

## The Millionaire Among Us

In this exclusive interview, top financial planner Clark Kendall explains how to identify and serve the millionaire who might be hiding in plain sight.

Couples who have been prudent savers all their lives may hold the ticket to a thriving financial-planning practice. They usually have some money to invest because of their penchant for saving, and they often value the advice of a highly educated and experienced advisor. In this interview, Clark Kendall, president of Kendall Capital Management in Maryland, explains how to identify these couples and offers some helpful hints for serving them well.

**Advisor Today:** A major component of your investment practice is the Middle Class Millionaire. Who is a Middle Class Millionaire?

**Clark Kendall:** I define Middle Class Millionaires as the hard-working, well-educated individuals and couples in the greater Washington D.C., area, who have been prudent savers over their lifetimes. Although my clients happen to be in the Washington, D.C., area, many Middle Class Millionaires can be found throughout the U.S. Regardless of where they live, they all tend to be hard-working, well-educated individuals and couples who have been prudent savers all their lives.

**AT:** Why did you choose to focus on this demographic, and where do you find prospects?

**Kendall:** As a result of the highly-educated population and strong economy, Montgomery County, Maryland, and the Washington D.C., area are prime markets for creating Middle Class Millionaires, a large number of whom are currently underserved. I grew my firm initially by presenting my key capabilities, my areas of expertise, and my competitive



advantage to family members and friends. This eventually led to a larger word-of-mouth referral model, which has continued to increase and expand. The vast majority of our current new business is derived from referrals.

**AT:** What are some of the key attributes Middle Class Millionaires look for in an investment advisor?

**Kendall:** Many of those I serve look for a high level of education, experience, a focused practice, and a compensation structure they believe gives them value for their money.

**AT:** How can advisors differentiate themselves from the rest and move ahead of the competition?

**Kendall:** Each advisor needs to first look at himself in the mirror and at the overall wealth-management market, determine his unique competitive advantage, and identify how to share his skills and talents with his prospects. For example, an advisor's competitive advantage could be on how to take advantage of new company IPOs and how middle and senior managers should take advantage of

the acquisition of sudden wealth created through a new company's IPO. There are many issues and opportunities that are ripe for an advisor to be an expert in this field, including risk management, taxes, and sudden wealth syndrome.

Another potential area for an advisor to be an expert in is the oil and gas industry. There is a great opportunity for an advisor to be an expert to middle and senior managers of oil and gas-drilling companies as they take advantage of the sudden increase in "oil fracking."

**AT:** What trends do you believe will shape the investment market, going forward?

**Kendall:** Compliance regulation is the main engine driving the investment-management business. A key trend that has emerged from this also is the rise of smaller, boutique firms that provide personalized service to clients. Bigger is not always better, but if firms are going to be profitable and ongoing operations, it is in their best interest to serve fewer clients.

**AT:** How can investment advisors take advantage of those

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trends and address any issues posed by these trends?

**Kendall:** Most importantly, an advisor shouldn't try to do everything for everyone. Instead, he should strive to be an expert in just one area and have clients seek him out for his specific expertise.

**AT:** What lessons have you, as an investment advisor, learned during the past five years?

**Kendall:** My most important lesson has been to "plan your work and work your plan." For us, this has meant changing our location, hiring a marketing firm, upgrading our investment process and technology, and hiring new staff to reach our larger growth goals.

**AT:** How have you put these lessons to work for your clients?

**Kendall:** We are clear about our areas of specific expertise, and focus on them. If clients want us to be a company that we are not, we will not accept them. We don't trade options; we don't invest in venture capital or hedge funds.

If clients want those types of investment, we advise them to go elsewhere.

**AT:** It seems as if the market will continue to be volatile in the foreseeable future. What has worked best for you as you have served your clients during turbulent financial times?

**Kendall:** The best advice to manage clients through turbulent times is to revisit their financial-planning documents regularly and discuss strategies to use the current turbulent times to enhance their future financial plans. Advisors should stick to their investment disciplines during difficult times and refrain from letting clients derail them or other clients from their long-term goals. For investment advisors, it is a difficult situation when the markets move in one direction and the clients want to buy what was good yesterday.

On the one hand, there is the client's money and we are only

their advisors, but on the other hand, they pay us to add value by performing financial-planning services and giving investment advice. All good investment advice and strategies will at one time or the other underperform in the short term during certain market conditions. It is important, then, to train clients to expect these types of underperformance for any disciplined investment strategy in order to add value over the long term.

**AT:** Is there anything else you would like to add that will help the reader find success in investing his client's money in 2014 and beyond?

**Kendall:** Changes in the tax laws, investment markets and investment-management business create opportunities for us and our clients to be successful. A great deal of change may not be good for politicians, but can be tremendously good for us as advisors, and for our clients. 