



Developing business partnerships/alliances

Developing Strategic Alliance

- Why Financial Advisors Should develop strategic alliance with professionals like CAs or Lawyers ?
- “I can do it myself”

Why Strategic Alliances

- Strategic alliances create that rarest of situations: a true **win-win-win**.
- Other professional advisors (**CAs / Lawyers**) win by growing their revenues from their current client bases. Financial advisors (**You**) win by acquiring additional affluent clients.
- And those clients win by receiving the complete range of financial services through a single trusted professional
- Resultant: create this win-win-win in your own business

Why Strategic Alliances

Exhibit 1
Source of Five Best New Clients in Previous Year



N = 2,094 financial advisors.

Source: CEG Worldwide.

Why Strategic Alliances

Exhibit 2
Importance in Finding Primary Financial Advisor



N = 1,417 affluent individuals.

Source: Russ Alan Prince and David A. Geraciotti,
Cultivating the Middle-Class Millionaire, 2005.

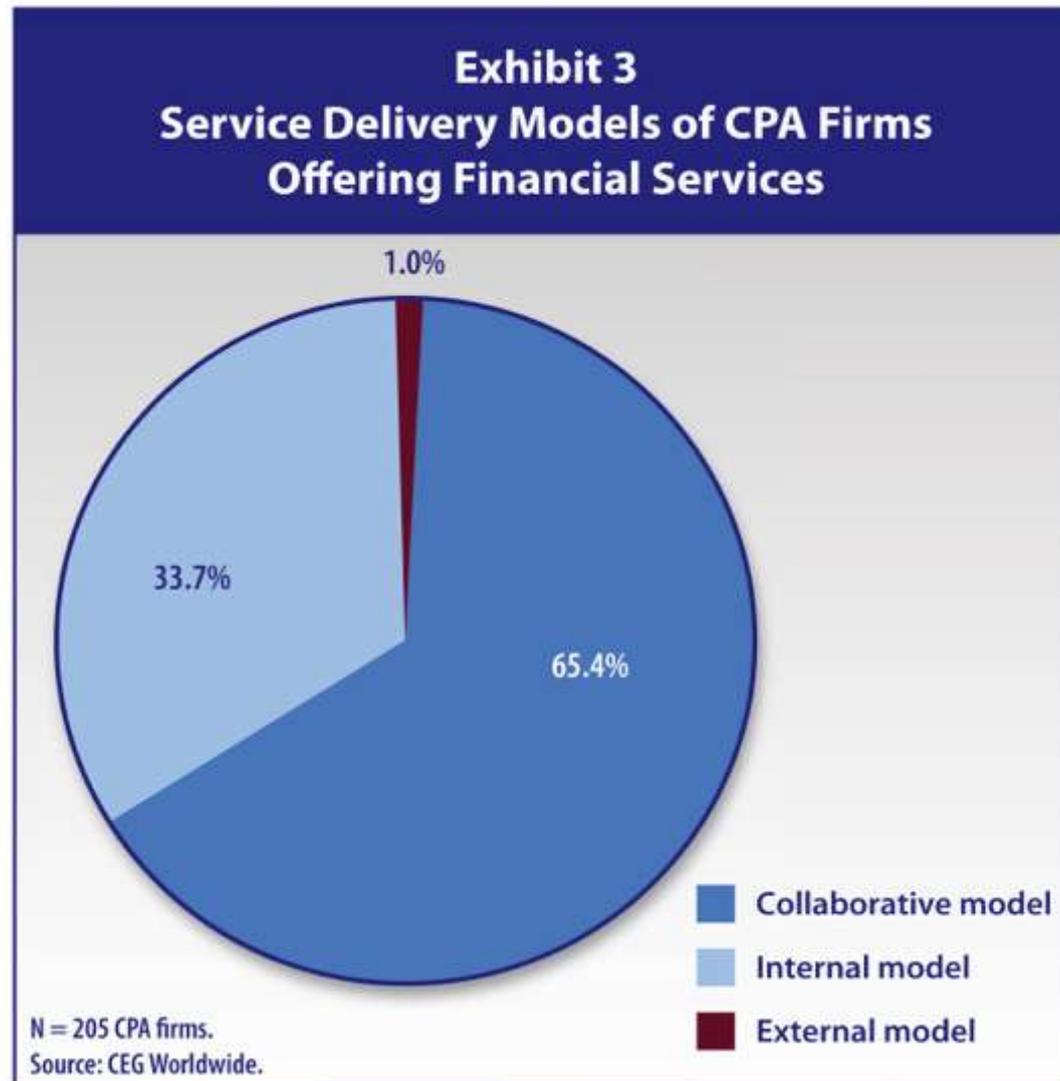
Why Strategic Alliances

- A strategic alliance creates a vested interest in each partner to help the other grow.
- An alliance creates “economic glue” that holds together a mutually beneficial partnership.
- Strategic alliances work, ultimately, because they enable you and your strategic partner to serve your clients better.
- Through the alliance, clients will benefit from both the expertise of the trusted professional with whom they already have a relationship and from your skills as a wealth manager who can address the full range of their financial concerns
- What is good for your clients, of course, is good for you. Perhaps most important of all , strategic alliances will enable you to make a quantum leap in growing your business.
- So strategic alliances hold the potential to greatly benefit both you and your future clients. **But how would your potential strategic partners profit?**

The View from the Other Side

- A CEG Worldwide study indicated that 95.4 percent of CAs believe there's a conflict with an in-house financial advisor and 76.5 percent are concerned an in-house financial advisor would affect their client's trust.
- When CAs prepare someone's taxes, CAs have all of their financial information and they're coming to CAs for advice.
- If someone in the accountant's office then tries to sell investment products, the firm may no longer be seen as trustworthy, Meaning, the client figures the CA will be turning over financial information to the advisor.

The View from the Other Side



The View from the Other Side

- Collaborative firms rely on outside professionals to deliver a portion of their financial services, their costs to provide these services is lower than for firms using the internal model.
- These lower costs would translate into higher profit margins on their gross revenues.
- Above all , it is their underlying embrace of strategic, collaborative relationships with outside professionals to deliver an optimal client experience.
- These firms' willingness to turn to outside professionals comes primarily in response to market factors, including the greater complexity of financial products and increased client challenges due to market volatility.

Potential of the Alliance

- According to a CEG Worldwide study of more than 2,000 advisors, 61 percent said that referrals from other professionals brought them their five best new clients in the previous year.
- That's not to mean the goal is casual, informal referrals. Strategic alliances are formal business partnerships that spell out the commitment on each side.
- An alliance's best practices include a pilot program that allows you and some of your top clients to experience an advisor's services.
- This can include a marketing campaign that announces the alliance and allows your clients a no-charge second opinion about your advisor-partner, and a private event for select clients

Wealth Management

Wealth management = investment consulting + advanced planning + relationship management

- ***Investment consulting*** is the core offering for many wealth managers and the foundation upon which they begin to build the client relationship.
- ***Advanced planning*** addresses the four key areas of affluent clients' financial concerns beyond investments: wealth enhancement, wealth transfer, wealth protection and charitable gifting.
- ***Relationship management*** focuses on client relationships, relationships with a network of financial professionals, and relationships with affluent clients' other professional advisors, such as attorneys and accountants.