



THE IRRESISTIBLE OFFER
SUBSTANTIALLY INCREASE YOUR CLIENT ENGAGEMENTS

GETTING STARTED WITH STRESS TESTING

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VIDEO TRANSCRIPTION

John Bowen: Getting started with stress testing. Okay, Russ and I have covered kind of high level. Let's bring it down to what do you actually do. How do you make this work? So, as you go through, I'm going to have Russ go through... First of all, you can read all this, but the big thing here is don't do the stress tests on your own. There are certain things you shouldn't do alone in your life. This is one. You want to surround yourself with really top professionals that can look at stuff and very quickly see whether it's working or not, when you share with them the total client model, where you paint the picture of the client, what they're looking to achieve, their values, their goals, the seven major themes, and then have the review.

So, for example, as I pull this up, the areas that we would recommend that you get, this is for an entrepreneur, let me just start it here, Russ, and I'll turn it over to you. Investment management. Okay. I've grown up with investment management. You have... Let me click on that. Get it up. With investment management how would you do an analysis? Well, you could do it. Most top advisors now are outsourcing it to their firm's platform, to investment companies, to TAMPs, Turnkey Asset Management Programs. If you have a firm like that that you're working with, and this is one of your larger clients, I got to tell you, they're more than happy to do a more detailed analysis than probably you would. So, leverage that and use that.

But Russ, when I look at this, there's a lot of areas on this list, starting next with life insurance. And I am not an expert in all this, Russ. And as a matter of fact, why don't you touch on... You're not an expert in all of this as well because, Russ is one of the smartest guys, and actually I've got to take you off camera, so you don't hear this. So, Russ is one of the smartest guys I've had the privilege of working with, but what makes him really smart is he's a superficial guy. Now what do I mean by that? Superficial is, he surrounds himself with really talented experts that can deal with all these areas and then knows enough through his profiling to really help identify the right expert to help solve that.

And I got to tell you, that's something you can add so much value. Sometimes we take this for granted. What we know, Russ, because it's easy for us, it's easy for clients. It is not. So, help us on this, how do we work through it?

Russ Alan Prince: Superficial. I look at it as being holistic and comprehensive, but okay, we'll go with that.

John Bowen: I'll go with holistic too. I'll slap my hand on that one.

Russ Alan Prince: All right. So, what we have here, and John is right. I don't do any of these things. I don't know this in great detail. I am not an expert in any one of these fields, for example. What I am doing is I understand the client. That's my expertise in this. I am bringing that knowledge of what the client wants, understanding what they don't like, their limitations. I'm bringing that to this process.

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Then I'm turning into a whole bunch of really top of the line professionals. I mean exceptionally talented, brilliant, literally brilliant technical professionals to help me do the nuts and bolts analysis. So, if you take something like life insurance, what you need to understand is what policies they have. And the simplest thing is to get the InForce illustration, which tells us what they're doing and how it's working.

Now I'm not going to do this. There are other people who are going to collect all this information. There are other people who are going to make comparisons, but I'm going to bring to the table the understanding of what we want to achieve with this, why it works. So, it's not just about does the policy work or not work. It's also a question, is it the right policy for the goals we're trying to reach? And that then will tie into the planning that they've done.

So, I have an expert who's going to take apart the insurance. I have an expert who can take apart the insurance and also understand a lot about this planning to know how it all fits together. That person has to be able to do those two things. Now I can take a good look and see if the insurance works. And as you go down this list, so we have the wealth plans. This is basically legal work. So, I need lawyers, and I might need different lawyers for different purposes. Not one lawyer might not be able to do everything for a particular client. One lawyer might be great for the client's US assets and I have a different lawyer for the client's UK assets.

That is really what's going to happen, but I need to be able to understand what the client wants so I can communicate with these lawyers to make sure this is what these documents are saying. The lawyer is doing the document analysis. I have read legal documents, I have re-read the same legal documents, I've re-read them a few more times, and I have yet to figure out what many of them mean, and I have the lawyer who has to translate.

So, there's no question that I am being real clear. I don't know this, that's not my role. My role is twofold. To understand the client and make sure it lines up with what they want, and to run this process. I am running the process. I am bringing in the experts, I am overseeing how they connect. I'm helping all the dots get connected. I'm keeping all the experts from going off on some tangents which happens if you don't watch this, that all of a sudden, remember every expert has figured out that what they are doing is the most important thing this client wants and needs at that moment and that's all that matters. That's not true. I'm deciding based on my deeper understanding of what I need to address, what order I need to address them in, but I have this team and the team for me varies depending on circumstances. It's not one team. I have different professionals. I have a lot of different professionals I can call on for different purposes.

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I have corporate attorneys because we have to look at sometimes the structure and what the company is doing, which has nothing to do with anything until you realize I then have to fit that into these other plans they have. So, it's really your ability to oversee this, to take the big picture, to understand where the client is coming from. And you might have expertise to do one or two of these things. You might be the person doing the investment piece, but your ability to oversee the whole process and keep it moving in the right direction, that's what makes this work. And that's where you are adding tremendous value.

John Bowen: Yeah, Russ, this is so good. And one of the things I want to talk about here and discuss it with you too, is as we go through, I mean there's a lot of different things and it's going to be different for each client. But we wanted to put a fairly comprehensive for entrepreneurs because that's what they typically have. And the thing that I get asked a lot Russ, it's really this concept of going ahead and should I charge for a stress test, and it's going to depend on your business model. In some cases, the firms you're working with don't want you to charge. In other cases, they're fine with it or you're a standalone RIA, not affiliated with a broker deal. You have a lot of flexibility in that. Really, most of the firms have some flexibility. So that's not the issue.

For most of you, I'm going to say you probably shouldn't charge, but then why are all these experts going to do the work here? Well, one of the things is that as you do more and more of this, they're going to get a fair amount of business. So, for example, the investment people we talked about, they're going to be happy to do the analysis. The life insurance people typically aren't asking for compensation. They want to have deal flow, if you will. The attorneys on the other hand, a little different because it takes some time to review these documents. Retirement plans. Usually we can find someone that is very good in retirement that willing to do an analysis. If it's a very comprehensive one, it might be a charge there.

As you go through property its usually easy to get someone to do that. Corporate assets, you've got to have the attorney's review, captive insurance companies, depending on who you're working with, flow of business, maybe, maybe not. So, one of the things that I want to talk about and then get your opinion, Russ, on, as you look at this, who do I want to have involved? Well, probably a CPA on my professional network who's going to work with and help put together the cash flow balance sheet and so on, if they don't have it, or their current CPA isn't doing it for them.

Same with the attorneys. I don't want to be responsible for reviewing the documents. Russ and I both know how to read all this stuff. Read more than my fair share, but at the same time I want to have somebody that really is responsible. So sometimes you will charge a fee and it may be the attorney that charges and you go ahead and do the work with them without compensation. Your kind of coordinating it with the idea that you're going to get, very likely, get the business down the road, the assets under management. Other times you'll do the fee and you may pay the other professionals as well.

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Russ, as you look through the list, why don't you describe how you do it at the very high level and how that might best translate to the advisors?

Russ Alan Prince: Well, the way I do it when I work with clients in this field is, I charge. I'm a consultant. I don't sell any financial services, provide any products, do any of those services on that chart. So, I am being hired to coordinate, put this together and see what we can come up with. So that's first.

Second, I then will have the client. Since I don't have the liability and I don't know exactly what these people are doing and the liability has to be shifted, I will have the clients such as the lawyer charge... The client will pay the lawyer directly to review the document, once we've decided that's a course of action. I will have the wealthy family for example, pay the account I bring into, put all the documents together and put all the forms together and get the cashflow and balance sheet. Everybody is getting paid along the way pretty much on getting this stuff together and looking at a lot of these things that become necessary.

When it comes to life insurance, as John mentioned, depending on the situation, and it varies considerably, the life insurance professional sometimes we'll get a fee and sometimes won't. It is very situational. The key for me is that I am being paid first to put this together and work through it and spend the time with them to understand it, and then I'm bringing in experts who then will get paid directly from the family.

Again, it's a liability question in many respects. At the same time, nobody's going to spend a great deal of time, for example, no lawyer is going to spend an enormous amount of time going through the documents that have to be gone through, if they're going to sit there and not get paid. Now, we can work out the payment arrangements. I tend to work with project fees across the board so, the lawyer spends more time, spends less time, that's not the issue. But that's how I'm approaching it in my world and I'm working with a lot of the advisor's council members for example, who are taking that same approach because we're in effect helping our expert network at business, even if we are not getting directly paid.

John Bowen: You know, one of the challenges with all of this is to go ahead and actually have the right method for you and you've got to have the team, you've got to have the experts and so on that you're playing with. And if you have great local, this is a great way to build deeper relationships and drive that wealthy client pipeline as well.

But really determine how you want to do it. Now, Russ is doing it at a very high level, the super-rich. Most of the situations aren't going to be that complicated that you're working with, but as you bring in from the COI, as they introduce you to their best clients, you're going to have some that are and really think through how to pull it together.

VIDEO TRANSCRIPTION

Now, what we're going to do in the next video, and this is the last one, we're going to go over the five steps of how we would pull it together if we were you, to make this the... Let me go that way. There, there, mirror image. The irresistible offer. We'll see you there.