

Advisor Team Models

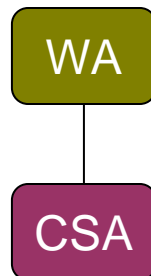
**Characteristics & Considerations for
Vertical, Horizontal & Alliance Teams**

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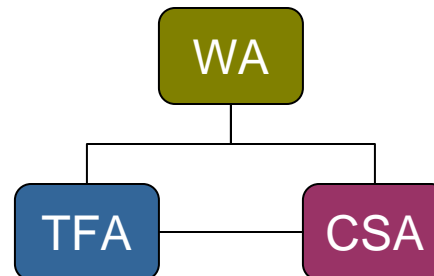
- ❖ In general, there are three types of advisor teams:
 1. Vertical Teams
 2. Horizontal Teams (“Partnerships”)
 3. Alliance Teams
- ❖ Each team type has several variations, which in turn produces a wide range of alternatives for FAs to consider when structuring their teams
- ❖ There are a number of complex issues (compensation, chain of command, etc.) that must be addresses in order to have an effective team
- ❖ The following slides illustrate the structure and describe the basic characteristics of these alternatives...

Vertical Teams

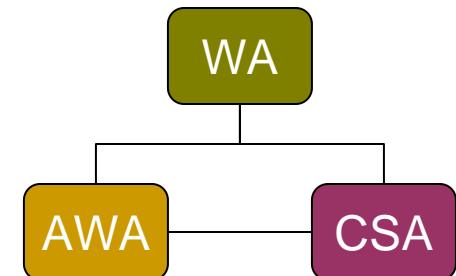
VT-1



VT-2



VT-3

**BASIC CHARACTERISTICS**

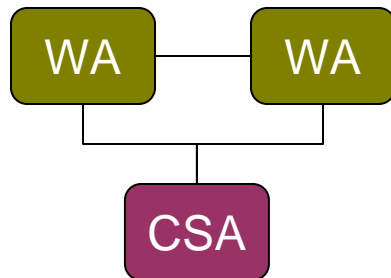
- One FA number
- Other team members are paid a salary or salary + bonus
- WA might bring on a TFA or AWA to handle smaller clients, which would free him/her up to pursue HNW clients
- WA might form Alliance Team(s) with other WAs or FAs on certain accounts (see *Alliance Teams* slide)

WA = Wealth Advisor | FA = Financial Advisor | SFA = Salaried Financial Advisor

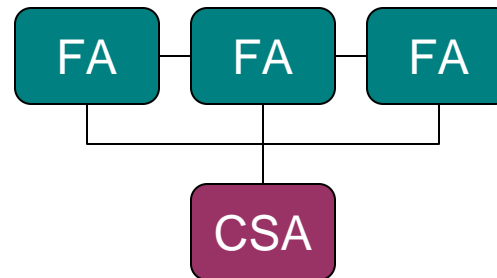
AWA = Associate Wealth Advisor | AFA = Associate Financial Advisor | CSA = Client Service Assistant

Horizontal Teams (“Partnerships”)

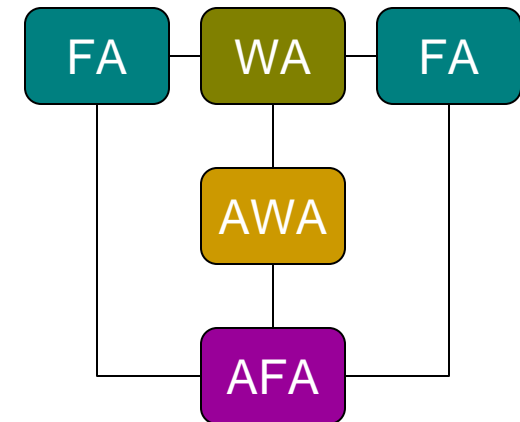
HT-1



HT-2



HT-3



BASIC CHARACTERISTICS

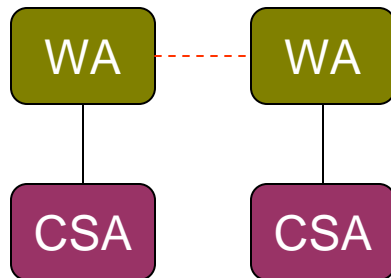
- Two, or more, FA numbers. This gives rise to the concept of a “partnership.”
- All or part of revenues flow through a common (pooled) FA number. Revenues are then shared among the various “partners” according to some predetermined split.
- Partners may move preexisting assets into the pooled FA number OR keep preexisting assets separate and put all NEW assets into the pooled number.
- FAs may or may not introduce their respective (preexisting) clients to their partners.

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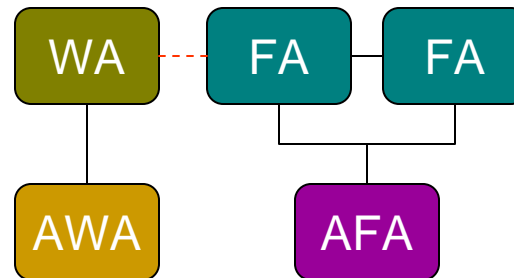
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Alliance Teams

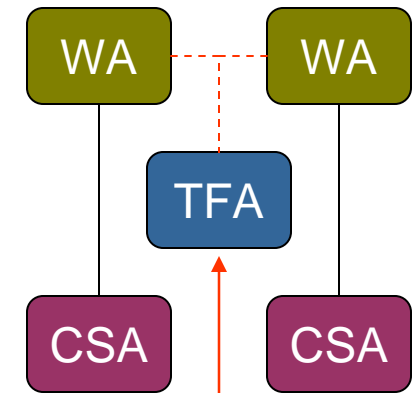
AT-1



AT-2



AT-3



WAs share the investment in this resource. This could be a CSA, AWA, TFA, etc.

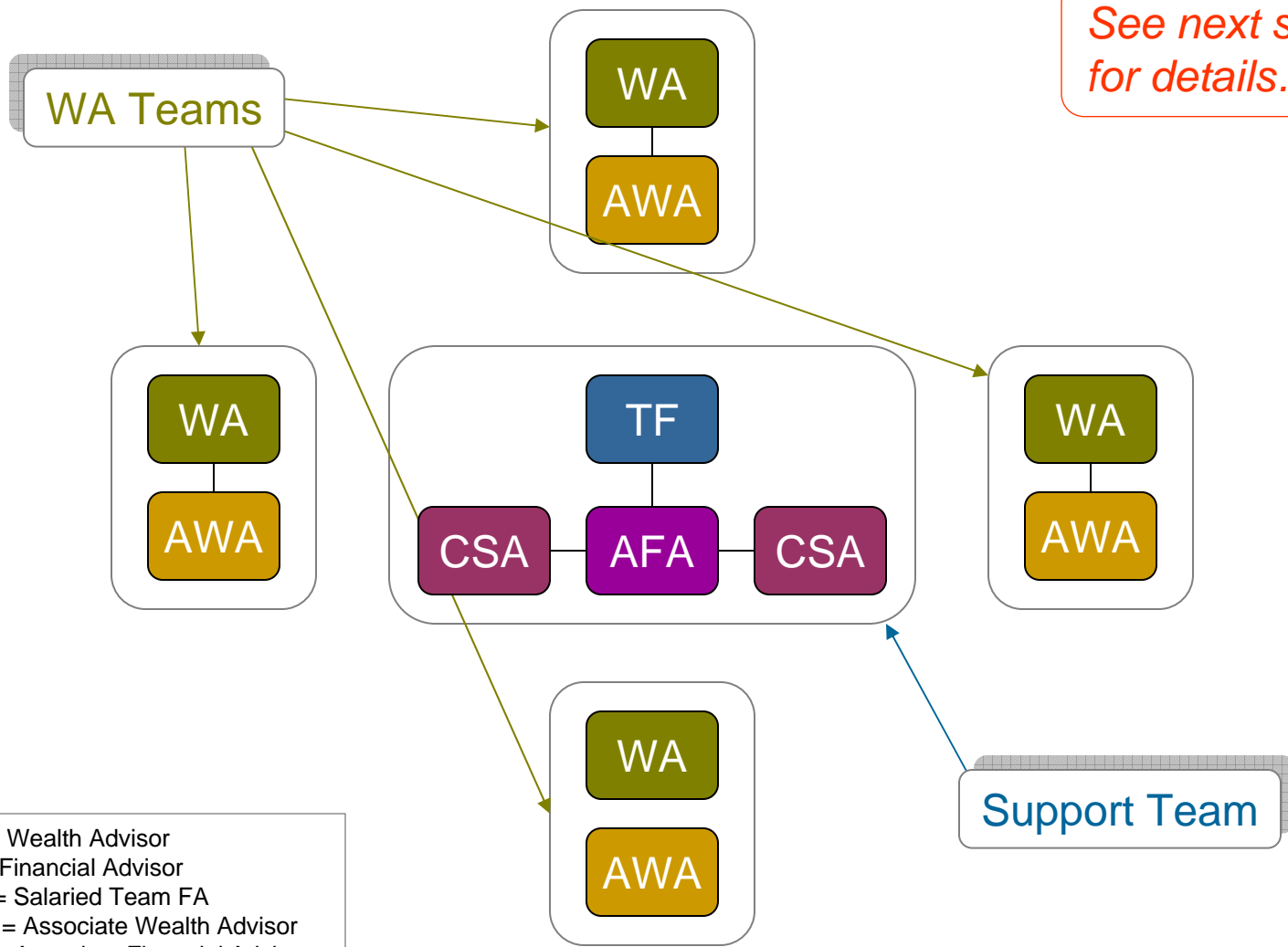
BASIC CHARACTERISTICS (red dotted line indicates the alliance relationship)

- Two, or more, FA numbers. FAs do NOT pool assets, which makes these different from Horizontal Teams.
- FAs do create separate FA numbers to share certain accounts or types of business on a one off basis.
- Each FA continues to run their separate business and collaborates mainly for marketing and/or product specialization purposes.
- Alliance Teams may form as a result of two, or more, FAs sharing certain resources such as a CSA or a TFA (see AT-3).

WA = Wealth Advisor | FA = Financial Advisor | SFA = Salaried Financial Advisor
 AWA = Associate Wealth Advisor | AFA = Associate Financial Advisor | CSA = Client Service Assistant

Complex Team: Alliance Model

See next slide for details...



WA = Wealth Advisor
 FA = Financial Advisor
 TFA = Salaried Team FA
 AWA = Associate Wealth Advisor
 AFA = Associate Financial Advisor
 CSA = Client Service Assistant

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Complex Team Detail

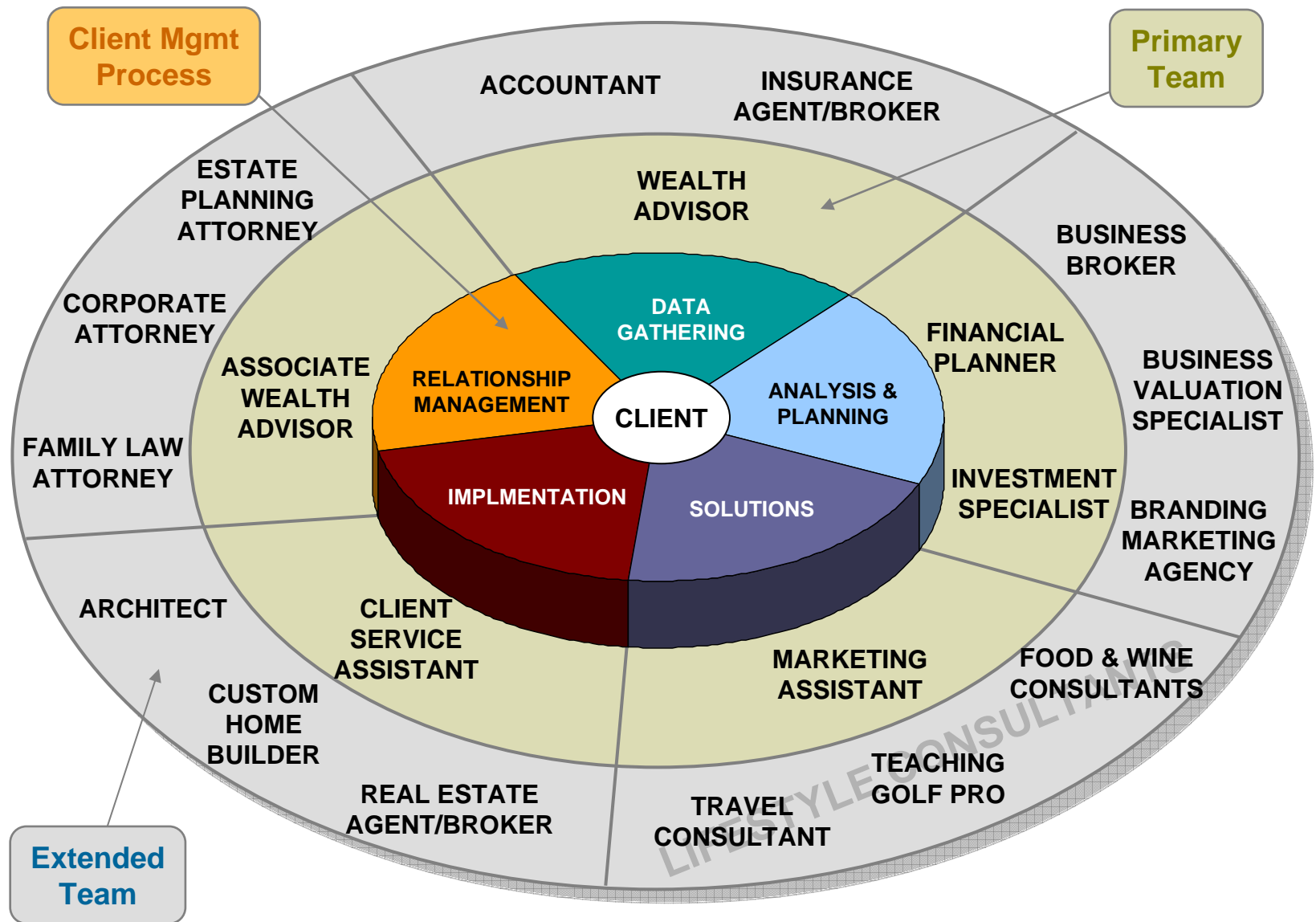
WA TEAMS

- ❑ Consist of one WA and one AWA
- ❑ Minimum team revenue = \$1MM
- ❑ 100 client relationships maximum (Platinum and upgradeable Gold only)
- ❑ Gold and upgradeable Blue are reassigned to a Support Team that is shared by four WA Teams.
- ❑ Clients under \$100K are reassigned to a Customer Care Team shared by entire branch.
- ❑ WA retains a percentage of revenue for all clients reassigned to Support and Customer Care Teams (RECC: 75% Year 1 / 50% Year 2 / 25% thereafter)
- ❑ WA makes all sales presentation and oversees all aspects of wealth management, investment management and portfolio reviews.
- ❑ AWA is highly proficient in use of all technology and possesses investment knowledge necessary to handle asset allocation, financial planning, manager searches and high level relationship management issues. The AWA does NOT handle any aspects of administration and operations.
- ❑ Goal is to make the WAs significantly more productive by enabling them to focus on high impact activities (asset gathering and relationship management).
- ❑ We are also making the WA Team more attractive to the HNW client (and COIs) by significantly reducing and limiting the number of clients the WA handles.
- ❑ WA Teams answer their own phones for their respective clients only.
- ❑ AWAs can cover for each other when appropriate.

SUPPORT TEAM

- ❑ Consists of one TFA, one AFA and two CSAs
- ❑ This Support Team can probably support four WA Teams effectively (keep in mind that WA Teams are only accepting Platinum and upgradeable Gold clients, which sharply reduces admin / ops overhead for them)
- ❑ Minimum = \$100,000
- ❑ 300 client relationships maximum (Gold and upgradeable Blue only)
- ❑ Can add additional TFAs and CSAs to increase capacity
- ❑ TFA oversees all aspects of financial planning, investment management and portfolio reviews.
- ❑ Primary responsibilities of TFA are investment advisory and relationship management (instead of sales).
- ❑ TFA also implements client advocacy system to grow existing client relationships and get more referrals.
- ❑ Compensation for TFA would be aprox. \$60K salary incentive bonus (up to \$40) which is based on client satisfaction and new assets through referrals.
- ❑ AFA is highly proficient in use of all technology and possesses investment knowledge necessary to handle asset allocation, financial planning, manager searches and high level relationship management issues. AFA reports to TFA but also serves as a back-up to AWAs (who work on WA Teams).
- ❑ CSAs are highly proficient at all aspects of administration and operations and perform these functions for the four WA Teams as well as the Support Team on which they work. They would report directly to the AFA but also work closely with the AWAs.

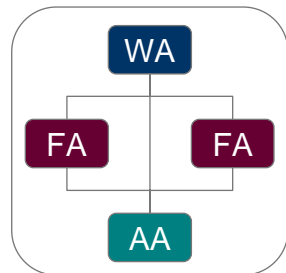
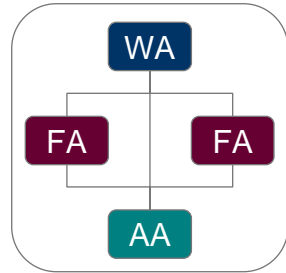
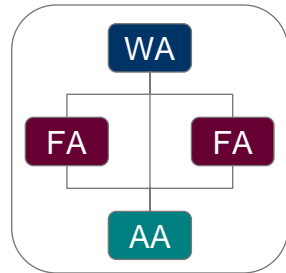
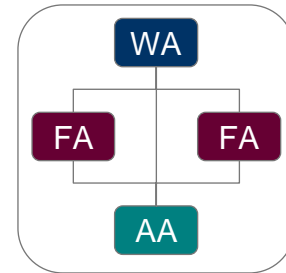
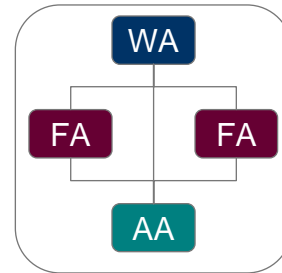
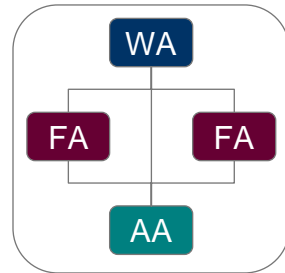
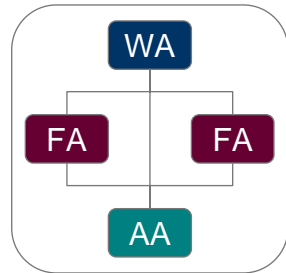
Extended Team: Conceptual Model



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21ST Century Branch Office

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Portfolio Analysis

This is the *command center* of 21B. Housed in a single location, members of this "swat team" would perform virtually all functions for WA teams that are not directly related to new business development or relationship management. This will create extraordinary leverage.

Wealth Planning

Client Care

Marketing

