AWAKENING THE SLEEPING GIANT

Create a business model that unlocks growth potential
What’s the Problem?

Time – Does this sound familiar?
• Cancel the team meeting, we don’t have time this week…
• It’s really difficult to get to…
• We’re leaving money on the table because I don’t have the time…

Value – How about this?
• I can’t seem to spend time with my best clients because…
• We lost a client last week and I hadn’t had a meaningful conversation with them in six months…
• I wish we could do more in-depth financial planning for some of our best clients but…

Energy
• I’m exhausted at the end of the day because…
• I can’t get a workout in because…
What is the real cause of the problem?

- Too few clients and too many customers
- Capacity and control issues
- Lack of clarity of the business vision and future
- Wrong people, or right people in the wrong roles
- Lack of a systematic approach and process
- Not embracing the drivers of client value
- No plan
- Reactive vs. proactive approach
The Agenda

Vision

Metrics

Capacity and Control

Systems
Vision
Vision

The Vision
Your picture of what you're building. This is what people see and experience.

The Mission
What lies beneath the surface that drives you and generates passion and energy.
Vision – Action Steps

1. Answer the following questions to help design your business of the future:
   - What do you want your practice to look like in terms of clients, team members, service offerings, and standards?
   - How large do you want your practice to become with regard to assets, revenue, and number of clients?
   - What wealth issues will you and your team solve for your clients?
   - Will your practice serve any specific niche markets?
   - What types of benchmarks or metrics will motivate you and your team to continue your growth trajectory?

2. Create a written vision for the future of your practice

3. Answer this question: If you are able to achieve your vision, how will you, your clients, your team members, your firm, and your community benefit?
Metrics
Metrics help you:

- Run your business like a CEO
- Make solid business decisions
- Determine if a segmentation strategy is required
- Identify growth opportunities with current clients
- Determine which products or service offerings will resonate with top clients
Key Metrics for running your business

1. Metrics
   - Total assets and revenue
   - Average assets and revenue
   - Number of new relationships
   - Average assets and revenue from new clients
   - Number of clients below the current average
   - Age distribution / lifecycle and opportunities
   - Multiple product / service penetration rates
   - Asset outflows
   - Number of clients with fee based accounts / averages
   - Inactive accounts
   - Single product accounts
   - Other account maintenance
Capacity & Control
Capacity & Control

Capacity Constraints
- Almost every advisor deals with this issue at some point in their career
- We believe there’s safety in numbers
- The number of relationships becomes unmanageable

Control Constraints
- You do what your clients want
- Your service model has been violated over and over again
- Your clients run your business
Capacity & Control – Action Steps

1. “Average Households” Exercise
   a. Average assets per household __________________
   b. Number of households below this average __________________
   c. Total “below average” assets __________________
   d. Revenue generated from these households __________________

2. Breakeven Ratio
   If you eliminated all households below your average, how many new relationships would you need to bring into your practice at your current average asset level to break even? __________________

Common Ratio: 10:1
3. Client Relationship Evaluation

- Describe the clients that your practice is structured to serve
- Evaluate the client relationships below your “average assets per household” by answering these questions:
  - Is this client transaction-focused only?
  - Does this client withhold critical information that would help you serve them better?
  - Does this client second-guess most of my decisions?
  - Does this client question my fees?
  - Is there major upside potential in this relationship?
4. Decision Time

Evaluate each client below your average assets per household

<table>
<thead>
<tr>
<th>Client Name</th>
<th>% of Assets you manage</th>
<th>Future Growth Potential</th>
<th>Referral Potential</th>
<th>Client satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smith Family</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Jones Family</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

1 = Cultivate the client by reintroducing them to your services and capabilities
2 = Delegate the client to another member of your team or alliance partner
3 = Divest the relationship fully from practice in the most professional manner possible
5. Reassign clients that don’t fit – talking points

Our commitment to serving a specific type of client
“Mr. Smith, my team and I am committed to working with clients who have complex financial needs and issues, serving them comprehensively with a family-office approach and managing all of their financial needs and issues.”

The growth and specialization of my practice
“Additionally, my practice has grown dramatically over the last several years and we have begun to refine and specialize our practice to the client that I mentioned.”

Taking care of you
“In an effort to continue to refine our model within our areas of specialization and continue to provide you with the highest level of service possible, I want to introduce you to _____________. I have asked him / her to schedule a meeting with you to learn more about you, your needs and your financial situation and ultimately manage your financial relationship. I believe that he / she is best suited to work with you and is structured to provide you with the level of service and insight that you deserve.”

The next step
“____________ will be reaching out to you in the next couple of days to schedule an in-depth review of where you are today and your plans going forward.”
Capacity & Control – Action Steps

6. Identify clients you’re planning to keep

Clients above average assets per household

+ Clients below average assets per household rated “Cultivate”

= Total clients you’re planning to keep
### Capacity & Control – Action Steps

7. Determine the service approach for clients you’re planning to keep

<table>
<thead>
<tr>
<th></th>
<th>Number of clients</th>
<th>% of total</th>
<th>Service Plan</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>“A” Clients</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>100</td>
<td>50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Consolidated assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• High revenue</td>
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<td></td>
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<tr>
<td>• High trust</td>
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<tr>
<td><strong>“B” Clients</strong></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>60</td>
<td>30%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• More asset potential</td>
<td></td>
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<tr>
<td>• Leverages my advice</td>
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<tr>
<td>• High trust</td>
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<tr>
<td><strong>“C” Clients</strong></td>
<td></td>
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<tr>
<td></td>
<td>40</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Lower asset levels</td>
<td></td>
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<td></td>
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<tr>
<td>• Less complex financial situation</td>
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<tr>
<td>• Low trust</td>
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Systems
Systems Help You:

• Match the right level of service to the right client
• Save time
• Provide methods for continuous innovation
Systems – Action Steps

1. Implement Proactive Client Meeting Plan for “A” Clients

- Disciplined and Integrated Approach
- Each Team Member Plays an Impactful Role in the Clients Life
- Enhanced Ability to be Distinctive
- Drive Scale and Efficiency in Your Model which Promotes Growth
## Systems – Action Steps

2. Review and refine your systems for the most important elements of your business model

<table>
<thead>
<tr>
<th>Business Model Systems</th>
<th>Current Systems</th>
<th>Modifications</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attracting New Clients</td>
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<tr>
<td>Wealth Analysis &amp; Planning</td>
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<tr>
<td>Investment Process &amp; Review</td>
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<tr>
<td>Client Service &amp; Management</td>
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<tr>
<td>Business Management</td>
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Summary

Vision
Your business of the future

Metrics
Key business drivers

Capacity and Control
Effective use of time

Systems
Turnkey processes
Bottom Line

Develop a Dominant Practice

Most of us get so caught up in the daily grind of running our practices that we rarely stop to consider the effectiveness of the business model we’ve ended up with.

Taking the time to envision and implement an integrated business model can unlock the growth, time, and service needed to realize your business of the future.
Next Steps

1. **2 Weeks** – Complete a draft of your Vision statement. Review with me.
2. **3 Weeks** – Document your key business metrics
3. **4 Weeks** – Determine service plans for retained clients. Implement Proactive Client Service Model
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