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There are quantitative and qualitative considerations that factor into making the most informed and best fit choice with regard to whom you will entrust your wealth. These factors are not always so obvious and not surprisingly, many affluent families struggle with this process. Quantitative factors tend to focus on a team's performance, size of the team, assets under management, fees, tenure and other issues that need to be addressed. While these factors are relevant, they are hard to substantiate and do not necessarily guarantee or validate the success or overall quality of the team. More often than not, it is the qualitative factors that are not only more revealing and important but more difficult to uncover and evaluate. Let's discuss considerations that need to be addressed before any individual or family makes their final decision.

The Summa Group of Oppenheimer & Co. Inc.

What Affluent Families Should Be Asking Elite Advisory Teams

- **How is your team organized?**

The most common team structures fall into 2 broad categories, Vertical and Horizontal. The former exists when one senior level investment professional drives most of the mission critical aspects of the team's business and has most of the client facing interaction. The latter (The Summa Group) tends to have several senior level professionals sharing many of the mission critical aspects of the team's responsibilities and all play an equal role in client facing activities. While both structures have their pros and cons, it is our opinion the horizontal structure fosters a more robust, collaborative and comprehensive offering to the family who has complex and dynamic needs. Compensation structures also vary between the two approaches and while both work, a vertical structure can lead to compensation structures that don't foster the teamwork and commitment required to run the best possible practice. The vertical structure also poses a number of legacy and succession related risks to the client as there is not likely a plan in place to guarantee continuity if the key person is no longer able to serve in that capacity.

- **How do you serve your clients?**

The role of investment advisor has clearly evolved over the past several decades. The Summa Group recognizes there are a myriad of factors that affluent families consider a priority when working with a team.

- **Advisors' accessibility.** An advisor must be able to articulate in no uncertain terms how a client's daily, monthly, quarterly and annual needs will be handled by the team. Further, establishing a protocol for how various requests and needs are met by various members of the team is important. High performing teams understand the importance of providing full access to the lead partner but with an understanding many client needs are met in a more efficient and timely manner with a high performing client service associate.

- **Full transparency including all fees.** One of the truly mysterious and more frustrating challenges for any client is understanding what they are paying for account services. The Summa Group understand there is a fee level that satisfies both advisor and client when presented with complete transparency and explanation.
 - **Proactive communication.** Given the complexity many families face with regard to health, philanthropic, trust and estate, succession and financial planning issues that are often fluid and unpredictable, one must understand whether a team has the skill, experience and depth to communicate in a proactive manner. The Summa Group uses regular meetings and conversations with clients to ensure all aspects of a client's financial life are understood and acted up on if necessary.
 - **Quality and frequency of client facing meetings.** Clients have various preferences with regard to the frequency, content and flow of their meetings. Most importantly, the team is prepared to meet as often as necessary to provide a thorough review of performance while addressing the life and planning issues someone may be facing. A candid and open discussion of these issues often reveals factors impactful to their portfolios, and personal and financial lives.
 - **Sitting at the Advisory Table.** Much of The Summa Group's success is driven by the overall strength of the team's most trusted advisors. This includes the CPA/Business Manager, investment bankers, M&A attorneys, Family Lawyers, trust and estate professionals and others whose collaboration on mission critical factors is essential to the overall success and effectiveness of the relationship. We pride ourselves on our ability to help clients build out their team of experts from various disciplines. It is incumbent upon our team's members to have invested the time to meet with and vet other advisors across multiple disciplines who can provide value added guidance with the same level of expertise, and commitment to values and ethics.
- **Are you managing my investments or managing my wealth?** The Summa Group understands the management of money to achieve a goal is a byproduct of having a deep and intimate understanding of their client's fears, anxieties, objectives and dreams. As families evaluate wealth advisory teams, their focus must be on the team's ability to grasp the bigger picture- well beyond what a specific investment strategy may be. This works best when there is a high correlation between the client's needs and the wealth advisory's team philosophy and capability.
 - **The client index v. the market index?** The performance of an index has captured the attention and imagination of investors for decades. The S&P 500 is an index that includes many of the largest companies in the USA. This is arguably the most widely followed index in the world because it is considered a proxy on how markets are performing in the USA. Financial news channels like CNBC, Bloomberg and others, flash the minute by minute price updates of this index and many others around the world. While many investors judge their own success against these widely followed indices, the elite investment advisory teams are focused on the client index, which reveals whether a client's various taxable and tax-exempt vehicles and strategies are meeting the family's income, growth, philanthropic, succession and multi-generational objectives. A family with complexity places a much greater emphasis on planning and understands the only index relevant to their life is the one that determines whether these longer-term objectives are met. It is the advisory team that has the skill set to address and plan for these issues and are often able to exceed client expectations.
 - **Pitfalls of putting too much emphasis on investment performance.** Without question, any wealth management team must be able to demonstrate their results in the most transparent and honest way possible.. But once this critical evaluation has been completed, the focus turns to the more challenging but often more important considerations that have little to do with performance. From the client perspective, they must understand the challenges of evaluating an advisor's performance in order to make one of the most important decisions they will make during their lifetime.

- The industry is saturated with advisory teams who make disingenuous claims about performance, knowing most are ill-equipped with the analytical tools to make sense of its relevance and authenticity.
 - **Benefits of a more holistic approach, incorporating customized financial planning and other aspects.** The Summa Group understands the importance of asking the often difficult yet most revealing questions during the early stages of a relationship. Client advocacy is often the differentiating characteristic and skill when looking at high performing teams. Only when an advisor and their team truly understand what the most important and mission critical life goals are of a client, can they deliver a relationship that transcends the norm. Not surprisingly to the elite advisor team, clients don't really care about how much you know, until they know that you care. Uncovering the real issues of any family requires a team with the skill to not only understand these issues but how to bring solutions to the table.
 - **What is your investment approach?** There are many ways in which to invest client capital and debate will continue to the end of time about which is best. What we can say is that performance is not predictable from year to year, but the process one engages in on a daily basis to produce results is. Elite teams adhere to a rigorous, repeatable, transparent and collaborative process every day. Passive v. Active, Growth v. Value, Domestic v. International, mutual fund v. separate account v. hedge fund, public equity v. private equity, these are the conversations but the results will be driven by a team's commitment to a process that has demonstrated consistency over a long period of time.
 - **Types of investment offerings and vehicles.** All product types may be on the table as each client's needs/wants will differ:
 - 40-Act funds, ETFs, SMAs, and other commingled vehicles (both active and passive)
 - Alternative investments (including the likes of hedge funds, private equity, and structured products)
 - Having the ability to utilize internal/proprietary investment options (when appropriate) as well as having access to outside managers
 - **Investment philosophy.** Again, consistency is key here. For example, some teams put emphasis on minimizing downside risk and preservation of capital; the client needs to understand that occasional underperformance (v. some blended benchmark) is something that can happen and is very normal on the way to achieving their long-term, mutually agreed-upon goals. The question for the team is, do they have conviction in their philosophy and process?
 - **Are the key ingredients in place for a long term and mutually beneficial relationship?** Having an enduring relationship with your investment advisor can be elusive. The reasons for this are many but most can be traced back to the thought and decision making process that was utilized to make the decision in the first place. Performance, fees, likability, convenience and other considerations may very well have played a key role in making this decision but ultimately, these factors will not drive the long term success of the relationship.
- Partnership.** For a relationship to endure through market corrections, adversity, life events and other inevitable realities, both sides must take responsibility and ownership and recognize a high level of accountability. The most successful client-advisor relationships exist when all parties understand there is mutual responsibility required to ensure the wealth management relationship functions at an optimal level.
- Values matter.** In a complex relational equation, a mutual sharing of values will be the single greatest element by far in determining the sustainability, quality and success of the relationship. Values come in the form of ethics, integrity, character, humility and compassion but also in the form of business values that include transparency, collaboration and communication. Only when there is alignment, understanding and mutual respect for the importance of these values can there be a foundation for a thriving and transcendent wealth management relationship. For Elite teams who work with a number of fiduciary parties that include CPA's, Business Managers,

Attorney's and other key players of a client's most trusted advisor circle, these values help ensure that all contributors are marching to the same beat and committed to the client's key objectives. (Elite Advisor Value Wheel below)



Fit between client needs and advisor expertise/capabilities.

At the core lies the importance of engaging a team whose experience, philosophy and capabilities are in alignment with your actual needs. Whether buying a computer, a dishwasher or automobile the decision is always a better one if you can match needs to capabilities. Too many times, investors are focusing on the wrong elements and make an emotional decision that is not anchored to some of the factors that matter most. The Summa Group always take prospective clients through a process that allows them to determine if there's a fit. We understand some of their best decisions are ones that lead to walking away from an opportunity no matter the size or economic benefit if they don't believe the relationship represents a great fit.

Demystification. Advisors helping investors make intelligent and informed decisions through education and transparency is often a key differentiator. The interaction and dynamic between advisor and prospect during the exploration stage of the relationship is challenged by a lack of transparency

and a disregard for providing information that is actionable and relevant to making an informed decision. The communication tends to overwhelm with performance information, complicated fee discussions and promises that are difficult to quantify or substantiate. The Summa Group navigates this stage of the relationship, coming from a position of strength, knowing their primary goal is to not only educate but to demystify the many vagaries that have plagued our industry for decades. The primary objective is anchored to providing the decision maker with a road map and playbook so they can make the best and most well-informed decision about with whom to entrust their wealth. Consistent with the importance of "values alignment" between advisor and prospective client, Summa understands how much the decision maker appreciates the time and effort taken to provide an honest and transparent look at the advisory practice and industry in general. More often than not, the team willing to educate first and demystify our nuanced industry wins the business, while earning the trust and loyalty that is often elusive. So be wary and reluctant in hiring advisors who don't demonstrate a genuine interest in letting you look under the hood with 100% transparency while helping you figure out what matters most in this process.

- **What other value-add services do you offer?**

Technology and the commoditization of investment platforms, access to institutional caliber money management and execution, fee compression, the advent of the robo-advisor and a massive migration to passive investment strategies has changed the game for many and in some respects has leveled the playing field for specific segments of the wealth management industry. For teams like The Summa Group and others who cater to the affluent market place, the impact is less dramatic and has actually served as the primary catalyst for differentiation. The process of meeting with and evaluating wealth management teams must include and focus on areas that cannot be addressed and solved by technology or an 800 number.

- **Financial Planning.** Working with individuals and families who have experienced a "change of circumstance requires a team with the experience and resources to address the changing dynamic and implications of this new found wealth and responsibility. The sale of a

company, inheritance, divorce and other life events often lead to increased complexity and some level of anxiety. The Summa Group is uniquely positioned and qualified to add game changing value due to the multiple agendas that are often being pursued by these clients. This begins with the ability to engage in high level planning discussions with the wealth advisory team and other trust advisors in the areas of tax planning and trust and estate related matters.

- **Philanthropy.** How one pursues their philanthropic endeavors is a highly personal and sometimes complicated matter. Summa provides their clients with the fundamental knowledge of what is available, along with the pros and cons of each alternative. Education is the key, and this is where we can help them navigate the complexities, depending on how involved and empowered they and their families want to be.
- **Health.** It is not a stretch to suggest to any client that the most important asset on their balance sheet is their health, because without it, the other assets don't have the same meaning or impact. The Summa Group spends a great deal of time educating clients on what's available now and later in life as needs evolve and become more prevalent.
- **Education and Financial Literacy for the next generation.** We appreciate how important it is for families to provide the next generation with the knowledge to perpetuate the family's legacy. Providing this next generation with information and experiences greatly increases the likelihood they too will respect how the wealth was created and will engage in behaviors that help sustain, grow and continue the wishes and dreams of the family. The Summa Group's education and financial literacy program is delivered over six, one hour sessions covering the fundamentals of investing, how the banking system works, how to create a budget and other topics that help build the foundation of knowledge in these important areas.
- **Do you get me?** Financial advisors love to talk, share and impress you with their knowledge. This isn't always a negative, except when it interferes

with where there focus should be, which is all about gaining as much information and knowledge about the prospective client, so they can begin to ascertain how they will best be able to help. An advisor's ability to truly capture and internalize a client's most pressing concerns, fears, objectives and life goals is really a function of how skilled they are at asking questions in a way that reveals the purest and most relevant feedback possible. Only then can an advisor put themselves in a position to begin constructing the plan that has the highest probability for success. Be wary of advisors who are more interested in telling you what they know without really caring about what's important to you. When we go through this process of discovery, the client will believe in no uncertain terms, that The Summa Group understands the client's priorities in no uncertain terms.

Conclusions

- Certain technological, demographic and social changes have had a dramatic impact on the wealth management industry. These changes have had mostly positive implications for what is available to the family or individual looking for wealth management services. At the same time, it's created a greater level of complexity and some confusion with regard to how someone should approach one of the most important decisions they will make during their lifetime, "with whom to entrust their financial lives."
- Wealth management needs vary from family to family and clearly, with greater levels of wealth comes increased complexity and increased needs. The Robo advisory revolution isn't going away and it's only going to become more prevalent within certain demographic segments. What will not change, is the need for human interaction with highly experienced wealth advisory teams who have the experience, resources, humility and knowledge to help people manage their financial lives.

- Technology, and access to products and information is continuing to have its impact, but these deeply embedded trends will only serve to elevate and differentiate the unique delivery capabilities of the elite teams in our industry.
- As investors consider the many options available to them, there are a long list of qualitative and quantitative factors that need to be considered. Once the basic quantitative considerations are met and satisfied, the focus turns to the more important and demanding part of the due diligence process that allows the prospective client and advisory team to determine together if there is a high-level fit between values, philosophy, capabilities, needs and integrity.
- At the elite level of wealth advisory, the most influential factor that drives a sustainable and long term relationship where both client and advisor thrive is directly tied to the alignment of values, philosophy and the fit between needs and capabilities.

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