	✓	✓	✓
Online Account Access	✓	✓	✓	✓
Corporate Retirement Plan Review	✓	✓	✓	✓
Retirement Planning - Basic	✓	✓	✓	✓
Liability Planning - Basic	✓	✓	✓	✓
Liability Planning - Comprehensive		✓	✓	✓
Cash Flow Analysis		✓	✓	✓
Retirement Distribution Planning		✓	✓	✓
Retirement Planning - Comprehensive		✓	✓	✓
Investment Allocation - Comprehensive		✓	✓	✓
College Planning			✓	✓
Insurance Review			✓	✓
Tax Planning (includes consultation with your CPA)			✓	✓
Estate & Gift Planning				✓
Business Planning				✓
Educational Resources				
Monthly E-Newsletter	✓	✓	✓	✓
Quarterly Economic Update Conference Calls			✓	✓
*Waived with money management service. Subject to minimum account value.				



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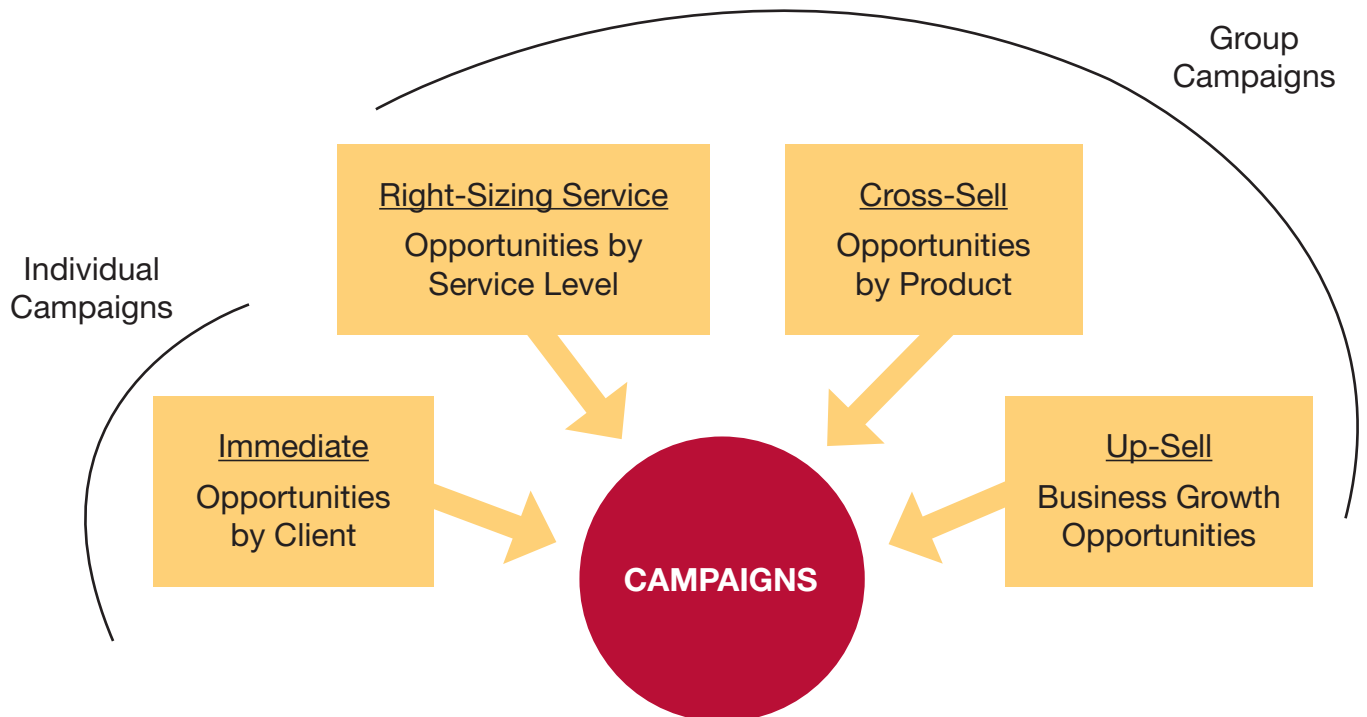
Money Management

Benefit Tiers			
Minimum	\$100k - 250k	\$250k - \$1m	\$1m +
Flat Fee	1.30%	1.15%	1.00%
Services Included			
Meetings Offered Per Year	1	2	3
Account Establishment (IRA, Roth IRA, SEP IRA, Simple IRA, Individual, Joint, Trusts, TOD, Bene IRA, Charitable, 401k, LLC Partnerships)	✓	✓	✓
Investment Asset Allocation Guidance - Basic	✓	✓	✓
Corporate Plan Rollovers	✓	✓	✓
Account Consolidation	✓	✓	✓
New Worth Analysis	✓	✓	✓
Transactional Services (contributions & distributions)	✓	✓	✓
Online Account Access	✓	✓	✓
Corporate Retirement Plan Review	✓	✓	✓
Retirement Planning - Basic	✓	✓	✓
Retirement Distribution Planning	✓	✓	✓
Tax Planning (includes consultation with your CPA)		✓	✓
Estate & Gift Planning			✓
Business Planning			✓
Educational Resources			
Monthly E-Newsletter	✓	✓	✓
Quarterly Economic Update Conference Calls			✓
*Accounts under \$100k may be accepted on an exception basis. Management fee is all inclusive and includes all trades and custodian fees.			

Step 4: Understand All Possible Revenue Generating Opportunities

Step four highlights opportunities for increasing your revenue at transition. Opportunities can be grouped into five key areas:

1. **Immediate:** Individual client opportunities and any major changes to your business model that will affect all clients.
2. **Right-Sizing:** Identify clients that will need to be reclassified and create an implementation and communication plan to adjust services and expectations for service going forward.
3. **Cross-Sell:** Identify clients who candidates for exploring additional product solutions based on age, goals and objectives.
4. **Up-Sell:** Identify clients who are candidates for exploring additional business growth opportunities.
5. **Client Release:** Identify clients who don't fit your business model. If they are not profitable now, do not bring them with you to your new firm.



Revenue Generating Opportunities:

Opportunity	Potential Effect on Revenue
Re-Discovery	Conduct a re-discovery meeting with the top 20% of clients (per Pareto Principal, the top 20% of clients generate 80% of revenue) to mine for individual client opportunities, specifically money in transition and assets held away.
Raise Fees Practice-Wide	Raise overall firm profitability if currently underpriced or not competitively priced in your marketplace.
Re-classify Clients into a Higher Segmentation Level	Earn higher revenue from ideal clients. Clients receive additional services that are appropriate for their financial situation and circumstances.
Re-classify Clients into a Lower Segmentation Level	Become more efficient by providing a limited set of services for clients who are not ideal for the business.
Fee/Advisory Conversion	Raise overall firm profitability and efficiency by moving to a fee-based/advisory business model.
C-Share Conversion	Proactively protect your revenue stream for clients that you are providing on-going service to.
Financial Planning/Retainer Fees	Increase revenue by charging for valuable planning services you currently provide free.
Insurance Planning	Create additional revenue stream for the practice.
Income Distribution Planning/NextPhase™	Create additional revenue stream for the practice and the opportunity to differentiate your services by providing a solution to one of the top client concerns – outliving assets.
Long Term Care Insurance	Create additional revenue stream for the practice.
Referrals - 2 nd Opinion	Grow your practice with ideal client referrals.
Centers of Influence	Grow your practice by identifying new centers of influence (CPAs, attorneys, etc.) to establish referral relationships with.
Niches	Grow your practice by identifying and prospecting in new niches and micro-niches.
Client Release	Become more efficient with you and your staff's time by releasing non-ideal, low-profit clients.
Associate Advisor	Become more efficient with your time by moving lower segment clients to an associate advisor for service.
Trust Services	Offer trust services, keeping clients "sticky" to your practice.
Other Service New Broker-Dealer Offers:	
Other Service New Broker-Dealer Offers:	

Step 5: Create Your Campaigns

After understanding all of the opportunities for increasing revenue, determine which make the most sense for you. Your immediate individual opportunities, such as meeting with the top 20 percent of your clients, should be your highest priority, then group the other opportunities into campaigns for efficiency. An example of a group campaign would be to right-size the bottom 5 percent of your client base. Think through the steps for executing each campaign in advance and then determine the timing for each campaign, whether at transition or shortly after.

Immediate	<ol style="list-style-type: none">1. Re-discovery meeting with top 20% of clients.2. Convert practice to fee-based.3. _____4. _____5. _____
Right-Size Service	<ol style="list-style-type: none">1. _____2. _____3. _____
Cross-Sell	<ol style="list-style-type: none">1. _____2. _____3. _____
Up-Sell	<ol style="list-style-type: none">1. _____2. _____3. _____

Immediate Campaigns:

Best Practice: Individual Client Meeting/Re-Discovery Meeting

We suggest using the formal New Conversations: The Client Re-Discovery Conversation with the top 20 percent of your clients. The premise of the client re-discovery conversation is simple: re-interview your existing clients. Your existing clients are your best source for generating additional revenue at little additional cost. The client re-discovery conversation is an in-depth discovery process that shows clients you are focused on the “whole picture;” including values, family and important relationships.

Advisors are often hesitant to use re-discovery conversations for fear their client will wonder why they are being asked questions the advisor should already know. The transition event is an excellent time to say to the client:

“You may feel like I should already know or you have given me this information already. But I truly feel that it is important to take the opportunity as I make this change to be sure the information I am basing my recommendations on is still accurate. Our lives are so busy and things are always changing. I don’t want to assume anything, especially details important to the planning process.”

Implementing the client re-discovery process allows your client meetings to become more conversational. You will spend most of your meeting time asking questions, then listening intently for the answers. Your client will feel they have been heard, resulting in a deeper trust relationship and ultimately leading to increased planning opportunities, product selection opportunities and previously uncovered assets that can be managed. Research presented in Private Wealth Magazine (June/July 2007) indicated that “advisors who committed themselves to this process increased their income 25 percent in the first year without adding a single new client.”

The Client Re-Discovery Conversation Guide provides guidance and tips on how to showcase your value proposition and thought leadership with your clients. Be sure to utilize the recommended visual client-facing summary and recommendation pieces.

To learn more, download Securities America's guide,
New Conversations: The Client Re-Discovery Conversation
at <http://bit.ly/1eOvynD>



Immediate Opportunity Campaign Steps:

Immediate Opportunity	Campaign Steps
<p>Individual Client Meeting: Re-Discovery</p>	<ul style="list-style-type: none"> • Schedule re-discovery meetings with top 20% of clients. • Introduce the purpose of the re-discovery meeting, resell value proposition and highlight the benefits of the transition. • For clients moving up, highlight “add-on” or “premium” services. • Mine for opportunities. • Obtain yes/no decision from clients on individual opportunities. <p>Your steps:</p> <ul style="list-style-type: none"> • _____ • _____ • _____ • _____ • _____
<p>Individual Client Meeting: Convert Practice to Fee-Based Model</p>	<ul style="list-style-type: none"> • Schedule meetings with top 20% of clients. • Explain rationale for business model change to fee-based and highlight the benefits of the transition. • Introduce service matrix, service expectations and pricing. • Obtain yes/no decision to move to fee-based. <p>Your steps:</p> <ul style="list-style-type: none"> • _____ • _____ • _____ • _____ • _____

Create Group Opportunity Campaign Steps:

Group Opportunities	Campaign Steps
C-Share Conversion	<ul style="list-style-type: none"> • Identify clients who are candidates for C-Share conversion. • Determine platform/managers. • Create talking points in preparation for meeting with clients. • Prepare client paperwork. • Schedule client meetings. • Discuss change, sell value, obtain yes/no decision by client.
NextPhase™	<ul style="list-style-type: none"> • Identify clients who are candidates for NextPhase™ plan. • Create talking points in preparation for meeting with clients. • Schedule client meetings. • Discuss strategy and obtain yes/no decision to move forward. • Yes decision: discuss investment and money managers with advisory consultant. • Build plans. • Prepare client paperwork. • Implement strategy.
Client Release	<ul style="list-style-type: none"> • Identify non-ideal, low-revenue clients who are candidates for release. • Create client release letter announcing change in business structure, stating that you will regretfully no longer be able to service the client. Ask them to move their account to another advisor of their choice. • Send letter. • Schedule follow-up call to answer questions, discuss concerns and offer assistance to move account.
Raising Fees	<ul style="list-style-type: none"> • Conduct fee analysis and identify clients that are underpriced. • Create letter regarding fee increase. • Prepare paperwork. • Schedule client meetings. • Implement fee changes. • Identify services for which you do not receive appropriate compensation.

My Group Opportunities and Campaign Steps:

Group Opportunities	Campaign Steps
Priority #1	Campaign: <ul style="list-style-type: none">• _____• _____• _____• _____• _____• _____• _____• _____• _____• _____
Priority #2	Campaign: <ul style="list-style-type: none">• _____• _____• _____• _____• _____• _____• _____• _____• _____• _____

Group Opportunities	Campaign Steps
Priority #3	<p>Campaign:</p> <ul style="list-style-type: none">••••••••••
Priority #4	<p>Campaign:</p> <ul style="list-style-type: none">••••••••••

In Closing

Making a broker-dealer change takes time and resources. Advisors too often focus only on the administrative tasks necessary to complete the transition. The transition event takes planning, and that planning should start with a focus on the new benefits clients will receive. With your broker-dealer move, you are enhancing your value proposition with additional service offerings, product availability and planning opportunities. Clearly articulate these benefits and be prepared to showcase the enhancements in all of your branded client-facing materials. Next, ask your best clients for their permission to change broker-dealers for their benefit and yours.

Client Segmentation Example

	Investable Assets	Yearly Revenue to Firm	Provides Qualified Referrals	Likability or Ease of Service	Access to Target Market Information
A+	\$1 million+	\$10k+	5+ per year	Willing to meet, open to recommendations, respectful, extroverted, flexible	Ideal target market affiliation and open to being interviewed
A	\$500k-1 million	\$5k-10k	3-4 per year	Coachable, respectful, open, positive personality	Ideal target market affiliation, unsure of willingness to interview
B	\$250k-500k	\$2500-5k	1-2 per year	Generally coachable, flexible, open and respectful	Potential target market affiliation
C	\$100k-250k	\$1000-2500	0	Not coachable, not flexible, but respectful	Not affiliated with a target market
D	<\$100k	<\$1000	0	Not willing to meet, not open to following recommendations	Not affiliated with a target market



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