

INTRODUCTION

Stepping onto the Invisible Bridge

YOUR JOURNEY TOWARD THE EXCEPTIONAL

Some movies offer remarkably appropriate metaphors for the choices we make in our careers and lives. In *Indiana Jones and the Last Crusade*, Indy's quest to find the Holy Grail quickly becomes more than a professional obsession; it's a family emergency. His father is shot in the stomach by the Nazi protagonist, and his only hope for survival is a drink from the grail.

The Nazi tells Indy, "It's time to ask yourself what you believe."

Three tests stand between Indy and the grail chamber. After passing the first two with swashbuckling flair, Indy arrives at a test of faith. To reach the chamber that houses the grail, he must first cross to the other side of a 30-foot cavern. There is no bridge—at least no visible bridge. To step out is to literally take a leap of faith. And faith goes against everything he stands for as a rational, intellectual college professor.

In this book, you will be encouraged to take a leap of faith, too. It's a way of working that might run counter to what you've come to believe about your business, be it an investment advisory or another consultative, service-oriented profession. Along with firsthand accounts of people who have made the leap and are now succeeding in the best sense of the word, you're going to

learn how to grow your business by deepening *what your business means* to your clients.

But I left you hanging from the cliff—back to the movie.

Following the instructions in his father's diary, Indy begins to step across the cavern and into the void. To his amazement, his foot lands on solid ground. A bridge existed, but its rocky texture perfectly matched the facing wall of the cavern, *so that it was invisible from Indy's perspective*. Like certain ideas that surprise us with their simplicity while energizing us with their power, the bridge was there all along.

There is an invisible bridge before you now. This bridge leads to better-served clients, a more fulfilling career as a true advisor, and a life more closely aligned with your values. By walking across this bridge, you can deliver your career to a place of authentic meaning—for your clients and for yourself. That place is difficult if not impossible to see, but it's there.

The bridge that takes you there has been rendered invisible—obscured by the constant pressure to develop your business by growing your client list rather than by servicing your ideal clients better. For decades, financial advisors and other professionals in advisory roles were told by their leadership, their partners, even themselves, to fatten their book of business. A beefier Rolodex, it was preached, was the way to a bigger piece of the pie. Sooner or later, the flaws in that mindset were evident to everyone who adopted it.

A more enlightened wing of the advisory business has long espoused a leaner book as the better way to grow. They cite the received wisdom of the 80/20 Rule, which in our business states that approximately 80 percent of your production will be derived from approximately 20 percent of your clients. The 80/20 Rule is no rule at all, but an immutable law of business physics. It's like denying gravity. We could flap our arms all day, but with the weight of our bloated books and collective denial, we were never going to fly.

So why has this essential business truth never fully penetrated the day-to-day management of our business?

There has been no bridge. Or, more accurately, the bridge was there all along, just unseen. In other words, there has been

no process or business model that advisors can implement to transform the 80/20 Rule from a self-limiting clench to a liberating, income-multiplying force.

When Clients Attack

This was the situation we faced at Merrill Lynch: Our financial advisors (FAs) and our client associates (CAs) were drowning in their own success.

The bull market of the mid-1990s had brought in so many clients, so much business, and so much money that it was impossible to keep up with the demands. Bright, talented people were overwhelmed and exhausted. Some employees were leaving, downsizing to smaller firms or retiring early. Even worse were the people who stayed and tried, heroically or foolishly, to keep up with the markets, the calls, and the crisis of the hour. That was success, yet it wasn't succeeding.

We tried to respond the way most panicked managers would, by hiring more people, specifically more CAs. But the Merrill senior leadership, and specifically our new chief executive officer, Stan O'Neil, said no. Intuitively, he knew that more staff and higher payrolls weren't the solution. His insistence that we solve this problem without more staff was a pivot point.

In the district I was leading, the wake-up call came in the form of client satisfaction surveys. Though our production was consistently near or at the top of the company, our clients told us another story: They were unhappy with how we handled their phone calls and their requests. Their criticisms were direct, detailed, and disheartening. (They also didn't like hearing from their advisor only when they had something to sell, but we will talk more about that later.)

When Clients Leave

We had another problem, too, that was equally as troubling and infinitely more costly. Many of the clients who were getting the best service we could offer said, "We're leaving anyway." Some of these clients were friends and had long, complicated histories with us. They weren't the kind of clients who were going to attack

us on a service survey. Their disappointment with us was deeper than any survey could go, and besides, they didn't want to hurt us. They liked us, but knew they needed something more—something we seemed incapable of delivering. They wanted the holistic and more personalized service the independents were offering. We anxiously offered discounts to keep them, but it had nothing to do with price and everything to do with everything else.

These smaller (but by no means insignificant) firms were offering genuine planning. They were responding to the core problem that high-net-worth individuals had: no plan and/or no ongoing process to implement the plan. It was especially widespread in the bull market of the day. All this emerging wealth was essentially unguided by client-specific plans and unsupported by a team prepared to implement them. The firms that realized this and moved into the planning business were beginning to pick off our best clients. One by one, we heard “thanks for the gains, but we need more than a broker now.”

And you know what? They did.

Two Emergencies, One Question

The service surveys had a relevance that we could not overwrite with exceptional production data. Poor client service was festering just below the surface of our so-called success. And that very success was vulnerable, as our most profitable clients were leaving us because we simply didn't have the planning skills they so clearly needed and deserved.

We needed to solve each of these problems, yet there was no off-the-shelf answer. So we began with a simple question.

What Do Clients Really Want?

Clearly, the answer wasn't simply portfolio gains. We were excelling there. And it's not like our departing clients were getting ignored. We called them a lot. We had migrated much of the business to the fee-based model, which was supposed to foster a different kind of relationship. What we found out is even if

the FA stops living on the kinetic energy of monthly production goals, the relationship still needed an engine to keep moving forward. It needs a reason. It needs a soul.

The independents eating our lunch were also fee based, but they weren't selling on that alone. They were attracting clients because they understood well what we were just coming to: planning creates a platform that locates advisors and brokers underneath it. They knew that advisors don't become planners just because they stop charging commissions and start charging fees. And knocking out a few financial plan binders, no matter how impressively fat, was not real planning.

The meaning of a plan varies from client to client, and our departing clients all wanted their plans specifically formulated to meet their financial needs and personal situations. As the saying goes, "The company that owns the plan owns the client." So if we were going to keep those clients and give them what we all knew they needed, we had to reintroduce ourselves to them as a company truly transformed. Sure, we could start planning, but that only got us even with the independents. We needed a *plan* for the plan.

That was the soft spot in the independents' business model. Their great planning was followed by so-so implementation, or worse. From what we could see, the first few months of a relationship were golden, full of wonderful conversations and reassuring feelings. "Finally," the clients would say, "We know where all this wealth is going." And then, the plan would sit there as the FA continued to attract more and more business from us (and other big firms). They didn't have a model for turning the plan into appropriate actions, and even if they had a model, they didn't have the time. The 80/20 Rule again. Here's where the story gets good, because we were onto something big, the second piece in the transformation.

Scheduled Contact: The Silver Bullet in Planning

Contact—meaningful, consultative, and scheduled. In Chapter 2, you'll see how we got there, and in Chapter 5, you'll see the full

dimension of what we talk about when we talk to clients. Right now, the key take-away is this: When clients have regular, non-pressured, meaningful contact, they will rank their satisfaction higher.

That's intuitive, yet what surprised us was that contact out-ranked even investment performance as a measure of client satisfaction. Performance, it seemed, was the price of entry in the market. "I don't expect you to lose my money. I do expect something more," our clients were saying as they knocked our service or simply walked quietly to the door.

But if regular contact, meaningful plans, and consistent plan implementation were the antidotes, where in this world could our FAs and CAs find time in their chronically time-impooverished days? As it turns out, the answer wasn't in this world at all.

The Science of a Supernova

Supernovas are rare and spectacular. They occur when a so-called massive star, one at least eight times larger than our sun, has exhausted the nuclear fuel at its core, and the mass of the surrounding material is no longer sustainable. The star contracts, explosively, to a much smaller size, and in doing so creates another kind of celestial body that is both brighter and hotter than the original star.

The analogy is beautiful: an unsustainable mass, a dramatic and sudden contraction, and, consequently, a brighter burning light.

It's also what a group of remarkable people conceived and implemented at Merrill Lynch in the last years of the previous century, and the first years of this one. Supernova, as it simply came to be known, was and is the process our advisory teams needed to elegantly live the 80/20 Rule, instead of being abused by it. Supernova led them out of unsustainable, unsatisfying practices and into a new universe of loyal clients, rewarding days, and higher revenue. With this book, you're invited to follow their path.

Where It Leads

But before we journey down that path, let's get back to the story: When Indiana Jones overcame his fears and stepped onto the invisible bridge, he wasn't at the end of the story. He still had a choice to make.

With his father's life slipping further away by the minute, a drink from the grail was the only way to save him. Arriving in the room where the grail is displayed, he found not one grail but many—false grails intended to confuse and distract. These grails were guarded by a knight of the First Crusade, sustained for over 700 years on the grail's power, an old warrior whose eyes are still shining brightly with secrets. Seeing quickly that he is no match for Indy's physical strength, he is about to speak to him when the two Nazi archaeologists who had followed Indy burst into the chamber. They gasp in amazement at the spectacular assortment of grails, as if each one had some of the true grail's power.

The old knight, who has seen others try and fail, knows that the grails' jewels and gold hypnotize with their proximity. As the Holy Grail holds great power, there are deadly consequences for those journeyers who mistakenly choose the correct grail. In a voice that carries both warning and promise, he says simply . . .

“Choose Wisely”

This was our message as we took Supernova across the country to Merrill Lynch districts. We weren't told to go by corporate leadership. District directors took a leap of faith of their own and invited us. We heard: “My FAs are going to revolt if you don't bring that Supernova thing in here and train them.” The word was spreading. There was a model of professional practice that let you be a true advisor—that helped you grow your business without destroying your life. Supernova was becoming a grail unto itself—nowhere close to holy, but compelling enough to send many FAs on a journey to find it.

Others found it, too. Supernova caught the attention of the business press and the upper echelons of business study. Our work was written up in *Fast Company*. *Registered Rep* magazine did a feature on Supernova. *Harvard Business Review* did a case study,¹ and the Massachusetts Institute of Technology (MIT) sent a team of grad students to study it.² Both the Harvard study and the MIT dissertation arrived at the same conclusion: Supernova worked. FAs were better advisors, clients were better served, and practices grew. All while in the powerful claws of a bear . . .

The Bear Was Back

The introduction of Supernova coincided with the burst bubbles of technology and telecom stocks, which dragged equities into the bear market of the early 2000s. 9/11 was such a violation and created so much fear that the environment for many Merrill FAs was even more desperate than before. Not only did they have too many clients, now many of them were anxious, or worse. It was the bear market that finally convinced hundreds of FAs that the only way out was across that bridge.

The researchers of the Harvard case validated the wisdom in that choice. They concluded that the down market eliminated a lot of the noise that makes tracking service performance difficult and the results unreliable. They held that the bear market gave Supernova an *even better reason to be*. Think about it, in a declining market, what's going to differentiate an advisor? It's service. It's real planning based on well-understood life goals.

¹Rogelio Oliva, Roger Hallowell, and Gabriel Bitran. *Merrill Lynch: Supernova* (Harvard School of Business, 2003), http://harvardbusinessonline.hbsp.harvard.edu/b01/en/common/item_detail.jhtml;jsessionid=VKDOTTKCKR KIKAKRGWDR5VQBKE0YIISW?id=604053&referral=8636&_requestid=24291.

²Bassim Halaby and Qunmei Li. *Introducing Fundamental Changes to a Service Delivery Model: Lessons from a Financial Advisory Organization* (Alfred P. Sloan School of Management, Massachusetts Institute of Technology, 2002), <http://dspace.mit.edu/handle/1721.1/8507>.

That's what our clients told us before the market tanked, and it's what they told us after.

Arriving at Your Moment to Choose

Let's wind up the projector one more time—back to the grail chamber. . . .

Not hearing the caution in the old knight's voice, the Nazi seizes the most bejeweled grail and drinks greedily. Bad choice. Instead of life eternal, he got a wicked case of old age, going from about 50 to 500 in 6.2 seconds. The old knight wryly observes that he “did not choose wisely.” Now, it's Indy's turn.

Indiana Jones understands intuitively that a carpenter would not possess a gaudy, decorative grail, so he chooses the most modest of the collection. A quick drink and a relieved moment later he is alive and off to save his father. For the Merrill Lynch advisors—the ones whose careers were faltering, whose marriages were suffering, whose ambitions to make a difference while making money were dying a little more with every insane day—the time was right. “Choose wisely,” we said. Many did, and this book is what they have taught us.

They crossed the bridge and leaped into a new way of work, and wealth, and life. Their journey continues and now yours begins.

A Revolution from the Middle

Supernova was charged with electricity that was strong enough to jolt the entire Merrill Lynch organization. It was inspired action taken by the FAs in the vast middle of the company, and without really knowing it, we were part of a revolution in American business. We were leading from the middle.

Several authors have identified and explored the full dimension of this revolution. You can read:

- *Leading Quietly: An Unorthodox Guide to Doing the Right Thing* by Harvard's Joseph Badaracco (Harvard Business School Publishing, 2002).

xxviii Introduction

- *Tempered Radicals* by Debra Meyerson (Harvard Business School Publishing, 2003).
- *Megatrends 2010* by Patricia Aburdene's (Hampton Roads Publishing Company, 2005); the shift in corporate leadership is described as if she were there for ours.

Supernova swept through Merrill Lynch powered by our peers. Senior leadership didn't mandate it. Training didn't teach it. We didn't put out a memo or make a slick video. We did, however, use a forum with a long and colorful history of inspiring cultural change. We staged a rock concert.

Hearing the Chants

Our team had made enough noise and drawn enough attention by what we had accomplished with our own Supernova experiment that other districts booked us for introduction meetings. The first few were just that—meetings. Been there. This deserved something bigger, and louder.

So the idea of a different kind of event began to gel, and then evolve, from New York City to Seattle. We put together a lineup of speakers, featuring the early Supernova superstars.

We also insisted on having every FA bring their CA. The CAs drive the effectiveness of a Supernova practice; they were the ones enduring the consequences of a bloated book so they needed to be in the room. Non-negotiable. In fact, we designed the entire experience right down to the music and, yes, the movie clip: You guessed it—Indiana Jones stepping onto the invisible bridge and choosing the true grail.

We arrived in the district for a day session and dinner with the leadership, the district director, and all the managers. We trained them for a day, answered their questions, responded to their inquiries, and challenged their perceptions. Lively sessions all, and all essential to getting buy-in. We insisted on having the district director on stage with us, so he or she had better be on board as well.

Then it was show time.

Helloooo, Detroit!

We weren't rock stars, but indulge me for a minute. Because I want you to know how remarkable it felt to be on that stage—in Dallas, or in New York at the Waldorf, or in Detroit, or in Los Angeles—with several hundred charged up advisors and their staffs responding to us, cheering for us, thanking us for giving them this amazing gift of Supernova.

It was equal parts church revival and Woodstock. People were testifying. People were saved. There were tears and bear hugs and smiles so big that we could see them through the stage lights.

Some of the best moments in my career happened at those events—on stage, with the FAs afterward, with my own team as we went through each of the evaluations right after we cleared the room. None of us took an early flight home so that everyone could gather to discuss the event and tighten our show. It never got old, and we never “mailed it in.” You wouldn't have known that we actually had no intention of even doing a second event.

It's Yours—Go Do It; Go Coach It

Our original intent was to teach the Boston district how to implement Supernova and then let the Boston district teach the next district that asked, then that district teach the next, and so on. Didn't happen, and that's probably for the best. Supernova evangelism wasn't born overnight. A new district wasn't ready to lead another until they had fully inhabited the model and found their own voice, their own stars.

Yet, even then, the calls were coming in. We were asked by countless FAs to come teach it to them. Our response was the same: “Talk to your director.” We weren't going to storm into a district without the support of the district director, and the district director wasn't going to ask until he was so inundated with requests that he had no choice. You've seen the bumper sticker: “When the people lead, the leaders will follow.”

So, like the performers who can't bear to disappoint their fans, we went out again and again. Over the course of two years, we introduced the Supernova service model to nearly every U.S. district in the Merrill Lynch organization. We were never told to go, and we were never told to stop. It was an undeniably powerful idea that arrived at precisely the right time.

All of this is remembered here to both honor the people who made Supernova happen and to help you understand its origins. Your own revolution can begin without the music and the spotlights. And if you do it right, people are still going to cheer.

The Steps on This Bridge

This book is about seeking the ultimate client experience and creating a rewarding new way to work by providing exceptional financial advice and service. Indiana Jones had his father's diary to guide him on his journey, complete with detailed drawings of supernatural icons and rubbings of writings found in ancient map rooms. You have this book, light on the supernatural but full of maps nonetheless, to guide you as you step onto the invisible bridge and implement Supernova.

You just read about Supernova's origins and the circumstances that practically willed it into being. In the first chapter, you'll see what happened when the 80/20 Rule asserted itself with a vengeance, and seemed to create nothing but walls all around us. In the second chapter, you'll see how we began to find our footing out, through a client contact system we called 12/4/2. In Chapters 3 through 7, you'll take the very specific steps along the invisible bridge that will deliver you and your team to the goal of becoming a Supernova Advisor.

Scattered throughout the book are sidebars filled with ideas and parallel thoughts that didn't fit neatly into the text, but are essential nevertheless.

You'll also get a brace of reality in the form of Failure Points Analysis. As with any journey, you are bound to encounter roadblocks that might deter you from reaching your ideal

destination. The same is true for Supernova. Throughout Chapters 3 through 7, I've identified the most common reasons why Supernova fails, and what to be vigilant of as you work to make it succeed.

In the key chapters, you'll be delivered to your own moments of truth. These are exercises and challenges at the chapters' ends called "Leaps." Take them. They will enrich your experience and accelerate your journey.

Now, it's time to take that first step on the invisible bridge. . . .