

# SENIOR CONSULTANT

The Voice of the Investment Management Consultant

## Fielding Miller and David Perkins, CapTrust

*Stephen C. Winks*

In just nine short years, Fielding Miller and David Perkins have created one of the leading independent investment management consulting firms in the state of North Carolina, with \$4.5 million in revenues, \$800 million under management and 17 employees. What is so surprising about Miller and Perkins' Raleigh-based business is not their extraordinary success, but the fact that they are just beginning to build their business.

In a crowded marketplace for financial services, what makes Miller and Perkins so successful is their ability to differentiate themselves. They are focused on providing an extremely high level of investment counsel and service to four well-defined client groups: retirement plan sponsors, non-profit organizations, professional athletes and high net worth investors. In each focused market segment, Miller, Perkins and their support team have created proprietary management systems that allow them to consistently provide an extraordinary level of service, as well as sustain extraordinary growth rates. The most intriguing dynamic of their business is that the more service they provide, the more they grow their firm.

Miller and Perkins began by focusing on servicing the needs of the retirement plan sponsors, and early in their partnership, they knew that they had to be very disciplined and stay sharply focused. From the beginning, their business plan was very simple. They believed they had one core service to provide, and that was service. Every consulting group in the industry had investment expertise to offer, yet Miller and Perkins knew that the difference between a competent consultant and an exceptional one was the level of service they provided. They found small businesses did not have the manpower to commit someone to run their plan full-time. Thus, by objectively acting on behalf of the plan sponsor, Miller and Perkins found they could be of tremendous value to their clients.

In those early days, there was a lot to do, and only the two of them to do it. Miller and Perkins quickly learned the virtues of the division of labor, with each working very hard at the tasks that they each did best. They simply did not leave the office until the job was done, working 12-16 hour days for four years before

the business really started to take off. Because they wanted to maximize their time in front of clients and prospects, they brought in Amy Adams as an administrative partner to manage much of the detail necessary to provide a high level of service. In assuming control over operations, Adams gave Miller and Perkins time to focus on their core strengths.

Fielding was an excellent writer, so he created the reports and proposals needed to drive the firm's service methodology. Perkins was more adept at initiating client relationships and kept both partners' calendars filled with prospective new clients.

As the business grew, a second administrative manager, Stacy Taylor, was added to the team to work with the inflow of new clients.

They then hired an analyst to monitor money managers, create custom reports and manage technology issues. Next, a financial consultant was added to handle the retail investment needs of their clients.

Finally, after many years of long hours, Miller and Perkins had truly made the sum of the parts greater than the whole by playing to each member's strengths. As Miller stated, "If you put good people together, it is amazing what you can

accomplish if you are committed to a goal."

Perkins, the team's inspirational leader said, "After four tough years, there was no holding back. We were fully committed to the retirement plan sponsor, had our systems, methodology and organizational structure in place, and had the discipline to execute. Just imagine how far we can go with the hard part behind us."

"Service will never become a commodity," says Miller who maintains that there can never be a "one size fits all" solution because each client has unique needs. "Everything we do is custom-tailored for each client," Miller says. "Our experience in dealing with qualified plan sponsors over the years has yielded one very important lesson - listen."

According to Miller, what plan sponsors need is the same objectivity in selecting plan administration and trustee services as they do in selecting investment managers. They need a reliable way to identify what type of plan services are available and the ability to compare them on an apples-to-apples basis, and that, Miller

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says, is the value that Miller system and Perkins adds: They help plan sponsors by providing a system and methodology to make the right decisions.

Miller and Perkins serve in the capacity of an objective advisor, sharing the common goal of solving problems not selling product. They provide the plan sponsor with a comprehensive view of the marketplace with information on every type of vendor and service provider available. Once the plan sponsor has selected the appropriate service platform for their plan, Miller and Perkins assume full responsibility for the delivery of those services. They provide professional counsel and assistance in the selection of investment options and fund managers, the writing of investment policy, the organization of employee enrollment meetings, on-going participant education, the monitoring of investments, recordkeeping and trustee performance.

Miller and Perkins have selected each of their strategic markets because of their ability to offer very unique value-added services to each that can be layered in the investment consulting process. It is these unique services that are the key determinants to attracting new clients and keeping them happy.

Miller and Perkins now have a former professional football player developing the professional athlete market, and a consultant who is focusing on the not-for-profit market at the same time that their high net worth market is continuing to grow very rapidly. In the midst of such growth, Miller's and Perkins' objective is to keep the organization relatively small and still take advantage of exceptional people to selectively expand their operations.

Although Miller and Perkins ultimately recommend an investment strategy for each client, they believe that their true competitive advantage comes well before that. They believe that they have identified specific ways to add value to each of their markets, allowing the firm to

attract and retain an increasing number of excellent clients.

So, where do Miller and Perkins see the consulting industry headed?

- **Technology:** "We believe technology will continue to commoditize the industry. With the use of their computer, investors will have unlimited access to information, will be able to develop their own asset allocation strategies, evaluate and select managers, and monitor results. But, just as today, it is one thing to manage a \$100,000 portfolio and an entirely another thing to manage a \$5 million portfolio, especially when there is fiduciary liability associated with one acting on behalf of plan participants. People will always need someone they can trust to help them make decisions. We will continue to move upstream to larger pools of assets. Our best friends will be market corrections."
- **Methodology:** "Consulting groups will to expand their teams to provide a variety of resources to clients. We believe that it will be very common to find fully integrated groups providing investment, tax, estate planning and deferred compensation services."
- **Culture:** "There will be more firms like CapTrust that will cater to the needs of consultants. As the consulting industry grows, a successful consultant from within the brokerage firm culture will become even more of an outsider. Charging for the advice and value you provide is a different business than charging for trade executions. Literally, everything that a consultant needs is deemed to be of no importance by a broker. It is very important to work in a firm that has a consulting culture with peers and colleagues who share the same values. We have that at CapTrust."
- **Service:** "Service is our business, and it will never be a commodity." ■

**Notes**

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**SENIOR CONSULTANT**

1457 Crystal Springs Lane  
Richmond, Virginia 23231

Ph 804-795-1642 ■ Fax 804-795-7703