Lessons learned

HOW LEADING WOMEN IN FINANCIAL SERVICES MANAGE THROUGH DIFFICULT TIMES
The past few years have been among the most challenging that many financial services professionals have ever faced. The extraordinary market and economic environment has not only tested their patience and resolve, but also their ability to manage their clients’ investment performance and expectations.

We know, however, that the most difficult periods in our history have often inspired the most compelling ideas. So we set out to explore how some leading women in financial services were coping. We asked women from the Barron’s Top 100 Women Financial Advisors list as well as senior executives from leading advisory firms to share lessons for managing their businesses and their careers throughout this period of profound change.

Ultimately, all of these women made a significant impact on their clients and their organizations. Common themes included a strong vision, a determination to turn challenges into opportunities and a high-touch approach to managing clients. Whether it was reevaluating financial priorities or revisiting asset allocation strategies, women showed their commitment to guiding their clients and their teams through the “new normal” with discipline and resilience.

Others proved that navigating tough times goes well beyond overseeing portfolios or balance sheets. When conveying difficult news about market performance, supporting family members after a devastating diagnosis or helping families plan financially after a job loss, many of the women proved why qualities usually associated with women – such as empathy, flexibility and tolerance – are so often linked to successful leadership.

We hope that these stories remind you of the importance of your role, and give you the confidence to continue to lead and inspire both your teams and your organizations in the years ahead.
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While your job responsibilities grow, the time you have to do them doesn’t.
Financial services is a demanding industry. It’s fast paced, intense and competitive. And it's volatile — the good years are great and the challenging years are, well, extremely challenging. Needless to say, in my 20 years in the industry, I’ve learned a lot. I could probably fill this book by myself with some of the lessons I’ve learned over just the past few years. But the most important thing I’ve learned is also one of the simplest — you need to be relentless in managing your time.

As you progress in your career, you'll quickly find that while your job responsibilities grow, the time you have to do them doesn't. With every step I’ve taken in my career, I’ve found the first few months to be a bit daunting in large part because you’re trying to do your previous job while taking on the new one. Anyone who’s been through a significant job change knows that’s not easy. But there are things you can do to make it easier, and being relentless in managing your time is one of them.

There’s a common misperception that what’s urgent is also what’s most important. The reality is that’s just not true. It’s easy to fill your calendar every day with something that someone, probably not you, has deemed as urgent. You can’t let that happen. You have to religiously manage your calendar and formally schedule time for things that you normally wouldn't think of in a diary — things like strategic thinking, responding to e-mails and time to walk around the floor to gauge the mood of your team. It might sound odd to put those things in your calendar but if you don’t, you'll never get to them and those are the types of things that really require your focus and attention as a leader.

Personal time needs to be in there as well — time to work out, drop off and pick up your kids and be with your family and friends. If you plan it out every week, looking forward several weeks, you will find that you actually can “do it all.” Just not all at once.

Mary Callahan Erdoes  
CEO, Asset Management  
JPMorgan Chase & Co.
Over the course of my 19-year career, I’ve been through several consolidations and mergers with firms on the legacy Smith Barney side. None of those, however, compared to the issues I experienced during the joint venture between Smith Barney and Morgan Stanley. Of course, it didn’t help that it occurred during one of the worst market and economic crisis most of us have ever experienced in our lifetimes.

One of the biggest challenges I faced at this time was building and maintaining a collaborative team. I had to work hard to keep employees upbeat, engaged and resilient, despite the fact that we were merging with a direct competitor with duplicative staffing, businesses and work functions. We basically had to embrace both of these very different cultures and work from within to create a new, effective, collaborative business culture.

I’ve always believed that in times of turmoil, it’s important to connect with people and to maintain a steady stream of open and direct contact. To keep the lines of communication open between the newly consolidated team, I held twice-weekly staff meetings — even if I had only five minutes of content. The goal of these meetings was to allow everyone at all levels — from administrators to the most senior managers — to have the opportunity to vent, to share ideas and to question the rumor mill. Allowing everyone to express their opinions and feel like they can offer valuable input about the structure of the team was critical.

At this time, I also identified and worked closely with our “superstars” on establishing career paths. I asked them what they would like to be doing two years from now, and what I could do to help them get there. I’m happy to say that those individuals are still with me and have been promoted.

Ultimately, we built a global relationship team that crosses all product areas within global wealth management, across all businesses and across all product lines. I’m very proud to say that we’re now the cornerstone for asset managers to work with at Morgan Stanley Smith Barney.

Margaret Flynn-Martin
Managing Director
Head of Global Relationship Management Group
Morgan Stanley Smith Barney
“One of the biggest challenges I faced was building and maintaining a collaborative team.”
“After the downturn, I learned the value of communicating market declines in basic dollars and cents to my clients.”
The financial crisis led me to make significant changes in the way I approach asset allocation with my clients.

Prior to the crisis, we recommended that our clients maintain a balanced portfolio because they could expect to generate a reasonable rate of return with manageable volatility. For example, a client portfolio with a traditional balanced portfolio of 60% equity and 40% bonds was typically able to weather most economic storms because of the low correlation between stocks and bonds. So, when the equity markets were down, the bond markets were up, and over time, portfolio volatility remained low.

Yet, the recent financial crisis was quite different from other downturns. During this timeframe, the correlations of nearly all traditional asset classes became highly correlated and, therefore, the traditional 60% equity/40% bond balanced portfolios experienced losses. As you could imagine, this was not only a surprise to us but also a surprise to our clients, many of whom are retirees who count on regular income to live. During this credit crunch, the prices of corporate and municipal bonds fell, while government bonds were one of the few investments that performed well.

In response, I increased my investments in alternatives by about 10%. My balanced account allocation approach evolved from the pre-2008 crisis standard of 60% equity and 40% bonds and is now 30% equity, 30% bonds, 10% to alternative investments, and 30% active allocation.

In addition to changing my investment approach, I invested in a coaching program that helped me understand how to better manage client communication. For example, rather than trying to field every single call, I provided my staff with educational “sound bites” — similar to those that a doctor would give a nurse — to deliver to clients over the phone, and then asked them to transfer clients to me only if they requested more details. This really helped manage the volume of calls, deliver a consistent message to my clients, as well as increase the level of client satisfaction.

I also learned the value of communicating market declines to my clients in terms of basic dollars and cents. After all, they can get market statistics on CNBC. Now I ask them, “Are you prepared to have your $1 million investment be worth $500,000 in the equity markets in less than 1 ½ years?” That’s a question they can relate to.

Debra K. Brede
D.K. Brede Investment Management Company
Needham, MA
AUM: $460 mil.
One of the defining moments in my career occurred when I began to understand the value of trusted relationships in helping individuals make the sound financial decisions that allow them to achieve some of their most cherished goals in life.

I believe it’s one thing to understand the mechanics of investing, but it’s become clear to me that most individuals need more than just technical knowledge to help them make the right decisions. As the markets become more volatile and complex, more than ever, people need a trusted partner to help them stay on track.

Coming to this understanding had a very personal impact on me over the course of my career. I realized that it was important for me to work for a financial services firm that was dedicated to providing advisors with what they need to build long-term client relationships. During the market downturn, we witnessed just how important these relationships are, and it was gratifying to support advisors’ efforts to reach out to clients with regular communication, guidance and perspective on the economic climate. I found it personally fulfilling to see the difference the advisor relationship made for so many clients.

This experience underscores the importance of building your career around something that is very meaningful to you. My ability to focus and center my career on a service that fundamentally matters to me and makes a difference in individuals’ lives is what drives and motivates me every single day.

Esther M. Stearns
President and Chief Operating Officer
LPL Financial

Build your career around what’s meaningful to you
“My ability to focus my career on something that makes a difference is what drives and motivates me.”
“Increase your visibility with clients, especially during difficult markets or times of uncertainty.”
Engaging in more frequent conversations, especially face to face meetings and increasing client touch points is a critical part of practice management — particularly during periods of extreme volatility.

This lesson truly resonated for me when I worked for my father during my first 15 years in the business. During that time, I managed through several major market and economic crises — including the crash of ‘87, the Iraq War, the Internet Bubble and others. My father taught me that if you focus on taking care of your clients during the most challenging times your business will take care of itself, grow and prosper.

During the market downturn in 2008, clients’ level of anxiety was much higher than during any other periods I can recall. Clients were not just questioning the viability of the financial system, but specifically the credibility of many of the major firms on Wall Street. After seeing stock and bond values declining, they were fearful that bank deposits at some of our country’s largest and most popular banks were at risk. Some even asked, “Do I need to run to the bank and withdraw my money?”

To address clients’ anxiety, we added a personal note to timely market updates provided by our firm. We suggested clients contact us for further discussion of the recent market events. Many clients appreciated hearing from us and reached out for our advice.

I think many advisors refrain from reaching out to their clients in times of uncertainty because they are concerned that they don’t have all the answers. I would suggest that they increase their visibility with clients, especially during difficult markets or times of uncertainty. Reassure clients that market pullbacks are normal, occur periodically and are to be expected. More conversation, rather than less, will go a long way to comfort investors, helping them to stay the course in trying times.

Reach out to your clients

Nadine G. Miller
Morgan Stanley Smith Barney
Director-Wealth Management
Portfolio Management Director
The Miller-Miller Group
Miami, FL
AUM: $330 mil.
I've always believed that the most important aspect of an advisor-client relationship is good, solid communication.

I have to say that effective communication has become more critical, particularly as the markets become more complex and global. More than ever before, it’s key that we listen to our clients’ concerns and help educate and inform them about issues, such as the credit crisis and sovereign debt, and how those challenges may potentially impact the market and their investment strategy.

Lately, I’ve been answering many questions related to the fixed income market. For example, in the 1980s, we could count on a 15% yield on CDs. Now, one of my greatest challenges is trying to generate income for my clients in a low-yield environment, without having them take on inappropriate levels of risk. We’ve had to become more tactical in our asset allocation strategy as a result.

I’ve also been addressing many concerns about equity investing. We currently see a lot of high-quality companies continuing to issue dividends, yet given the market volatility, many clients are questioning whether to sell or not. In my discussion, I review each individual situation and explore whether it makes sense to sell or, depending on the client’s individual financial goals, whether it makes more sense to just live with the volatility particularly if the dividends remain stable.

I would strongly recommend other women advisors to stay as educated about the markets and economy as possible through education and training. Having the knowledge to break down the complexity of the markets and help address clients’ continued investment challenges is not only essential to building solid relationships, but it’s also key to building and sustaining a successful practice in this environment.
“Effective communication has become more critical, particularly as the markets have become more complex and global.”
Asking clients to re-evaluate their lives helps them put investment issues in perspective.
After the dust from the financial “storm” cleared, my team and I conducted a “lessons learned” session to assess what we did and what we could do differently going forward.

Here is our new game plan:

• **Check risk tolerance more frequently.** We revisit our clients’ risk tolerance and goals on a regular basis. Previously, we generally only reviewed risk tolerance when clients experienced a major milestone or following a major market event.

• **Focus on non-correlating assets.** We increased our allocation in non-correlated investment vehicles, such as Real Estate Investment Trusts [REITs], because they offer attractive yield and can provide less volatility.

• **Invest in annuities.** I began to include annuities within certain portfolios, such as IRAs, because they addressed my clients’ needs to be able to stay in the markets as well as giving them guaranteed income they cannot outlive. They also helped my clients better withstand market volatility. How do my clients react when the market declines? Most say that these losses do not impact them that much and that they appreciate having a dependable level of income despite the volatility. I tell my clients that it’s not a question of whether you win or lose – what matters is that you are able to endure the volatility and still come out a winner.

• **Offer perspective.** After the downturn, I handed out questionnaires to my clients during my Client Appreciation event and we now conclude every appointment for the past three years by asking them to list their top three non-financial related challenges, opportunities and strengths on the forms. Most of my clients wrote down strengths and opportunities, such as travel, spending time with grandchildren, health, families or jobs.

When I meet with my clients to review the forms, I ask them, “Would you exchange any of the strengths you mentioned for a little more wealth in your portfolios?” Of course, the answer is almost always a resounding “no.” Asking clients to re-evaluate their lives helps them put investment issues in perspective and reminds them that there are positive aspects to their lives – good health, jobs, homes and families – that they really wouldn’t trade for anything.

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Deborah L. Danielson
Danielson Financial Group
LPL Financial
Las Vegas, NV
AUM: $490 mil.
I joined the Polk Wealth Management Group at the height of the financial crisis. Lyon Polk brought me in to be a “rainmaker” — probably one of the most challenging financial services roles one could have during this period.

I believe the key to surviving this very challenging business climate has been our team of professionals who deliver a full range of specialized services to clients. We focus on Investment Management, Balance Sheet Management, Estate and Trust Planning, Transactional Services and Personal Banking Family Office Services. Although many of our clients typically engage in three or four of our services, our goal is to interact with our clients across all five buckets of financial needs. Past cycles have demonstrated that the more we can engage our clients, the more we can keep their business — regardless of the performance of the markets.

Unlike most teams, all of our investment professionals share the same client book and own the model. Moreover, our business model is scalable, which has allowed us to increase our revenues by 40% since last year.

Despite the challenging environment, our assets we advise on have tripled since 2008. I would attribute this to several factors, including the fact that we recently trimmed our client list to focus on our top 200 high-net-worth clients, many of whom include “institutional” clients such as business owners who’ve recently sold their business or hedge funds.

Our business has thrived because we’ve managed to stay service-oriented. This has helped us keep up with our biggest competition, large family offices. We typically provide three layers of service to our clients: a senior partner, a senior specialist and relationship manager, and as a personal banker or trader.

I would advise others seeking to establish a truly successful team to focus on dynamics and culture. Obviously, the structure is important, but the success of any team will depend on each individual’s ability to support one another and buy into the vision. It’s the intangibles — the camaraderie between people that has determined the success of our team.
Our business has thrived because we’ve managed to stay service-oriented.”
“A key aspect of working with institutional clients is engaging them in what can often be an uncomfortable conversation about reasonable growth expectations in the current market environment.”
We believe the trademark of our institutional consulting practice is our ability to offer “boutique” consulting services to a small number of large, strategic relationships without compromising access to the depth of resources and expertise that our clients have come to expect. We support some of the most complex foundations, endowments, pension plans and private families in the country.

Our goal is to take a holistic view of our clients’ wealth and to explore their mission and legacy, so that we can better understand how to design investment programs with the objective of protecting their long-term goals. The challenging market conditions of the past few years have given us many opportunities to leverage this knowledge with our clients.

For example, we recently led what, at the outset, was an asset allocation exercise with the investment committee of one of our large public foundation clients in the educational arena. We began by fostering a healthy dialogue among the committee members to first learn more about the foundation’s goals and risk tolerance levels, as well as its need to balance short-term distribution and grant needs with their long-term desire to grow corpus. Soon it became clear that the investment committee would benefit from a candid conversation with the finance office to better understand the role of the foundation’s income in supporting its operating needs. An open discussion was held to determine how the organization was going to manage its spending needs during the volatile market environment, while respecting its long-term growth goals.

We ultimately conducted a dedicated planning session with the investment committee, staff and the Board of Trustees to examine the impact of the organization’s spending policies and to build consensus on how the investment strategy should be designed to support it. This facilitation helped the foundation “connect the dots” as they developed a greater understanding of how to bridge various levels of support from the state and its investment pool with its own spending needs.

Although other consultants might have used the discussion to explore investment objectives, we instead took this opportunity to provide the foundation with a reality check. We offered a very candid, upfront and honest perspective of the type of growth they could expect in this market environment, while emphasizing that investment returns alone would not be sufficient to help them reach their growth objectives. We helped them develop realistic expectations and provided a framework for thoughtful and conscientious planning.

Linda Stephans and Kristina Van Liew

Private Wealth Advisors
The Stephans Van Liew and Oiler Group
Merrill Lynch Private Banking and Investment Group
Chicago, IL
AUM: $6 bil.

Re-validate your clients’ mission
When I first started out in this business 25 years ago, one of my first mentors provided me with three important lessons:

- **Keep it simple.** I have always run my business according to the philosophy that if you can’t explain a product or an investment strategy in under a minute, that approach is probably too difficult for my clients to understand and too complicated for them to invest in. Most of my clients are older and more conservative so a simple approach – consisting of stocks, bonds and annuities – has been very suitable for them.

- **Focus on maintaining wealth – not blowing it up.** My clients are mainly concerned about wealth preservation, so most of them want 60% of their asset allocation in bonds. Focusing on bonds during the market crisis turned out to be an appropriate strategy because they outperformed all other asset classes – just as they had over the past 10 years.

- **Don’t take yourself so seriously.** Too often, I think many of us get too caught up in our own views about the markets and economy. My mentor told me that there will be a day when I leave this business that no one will really care about my opinion anymore. This philosophy really drove home the point that we tend to take ourselves a bit too seriously at times. Nothing in this business is that important in life.

Rather than steering the conversation into directions that my clients may not understand or do not want to hear about, I allow my clients to do 80% of the talking during client reviews. This allows me to uncover more information about their goals and concerns – which is essential to developing an investment strategy. Allowing my clients to manage the conversation – particularly during periods of market turmoil – has been a humbling experience for me, but it’s also offered me a valuable lesson about the importance of listening to our clients.

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Susan Heuer
Managing Director, Investments
Wealth Management Advisor
Merrill Lynch
Houston, TX
AUM: $5 bil.
We tend to take ourselves a bit too seriously at times. Nothing in this business is that important in life."
I believe I am privileged to be at a firm and in a business that prizes leadership and teamwork.”
The most important lesson I’ve learned in my career is that leadership matters. I think it matters more than anything else.

The difference between success and failure for financial firms, advisors and investors has always been leadership. For me, leadership means putting clients’ concerns first always. It also means never trading the short term for the long term, and in preparing for the worst, while nonetheless hoping for the best.

Leadership means being selective in whom you work for and whom you work with. Choosing a firm and colleagues who share your values is critical.

I believe I am privileged to be at a firm and in a business that prizes leadership and teamwork. For years, we have always started our days together at a morning meeting, discussing markets, economies and governments around the world and the implications for investors. This discipline is critical during times of crisis — no one safely navigates volatile global markets alone.
Put yourself in your client’s shoes

I know it sounds cliché, but I truly believe that when you take care of your clients, things will eventually take care of themselves. Over the course of my career, through every type of market cycle, every time I have gone above and beyond to do something extra or pro bono for my clients, it has paid off in ways I could have never imagined.

For example, while accompanying my son on a lacrosse tournament trip to Lake George, I ran into the father of one of the players on my son’s team. As we had done many times before, we chatted about the markets, investing and various financial topics. Ironically, he told me he wasn’t very fond of financial advisors, but he always appeared to respect my knowledge and my perspective about the business.

Sadly, I learned one day that he passed away in his 40s from heart problems. After he died, his widow called me and said, “I just want you to know that my husband really trusted you, and throughout all of the conversations you had with him, you never prospected him, and he respected that.” She hired me to manage his estate and I gained a $6 million account.

I retained a large account by going out of my way to assist one of my clients, an elderly couple. When the wife became ill, her brother began to search for a high-end hotel concierge suite near Massachusetts General Hospital where the family could stay while his sister received treatment. While the family camped out in the waiting room at Massachusetts General, I asked my assistant to call some hotels in the area to get pricing and information and to provide that information to the family.

The family couldn’t believe that I would provide non-financial related concierge services for them. I told them that we would do whatever we could to support the family’s needs. Ultimately, they used our office services as base of operations. Even after both the husband and wife passed away, the family maintained our relationship and kept their business with me.

My investment philosophy can be summed up in three ways: Don’t lose money. Put myself in my clients’ shoes at all times, and treat their money as if it were my own.

Mary B. Mullin
Wealth Management Advisor
Merrill Lynch
Boston, MA
AUM: $700 mil.
“Every time I have gone above and beyond to do something extra or pro bono for my clients, it has paid off in ways I could have never imagined.”
“Every client is unique in their own way, and we have to respect and manage to that.”
Don’t do it alone

Nina Byrne
Senior Financial Advisor
Chase Wealth Management
Rochester, MI
AUM: $500 mil.

One of the key lessons I have learned over the years is that I can accomplish more by working as part of a team.

When I started in this business 20 years ago, we didn’t have the technology, resources, asset allocation models or level of professional money management that we have today. At that time, it was easy to become overwhelmed because we had to manage our clients’ money at the same time we were managing their expectations.

Today, I surround myself with a great team of bankers/partners and money managers from J.P. Morgan’s Global Asset Management Group. I let the analysts, economists, money managers and other professionals do what they do best. This allows me to dedicate more time to helping my clients set their goals and manage their financial/investment plans, which has been particularly critical over the last three or four years.

I would encourage other advisors to spend more time on getting to know their clients. Advisors should complete a thorough investment strategy based on risk tolerance, time horizon, investment objectives and overall goals, and update it on a regular basis.

Throughout the volatile markets, I tend to spend a great deal of time with my clients, helping to manage their expectations, risk tolerance, time horizon and reminding them about their goals. Everything takes time. We will always run into some bumps in the road — but where there are risks, there can often be rewards.

We were able to protect the portfolios of many of our managed account clients during the downturn because we provide a tactical approach to investing by using asset allocation models. Our team of professional money managers rebalance and reallocate when there is a 3% drift in an asset class or fixed income versus equity. Although most managed accounts rebalance on a quarterly basis, we seek to take advantage of market opportunities by frequently buying more shares of asset classes at lower prices.

My strategy is not to go for the long shot, but to take a more prudent approach to investing. I usually utilize a tactical approach and asset allocation models for my clients. Every client is unique in their own way, and we have to respect and manage to that. I do believe that you are doing your clients an injustice by trying to actively manage their expectations and their portfolios at the same time. My role is to guide the professional money managers to do what they do best, and that allows me to do what I do best.
Many advisors and investors suggested that asset allocation didn’t work during the financial crisis of 2008 because diversified, balanced portfolios still produced negative returns. I believe asset allocation did work and actually was the most important tool we had, particularly as we moved into the post-crisis environment.

If advisors had stayed true to the discipline of managing to the appropriate allocation model, they would have had to rebalance their portfolios at the end of 2008 to adjust for the decreased percentage of equities in the portfolio.

For example, if the appropriate allocation for the client was 60% in equities then, at the end of 2008, exposure may have declined to 45% due to market movement. Therefore, you would have to determine the dollars that had to be sold from the fixed income or cash positions and added to the equities in order to bring the equity allocation back to 60%.

However, given the market conditions, we did not feel comfortable adding all the dollars at once. We decided to allocate those dollars over a three-month period. As we moved further away from the crisis, it became even more evident that the market was going to recover. Without knowing the exact timing of the turn around, we had to ensure that we were positioned to capture the upside.

With hindsight, we now know the market bottomed in March of 2009 and delivered a strong recovery all the way through the first quarter of 2011. Our clients, therefore, had taken appropriate risk going into and coming out of the bear market. As a result, the portfolios recovered fully and grew well into positive territory by the end of 2010.

If investors had to reduce risk in their portfolios during the financial crisis, I believe that they probably held too much risk in their portfolio. If investors held the right amount of risk going into 2008, then the volatility during that time would not have led them to change their strategy mid-cycle. This is not to be confused with making thoughtful, tactical adjustments to portfolios based on anticipated market opportunities and related potential risks.

I believe we add tremendous value when we educate our clients, understand their complete exposure [beyond the assets we hold] and make hard decisions that are most appropriate for them. As advisors, we must understand that asset allocation goes way beyond the major indexes that represent an asset class.

Marcie M. Behman
The Behman Smith Group
Merrill Lynch
Global Wealth Management
Boston, MA
AUM: $400 mil.
“It is critical that advisors have a well-planned approach to rebalancing based on anticipated market opportunities and related potential risks.”
Throughout this challenging period, we’ve made a concerted effort to reach out to our clients and to solidify our relationships with them.”
One of the most significant changes I’ve made to my business over the past few years is to take a much more tactical approach with our clients, which has led to a higher degree of client interaction.

One way we’ve become more tactical is in the way in which we conduct asset allocation reviews with our clients. In typical market environments, we meet with clients and conduct an in-depth analysis of their financial scenario, including an assessment of their current strategy, their financial goals and risk tolerance.

Now, when we conduct client asset allocation reviews, we don’t assume that our clients’ goals and scenarios are the same. We ask, “Are you still comfortable with your current asset allocation?” Often they are not, so we suggest specific alternatives, such as moving from a 70/30 allocation to 60/40 or even 50/50.

We’ve also become a bit more tactical in our investment strategy. For example, based on the economic environment and our belief that interest rates would likely remain low, we invested in long-term corporate bonds.

During this period, our clients expressed their appreciation that we designed some very specific solutions to address their unique situations and challenges. Ultimately, this strategy has really paid off for our business and has resulted in a much higher level of client satisfaction.

I would advise other women advisors to be proactive about client contact and to take the opportunity to reach out and continue to engage their clients in the current market environment.

Patricia Bell
Wealth Management Advisor
Managing Director - Investments
Merrill Lynch
Short Hills, NJ
AUM: $466 mil.
The market environment has forced us to take a closer look at the way we position our clients’ portfolios. Changing our investment strategy not only paid off during the crisis, but it also paid off during the recent volatility we experienced during the summer of 2011.

Our client base is ultra-high-net-worth, so it made sense for us to examine new ways of generating returns while preserving wealth. We had a large bond allocation in our portfolios at the end of 2008 and when the market collapsed, everything correlated into one. So now, we’re focusing on adding investments to portfolios that are not correlated to the market. These may include options, Standard & Poor’s (S&P) 500 Index straddles, commodity long-short strategies, gold, as well as Swiss francs. We’ve also added Principle Protected notes on indices, such as the S&P 500, the Dow and the Nikkei.

Additionally, we’ve been focused on continuing to educate our clients on the potential value of diversifying beyond stocks and bonds to generate higher potential returns. Given the market environment, I’ve taken the opportunity to educate them about the importance of compounding, and to remind them that giving up some of the upside to manage volatility is far more important than being at the right place at the right time.

I think one of the most important things that advisors can do right now to manage relationships with high-net-worth clients is to stay educated on issues that impact this group, such as estate planning, mergers and acquisitions and asset management. The more educated you are, the better position you will be in to design investment portfolios that can address their needs and withstand very volatile and unpredictable markets.
“Giving up some of the upside to manage volatility is far more important than being at the right place at the right time.”
“One of the best things about our clientele is that when you reach out to them, they often respond with a few lessons of their own.”
Seven years ago, we made the decision to focus on high-net-worth women. This strategy has turned out to be very successful. Generally, women tend to be more patient investors. They demonstrate less of a “knee-jerk” reaction to market events than men and can be a lot more focused on long-term growth — which makes our job a lot easier.

I think we’ve been successful in this niche because we can quarterback the relationship with lawyers, tax professionals, and other members of the client’s wealth management team. We play the role of “educator” by asking key questions and simplifying complex financial scenarios. This is critical for high-net-worth clients because they often become paralyzed from data overload. Additionally, we ensure that our female clients participate in all discussions because they prefer to be actively involved in decision-making.

Another key differentiator for us is that our clients can deal directly with the principal of the firm. They appreciate the fact that, unlike many firms, they don’t have to keep re-educating a brand new team member about their investment profile every two or three years.

One of the best things about our clientele is that when you reach out to them, they often respond with a few lessons of their own. During the market meltdown, for example, we told our clients quite honestly and directly that our investment strategy was not working well at the moment. Ironically, many of our female clients were very concerned about us. They asked, “How about you? How are you doing? Is your firm doing ok?” They don’t just view us as advisors — they consider us part of their family.

During the financial crisis, our clients reminded us about the value of patience. Many said, “This, too, shall pass.” A few of my clients who happen to be Holocaust survivors told us that they have experienced far worse experiences in their lives. They seem to have a strong handle on the upside and appreciate the fact that we didn’t move their assets out of the market. They knew that would have been one of the worst possible decisions we could have made at that time.

Faith Read Xenos
Singer Xenos Wealth Management
Coral Gables, FL
AUM: $900 mil.
Over the years, we’ve had to become accustomed to change. Rather than resist it, we have learned to be resilient in the face of change and help our clients navigate through it. Once we learn to do that, we can succeed through tumultuous times and we can also do a better job for our clients.

Certainly, the financial crisis and recession have changed a lot of our clients’ goals and priorities. Investors have had to adjust their expectations about how much money they have, what their money can do, and reevaluate their notion of how much money they need to live on and what matters to them. They have had to make hard decisions about health care and life insurance, and re-prioritize expenses, such as vacations, second cars, second homes or financially assisting family members.

But they have had to adapt to more than how the markets and economy has impacted their finances and wealth. They have had to adjust to new firms and new ways of doing business. Our firms have changed ownership, policies, strategies, statements and offerings.

As a result of these changes, our team has become tighter and more effective. We have discovered more synergies that allow us to work more closely. We also started using a lot more checklists to ensure that we don’t miss anything – a practice that we continue to this day.

We use a holistic approach to get our clients to address the whole picture. We try to listen for the changes in peoples’ lives that they don’t like to talk about – such as changes in employment or health, because we know that the loss of a job or a spouse’s diagnosis can potentially impact their finances. By helping them identify their concerns as well as their core values, we can help them feel better about, and plan for, a realistic future.

As women, we have to start practicing what we preach. We have to be able to do more than just get our clients to answer these questions – we have to be able to answer them, too. We have to learn how to articulate what matters most to us and what are priorities are. Ultimately, keep in mind that you are better than you realize. You do more for your clients than you believe you do. Be confident in what you deliver. And remind yourself every day of how important it is.

Kathleen L. Weber
Director-Wealth Management
Financial Advisor
Morgan Stanley Smith Barney
Bellevue, WA
AUM: $495 mil.

Learn to navigate change
Ultimately, keep in mind that you are better than you realize. You do more for your clients than you believe you do. Be confident in what you deliver. And remind yourself every day of how important it is."
“The goal is to provide innovative solutions before your competition and to deliver them in a way that allows you to establish yourself as your clients' first call for addressing challenges.”
Identify the gaps in your clients’ needs

Monica Issar
Head of Endowments and Foundations Group
J.P. Morgan Asset Management

I believe that the best way we can establish ourselves as leaders and strategic partners in this market environment is by trying to find the gaps in our clients’ needs.

One of the ways you can find these gaps is by going beyond simply executing to thinking wide and deep about the issues or challenges that either your client isn’t thinking about, or the leaders of your firm aren’t thinking or talking about. The goal is to provide innovative solutions before your competition — and to deliver them in a way that allows you to establish yourself as your clients’ first call for addressing challenges.

As business leaders, we should always be thinking broadly about the way we deliver solutions to our clients. Regardless of the type of clients you serve, I think you can elevate the client experience more successfully by thinking in terms both big and small. You can achieve that by tapping into your firm’s resources, and combining them with “boutique,” customized solutions that can help your clients navigate through multiple market cycles.
One of the most successful approaches that I have implemented in my career has been establishing a practice targeted to seniors.

Why did I choose this niche? When I started in this business in 1988, I felt like I was too young to be taken seriously by other groups. I also didn’t want to run a transactional business. I wanted to run a financial planning-based business and focus on a group that truly needed specialized financial planning guidance, not advice about chasing the next “hot dot” investment.

Additionally, I knew that seniors happened to be a demographic that I have always enjoyed spending time with, both personally and professionally. I believed I had the right personality with which to connect and maintain relationships with seniors and my older clients always appeared to respect my knowledge and expertise.

Here are the keys to mastering a niche-based business with seniors:

• Always do what you say you are going to do and strive to over-deliver when you possibly can.

• Listen with intent to learn more about their lives and their goals as well as their key priorities.

• Continue to educate yourself by reading or studying subjects, such as healthcare, trust and estate planning, inheritance, and any other important elder care topics.

• Be generous with your time by calling, holding meetings, and by demonstrating that you care about their financial success and the quality of their lives, not about completing a transaction.

• Conduct targeted events, such as client event dinners with attorneys and accountants, to discuss and answer questions about estate and intergenerational issues, Social Security and legal and tax issues facing seniors.

• Maintain key relationships with children and trustees of clients through frequent contact and communication, or by inviting them to family meetings and client events.

In retrospect, I have to say that one of the most rewarding aspects of establishing a practice targeted to seniors is how consistent my business has been throughout market cycles. For example, we were very prepared for the financial crisis because my investment strategy is very conservative and is primarily focused on capital preservation. My clients’ main concern was not about the market fluctuation — but whether the banks were safe. The entire situation was much more difficult to explain to my younger clients.
“My clients’ main concern was not about the market fluctuation, but whether the banks were safe. The entire situation was much harder to explain to my younger clients.”
I would encourage other women to be a little stubborn when it comes to achieving career goals.”
I think most of us like the notion of having a “life plan” or some degree of certainty about how we live our lives. But I have found that some of the best decisions I have made in my life have been the ones that I never planned to make. When you look back at them, they add up to the person you have become.

For example, when I was growing up in Florida, I believed living and working in Miami would represent the pinnacle of my career. Years later, however, I accepted a scholarship and traveled overseas for the first time in my life. That experience opened my eyes to the possibility of living internationally. I spent the next several years studying European languages and set my sights on a career in Europe.

At least that was the plan until I received the opportunity to move to Asia. Although I had only spent limited time there for meetings and did not speak any relevant languages, my foray into Europe made me think, “Why not?” I moved to Singapore and spent three years learning about the cultures, the region’s history, the markets and the uniqueness of our clients there. In retrospect, living there was one of the most important and most personally enriching periods in my entire life.

I started my career at J.P. Morgan in the Investment Bank. I worked there for 10 years and assumed my entire career would likely be there. That was until Mary Erdoes, the CEO of Asset Management, invited me to work for the Private Bank. The chance to work with individual clients and to apply nearly all of my career skills — including journalism, research and portfolio management — in a very entrepreneurial environment represented an opportunity of a lifetime for me.

In addition to keeping an open mind, I would encourage other women to be a little stubborn when it comes to achieving career goals. One of my former managers in the Investment Bank once called me fearless because I wanted to write a research note about a topic that he believed was too difficult to write. I said, “If it’s difficult, then it will probably be more valuable to our clients.” I insisted on writing it. Ultimately, the note was very well received by our clients. If you really believe in something, I think it’s important to keep pushing for it.

Keep an open mind
Throughout this challenging environment, I think one of the most important lessons is to stay flexible and listen hard to what your clients are telling you — but also remember to give them what they need.

Too often, we tend to stray from the core principles of how we meet our clients’ needs. It’s so easy to react to clients when emotions are running high. But in a market environment like the one we have experienced the past three years, clients are looking for time-tested advice more than ever. They will choose you based on character, competency and compatibility. They will stay with you because of the strength of your insight and wisdom. They need reassurance that the underlying core values of you and your firm have not changed just because markets are volatile.

Staying flexible and being attentive to our clients’ needs has really helped us assess how to build and enhance our firm’s advisory platforms. At our firm, our core values and mission are understood and engrained in everything we do. That singular focus has made decision making easier.

Additionally, the challenging markets have forced us to work harder than ever. I would advise women to keep a balance to their lives. Only you can decide what’s truly important, and where you should direct your energy and passion each day.

Lisa Pelikan
Principal, Investment Advisory Marketing
Edward Jones

Stay flexible and listen to your clients
Our core values and mission are understood and engrained in everything we do. That singular focus has made decision making easier."
Whether you are the one receiving the guidance, or whether you are the one delivering on the financial goals, we are a total partnership. Once that is realized, it can be very powerful."
One of the most important ways to achieve success is team empowerment.

When I started at UBS about four years ago, it was apparent that many of the team members had a distinct role and responsibility and were considered the subject matter expert. I realized that I needed to develop a new plan since any change could subject the business to unnecessary disruption. The goal was to encourage the team to embrace new roles within the group — sometimes out of their comfort zone — and to ensure these new roles provided creativity and empowerment. It was a matter of balancing between providing challenging opportunities and offering a method for success. Promotions from within the team gave those subject matter experts the ability to impart their knowledge, while taking on more responsibility.

Changing the roles within the team fostered a natural collaboration and now my team is opening to brainstorming new ways to deliver our programs and service. Talking to each person individually about their new opportunity was important. Everyone welcomed their new positions were excited to take on new challenges.

Empowering the team has helped all of us in the client service delivery chain become stronger partners. Ultimately, our clients are financial advisors and everyone in the advisory business is connected — from financial advisor to client to the home office advisory team. Whether you are the one receiving the guidance, or whether you are the one delivering on the financial goals, we are a total partnership. Once that is realized, it can be very powerful.

Empower your team

Marilee Ferone
Head of Investment Advisory Platform/
Wealth Management Americas
UBS Wealth Management
After the financial crisis, we started to take a more disciplined approach to assessing and tracking our clients’ financial goals as well as the way we manage asset allocation and diversification.

From an investment perspective, bonds have been a key component of our investment strategy for the past 20 years. But over the past 10 years, we have been examining ways to generate additional return and “fill in the growth gaps” for our clients. For example, we invested in bank preferred stocks until the meltdown in 2008. We also invested in Master Limited Partnerships. Our goal was not to diminish the role of bonds in our investment strategy but to supplement them with investments that have similar characteristics.

To help our clients become more disciplined about their goals, we deploy a Financial Goal Analysis (FGA), a tool that is intended to provide total asset and liability inventory. It’s not a risk management tool. It gives us a chance to get to know our clients better and affords us the opportunity to tell us what they think they want and need—versus what they really want and need. As most financial advisors know, there are often discrepancies between the two.

The FGA is particularly helpful to individuals who are approaching retirement because it gives them a sense of the income flow they can expect from their accounts. It also encourages them to stay on track because it shows their current progress toward their goals, thereby allowing them to quantify what they have so far accomplished and make them more “conscious” of the impact of their investment decisions on their future.

Above all, our goal is to make our clients feel comfortable about their financial plan, not overwhelmed. Another way we strive to help ease the tension is through regularly scheduled meetings, based on client needs. We conduct annual “check-ups” for our clients. During these meetings, we review how things are working, what has changed, and what we need to reassess. We review annualized rate of return and annual cash flows, and assess other potential investment opportunities so that we can appropriately “navigate the ship,” and make sure we are meeting our prior plans’ goals.

Right now, most of our clients are looking for stability amid the volatility, but there’s added pressure now to not only sustain their own standard of living, but also the standards of living of their children and grandchildren. For example, many of our clients want to help pay for their grandchildren’s education. They are not only thinking about their own lives, but they are contemplating their children’s lives. That’s not something they are accustomed to.

Foster a disciplined investment approach

Jacqueline H. Willens
The Willens Group
UBS Financial Services
New York, NY
AUM: $800 mil.
They (our clients) are not only thinking about their own lives, but they are contemplating their children’s lives. That’s not something they are accustomed to.”
Lessons learned

HOW LEADING WOMEN IN FINANCIAL SERVICES MANAGE THROUGH DIFFICULT TIMES

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