Financial Leadership in Uncertain Times

Restore Confidence, Regain Trust, Rebuild Wealth
Agenda for Today

- The Need for Leadership
- Financial Leadership Framework
  - Restore Confidence
  - Regain Trust
  - Rebuild Wealth
- The Road to Recovery
The Need for Leadership

- Reduction in wealth/loss of confidence
- Uncertainty around jobs/retirement angst
- Money Markets or mattresses
“This is an economic Pearl Harbor.”
- Warren Buffett

“We are in the worst financial crisis since the Great Depression.”
- President Barack Obama

“…global recession is about to produce blood in the streets ‘civil wars’ and toppled governments.”
- Niall Ferguson
Emotional Impacts
Lack of Leadership = Do It Yourself Investing

- Loss of confidence in traditional “brokers”
- 50 - 80% increase in number of discount brokerage accounts opened
- Lower fees make active trading more affordable – exactly what should NOT be happening
A Framework for Leadership

\[ \text{Motivation} + \text{Vision} + \text{Expertise} + \text{Implementation} = \text{SUCCESS} \]
Successful Financial Leadership

- Motivation
- Vision
- Expertise
- Implementation

Steps:
- RESTORE Confidence
- REGAIN Trust
- REBUILD Wealth
Restoring Confidence
3 Areas to Focus On

• Our confidence

• Confidence of the public/investors in equities and investments

• Motivation of your clients to move forward with you towards a positive vision of the future
Advisor Confidence Index

February 2007
emergence of the subprime issue

Source: Rydex Advisor Benchmarking
Advisor Confidence Index

September 2008
US Fed began to cut federal funds rate

100.25

Source: Rydex Advisor Benchmarking
Advisor Confidence Index

March 2008
*Dow Jones hit lowest point since October 2006*

86.27

Source: Rydex Advisor Benchmarking
Advisor Confidence Index

October 2008
*Emergency Economic Stabilization Act,*
creation of $700 billion *Troubled Assets Relief Program*

79.07
Advisor Confidence Index

January 2009
small increase, possibly due to election

84.76

Source: Rydex Advisor Benchmarking
Advisor Confidence Index

April 2009
*highest level since Sept 2008*

93.59

Source: Rydex Advisor Benchmarking
Advisor Confidence Index

Source: Rydex Advisor Benchmarking
Staying the course in challenging markets
Growth of the S&P 500 Composite $C, August 1979 to February 2009

$10,000
August 1979

$188,402
February 2009

Restore Confidence
30 Year Comparison of Major Indices

- S&P 500 Composite Total Return: 11.1% (Idx ($ Cdn))
- MSCI World ($ Cdn): 10.0%
- S&P/TSX Total Return: 9.7%
30 Year Comparison of Major Indices

Index
- S&P 500 Composite Total Return Idx ($ Cdn)
- MSCI World ($ Cdn)
- S&P/TSX Total Return

Data source: CLH Investments
Major Indices

Index
- S&P 500 Composite Total ReturnIdx ($ Cdn)
- MSCI World ($ Cdn)
- S&P/TSX Total Return

Graph showing the performance of various indices from December 2000 to December 2008.
Past ten years – worst since 30’s

U.S. equities – rolling 10-year compound total returns (1895-current)

Source: UBS, Tetrem Capital Management
Investor Pessimism is Contrary to Market Performance

14.61% annualized return on the S&P 500 over the next three years

13.95% annualized return on the S&P 500 over the next three years

-16.67% annualized return on the S&P 500 over the next three years

0.36% annualized return on the S&P 500 over the next three years

Source: Factset
Advisor Confidence

• New solutions – TFSA, GMWB
• Fewer competitive firms
• You do more than equities
Successful Financial Leadership

Motivation
Vision
Expertise
Implementation

RESTORE Confidence
REGAIN Trust
REBUILD Wealth
Broken Trust

Source: TrustedAdvisor Associates 2008
Reasons for Failed Sales

- No desire to change
- No need
- No Trust
- No urgency
- No budget
- Other

Source: Heiman Miller, Conceptual Selling
The Territory of a Trusted Advisor

Earning Trust

Building Relationships

Giving Advice Effectively

Source: The Trusted Advisor, by David H. Maister, Charles H. Green, Robert M. Galford
The Trust Equation

\[ \text{Trust} = \frac{\text{C} + \text{R} + \text{I}}{\text{S}} \]

\[ \text{Trust} = \text{Credibility} + \text{Reliability} + \text{Intimacy} \]

\[ \text{Self-Orientation} \]

Source: TrustedAdvisor Associates 2007
## Trust Realms

<table>
<thead>
<tr>
<th>Component</th>
<th>Realm</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credibility</td>
<td>Words</td>
<td>I can trust what he says about…</td>
</tr>
<tr>
<td>Reliability</td>
<td>Actions</td>
<td>I can trust her to…</td>
</tr>
<tr>
<td>Intimacy</td>
<td>Emotions</td>
<td>I feel comfortable discussing this…</td>
</tr>
<tr>
<td>Self-orientation</td>
<td>Motives</td>
<td>I can trust that he cares about…</td>
</tr>
</tbody>
</table>

Source: The Trusted Advisor, by David H. Maister, Charles H. Green, Robert M. Galford
Trust = \[(worthiness)\]

\[C \uparrow \quad R \uparrow \quad I \uparrow \quad S \downarrow\]

Source: TrustedAdvisor Associates 2007
Ideas to Increase Credibility

Trust = (worthiness)

Source: TrustedAdvisor Associates 2007
Ideas to Increase Reliability

Trust = (worthiness)

Source: TrustedAdvisor Associates 2007
Ideas to Increase Intimacy

Trust = (worthiness)

Source: TrustedAdvisor Associates 2007
Ideas to Decrease Self-Orientation

Trust = \( \text{(worthiness)} \)

Source: TrustedAdvisor Associates 2007
"No one cares how much you know, until they know how much you care"
Building

The building phase of an advisor’s practice requires a dedicated focus on growth activities to ensure success. This involves developing a unique personal brand, creating an effective marketing strategy, generating business opportunities, and establishing a sustainable client base. The presentations and tools in this section will help advisors in all of these areas.

Presentations

Client Discovery (CD)
This presentation will provide you with a number of innovative ways to uncover the critical client details that standard fact finding discovery processes inevitably miss.
PPT | PDF

Growth Imperative (GI)
This presentation will highlight some of the shifts in the financial services business and their potential impact on your practice. It will also introduce three growth strategies that you can use to build your business.
PPT | PDF

Personal Branding for Financial Advisors (BFA)
This presentation introduces a proven framework to assist you in developing the core messages you need to promote yourself effectively.
Multimedia | PPT | PDF | CE Quiz

Power of Social Networking (PSN)
The Social Networking phenomenon is growing and you need to be prepared for it. This presentation will explore the potential of Social Media as a marketing tool. It will also help you understand the risks associated with using Social Media and show you how to get started.
PPT | PDF

Managing Your Business

- Building
- Sustaining

Managing Your Clients

Managing Your Development

Tools

Brand Workbook (BFA)
The workbook helps you develop your personal brand strategy.
PDF

How to Develop Compelling Client Testimonials (BFA)
This tool provides a five step process for getting great client testimonials and shows you how to incorporate them into your marketing materials.
PDF

Life comes at us...fast (CD)
A chart that you can use to help clients identify what issues and needs their family may face in the future and to help you determine how you can assist your clients in planning for those needs.
PDF

My Life Events Worksheet (CD)
A worksheet that you can use with your clients to determine the probability and impact of the life events that apply to them.
PDF

Strategy Implementation Plan (CD)
A worksheet that you can use to develop a plan of action to incorporate any new initiatives into your practice. It will help you to detail all of the necessary steps to succeed.
PDF
The building phase of an advisor's practice requires a dedicated focus on growth activities to ensure success. This involves developing a unique personal brand, creating an effective marketing strategy, generating business opportunities, and establishing a sustainable client base. The presentations and tools in this section will help advisors in all of these areas.

**Presentations**

**Client Discovery (CD)**
This presentation will provide you with a number of innovative ways to uncover the critical client needs that standard fact finding discovery processes inevitably miss.

**Growth Imperative (GI)**
This presentation will highlight some of the shifts in the financial services business and their potential impact on your practice. It will also introduce three growth strategies that you can use to build your practice.

**Personal Branding for Financial Advisors (BFA)**
This presentation introduces a proven framework to assist you in developing the core messages you need to promote yourself effectively.

**Power of Social Networking (PSN)**
The Social Networking phenomenon is growing and you need to be prepared for it. This presentation will explore the potential of Social Media as a marketing tool. It will also help you understand the risks associated with using Social Media and show you how to get started.

**Tools**

**Brand Workbook (BFA)**
This workbook helps you develop your personal brand strategy.

**How to Develop Compelling Client Testimonials (BFA)**
This tool provides a five step process for getting great client testimonials and shows you how to incorporate them into your marketing materials.

**Life comes at us...fast (CD)**
A chart that you can use to help clients identify what issues and needs their family may face in the future and to help you discriminate how your services may meet their wealth planning needs.

**My Life Events Worksheet (CD)**
A worksheet that you can use with your clients to determine the probability and impact of the life events that apply to them.

**Strategy Implementation Plan (CD)**
A worksheet that you can use to develop a plan of action to incorporate any new initiative into your practice. It will help you to detail all of the necessary steps to succeed.
Successful Financial Leadership

Motivation → RESTORE Confidence
Vision → REGAIN Trust
Expertise → REBUILD Wealth
Implementation
Process not an Event
Emotional Maturity
Do you have a wealth rebuilding strategy?
Rebuild Wealth

Wealth Rebuilding Strategy

1. **Step one**: Clarify the client’s present situation
2. **Step two**: Identify both financial and personal goals and objectives
3. **Step three**: Identify financial problems
4. **Step four**: Provide written recommendations and alternative solutions
5. **Step five**: Implement the right strategy
6. **Step six**: Provide periodic review and revision

Worry-free Wealth Management
A Framework for Leadership

Motivation + Vision + Expertise + Implementation = SUCCESS

Adopted from Ambrose 1987
Successful Financial Leadership

- **Motivation**
- **Vision**
- **Expertise**
- **Implementation**

- RESTORE Confidence
- REGAIN Trust
- REBUILD Wealth

Financial Leadership
Thank you

Please email pd@ci.com if you have any questions or concerns.