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Helping Advisors Grow

By Susan Weiner
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Now more than ever, advisors want to grow their businesses while keeping a lid on expenses. For many, this requires thinking more strategically about how they operate. George Tamer, Director, Institutional Sales, at TD AMERITRADE Institutional, oversees a team that works to help registered investment advisors create operational efficiencies by assisting them on workflow processes, technology usage, and best practices. TD AMERITRADE Institutional introduced Roadmap, AdvisorLink, and other initiatives for advisors that George discusses below.



What strategies are advisors using to grow their client bases?

Firms are facing overhead pressures due to market declines. One of the best ways to increase revenues is by adding clients. Asking for referrals from clients and centers of influence is a proven method. It's not a new strategy. But now advisors take it more seriously.

An advisor in New Jersey told us that he always asked for referrals. By asking questions about how and when that happened in his process, we found he wasn't asking as often as he should. We advised him on how to embed referral requests into the client experience. Now, employees ask for referrals every time they talk with a client, as long as they feel confident that they've solved a problem and provided great service. Even staff members who answer simple customer questions over the phone will ask, "Do you know anyone else who could benefit from the help I just provided to you?" As a result, his referrals have almost doubled.

Referral requests should appear in virtually all of an advisor's communications. That includes emails, newsletters, and even client meeting agendas. It's a good idea to put referrals on the agenda, so advisors know they have to ask for them.

Another great strategy is using the web more creatively. For example, online town hall meetings are a great way to efficiently touch many clients and prospects. An email invitation can be a turnkey, cost-effective method to invite large numbers of clients and prospects. For town hall meetings, TD AMERITRADE Institutional can direct advisors to third-party Affinity Services providers to host the meetings. We'll even help the advisors rehearse.



How are advisors maintaining profitability?

There are two ways to maintain profitability. One is to control expenses. The other is to bring in new clients with efforts such as the referral program and web marketing I just mentioned.

Expense control is high on many advisors' agendas. Owners and principals are taking lower salaries and skipping bonuses. They're also cutting employee pay and, in some cases, jobs. That's very difficult to do in small firms because they're already lean. One person may perform two or three job functions. That's why we see a trend toward more outsourcing.

Outsourcing portfolio management using systems from vendors can save time. Daily downloads and reconciliation and quarterly reporting are time-consuming, non-revenue-generating activities. By outsourcing these functions, advisors can free time for employees to bring in new business, or they can reduce head count. Another advantage: these vendors are 100% dedicated to the services or products they provide, so advisors benefit from high levels of expertise.

At TD AMERITRADE Institutional, we've developed relationships with third-party vendors, including portfolio management systems providers Interactive Advisory Software and Orion Advisor Services. Advisors who work with TD AMERITRADE Institutional can benefit from discounted rates and a broad range of vendors in marketing, compliance, hardware/software, office space, and other areas. Advisors can log on to the TD AMERITRADE Institutional Veo® website to see the range of discounts available.

Breakaway brokers from wirehouses find these outsourced services and products, along with our core services of custody, trading, and clearing, particularly attractive. Our Veo platform allows advisors to manage all aspects of client accounts, including rebalancing to models specific to their offices. We make registered reps' transition from the wirehouse, where everything was provided for them, as seamless as possible.

Are advisors changing their strategic plans?

Yes. There's a limit to how close technology can take them to achieving their goals. That's why we developed the TD AMERITRADE Institutional Roadmap™, a web-based consulting tool that helps advisors develop high-level goals in seven areas:

- Expertise
- Growth
- Profitability
- Risk reduction



- Time management
- Satisfaction
- Enhancing the practice's value

Our help for advisors goes even further. TD AMERITRADE Institutional Strategic Consultants guide their strategies, tactics, and goals, producing a recommendation report they can use throughout the year. We also provide an ongoing dashboard so they can monitor their progress.

The Roadmap initiative, which started in October 2008, allows us to reach more advisors than we could we with our consultants alone. We've completed more than 1,200 Roadmap engagements so far. With Roadmap, advisors are making the plan and taking action instead of putting it aside.

The referral example that I mentioned earlier resulted from a Roadmap engagement. Another initiative we've encouraged is segmenting clients, so an advisor's best clients get the most attention, while other clients get less attention, but still aren't impacted negatively. One advisor we worked with on this implemented his segmentation strategy within 45 days. His goal is to add 12 clients by year-end.

Have you encountered more firm merger activities?

We're starting to see more mergers, often aimed at achieving economies of scale by bringing together more advisors. Breakaway brokers are another source of activity. Many prefer to join an established firm because they're not interested in day-to-day back-office activities.

Advisors who are looking to buy or sell a firm can take advantage of resources offered through TD AMERITRADE Institutional, like AdvisorLink, which we launched in April 2009. AdvisorLink helps advisors and firms find the right match to help grow their business. AdvisorLink gives advisors access to ECHELON Partners, a third-party investment banking firm specializing in M&A for wealth management firms. ECHELON will help advisors screen potential buyers and sellers. It also facilitates the matching process and orchestrates deals between the two firms.

What's the main thing you'd like advisors to know about TD AMERITRADE Institutional?

We are committed to their success. We listen to our clients. We are focused on helping advisors learn how to grow their businesses while controlling expenses. We help them with consulting services, discounts on products and services, and connecting them with key providers.



Susan Weiner, CFA, is a writer specializing in investment and wealth management.

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