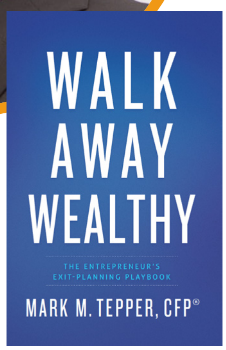
CASE STUDY

Interview with Mark Tepper, President and Founder of Strategic Wealth Partners
and author of Walk Away Wealthy



STRATEGIC
WEALTH PARTNERS

MARK TEPPER'S RETURN ON INVESTMENT FROM USING THE VALUE BUILDER SCORE

Financial Plan Sales:	$100,000
Pre-Transaction Planning:	$25,000
AUM Fees:	+ $50,000
Total:	$175,000

Q. Mark, you're using the Value Builder Score in some interesting ways. Can you give us a quick overview of what your firm does?

We're a wealth management firm – a registered investment advisor – which means we're in the business of managing our clients' investments…financial plans…their entire wealth management picture.

Typically we charge a percent of the assets under management, and there's a planning fee to put together a financial plan for our client.

Q. Can you describe your target client?

As far as ideal clients go, we decided two or three years ago that focusing on a niche would help us to work with fewer but significantly more profitable clients. That was our goal. We took an inventory of our clients and we decided that the ones we enjoyed working with the most – and that also had the most money – were the entrepreneurs. But we also realized that, on average, eighty per cent of an entrepreneur's net worth is tied up in his or her business. So obviously we wanted to have the ability to manage that net worth at some point, and the more our clients sell their business for, the more money we can eventually manage.

However, we've also found it's very difficult to begin working with those clients after they've sold the business and realized that liquidity event, so we needed to get in on the front end of that.

Q. Why is it so difficult to build a relationship after a liquidity event?

Selling is a long, emotional and exhausting process, typically a minimum of three to six months where the business owner is unwinding his or her baby – something that he or she has built over many years. And maybe it was a second or third generational business that parents or grandparents owned.

We just worked with a client who had 30 different potential buyers flying in from different countries. So it can be a long process, and as the owner, you work closely with your CPAs, investment bankers, attorneys, and your financial planner, who you've probably worked with over a long period of time.

So as an advisor, it's difficult to try to get involved after the fact because those relationships have been established. Also, once that money moves, it's typically not going to move again for at least three to seven years.

Q. What else can you tell us about your ideal client (e.g., company size, number of employees, psychographics)?

Ideally we're looking at someone who is going to sell their business within the next two to three years. And since we're in the wealth management business and we want to manage that wealth, we try to avoid working with the serial entrepreneurs. I'm typically not interested in working with a 40-year-old guy who's going to sell his business for 5 million dollars and then take that money and buy another business for 4.5 million.

So ideally we'd like to work with someone who's 50 plus years old. It's more likely that they're going to sell their business and move on to that next stage of life, which would be retirement. So there's going to be a portfolio for us to manage. As far as the size of the business goes, we like to target a million plus of EBITDA. Some companies doing five million in revenue can hit that target and in some industries it might require ten million in revenue to hit that million dollar EBITDA number. Those clients are going to have the kind of portfolio that we want to manage.

Q. What's the ideal client in terms of investable assets? Do you have a minimum cut-off?

Yes, we have a minimum of a million. But we've also got legacy clients and some of them have even less than that. But going forward, if I could bring on five clients a year that average between five and ten million of investable assets, that would be a good year for me.

I've brought on 25 million dollars a year in past years, but it's been spread across 50 clients. So my goal really is to be able to bring on 25 to 50 million dollars of assets with fewer clients. With the deal we're working on right now, the business is worth 35 million, so that's going to be a bigger case. But our sweet spot is probably 5 to 10 million.

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Q. So how do you find those guys? How are you marketing your firm?

There's a ton of different ways to do it, and The Value Builder Score really helps us. I'm a big believer that you can't rely on a single tool, whether it be our financial planning software or our Morning Star analytical software, but The Value Builder Score can really stand on its own and bring you prospects...so it's important to incorporate it as part of your overall process.

What we've done is network with strategic alliances. We have relationships with CPAs, attorneys, i-bankers. We've done some joint events with them where we've discussed exit planning and tried to get people to use The Value Builder Score.

Q. What about media appearances?

I'm on CNBC, Fox Business, probably 3 to 4 times a month, as well as being a financial contributor. I've appeared in Money Magazine, The Wall Street Journal, and other publications. I'm always trying to get my name out there and drive traffic to our website. Once someone gets to my site, they can see the Value Builder Score on the home page, and that's the way I gather data from the business owners that are going to my website.

I've also done a lot of guest blogging, using your ghostwritten articles that you provide for everybody, John. I've taken the articles, with my Value Builder Score link at the end of them, and sent them out to different business organizations and associations, and then owners have welcomed me to do guest blogs for them. They're posting them as if I wrote them, and I'm picking up maybe five to six Value Builder Reports as a result.

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Q. Do you have an event marketing strategy?

Yes, I've partnered with EO and Vistage, and several other organizations. I've been able to pick up a fair number of clients and generate some good traffic to the website, which then leads to the Value Builder Report.

Q. What's your content?

For the most part, exit planning, financial planning – what a business owner needs to do to get his company ready to sell.

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Q. Would you say that's the mechanics of selling?

A small portion of it, but a lot of it is making sure your financial plan is ready, knowing your numbers…. We look at the different factors in The Value Builder Report and why they're important to a buyer, and we discuss how businesses are typically valued and how the entire M&A process works.

Q. And who's responsible for driving the bums in the seats?

That's all me – I'm marketing to the association liaisons that I have, and they distribute to the members and they may sign up anywhere from 5 to 50 people. But as far as identifying the associations I want to work with, that's where the leg work is – figuring out who you want to talk to.

> "Overall about 50 percent of the people I offer it to have investments and are willing to take me up on that offer."

Q. Walk me through what happens when you have a new person that's completed The Value Builder Score Report, either from your website, or an article, or some event. What's their next step?

Within 24 hours we send them a welcome email, telling them we received their response and that we'd like to schedule a time in the next week when we can spend up to 30 minutes with them on the phone walking them through the report. We wait for them to respond and if they haven't responded after a week, we send another email. If we don't hear back after another week, we make a phone call.

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Q. So is that all automated or is it someone's job?

I'd love to make it automated, but at this point it's still done manually. Also, our co-ordinator has to do a lot of cross-referencing because people often use their gmail or hotmail address and we have to figure out their work email address or phone number in order to reach out to them. And that has really helped us to get more prospects. From there, assuming that someone gives us the opportunity to talk to them on the phone, we'll wait until a day before the scheduled phone call and then email them their report. If we mail it before that, there's more of a chance they'll read it and get their score and then figure they don't need to talk to us.

On the phone we give them a quick introduction about who we are and what we do, and why we're willing to walk them through the Value Builder Report. Then we spend about 20 minutes talking about each of their scores and explaining why those areas are important and what buyers are looking for. At the end, we reiterate that we're a wealth management firm and we ask if they'd allow us to give them a complementary second opinion on their wealth management situation.

> "Over the last 12 months I've generated 1,000 Value Builder Score reports."

Q. So what's your conversion rate on that conversation?

I would say 80 percent of the people that have money are willing to take advantage of the second opinion. Some of the people just don't have the money, but overall about 50 percent of the people I offer it to have investments and are willing to take me up on that offer.

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Q. **So then your process is to meet with them and walk them through how you can help them manage their wealth prior to a liquidity event and obviously after as well.**

Exactly. We provide them with reports, and then we have this crazy financial planning software that has the ability to pump out 150-page financial plans that no one's going to read. So we consolidate that into maybe a 30-page executive summary. And the Value Builder Report is 15 pages or so.

> "I've partnered with EO and Vistage, and several other organizations. I've been able to pick up a fair number of clients and generate some good traffic to the website, which then leads to the Value Builder Report."

Q. **You're one of our highest performing Value Builder Score advisors – how many reports would you typically generate in a month?**

Well, it varies because it's based on my activities. I can generate hundreds of reports in one month and then two the following month. Maybe over the last 12 months I've generated 1,000 reports...