BY BRIDGET MCCREA

BREAKING DOWN THE BARRIERS

CLARK KENDALL, KENDALL CAPITAL

Clark Kendall was just 12 years old when he purchased his first stock. Bitten by the financial bug as a preteen, he never wavered from his goal of working in the financial industry. After earning a BA in finance and economics from James Madison University, Kendall spent seven years working as a stockbroker for Washington, D.C., brokerage firm Folger, Nolan, Fleming, Douglas and then for Legg Mason. Those jobs opened his eyes to the conflicts of interest that brokerage firms deal with on a daily basis and made him yearn to work in an atmosphere in which he had undivided fiduciary responsibility to his clients.

"I realized that I wanted to be in the money management business and not in stock buying and selling," recalls Kendall.

In the 1990s, Kendall became one of the first financial professionals with both a Chartered Financial Analyst (CFA) and a Certified Financial Planner (CFP®) designation. "Back then, there were only about 330 individuals who held both certifications," he says. "It wasn't that I had great foresight into where the financial planning industry was headed. It was more about being able to look at myself in the mirror every morning and *know* that I was working in the client's best interest."

A NEW MISSION

After leaving the brokerage industry, Kendall served as the first investment officer of the then-small Sandy Spring Bank, a community bank that grew into one of the larger regional banks in the Washington, D.C., area. Kendall left Sandy Spring Bank in 1996 to work as a global private banker for the Royal Bank of Canada. He later served as vice president of Pell Rudman Trust, an international investment firm, and then (from 1999 to 2004) as chief investment officer for Potomac Asset Management. In January 2005, a "friendly" divorce from that firm allowed Kendall and a business partner, Paola Saenz, to open the doors to Kendall Capital. (Saenz was previously a portfolio manager, investment analyst, and member of the Investment Policy Committee at Potomac Asset Management.)

Kendall and Saenz started their Fee-Only financial planning firm with about $30 million under management. With the Washington area filled with well-educated, double-income couples, they set their sights on serving those "middle-class millionaires."

"We felt that the $10 million-plus market was already well-served and competitive," Kendall explains, "but the middle-class millionaire has limited choices when it comes to investment advisors."

Kendall Capital approaches its target market by providing the same service levels that a name-brand wealth management firm would offer. "We want to offer that high level of service to the client that has $1 million to invest; that's a sector that the Goldman Sachs of the world don't want to go after," says Kendall. "It's an area that presents great opportunity for the NAPFA advisor, and we've really been able to leverage that."

For those clients, Kendall Capital uses five investment strategies that its founders developed at their previous firm and have since fine-tuned. The five strategies are labeled: Stable, Income and Growth, Fund of Mutual Funds, GARP, and Alternative. Each utilizes a broad range of products, including individual stocks, mutual funds, ETFs and individual fixed-income securities. "We developed these strategies to broaden and diversify investments for our clients," says Kendall, "and to reduce theoretical risk."

The firm now has three employees, 120 clients, and $80 million under management. New clients come from client referrals and its principals'

HONING HIS PITCHBOOK

When Kendall Capital was founded in 2005, the firm grew primarily as a result of its founders' friends and family networks. "I basically just took everyone out to lunch and explained what we were doing," recalls Kendall. "I didn't try to sell them anything, but I told them we'd appreciate a referral if they knew of someone who could use our services."

Kendall also put together a comprehensive pitchbook that outlined exactly what benefits Kendall Capital provided its clients, how much it charged for its services, and the goals that its current clients were attaining. He continues to use that pitchbook today and keeps a tally of how many times he presents it to a new audience.

On rare occasions, a potential client will sign up on the spot, but more commonly he or she will send a referral Kendall's way within six months of seeing his pitch. "I have a back-of-the-envelope goal for my pitching," says Kendall, "and have found that one-third of the time a qualified person will open an account with us as a result of these efforts."

community and nonprofit activities. "We're always connecting with people in the community," says Kendall, "and letting them know what we do here."

As the latest example, Kendall was named to the Board of Directors of the Montgomery County Chamber of Commerce for 2013-'14.

The firm has upgraded its traditional marketing and public relations work, too. In 2012, Kendall Capital hired a marketing firm to help promote it locally via a quarterly newsletter; press releases for local radio, TV, and print outlets; and other efforts. By and large, it's been successful, says Kendall, in reaching out to the 50- to 70-year-old individual who is thinking about retiring and wondering if he or she is prepared to do so.

"We want to be positioned as the 'go to' firm for year-end planning, tax law navigation, and other financial-related issues," says Kendall. "By working with a marketing firm and raising our profile with the local media, we've been able to move in that direction."

GRABBING OPPORTUNITIES

A NAPFA member since 2006, Kendall says he initially assumed that the key benefit of membership would be client referrals from the Find-An-Advisor page on the NAPFA website. After he joined, the additional benefits became more obvious, such as the conferences. "It's great to go to conferences where products aren't being sold...and where you can come away with new knowledge and information," he says.

Kendall also joined a NAPFA MIX group about six years ago, sharing strategies with a half-dozen other NAPFA members who are spread across the country. The group meets monthly by conference call to discuss marketing, industry regulations, and other important points. "The MIX group has been very helpful in terms of getting input from colleagues who aren't located just down the road," says Kendall. "Because we work in completely different geographic markets, we can talk honestly and share concerns without worrying about anyone stealing clients from one another."

KENDALL CAPITAL AT A GLANCE

LOCATION: Rockville, MD

WEBSITE: www.kendallcapital.com

YEAR FOUNDED: 2005

NUMBER OF STAFF: 3

NUMBER OF CLIENTS: 120

AMOUNT OF MONEY UNDER ADVISEMENT: $80 million

DESCRIPTION OF TYPICAL CLIENTS: Middle-class millionaires in the greater Washington, D.C., region.

TYPICAL CLIENT NEEDS: Comprehensive financial planning, wealth management, tax planning.

FAVORITE FINANCIAL PLANNING WEBSITE: Yahoo Finance

FAVORITE NON-FINANCIAL PLANNING WEBSITES: Facebook, Twitter, Instagram, and Snapchat (which he uses to follow and stay in touch with his four children)

PIECE OF ADVICE TO FELLOW NAPFA MEMBERS: "We need to get the word out to the general market about the clear advantage that a NAPFA Fee-Only fiduciary advisor has over other financial advisors. NAPFA is only accepting CFPs® as members now, and that's a step in the right direction. The organization continues to raise the bar in terms of what a NAPFA-Registered Financial Advisor is and distinguishing fiduciaries versus salesmen. So while a client can buy double-negative ETFs on the market and execute the trade for $9.99 from an online broker, that's kind of like taking a medical prescription: You need a doctor to be able to obtain that prescription and take it properly."

LEVERAGING TECHNOLOGY

A paperless office since it first opened its doors in 2005, Kendall Capital relies on numerous technology tools to help its team members work smarter, better, and faster. Favorite software programs include MoneyGuidePro for financial planning because "it really helps us show clients why we're recommending a specific Roth option or telling them not to pay off a mortgage," says Kendall. "The evolution of the MoneyGuidePro program has also allowed us to communicate the advantages of Fee-Only planning to our clients."

Two years ago, Kendall Capital added customer relationship management (CRM) to its technology stable. The learning curve associated with the software was steep, according to Kendall, but it has created new efficiencies for the firm. "According to recent industry surveys, the average RIA firm with $80 million in assets under management has 3.7 employees," he says. "I think because we created the efficiencies of a paperless office with a robust CRM, we have been able to hold off hiring our fourth employee until we are at $90 million to $100 million."

The day when Kendall Capital hits $100 million in assets under management may not be too far off. The company has been growing at a steady rate of 5 percent per quarter, a rate that Kendall expects to continue over the next few years. "We should be close to $100 million by the end of 2013. That's when we'll look to hire our next employee," he said.