Sustained Growth Through Succession Planning

Brett A. Moldenhauer and Richard C. Moldenhauer, CLU, ChFC

Brett: This is the story of how two people, of different generations, are building a successful financial business during a very difficult time in our economy. Both of us had dealt with career adversity when we started our journeys in the industry. While we are a father and son, what we have done could be duplicated by any two compatible people interested in creating a client-benefiting practice that also benefits both the senior and the junior producer. This is a story of success because of succession planning. Let my father start telling our story.

Richard: I've never been your classic salesperson. In 1971, only a few months after beginning my career, my general agent invited me to his office for a serious meeting. I was advised that sales was not my career. He felt that, perhaps, banking or retail might be a better fit. So, he was letting me go three weeks before my marriage to Kathleen.

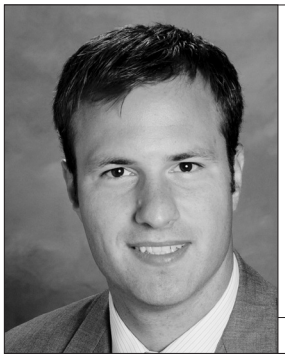
This was the first time in my life that I was close to accepting defeat. In college I had been a successful athlete and student, despite the fact that I worked two jobs. In the Army I became a field artillery officer and then volunteered to serve in Vietnam. During my military days, I had as many as 75 men serving directly under me in a combat environment.

Despite real adversity, I had been able to succeed. Yet now after only a few months in this industry, I was being classified as a failure. This should not happen to anyone. The sad part is that it happens too often; people are labeled and carry the stigma of failure for years to come.

My entry into financial services was limited to cold calling my fellow returning Vietnam veterans and chasing birth and mortgage leads. No money, no need, and lots of competition were major roadblocks. I soon discovered that my problem was that I did not have a ton of qualified prospects. Every person I called was being called by 10 or more young producers just like me.

What was I doing wrong? What could have made my entry into the business easier, more pleasant, and more successful?

I know you are a unique group. You are all successful, and for this I congratulate you. Some of you have overcome many challenges to become successful in this great business. You have made it to MDRT. Many of you have been MDRT



Brett A. Moldenhauer

Moldenhauer is a six-year MDRT member with one Top of the Table and two Court of the Table qualifications. He says he failed in his first attempt in the insurance and financial planning industry. After spending several years in another profession, Moldenhauer rejoined the industry under his father, Richard, and now focuses his time working with clients at Moldenhauer & Associates to develop personal retirement income plans.

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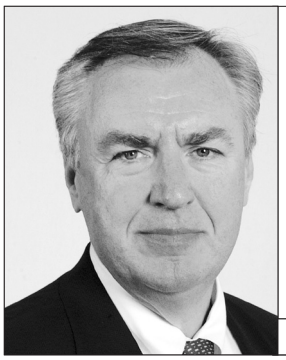

Richard C. Moldenhauer, CLU, ChFC

Moldenhauer is a 39-year MDRT member with nine Top of the Table and two Court of the Table qualifications and an MDRT Foundation Gold Knight. After spending 25 years as a career development general agent, he entered the personal production field in 2001. Moldenhauer developed a marketing system that grew his business an average of 25 percent each year despite a turbulent economy. He has addressed hundreds of audiences on estate and retirement planning.

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qualifiers for many years. So while you are the exception, I know most of you will relate to what I learned in those very difficult days.

What I was experiencing firsthand was what thousands of young producers learn. When we are recruited, we are convinced that this is a great career, if only we can survive and build a successful clientele. Yet most people do not survive. I do not think it should be so difficult.

What most young producers lack is a large enough market to generate the business they need to succeed. Having enough qualified people to see is both the key to learning as well as the key to sales success. Despite all the claims the home office shares with us about systems, referrals, and repeat business, it is very hard to survive in the negative world of the young producer.

By the time the young producer is skilled in product and technique, he has often blown through his "natural markets," perhaps offending friends and family. Often, by this time, he is demoralized and his career in financial services is all but finished.

With Kathy's encouragement, I decided I'd persevere. Then and there, I made two decisions. First, my general agent was wrong. Second, I'd never have a shortage of qualified potential clients again.

This was, perhaps, the first turning point in my career, as well as the key to the success of many agents I would hire and train during my management career.

Within a matter of a few months of figuring out that "Rubik's Cube" of our business, I was the national leader in cases sold for my company during my first year in the business. In my second year, I qualified for MDRT, paid 300 policies, and moved into my own offices.

I'd learned that there are dozens of prospecting methods that work. As a matter of fact, I found that all the ideas work if applied properly.

I went from being called a failure to being the most popular young agent in the western half of New York State. I was invited to talk at what were called "Life Underwriter's Meetings" in different cities almost every month. This amazing change occurred in less than a 12-month period.

I'd learned that an adequate number of prospects plus high activity will equal success regardless of natural sales aptitude.

A couple of years later, I was encouraged to become a general agent/manager. Eventually, I was convinced my future was in management and that I was going to be a great general agent.

During that phase of my career, I learned that if I could create viable markets where my young producers could work successfully, over 50 percent of them would survive for at least five years. Many would go on to have long, successful careers in the industry.

My management career lasted almost 25 years. During that period, I had built highly successful agencies for two national old-line mutual companies. Almost 25 years in management, I left management because of a company merger.

In my mid 50s, I was back at the beginning again. I must admit I was bitter and angry. I'd done everything I was asked, and I had been very successful. However, I had never expected the changes that occurred in the industry. Despite contracts and performance, I did not have control of my career destiny.

It took me 25 years to figure out that, as a manager, you do not have total control of your own future. You can be very good but, as in the corporate world, you will be at the mercy of those corporate folks at the head office.

Again, I was a personal producer for the first time in 25 years. I was starting over with almost no personal clients. However, I did have the key information that would drive our firm's success.

The one thing I had learned over the previous years was that marketing, not prospecting, is the key to any successful sales career.

I had also learned that, if you can disturb prospects enough, you have a much better chance of convincing them to take action. I decided that I would develop a system that would first focus on really disturbing qualified people to a point where they would want to solve their financial problems.

In this idea lies the key to success as an agent or a financial planner. Most people know on some deep subconscious level that their financial planning is a mess. They know it, but they do not know what to do about it. Once prospects know you can help, will help, and are worthy of their confidence, you have a client for life.

I'll be brief about the first three years after leaving management. They were interesting, stressful, and sad. Briefly stated, I discovered Seminar Marketing, my mother tragically passed away, and I developed a life threatening autoimmune illness. I was given two years to live and almost ran out of financial resources. Since the purpose in this presentation is to convince you that succession planning, if properly approached, can be the key to success for many producers, I will skim over the really gory details of these years.

First, let's take a moment to discus seminar marketing. You can buy a seminar system from many established companies. They are all good, but they are not personalized or a personal system. I did purchase systems when I was in management, but when I entered the producer phase of my career, I disposed of those systems. I then developed my own seminar system. If you want to be in the seminar marketing business, consider the option of developing your own system.

Any system should be informative, educational, and should sell your services. Sharing several short "bullet point" ideas is a smart way to stimulate interest. Finally, you must create a logical sense of urgency about them making an appointment to see you soon.

First, I took several major steps backward to deal with my new financial reality. I sold my 13-acre weekend home on the lake, I canceled my membership to a prestigious private club, and then I started driving a waterlogged Nissan Altima that was reclaimed from a pond in the next county. I managed to dig out of a financial hole and get all four of my sons through the best colleges with no debt.

You'll also notice that I did not die. I've learned to live fairly well with restricted lung capacity.

Until I became ill, I always felt my strength was my endurance and durability. I'd been a competitive swimmer and track athlete in college. As an adult, I'd run marathons and hiked in and out of places like the Grand Canyon and remote parts of Alaska. I had always possessed endless energy at work. Dealing with my illness, I learned that "your attitude does determine your altitude."

This was not like starting over again. It *was* starting over again! I bit my lip and shelved my pride. I qualified for Court of the Table the first year and then started consistently qualifying for Top of the Table. Soon, I got rid of the used car, and started to grow the business.

During one of my darkest days, I received a phone call from my son, Brett. My wife Kathy and I were driving back from the Cleveland Clinic after going through a less than encouraging series of tests. Brett said he'd like to return to Western New York and work with me. At first I discouraged him, and then I had a change of heart. What harm could it do?

We'd get to know each other as adults, he might like the business and, perhaps, I'd be around a little longer.

It has been about eight years since he and I started to work together. For me, it has been the very best part of my career. Never before have I worked with someone who is as selfless as Brett. We have total trust in each other, and our work has become my play. While I cannot do the physical things I was always so proud of, my career has become more important. Our business became my vocation and my avocation.

Brett, could you describe your background and the beginning of our work together?

Brett: It's hard for me to hear that story. As a kid, I always idolized my father. To my three brothers and me, he was always a huge success. I think we realized he worked hard and made sacrifices that our friends' parents didn't, but now I have a better understanding of what it took to honor the commitments he and my mother made as our parents.

One of the things they provided was the opportunity for a great education. I went to a top rated liberal arts college and, like all overeducated and inexperienced graduates, I thought I was ready to do great things. So, I packed up my stuff and moved to Charlotte. I started as a life insurance agent in a new city with no market and no knowledge. When I hear other people describe the start of their career with a cubicle and a telephone book, I laugh a little bit. I give them all the credit in the world because I only lasted about four months in that world. My take-over-the-world mentality landed me exactly one 20-year term insurance sale. Defeated, I moved on to another career for about five years.

Having a very limited understanding of how my father was running his business in 2003, I started thinking about moving back to Western New York to start working with him. It was a natural fit. I spent the prior few years in the consulting industry and had done a lot of public speaking. This was a perfect fit into a seminar marketing business focused on delivering ongoing value to clients.

This transition, too, was more difficult than I anticipated. I spent the first several months to a year trying to figure out my role at Moldenhauer & Associates. I could sense my father's frustration at my slow progress and inability to jump-start my career the way he had his own. I wasn't good on the phone. Most of my "natural market" had left the area, and I barely knew what we did for people.

Richard: Well, Brett is being too nice. When he arrived home, I figured we'd be able to maintain modest growth at best. The first several months we were working hard to discover where Brett's talents might be. But as fate often dictates, Brett's role was a byproduct of something I could not predict.

In October of 2004, I returned from a meeting in Las Vegas. As I walked back into the office, I was approached by

my one key associate. He gave me seven days notice. Again, my confidence was shaken.

I asked Brett if he'd consider learning the investment end of the business. Brett quickly learned the investment side of our business. Not only did he learn the investment side, but he started to develop a retirement income planning system ahead of our broker-dealer or the insurance carriers with whom we placed our business.

With all due respect to my friends in compliance, we were questioned from a variety of directions: how we marketed, the products we used, the fact that we were bringing in so much new business from a relatively large group of new clients. Our veracity was being questioned on many fronts. We did stick to our knitting, and as time went by, our compliance department started to see that we were doing the right thing for clients and the carriers.

Brett, could you describe your planning process?

Brett: Our planning process was formed on the idea that if we could create an acceptable worst-case scenario for our clients, we would be hugely valuable to them over time. We've eliminated any product biases, and we focus solely on delivering results. Currently:

1. We start by understanding both their short- and long-term objectives. What keeps them up at night? What part of their future are they most excited about?
2. We construct a personal action plan: What steps have they already taken? What has worked and what hasn't worked? What are the assets with which they are working?
3. We identify the steps needed to get them to their desired planning state and then prioritize with them based on need.
4. We implement the action plan, taking one step at a time to build confidence in the relationship.
5. We review our trademarked program, the "Family Document System."
6. We establish benchmarks for success.
7. We track the progress of the plan.
8. We continue the process—always focused on the clients, their objectives, and results.

Richard: As we developed the system more and more, clients decided to work with our firm, and we started to grow more rapidly.

Initially, it was a simple plan. We'd give two seminars each month. I'd be the presenter, and Brett would assist with case preparation and, occasionally, client meetings. It was not uncommon for a client to say he or she did not want to work with Brett. He was too young and inexperienced. By the way, at this time referrals were really hard to come by.

As time went along, things started to change. Brett would give some of the seminars. It was funny—soon he was even better at presenting than I was. Then the clients started to meet with Brett. After a while, some clients suggested they preferred meeting with Brett. This happened so quickly that I hardly noticed.

Soon we gave three seminars a month, then four. Then we got really busy, and there were more interested clients than we could handle. What a quandary!

While I'd love to spend some time on our seminar process, that is not my mission today. I will make one important comment about our seminar. Do not get technical. Do not get into products. If you do, you become like every one of your competitors. Creating a difference is critical to success!

This is where you disturb the attendees. The more you disturb the attendees about their potential planning mistakes, the more who will want to meet with you personally. It seems to me the more our compliance people required us to restrict what we could say about products, the more creative I became about disturbing the attendees.

Today we set appointments with approximately 35 to 40 percent of the potential buying units at each seminar we conduct. At the first meeting we are able to convert a fairly large percentage of first-time meetings into clients.

We struggled to keep up as we became more successful. Still, with a staff of only five people, we questioned whether we should slow down rather than overwhelm our existing systems. We even tried slowing down once; it did not work.

We live in a time of instant gratification, but in our world, people do not develop as quickly as one would think. Most young advisors think they will mature faster than they are able. Many senior advisors think they can develop a successor much faster than is possible. It takes time, effort, patience, and perseverance on the part of both the younger and the older advisor.

My advice to a father bringing in a son or daughter, or any other junior advisor, is be sure he or she has at least five years of successful business experience before you bring him or her into your business. After that, it will take at least another five years before you can be reasonably sure you have a succession candidate. For Brett and me, this was critical in making a success out of our working together.

This was the first time I ever heard: "Dad, if we continue this, I don't think I'd be happy dealing with the obligations we are creating if you aren't here." This was about the first time either of us really got serious about long-term planning for the firm.

I believe that if you can create an environment where clients can be served and advisors fulfilled, you can build a terrific business.

We had attracted over 600 client families at this point. Our retention was, and still is, very high. We got to this point based on sheer effort. Personally, I, too, was running on fumes. We made a major management decision. We would grow the firm by leveraging our systems, not by simply working harder.

Before this could work, Brett and I would need to compromise and decide where our ship would sail. So let me tell you about our business model.

Our primary marketing focuses on our seminar system. Each year, we commit to do over 50 total seminars/workshops. Today these sessions are divided among the associate planners on our staff, Brett, and me.

We believe in numbers and, as of yet, numbers have not failed us. We do not believe in high blood pressure, so everything we do is low stress. As I start each seminar, I tell attendees that we have one requirement before we take on a new client. The stipulation is that we only work with nice people. While you might think this would lower the size of the average new client account, it has had the opposite effect. Each year we add more clients and larger client accounts.

At the seminars we tell people that if they want to engage our firm as their advisors, they should schedule a preliminary meeting at our offices.

When new prospective clients come to the office, they are treated extremely well. The experience is memorable for most clients. They are greeted personally, offered food and drink, and promptly attended to by an advisor. Our offices contain a total of six conference rooms (three smaller and three larger). Our goal is to always have a neat, clean, professional room available for client meetings.

Our purpose is to bond with and disturb the prospective client. One without the other does not work. It is essential that the prospective client like us, be liked by us, and be disturbed enough to want to consider solving problems that are of concern to them.

Approximately 65 to 70 percent of the prospective clients decide to engage our firm. We require an engagement fee if the relationship is to be established. We have found that once the prospective client has "skin in the game," he or she is committed to solving his or her problems. While the engagement fee is modest, typically either $500 or $1,000, it eliminates almost all "tire kickers."

Today we have over 1,200 families or businesses as clients. Between new folks and existing clients, we typically have 15 to 24 clients per day visit our office. When the newer folks see how many existing clients visit the office each week, they are apt to be more positive about engaging our services.

In 2008 we decided that Brett was much better at client relationship management than I was. We also decided that I was the better marketing and concept person.

Brett focused on client services, and how we would continue upgrading the experience our clients enjoyed when they visited. We trademarked our process and hired a person to assist in the improvement of our unique "Family Document System."

We'd been working together between five and six years. About this time we started discussing our succession concerns. These included:

1. What I wanted:
   a. The business to grow to one of the region's premiere planning firms.
   b. I wanted the business to continue having a great reputation and be seen as a business committed to serving clients on a multigenerational basis.
   c. I wanted to have a business model that we could replicate. If and when we find an advisor who can buy into our culture, operate within our professional model, and commit to the career with our firm, then and only then will we grow.
   d. I wanted more free time, to include taking Fridays off, and the privilege of leaving Western New York for most of the winter season.
   e. If something happened to me, I wanted Brett to get the business.
   f. I wanted my wife and other children to receive the value of the business so there would be fairness and no potential hard feelings.
2. What Brett wanted:
   a. The business to grow in a manageable fashion
   b. To work fewer evenings and no weekends
   c. To own the business with his siblings' understanding that he had helped build the business and was paying my estate for the business
   d. To be an owner as soon as possible

In the end we realized that we really wanted the same thing. We were simply looking at it from different sets of eyes.

I guess "2. d." is where I really had my first concern. The success we were having was fairly new to me. However, I realized that, if Brett became part owner, he would appreciate that the business was not just about me.

Let me digress again. As a young agent, I had the opportunity to see what happens to most long-term agents' business blocks when they retire or when they die.

Simply stated, they are cannibalized. Managers assign clients "for service" knowing full well that those clients will be recycled into new business. The newly assigned agent gets a client, first-year commission, and the manager receives his expense money and override. The old agent (retired or deceased) loses his renewals, and the clientele he'd worked a lifetime to create is destroyed.

Any senior producer should be interested in transitioning his business to the next generation intact. The key here is *intact*. If the business stays in force, the client benefits, as does the senior advisor.

We engaged one of the specialists from our broker-dealer to assist our succession planning research. The fellow's name is Andrew D'Addio. Andrew is a terrific guy who seemed to understand that I saw the business as a thing of value and wanted to retain and grow it beyond my working years. Andrew eventually put us in touch with a company named Financial Transitions in Portland, Oregon.

Financial Transitions served as the succession planning information resource. They also assisted us in valuing our practice. Our objective was to transfer a significant portion of the practice to Brett at an affordable and reasonable price. This would best serve both of us.

Most closely held small business transfers are primarily funded by the seller. In our case, we used a combination of bonuses from the business to Brett. Brett would then pay me for the stock being transferred. We have used this method in addition to a simple gifting strategy. I know there are a lot of different ways to approach the issue. For us this simply worked as well as any method the accountants could devise.

There will be a time in the future when Brett and I will have the business reevaluated, and the second part of the sale will be at par value. Since the business is growing, the AUM will be a measure of value as well as the source of funding for the transfer, probably over a 10-year period. For me, this is a key part of the transaction. It is also why I am so enthusiastic about our process. About the time the business can really afford to get rid of me, I'll be ready to really slow down. I'll have the right to work in the business we've built, but if I am not there, Brett will know I am still available when needed.

As you can imagine, we both own a significant amount of life insurance on each other. If a young advisor wants to buy an older advisor's business, the real question is always, where will he get the money? In my opinion, a block of business serviced and cultivated will create more than enough for new cash flow from which the funds will be generated for the buyout of the senior advisor's equity.

In many cases, a banker may be able to offer funding of the purchase if there is a measurable value to the block of business. I can visualize cases where the senior advisor may just want out and the banker approach may be viable.

At that time, we decided that we needed a detailed business plan. We engaged one of the industry's business planning sages, Bob Kocher. Bob had spent most of his career assisting general agents and top agents designing growth models and business plans.

Bob had decided to slow down and simplify, so he joined our primary life insurance carrier. For Brett and me, this was fortuitous. He took the time to assist Brett and me in the development of a five-year business plan.

After several meetings and months of discussion and soul searching, we developed a model we could accept and work toward. As a result of this work, Brett and I developed a plan that we could both, in good conscience, sign off on. This model has been in practice for over two years. Initially, it was a bit scary, but we have exceeded the growth model consistently.

Over the next few months, our relationship started to change. This was difficult for both of us. Some days I went home stressed because I was getting overruled on certain decisions. For most of the past 40 years, I had made all the decisions. Going forward, we'd be making them together.

One of the lessons I have learned is that two heads, cooperating and seeking the same ultimate goal, can usually accomplish more with fewer problems and in less time. Sharing the spotlight creates more good will and inspires the team approach to growing the firm. Brett became more involved in the day-to-day management of staff and client work. I focused on where I thought we should go in the future.

Let me pause for a second. We had at that time, in Brett, a young leader who was developing on many fronts. He was developing fast. Our clients were learning to respect his wisdom and intellect that is beyond his years in the industry. Still, at that time, our affiliates were questioning whether he was for real or simply my son.

I was at a loss for words. So, I simply focused on our objectives. For a period of time, I almost stopped talking to people at most of the companies where we place our business. From that moment I decided that all carriers and investment companies would deal with our firm through Brett. After a short period of time, this helped them see Brett as the leader of the firm, and he grew into the role of our firm's spokesman.

Earlier I mentioned that we want to make our business an industry leader. Personally, I want Brett to develop so if, and when, I have a medical relapse, he is in a position to take the ship forward without a great deal of difficulty.

So, to get to the future, we decided what we needed was a better marketing machine, more and better clients, and better cash management. I started the search to recruit another qualified planner to the firm as well as adding another administrative person. Over the past two years, we've added more planners and additional staff. We decided there was a correlation between the quality and number of planners and staff and the number of new clients we could take on each year. We want to provide an extremely high level of client service. This means advisors must be capable of serving our client base. The importance of having great associates and staff cannot be overstated.

Brett: We weren't simply looking to sustain our current block of business or continue adding new clients at the same rate we had been. We worked hard to grow the business by 25 percent and add even more clients every year (many more than 100 per year now). We agreed that we would honor the commitments we made to our clients, at any cost. And the business we did should be focused on creating predictable income for our staff and the two of us.

Richard: Now that we've told you our story, let's get back to the purpose of this talk. Both Brett and I firmly believe that in the future, privately owned planning firms will be the primary method of distribution for both the life insurance and the investment industry. This belief is based on my years of experience and the changes I have observed in the industry.

In order for this to happen, more advisors must recognize this truth and focus on developing multigenerational practices. No longer can we simply trust that the companies will be concerned about us.

It seems that even today most broker-dealers and insurance companies do not see the wisdom of partnering with their advisors to be part of their succession process. Many seem committed to repeating the mistakes of the past 30 to 40 years. They have new home office management people repackaging the very ideas that failed so miserably in the past. You'd think that the people in those positions had created great practices or built super agencies rather than being promoted up via the same old patronage system. In my opinion, the clock is ticking and many companies may miss the opportunity. It is not too late, but it may soon be.

Let's take a look at the advantages of succession planning to each party:

1. The senior advisor or agent
   a. The practice will continue and will probably grow.
   b. The income to the senior advisor will increase and the value of the business may pass to the advisor's family.
   c. The people who put faith in the senior advisor realize they will be taken care of as promised.
   d. The senior advisor can look at his legacy being a business that will continue, as well as benefit the community for decades to come.
   e. As the senior advisor has a successor in place, his interest in the business is often revitalized.
2. The junior advisor or agent
   a. The junior advisor who purchases the practice will immediately have a business up and running. Normally, a business like ours takes at least 10 years to get to a point of sustainable viability. When you become part of the ownership team, the business is there immediately.

      The worst part of starting in this business is the empty space. The time when you have nothing to do—no prospects to call, no clients to see. This is when this business is really lonely. Much of this can be avoided.
   b. Even after paying the senior advisor, the junior advisor will make more money much faster than if the business were started from scratch. I remember watching agents in my old agency. They'd be trying to determine what the client would want to purchase and often they'd return without any new business of any kind.

      In our office, we've always wanted to meet with our clients at least twice per annum, for bigger clients four times per annum. When these people come in for a simple review, it is amazing how much new business is generated without us doing anything but providing courteous service.

When I was working on this presentation, an old client came to visit Brett. We thought we were handling everything related to his financial planning. Halfway though Brett's meeting, the client asked Brett if he could help with an old rollover he'd completely forgotten to mention over the past six years that he'd been a client. The addition was over $400,000. Without our periodic reviews, we would never have taken over the account. While the amount is not earth-shattering to most of you, for our firm, where we average 20 client reviews a day, at the end of the year the small change additions add up to millions.

We are convinced that having a junior partner is often the driving force that encourages clients to want to do more business with our firm.

c. He or she will have an accelerated career start. This means that there will be time for more than just work. An up-and-running business will allow the younger advisor time for family, personal interests, and industry activity.

3. The client
   a. The client will receive a continuity of service that would not be available had the advisors not developed a succession system.
   b. The client will be protected from potential churning and misrepresentation.
   c. The client will benefit from a sustained financial planning process.
4. The company (broker-dealer or insurance company)
   a. There will be product and client retention that would lead to lower average expenses and improved profitability.
   b. The reputation of the better companies will improve.
   c. The best advisors or agents will want to be associated with the companies that genuinely care about the other parties.
5. The community (where you live)
   a. It has a firm that provides jobs, tax revenue, and supports the community.
   b. It has a business that provides a needed service to residents.

So, if you are an advisor or agent, and you want the best for yourself and your clients, what should you do? Can you think of even one reason succession planning should not be something you consider?

First, start to network with other advisors and let them know your goals.

1. If you are a senior or soon-to-be senior advisor without any junior associates, let it be known that you are looking for a junior advisor to affiliate with you for the long term and that the right advisor fit will lead to joint ownership.
2. If you are a junior advisor, be sure you are desirable. A senior advisor with a practice will only consider an honorable person with a good track record. Make the effort to get out of your comfort zone and be honest with the senior advisors you meet. You must have an appreciation for what the senior advisor has gone through. While the world has changed, the old expression "Respect your elders" could not be more relevant.
3. If you are a broker-dealer executive or an insurance company home office leader, develop a plan to encourage succession among your advisors. Companies spend money on advertising, recruiting, and dozens of other things. Why not spend similar amounts of money on improving the stability of clients, products, and relationships? If companies are really concerned with their reputations and improving the bottom line, encouraging succession planning is probably among the most intelligent uses of company capital.

Oh, I know many who hear this talk will say, "Rich and Brett are oversimplifying this process." But if you do not start with a clean slate and honesty, how will you ever get the job done?

Let me digress for a moment. When Brett graduated from college, my oldest son was an agent in my second career agency. He was doing well in the career, and I felt two sons in the agency would be too many.

Because of this, I suggested Brett go to work for another company. Brett thought he'd like to live in the Charlotte, North Carolina, area. So I carefully interviewed two general agents that I knew well in the Carolinas. I asked for referrals to the best general agents in their companies in the Charlotte area. I really wanted Brett to work in the best office we could find.

Brett interviewed at several companies. The one Brett felt the best about hired him. Unfortunately, the training I'd put over 150 agents through in my agency was not available to Brett. They gave him a phone and a phone book. Then they threw him to the wolves like my general agent had done years before. Apparently, this was the best training they were able to provide.

To make a long story short, like his dad before him, he failed at his initial try in the financial services field. After several months, he left the industry discouraged and convinced he'd never be successful in our business. Today, he is a highly successful Top of the Table producer and the manager that chased him out of the industry has left the business.

It seems this happens over and over and, as an industry, we must learn the lessons and create the ideal environment for success and growth. When I hear that young producers must suffer and fail before they succeed, I am saddened. I wonder how many talented young people have left this great industry because they ran out of time or money. In many cases, careers could be saved and successful producers could replace people who leave the industry unnecessarily.

I am here today sharing a true story. It is a story that should have been told thousands of times. The stories of career happiness and success are far too rare in our industry.

If some of you take the lessons we've shared with you today, you, other producers yet to come, and countless clients will benefit. The industry will be a better place to have a career. Most importantly, thousands of small businesses will be developed and turned into multigenerational enterprises that will employ hundreds of thousands of people in the years to come.

Those businesses will provide financial counsel to millions of retirees and small-business owners. Wealth will be enhanced and transferred to the next generation. Businesses will grow and create family wealth and jobs for millions more. Our profession will improve in status, and advisors will be treated with new respect. Eventually, America and the world will become a better place—a place where big dreams can come true.

What I have attempted to share with you today can be boiled down to this:

1. Systems and determination will create sustainable career success.
2. Succession planning can exponentially multiply the value of your financial practice.
3. If you do not take responsibility for your succession planning, nobody will.
4. A multigenerational financial practice may well be one of the few ways to create tremendous family wealth in the future.
5. If you do this properly, you, your family, your community, and the industry will be far better off in the future.

I wish someone had shared this message with me when I was 35 or 40 years old. Unfortunately, I figured this out the hard way, and it was much later in my career and my life.