

# New Things To Think About

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# Premise About the Business

- > Advisory firms are bigger, but ....
- > ...so are overhead costs
- > Talent shortage more acute
- > Pricing strategies are muddled
- > Safety, security & reputation are biggest risks

## The Good News

- > Individuals need to recoup lost wealth
- > Investments are only one component of revenue opportunity
- > Liquidity events are pent-up and postponed
- > Much of the population is in their prime saving years

## Market Opportunity

- > \$53 trillion in household net wealth
- > \$22 trillion of this in investable assets
- > We expect assets to grow another \$5 trillion by 2013
- > This represents an annual new revenue opportunity of \$35 billion

# 10 Things to Think About

1. Managing growth
2. Achieving Operating Efficiency
3. Creating Capacity
4. Differentiating your business
5. Attracting and keeping people
6. Business Succession & Client Continuity
7. Re-Building value
8. Actively managing for profit
9. Refining pricing strategies
10. Elevating safety & security

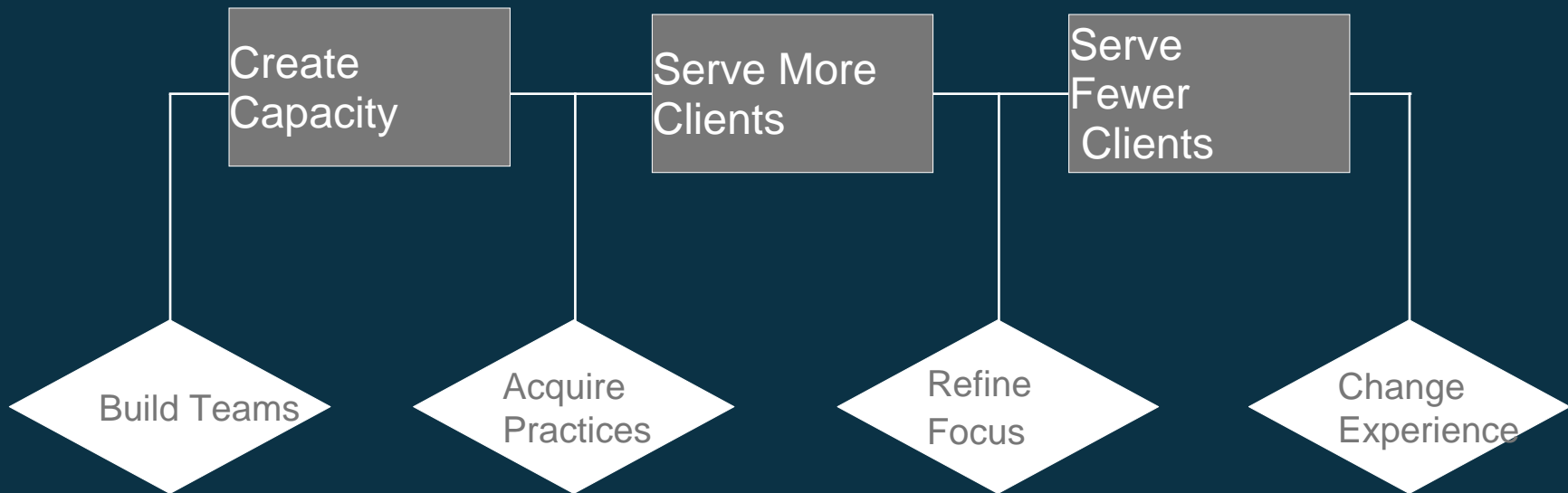
## Context for Discussion

- > Is your strategy still relevant?
- > Are you structured to support your strategy?
- > Do you have the right people doing the right things?
- > Do you know who your optimal client is?
- > Are you prepared to manage risk as well as growth?
- > Do you know what the profitability levers are in your business?
- > How will your decisions today impact your value tomorrow?

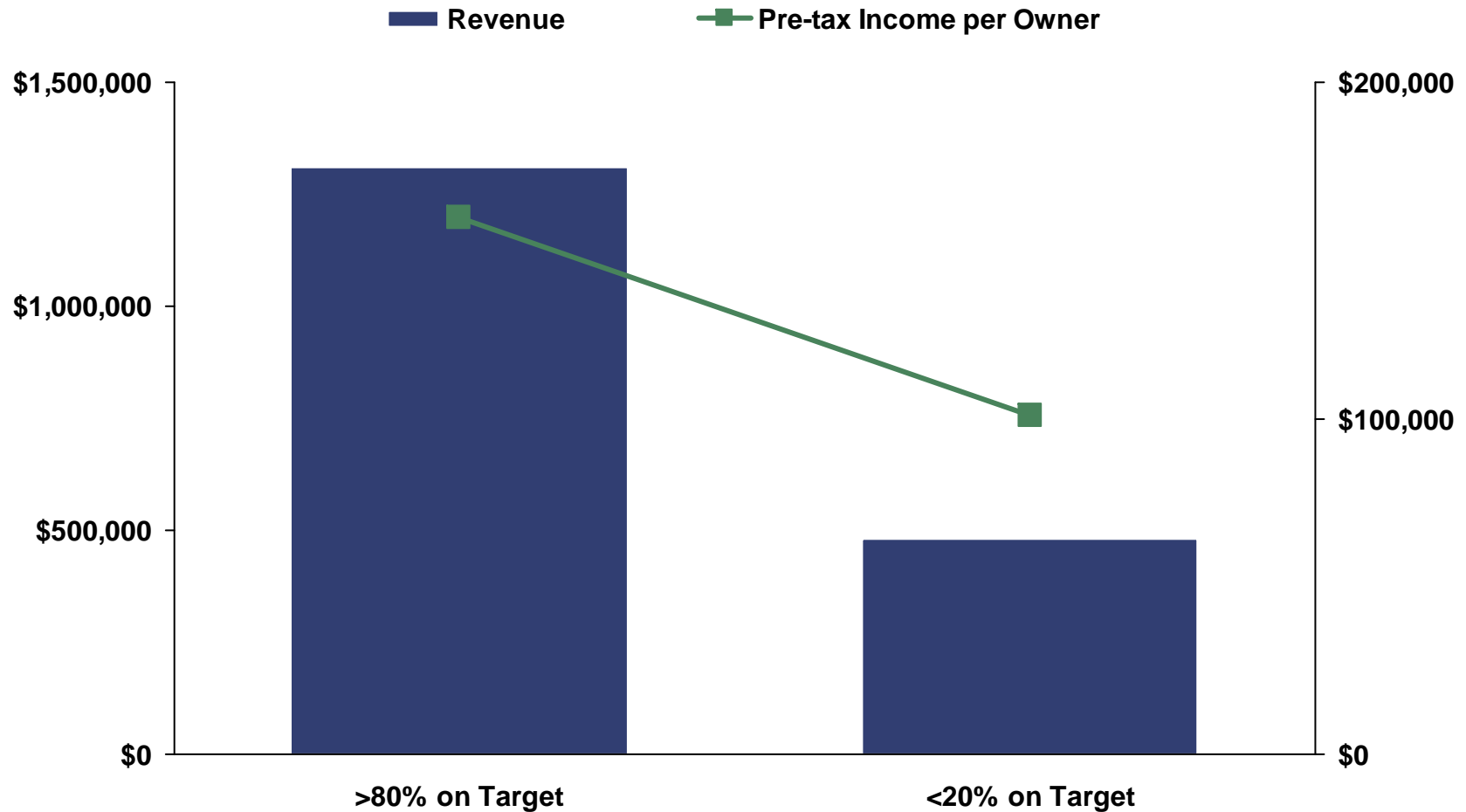
# Which Model Does Your Business Support?



# The Organizational Crossroads

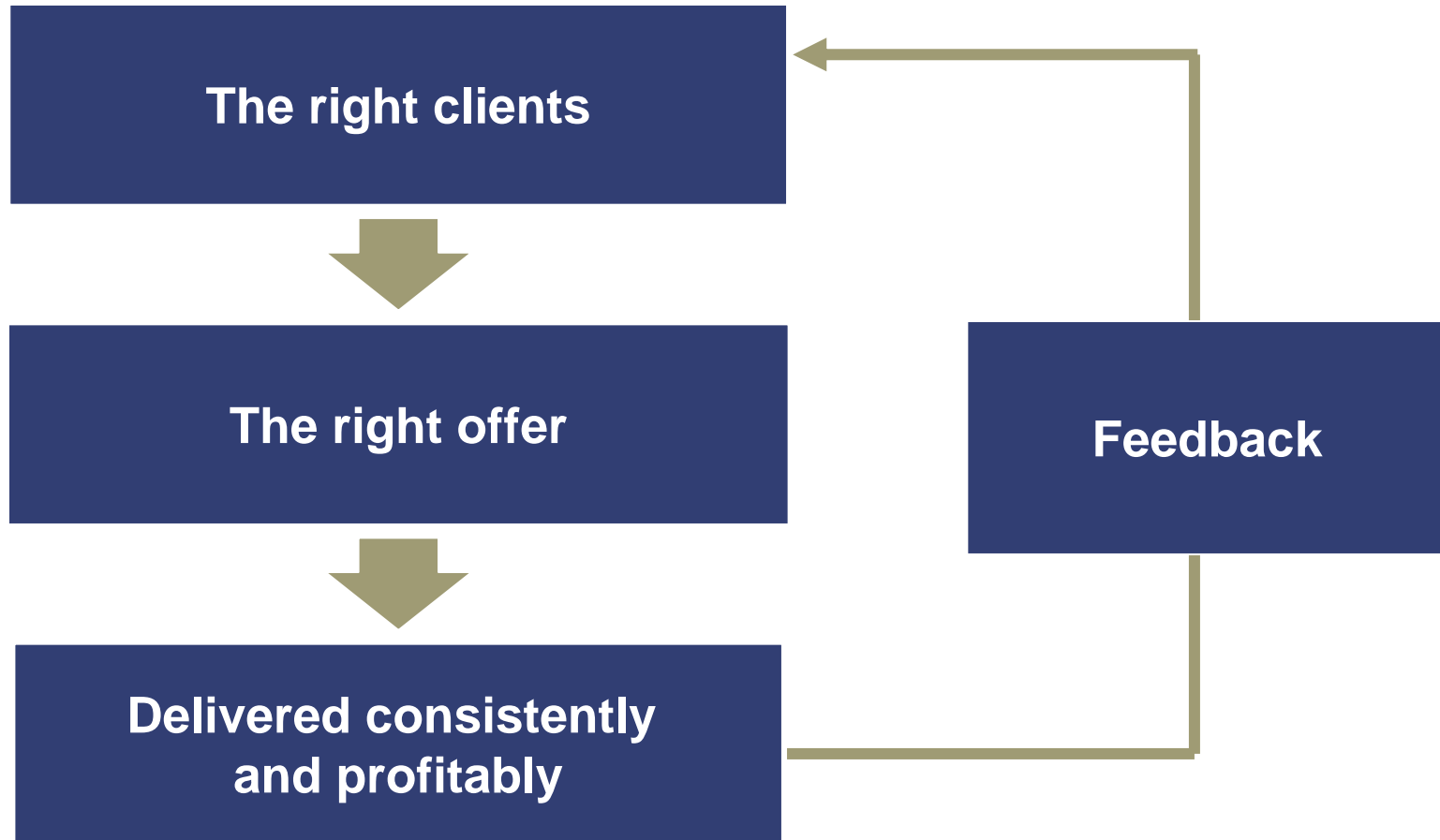


# Grow Faster (and Profitably) With the Right Clients



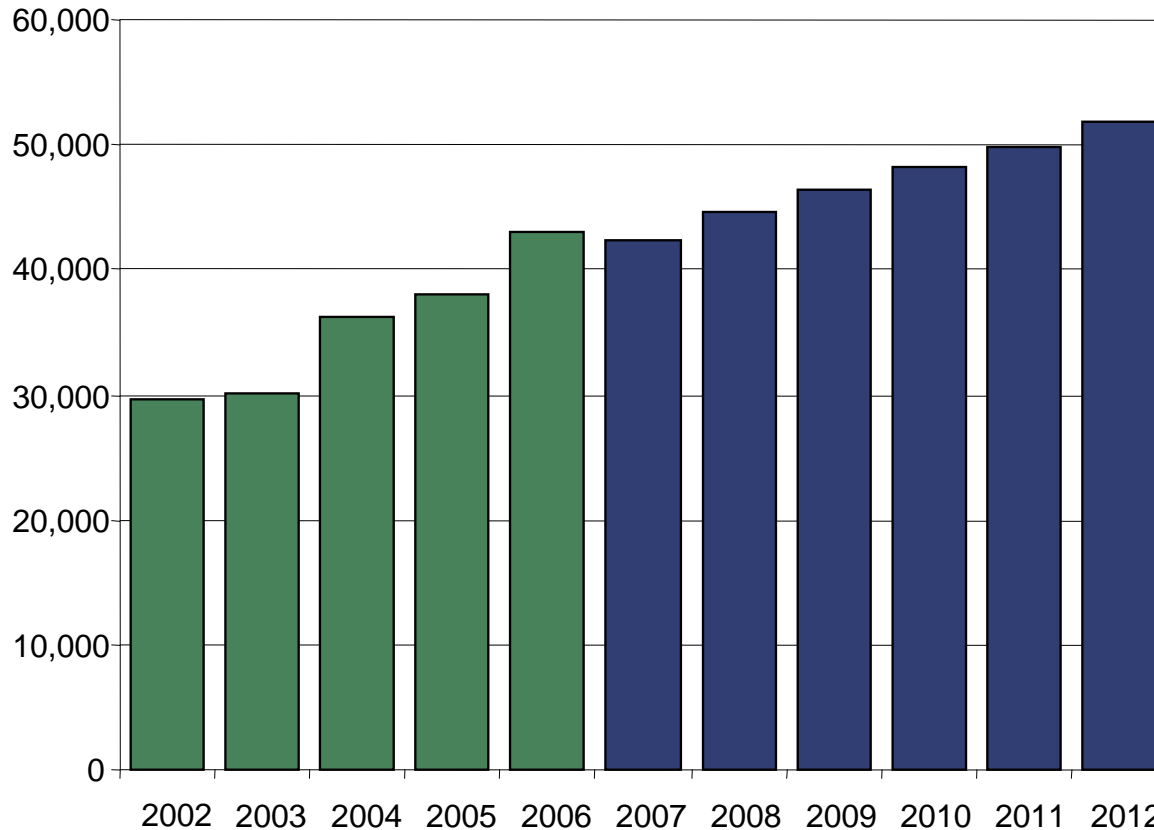
Source: Moss Adams LLP, Financial Performance Study of Financial Advisory Firms.

# The Foundation of Loyalty



# Demand for People Outpacing Supply

Historical and Projected Number of Advisors in RIA Firms



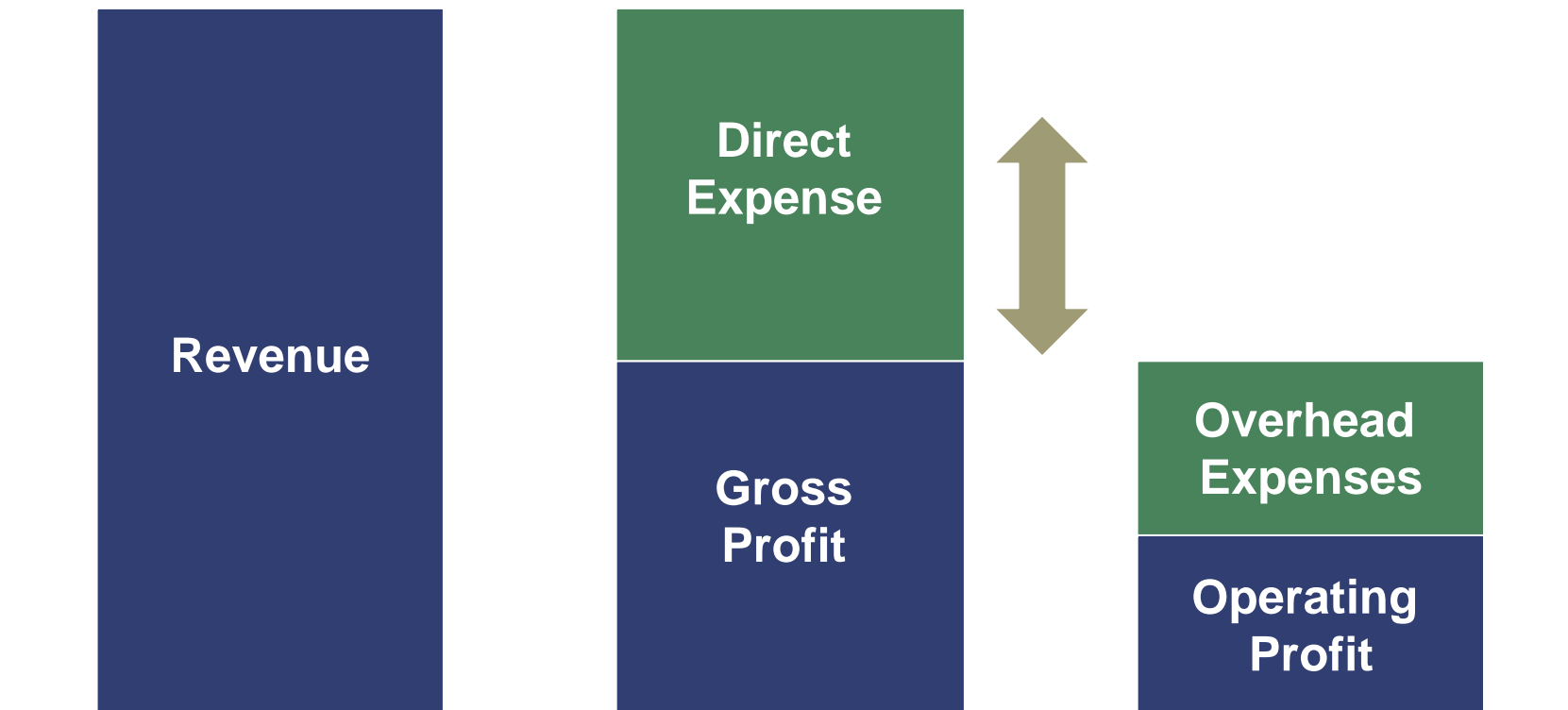
> 37% of advisory firms are actively recruiting experienced professionals

> Moss Adams forecasts that by 2012, there will be close to 52,000 advisors practicing inside RIA firms

> Number of advisors will increase by 9,000 over the next five years

Source: Cerulli Associates for 2002–2006 data. Moss Adams forecast for 2006–2012.

# What are your Profitability Levers?

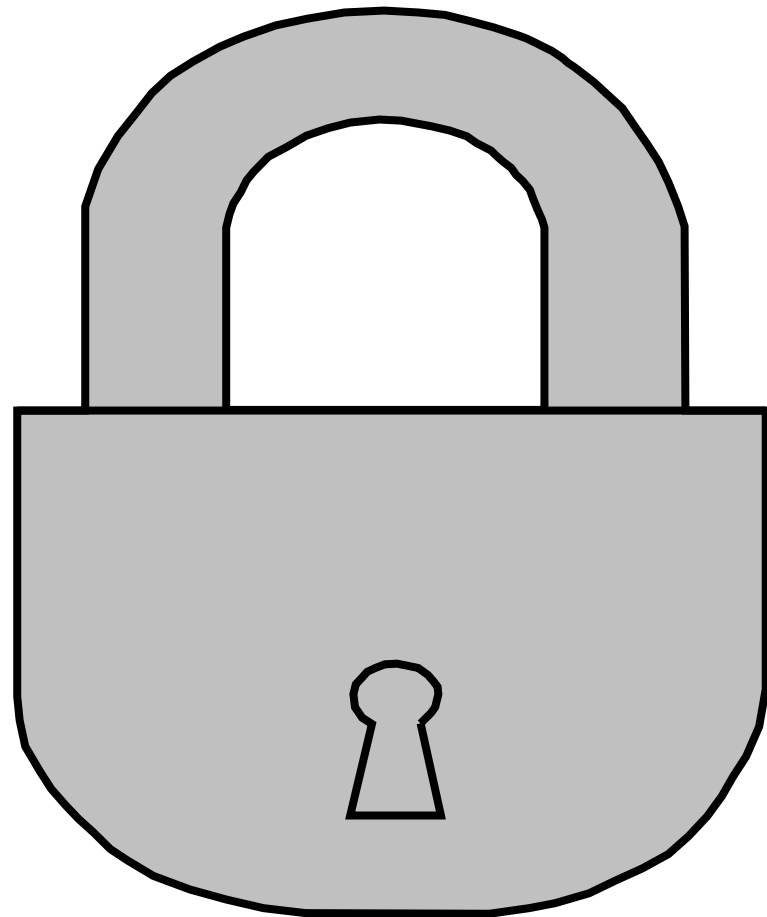


# What Drives Business Value?

$$\text{Value} = \frac{\text{Cash Flow}}{(\text{Risk} - \text{Growth})}$$

## Elevating Safety & Security

- > Compliance Risk
- > Client Risk
- > Financial Risk
- > Fraud & Money Laundering
- > Technology Risk



# White Papers from Pershing Advisor Solutions LLC

- > **Real Deals 2008:** Definitive Information on Mergers & Acquisitions for Advisors
- > **Fast Forward:** The Advisor of the Future
- > **Uncharted Waters:** Navigating the Forces Shaping the Advisory Industry
- > **Mission Possible:** Finding the Optimal Operations Model for your Advisory Practice
- > **A View From the Top:** Best Practices in Leveraging Human Capital

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