Marketing In The 21st Century

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This is the first in a series of articles on enhancing your personal marketing campaigns. Readers of *Senior Consultant* constitute a diverse group with certain common characteristics. In general, readers are high level professionals, extremely knowledgeable about finances. Sadly, however, many are almost backward when it comes to web/internet development. For numerous reasons, only a few readers have moved their marketing efforts into the 21st century. (According to some informal polls that I've conducted, some readers are still in the 19th century – never mind the 20th – with respect to marketing efforts.)

Realistically, if your marketing approach is still in the 19th or 20th century, your business is, or is about to be, in significant trouble. The problem is the competition. Your world-class competitors are using the web in addition to all the traditional methods. They are obtaining a disproportionately significant advantage over their non-web competitors. Remember: "If you're not going forward, you're going backward." This applies to virtually all areas of business and life.

To remain competitive, to continue to bring value added, to differentiate yourself from everyone else and to draw highly qualified prospects and clients, you must obtain a strong, effective web presence to supplement your current marketing efforts. The web is the portal through which significant portions of the investment population are beginning to search for qualified investment professionals. Just consider the massive amounts of money that are currently being invested on-line (and the growth of on-line investing over the last five years), and you will better appreciate how imperative the situation actually is. Two quick stories illustrate the point.

Three weeks ago I received a phone call from a stockbroker in England, soliciting my investment business for both the European markets and within the United States. This lady, thousands of miles away, is actively competing with highly respected firms that are just down the street from me. I had no interest, not because of the distance, but because she didn't adequately answer my questions. I noted, however, the beginning of a trend.

On almost a daily basis, I receive four or five electronic advisory letters or investment solicitations. In reality, I discard the majority of them. Most are garbage. However, it got me wondering about how the best investment advisors in the world were representing themselves on the world-wide web. For the most part, not well or not at all.

A few weeks ago I was giving a speech in Aruba at a conference for top producers. (On a personal note, in order for me to feel comfortable giving the speech, I decided that my girlfriend Lyn and I absolutely had to get there three days early to "mentally prepare" and stay a day or so later – to unwind, you understand. The fact that it was Aruba and that my preparation/unwinding involved snorkeling, diving, shopping, sightseeing and general enjoyment was purely coincidental.)

Seriously, on that trip, something important happened that is pertinent to this discussion. Both Lyn and I have strong financial backgrounds. We joined another couple on a half-day jeep tour of the island. The lady owned a successful internet company, and the man was an attorney specializing in the shipping industry. It so happened that he was recently appointed executor of his father's estate. Unable to personally determine the value of the securities, he was unable to decide which securities to hold and which to liquidate. He asked us about different types of financial advisors and if we knew of any advisors or organizations we could refer them to. Of course, we did. We talked about different designations, the relative strengths and weaknesses of different organizations and offered some referrals.

A few weeks later they called to let us know the results they had obtained. The results were interesting. Most of the brokers did not have a personal web page – there was no web-based way to find out about the individuals we had recommended. The clients found that some of the firms we recommended had web pages that were clumsy and didn't provide information on specific advisors. Of the dozen people they tried to check out, only two were easily accessible (and/or user-friendly) on the web. These two individuals then received phone calls which determined which of the two would

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risk of the implemented portfolio and rebalance the portfolio when it reaches the boundary of the investor's risk tolerance. Holdings-based risk analysis tools are required for this approach. These tools are expensive, but if it keeps the level of risk in line with the investor's preference and more likely to meet his expectations, the expense may be worth it.

The Circle of Success is an easy concept to understand, but requires a savvy financial advisor with adequate resources to implement. Those financial advisors who will be successful will understand the importance of setting and meeting expectations and will enter into arrangements with qualified providers that will provide the resources required, but at a cost the financial advisor can afford. On the other hand, the best providers of the resources will understand the needs of the financial advisors to be able to brand their services in the local market and will thus deliver the services in a way that will facilitate private labeling. Obviously, web-based systems, like most everything else these days, will be the delivery system of choice.

Financial advisors who understand the Circle of Success will capture the majority of $300 billion of 401(k) rollovers that occurs each year and will be in the middle of the $10 trillion in wealth transfer that will occur over the next 20 years. They will also be the providers of products that will be required as we go from a nation of savers to a nation of dissavers when the baby boomers begin to retire. As more investors find they are wealthy as they receive their retirement accounts, the more interested they will be in maintaining that wealth, and investment risk will become increasingly important. As this happens, financial advisors who adhere to the discipline of the Circle of Success will find that they have a highly successful fee-based advisory business. ■

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manage the accounts totaling over $15 million ($10 million from the estate and the balance split between the two individuals).

The point is clear. For a certain percentage of the investment public, having web access is a prerequisite for doing business. Yes, people still tend to rely on referrals and they still want to meet their advisor face-to-face, but the trend is towards the web. An internet/web presence is about to be a requirement. While a lack of web presence will not preclude success, it will make future efforts more difficult. Those who do not meet or exceed client expectations will lose business to those who do.

It Gets Scarier

The global marketplace demands that you have a world-class business or be relegated to comparative mediocrity. When I was a broker in New York City, I was competing with other brokers from NYC and the surrounding areas. I had a few clients across the nation in other states where I was licensed, but for the most part, it was a comparatively local business. The same was true for all the other brokers throughout the world until a few years ago.

The internet changed everything. Now you are competing with financial advisors throughout the United States and, to a lesser extent, throughout the world. (Recall my call from the broker in England.) Being local might help you get the account, but it certainly no longer has the weight it once had. In fact, to a limited degree, being "local" is deemed a negative. When corporate or individual clients have access to the world, why should they be constrained to a "local" broker except for the few things a local broker can provide?

So, Why Don't You Have A Web Presence?

In previous issues I've referred to the "How-To, Want-To, Chance-To Model of Performance Analysis" as an assessment tool. Applying the model to the question before us –

How To

Do you know "how to" develop a web presence? Most readers don't. Why? Because, as highly productive and busy professionals, we've spend the majority of our careers working with the tools of the trade. In many cases, gaining the required knowledge to even ask the appropriate questions took too much time away from the day-to-day activities. That is, it may not have been a priority issue.

Want To

So people haven't fully identified the value of a web presence. They don't want to be on the web for certain reasons. It's very unfortunate, though, that many of those who think they don't want to, don't actually have valid reasons – merely an uncomfortable nervous feeling about getting involved with this new-fangled contraption. Of course, some people have done their due diligence and made a conscious determination that they wish to move their businesses forward using less efficient, but more familiar, tools.

Chance To

Industry/firm rules and regulations may currently prevent you from establishing a web presence. Certainly there were a few abuses in the early years resulting in firms tightening the compliance regulations. As certain policies and controls were implemented and tested, they were also occasionally relaxed for certain key groups. You are one of the top producers of your firm. If your business is being stymied by rules and regulations designed for new (or less ethical) financial advisors, then, perhaps, you should lobby to address the issue. Being prevented from having a personal/team web presence is like being required to drive your car in first gear.

Another "Chance To" possibility is that you have been so busy doing other things, that you haven't been able to afford the time and energy necessary to explore the possibilities. To use another analogy – that's like insisting on wearing blinders when running a race. You can see only what is directly ahead of you, but not what the rest of the runners are doing.

Where Does This All Lead?

The next few articles in this series will concentrate on providing you with an overview of the things you need to know and the questions you need to ask. It will be an "executive summary" of the topics outlined below, rather than a detailed "how to." If you

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wish to explore any particular topic in greater detail, a list of recommended books/ courses will be provided. If you're like me, then you want a "capabilities" discussion and don't have the time or desire to personally become expert or proficient. Rather, you'd rather leverage your time and efforts by hiring the right person to do the job for you. Therefore, the series will provide you with enough information for you to make "informed, more astute, decisions."

Topics that will be discussed during this series include:

- Choosing a web provider. There are good ones and bad ones, and you cannot merely rely upon their promises for good service.
- Developing a web page. Some of the major web-page development programs will be discussed. It is important for you to know which system your programmer is using. Some systems are significantly more cost-effective and user-friendly. There are a couple of popular approaches that will bog you down in the future.
- Tools you can use. A few of the financial tools available will be reviewed. However, we'll concentrate on other types of tools that will make your web page stand out, including streaming video and audio and interactivity.
- Hardware requirements. You don't always need the fastest machine available to do the job. We'll discuss what is nice to have and what is needed. This will also apply to your web provider.
- Questions to ask a developer. Throughout the series you will receive a series of questions to ask those you are working with. It will help ensure that you are receiving full value for the money you are investing in the project. You'll also know what performance guarantees and assurances you should have.
- Maintaining your web site. Web site creation is merely the first step. Once established, it must be made user-friendly and interesting to the user. Otherwise, people will only use it once or not use it at all. Furthermore, it must be regularly enhanced so that visitors (your prospects and clients) don't become bored with your site (and, by inference, with you).
- Do's and don'ts of web-based publishing.
- Keeping in contact with prospects/clients and how to use the web to expand your services to others.
- Creating a web identify that will be used in conjunction with other aspects of your marketing campaign. Marketing must be a coordinated effort. Therefore, other marketing ideas and approaches will be suggested which can be used in conjunction, or in lieu of, web-based approaches. Many such ideas will be introduced in the next few articles and then expanded in future articles.
- Identifying, for your viewing pleasure, some web sites that you may wish to look at carefully. The selected sites will illustrate the do's and don'ts of web marketing.

In Conclusion

The need to establish a web presence is paramount for 21st century marketing. The choice isn't whether or not to do it, it is when will you do it, how effective you will be, and whether you will be a leader or a follower in our highly competitive, global business. ■

SSB Loses Cusack To Schwab As It Gears Up Its Separate Account Management Business

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acquisition of U.S. Trust, they will provide the process and technology of high level advice to their 5,600 independent financial advisors. This marks the beginning of a new era in the financial services industry which is defined by the broad range of investment values the financial advisor can address and manage. As the industry moves from trade execution, Cusack brings the intellectual property that made Salomon Smith Barney the industry leader in the separate account management. Thus, Schwab is again positioned to trump the financial services mainstream by showing it how high level advice is more cost effectively delivered in its most powerful form, through the use of separately managed accounts. Cusack brings extraordinary credentials to the table.

Cusack was a divisional director of the Consulting Services Division of Salomon Smith Barney for the past 12 years. He was on the Operating Committee which ran the Consulting Services Division and was responsible for managing a quarter of the U.S. market. He was on a task force that successfully executed a 50/50 joint venture with Nikko Securities to introduce mutual fund wrap fee programs in Japan. He was national product manager for Hutton Investment Management and national product manager for municipal securities and government securities, director of marketing for the Select Program and national production manager for Guided Portfolio Management prior to being named a divisional director. Cusak had been offered several opportunities to move back to the East Coast, but his home in Merrin County near San Francisco was where he wished to remain. When Schwab approached Jeff to assume a leadership role in separate account management that allowed him to remain in San Francisco, yet work on the national stage, it was too great an opportunity to refuse. He takes his many friendships at Salomon Smith Barney with him, and he remains one of the firm's most avid supporters.

The timing of Cusack joining Schwab to run separate account management could not be any better. Over the next 60 days, at least one firm will be announcing a breakthrough in the structure of separate account management which will drop investment minimums from $100,000 to $25,000. This will substantially broaden the application of separate account management, bringing it into the financial services mainstream. With separate account expenses running 50 basis points, including trading cost, they are just a quarter of the cost of mutual funds which run at 200 basis points, including trading cost and, with a new lower $25,000 investment minimum for separate accounts, it is now possible for retail investors to gain access to institutional quality asset managers with as little as $125,000 in investable assets. This will change the high-end of the retail market and the lower-end of the high net worth market where much of the assets of Schwab's 5,600 independent financial advisors are concentrated. There is an opportunity for

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