AWAKENING THE SLEEPING GIANT
Create a business model that unlocks growth potential
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“More is better”—it’s a common mantra when it comes growing our businesses. We believe there’s safety in numbers when it comes to the size of our client base. So we work hard to grow our businesses and acquire as many clients as possible. But finding and servicing a multitude of clients can be exhausting. And at some point, many practices cease to grow, then plateau. This starts to drag down our motivation and desire for greatness. It’s a time when we have too much to do and no tangible success to show for our hard work. It’s a time when you might begin to asking yourself, “Do I know what I’m doing?” “Awakening the Sleeping Giant” helps you hit pause button on the daily grind and evaluate the business model you’ve built. It’s an opportunity to work on your business rather than in it. Taking the time to define and implement the right business model can be the key to unlocking your business’ full potential and better serving your clients needs.

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AWAKENING THE SLEEPING GIANT

Create a business model that unlocks growth potential

The first step in building your business model starts with your vision. Most business leaders and top financial professionals spend a significant amount of time and energy thinking about the future of their enterprise, what the business should look like, and how the business will respond and change to meet the needs of its clients and outpace its competition. You must commit to the same focus and intense design to become a leading financial-services practice.

Questions to help shape your vision:

- What do you want your practice to look like in terms of:
  - Clients
  - Team members
  - Service offerings and standards

- How large do you want your practice to become with regard to assets, revenue, and number of clients?

- What wealth issues will you and your team solve for your clients?

- Will your practice serve any specific niche markets?

- What types of benchmarks or metrics will motivate you and your team to continue your growth trajectory?

Michael Gerber, author of “The E-Myth Revisited” states, “I believe it’s true that the difference between great people and everyone else is that great people create their lives actively, while everyone else is created by their lives, passively waiting to see where life takes them next.”

Ensure that your business’ future doesn’t happen by accident. Design the vision for your business of the future.
Vision
Picture your business of the future

Your Vision: Create your vision by summarizing your key messages from page 2.

Vision Benefits: After completing your written vision, answer the following question:
If you are able to achieve your vision, how will you, your clients, your team members, your firm, and your community benefit?

Metrics
Key business drivers

It’s vital to quantify the effectiveness of the strategies you implement to achieve your vision. To measure effectively, you’ll need to identify the key metrics that drive your business. Without measurement, you won’t know if the innovations you implement are working.

1. Identify the metrics below for exercise on page 6
   - Average assets per household
   - Number of households below this average
   - Total assets of households below average
   - Total revenue of households below average

2. Identify additional key business metrics
   - Average revenue per household
   - Average assets and revenue from new clients
   - Average revenue per “below average” household
   - Total number of households in your book of business
   - Age distribution/lifecycle opportunities
   - Multiple product/service penetration rates
   - Asset outflows
   - Number of clients with fee based accounts
   - Inactive accounts
   - Single product accounts
   - Other account maintenance

Vision
Action Steps

1. Answer the questions on page 2
2. Create a draft of your vision
3. Complete Vision Benefits section
4. Use your Vision as a guide when completing the remaining action steps of this workbook
5. Share your vision with your Hartford Funds Advisor Consultant and leverage their resources to help accomplish your vision
Effective use of time

One of the biggest challenges advisors face while trying to achieve their vision is having enough time to service all their clients efficiently. Many risk losing top clients who aren’t getting the service and attention they expect. It’s at this point that advisors experience capacity and control constraints.

**Capacity Constraints**
Capacity constraints exist when the number of relationships that you’ve successfully acquired and served over the years become unmanageable. Inevitably, things start to fall through the cracks. You work harder, but simply can’t get everything done.

**Control Constraints**
Control constraints exist when your client-service model is non-existent or has been violated over and over again. As a result, your clients run your business. The benefits of this workbook section include:
- Gaining more control over the future of your practice
- Increased time to serve top clients
- A clear understanding of clients you need to cultivate, delegate or divest.

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### Capacity and Control Action Steps

1. “Average Households” Exercise
   - a. Average assets per household _____________
   - b. Number of households below this average _____________
   - c. Total assets of households below average _____________
   - d. Total revenue of households below average _____________

2. Breakeven Ratio
   - e. Imagine you were forced to get rid of all your below-average clients. How many new clients would you have to bring in at your average assets per household to break even in terms of assets? _____________
   - f. Ratio of the number of below-average households (b) to the number of new average-asset clients at needed to break even (e) ______ /______
     
     Note: Common ratio is 10:1

   If you were able to replace a portion of your below-average households with average households, describe the impact that freeing this level of capacity would have on your practice, your team, and your ability to serve your clients more deeply.

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### Capacity and Control Action Steps (continued)

3. Evaluate your client relationships
   Describe the clients that your practice is structured to serve.

   In the table below, you’ll rank each of your “households below your average assets per household.” For the column titled “My satisfaction with relationship,” rank clients based on the following criteria:
   - Is this client transaction-focused only?
   - Does this client withhold critical information that would help me serve them better?
   - Does the client second-guess most of my decisions?
   - Does this client question my fees?
   - Is there major upside potential in this relationship?

<table>
<thead>
<tr>
<th>Client name</th>
<th>Percentage of their assets you manage</th>
<th>Future growth potential</th>
<th>Referral potential</th>
<th>My satisfaction with relationship (see #3 above)</th>
<th>Avg. rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smith Family</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Jones Family</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

1 = Cultivate the client by reintroducing them to your services and capabilities
2 = Delegate the client to another member of your team or alliance partner
3 = Divest the relationship fully from practice in the most professional manner possible

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### Decision Time
Evaluate and rank each client below your average assets per household.

Segmentation: Clients below average assets per household.
5. Client Conversation: Reassigning Clients That Don’t Fit
   Now that you’ve decided which clients to delegate or divest, use the talking points below for a guide to your client discussions.

   Our commitment to serving a specific type of client
   “Mr. Smith, my team and I are committed to working with clients who have complex financial needs and issues, serving them comprehensively with a family office approach and managing all of their financial needs and issues.”

   The growth and specialization of my practice
   “Additionally, my practice has grown dramatically over the last several years and we have begun to refine and specialize our practice to the type of client that I mentioned.”

   Taking care of you
   “In an effort to continue to refine our model within our areas of specialization while continuing to provide you with the highest level of service possible, I want to introduce you to ____________. I’ve asked him/her to schedule a meeting with you to learn more about you, your needs, and your financial situation, and ultimately manage your financial relationship. I believe that he/she is best suited to work with you and is structured to provide you with the level of service and insight that you deserve.”

   The next step
   “_____________ will be reaching out to you in the next couple of days to schedule an in-depth review of where you are today and your plans going forward.”

6. Quantify clients you’re planning to retain
   Add the categories below.
   - Number of clients above average assets per household ___________
   - Number of clients below average assets per household that are rated “Cultivate” ___________
   = Total clients you’re planning to retain ___________

7. Determine the service approach for retained clients
   Next, evaluate and categorize your retained clients. The benefit of this step is matching the right level of service to the right level of client. This step insures that the clients that are most critical to helping you fulfill your vision are provided the top level of service.

### Matching service model to retained clients

<table>
<thead>
<tr>
<th></th>
<th>Number of Retained Clients</th>
<th>% of Total Clients</th>
<th>Service Plan</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Clients</td>
<td>100</td>
<td>50%</td>
<td>Proactive Client Meeting Plan (see page 12)</td>
<td></td>
</tr>
<tr>
<td>Consolidated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High trust</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B Clients</td>
<td>60</td>
<td>30%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>More asset potential</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leverages my advice</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High trust</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C Clients</td>
<td>40</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower asset levels</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less complex financial situation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low trust</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Note: the numbers above are examples only.
The final step in this journey to unlock the sleeping giant is to constantly work on the systems and processes in your business. Building a business with a process is the only clear path toward accelerated growth. As Michael Gerber describes in his book The E-Myth, “When an entrepreneur builds a ‘turn-key process’ and applies it rigorously and completely to his business, the process can transform the business into an amazing growth oriented enterprise.” Turn-key processes should be created for all of the business models listed in the table below.

1. Implement the “Proactive Client Experience Plan” (shown below)
   This plan provides a roadmap for client meetings that will occur throughout the year. It can also help to reduce anxiety because clients will understand that you have a clear process for monitoring their financial-plan performance and responding to changes in goals, expectations, and risk sensitivity.
   - Schedule face-to-face quarterly meetings based on the plan below.
   - During the meeting, bring written documents and discuss the scheduled topic with your client to verify their understanding and clear up any misunderstandings.

## Systems

### Action Steps

<table>
<thead>
<tr>
<th>Systems</th>
<th>Turnkey processes</th>
</tr>
</thead>
</table>

### Business Systems Evaluation

<table>
<thead>
<tr>
<th>Business Systems</th>
<th>Current Systems</th>
<th>Modifications</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attracting New Clients</td>
<td>Client profile Pipeline management Value proposition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wealth Analysis and Planning</td>
<td>Client discovery Proactive wealth solutions Leverage support partners</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Process and Review</td>
<td>Investment philosophy Converting to fee-based Addressing external events</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Client Service and Management</td>
<td>Service models Client education strategies Family meetings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Management</td>
<td>Team roles and responsibilities Business planning Leveraging tools and technology</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: the systems above are examples only.
The Bottom Line

Become a Dominant Practice

Most of us get so caught up in the daily grind of running our practices that we rarely stop to consider the effectiveness of the business model we’ve ended up with. Taking the time to envision and implement an integrated business model can unlock the growth, time, and service needed to realize your business of the future.

Next Steps

Here are four recommendations for the optimal way to proceed.

1. Review this workbook and choose one of the five sections today.
2. Contact your Hartford Funds Advisor Consultant within one week and let them know your choice.
3. Meet with your Hartford Funds Advisor Consultant to create your implementation plan.
4. Ask your Hartford Funds Advisor Consultant about our latest approaches to help clients invest for growth, find new sources of income, and prepare for volatility.
Why Hartford Funds?

**We Think Independently**
Hartford Funds offers investors a different perspective through our sub-adviser Wellington Management—one of the nation’s oldest and largest investment managers with $799 billion in assets under management (as of September 30, 2013). Wellington Management distinguishes itself through global collaboration, specialized research, and a private partnership structure.

**We Invest Actively**
In today’s complex and interconnected global markets, we believe that active management is a smart strategy for uncovering opportunities and managing risks. Our diverse line-up of more than 50 funds covers the spectrum of equities, fixed income, multi-strategy, and alternative investments.

**We Believe in the Power of Partnerships**
Navigating today’s increasingly complex global markets requires a high level of sophistication and expertise. That’s why we believe every investor can benefit by partnering with a trusted financial advisor who can help you build a diversified portfolio that’s customized for your needs and goals.

Think Independently. Invest Actively.

Hartford Funds’ Masters of Advice Institute helps financial advisors grow their business, deepen relationships with clients, and enhance their efficiency. The Institute collaborates with thought leaders and practice management experts to provide insightful, practical resources in the following areas:

- **Knowing your client**
  Learn practical ways to apply MIT AgeLab’s original research on consumer behavior to your practice.

- **Growing efficiently**
  Accelerate growth and profitability with proven practice management strategies from Red Rock Strategic Partners.

- **Engaging proactively**
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**CLICK** hartfordfunds.com/masters

Bridging the Execution Gap
Red Rock Strategic Partners works with distinct markets which include financial institutions and middle market privately-held firms. We serve as an extension of the management team focused on accelerating profitable growth, maximizing business value, and addressing ongoing business and personal issues of the owners and leaders.

**Execution Obsession**
Most companies have great strategic plans and ideas for the growth of their businesses. The challenge for most of them is how to effectively execute those plans to produce the return they want. Red Rock Strategic Partners works with management to clearly define tactical implementation strategies and assists leaders and teams in driving execution that leads to profitable growth.

**Capturing Market Opportunities**
Businesses grow most often through a combination of market and economic factors, organic growth, and acquisition. Red Rock Strategic Partners assists our clients in capturing that growth potential with strategic and tactical approaches and plans with a four step process which includes:

1. Clearly understanding and advancing the thinking around a company’s business model, strategy, and market opportunities
2. Identifying conflicts or opportunities in the model, platform, or process that could accelerate or hinder their growth objectives
3. Building tactical implementation plans that drive execution, productivity, and sustained growth
4. Actively assisting in the implementation
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Vision
Your business of the future

Metrics
Key Business Drivers

Capacity and Control
Segmentation

Systems
Turnkey processes

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