

35 TIPS FROM OVER 35 YEARS OF SERVING INDEPENDENT FINANCIAL ADVISORS

Eric Schwartz | Executive Chairman

I have personal affection for the independent business model and the entrepreneurial nature of independent financial advisors as business owners. My sentimental attachment to Cambridge is shared across the Senior Leadership Team. As the industry continues to change, the passion that drives us to do what we do is stronger than ever. We have compiled our collective views drawn from the greater world, beginning with my “baker’s dozen” points of self-earned knowledge.

1. The purpose of business is to make the world a better place. The only sustainable business model is the one that makes the life of its customers, shareholders, and employees better. Some businesses fail at making the world a better place and initially succeed, but they are imposters and will eventually fail.

2. Culture counts and values matter most. They form the bedrock that insures the sustainability of a business. For an independent broker-dealer, the core principle must be that the advisors and their clients come first; for an advisor, it is delivering objective advice and making their clients’ interests the priority.

3. No one is successful alone — surround yourself with great people. Business is all about the people. Advisors hit the glass ceiling when they fail to build teams to take them to the next level.

4. Identify and stimulate future leaders. In the book “Outliers: The Story of Success,” Malcolm Gladwell describes future leaders as outliers –

extraordinary, talented, and hard-working people. He notes they only become outliers if they are in just the right place at the right time. An organization must set up those right places at the right times for the right people.

5. What got you here won’t get you there. In the early stages of a developing business, the owner may succeed by doing everything themselves and spending frugally. Later, these same characteristics will cause the owner to hit a glass ceiling – eventually burning out or failing completely. The key to real success is to know your core values and hold onto them unflinchingly while being prudent in evolving and embracing change for everything else.

6. Follow your bliss. The expression coined by American mythologist and writer, Joseph Campbell, may make us feel uncomfortable, but when we do what we love, and encourage others to do the same, miraculous and positive things happen. Following our bliss, combined with years of experience, may inspire and encourage us to find our own path and not follow the pack. The pack is not always wrong – so think carefully before going your own way – but when you have to go, you have to go.

7. Boldly go where no one has gone before. You can follow your own dream, but even the history’s greatest leaders stood on the shoulders of those who came before them. For example, more than 25 years ago we focused on fees. Looking to the future, we are currently focusing on business continuity and

succession planning. Cambridge did not originate either of these ideas, but we pulled together the best ideas and layered on our own innovative twist – resulting in industry recognition of Cambridge as thought leaders and pioneers in key areas reshaping the industry.

8. Make sure the planet supports life before you beam down. When stepping out boldly, watch that first step – it is a doozy that has bankrupted many a pioneer within a few years. At Cambridge, we always try to take the leap, but only after testing the water – in our case, collaborating with our advisors to help design and test the new direction. We are very judicious with our spending and resources until we know the new venture is well received and working.

9. Synthesize the wisdom of others, including your competitors, but look for ways to be better, more cost effective, and customized. Build on the knowledge of others and create an even better system that works for you and your clients.

10. Cost-effective customization is everything. In all fields, but specifically in the financial services arena, clients want and deserve to be treated like they are special. To treat clients as unique, we believe cost-effective customization is necessary and the future of the industry. Cambridge builds its open architecture environment with flexibility for advisors and clients that goes beyond what is typically available in the broker-dealer industry, and is more effective for its advisors and their clients.

11. Focus on delivering resources for advisor outsourcing. Just as one person cannot truly succeed alone, one company cannot either. Joint venture and outsourcing, even between large public companies and competitors, is common and necessary. Cambridge cultivates outsourcing relationships across the industry while acting as the outsourcing solution for advisors in areas not traditionally supported by broker-dealers. For example, we execute website creation and marketing programs for an advisor's independent business, answer their office phones, and train their staff on Cambridge specific processes.

12. Ride the big waves that reshape the industry – fee-based advice, outsourcing via the broker-dealer, and business continuity planning for advisors. Big trends that run for a long time create huge opportunities for profitability. Trends

from the past that propelled Cambridge to success were based on our ability to embrace independence, fees, and the hybrid model very early. Looking forward, Cambridge and its independent advisors will continue to ride these waves while surfing industry changing trends based on business continuity, succession and acquisition planning, and acting as the broker-dealer outsourcing partner for advisors. Pick your trends and ride them.

13. Seek the middle path as the road to success – there are usually three options and the second option is typically the best choice. In any decision, there is always the right wing, the left wing, and the middle. Usually it goes something like this:

Option A:
Status Quo – Doing nothing

Option B:
Evolution – Changing things continually

Option C:
Revolution – Changing everything dramatically

Evolution, when looked at over time, creates a revolution, but is a manageable step in terms of gradual and continual change in both nature and business. Absent evolution, we are left with devolution, and ultimately, death. Evolving your business is an ongoing process that must be built into your team's mindset, culture, and strategic view on future success.

Inspired by Eric's 13 points of self-earned knowledge, Cambridge's Senior Leadership Team expanded the list of tips – stopping at 35 in honor of more than 35 years as an independent broker-dealer.

14. Change is constant — move forward or get left behind.
15. Clients demand and deserve objective advice.
16. Long-term success is defined by the value you deliver.
17. A truly independent broker-dealer views your clients as your clients.
18. Define your value proposition and manage your reputation.
19. A firm's culture drives its reputation.
20. The client's experience impacts business growth.
21. Listen to your clients. Many of the best visionary ideas come from them.
22. Common sense tells us compliance should act as your lifeguard, helping you avoid regulatory mistakes.
23. We do not believe a one-size-fits-all approach works for all client or advisor situations.
24. Fees are not a fad.
25. A great brand should repel as effectively as it attracts.
26. Innovation is possible without compromising integrity or regulatory compliance.
27. Due diligence, as well as prudent risk management, is critical to stability.
28. Enduring success is driven by ensuring one's business efforts are a clear reflection of personal values.
29. As a broker-dealer, Cambridge works for you, the advisor. You do not work for us.
30. You control the journey.
31. How you view the world is your choice.
32. Opportunities are bigger when the challenges are greater.
33. Consider the legacy you want to leave behind.
34. Make little decisions with your head, but big decisions with your heart.
35. Attitude is contagious.

"35 Tips from Over 35 Years of Serving Independent Financial Advisors" is a compilation of the views drawn from the greater world and held by Cambridge's Senior Leadership Team. We did not originate all of these tips, but we believe in them and share them with you in our voice.



About Eric Schwartz | Executive Chairman

Eric Schwartz is the Executive Chairman of the Board of Directors for Cambridge Investment Research, Inc. Over 35 years ago, Schwartz acted with an inspired vision to wholeheartedly embrace the fee approach – long before the term “hybrid advisor” became an industry norm – and in turn led the industry-wide paradigm shift: the development of a hybrid model to support freedom of choice and open architecture fee and commission platforms. Intent on innovation and problem solving, Schwartz is focused on solving one of the greatest challenges facing independent advisors and the industry – business continuity and succession planning. In May 2015, he was honored by *Investment Advisor* magazine as one of the 35 most influential people in the business over the past 35 years.

About Cambridge

Cambridge Investment Group, Inc. is a privately-controlled financial solutions firm focused on serving independent financial advisors and their investing clients. Cambridge is also a national corporation with a registered investment adviser as well as an industry leading independent broker-dealer. Cambridge offers a broad range of choices regarding advisor-focused financial solutions: succession and acquisition financial lending plus business technology expertise; advice solutions for both asset management and financial planning with portfolio overlay management; platform choices comprised of a corporate RIA or independent RIA for dual registration or fee only business models; a full spectrum of middle office services designed for solo/ensembles, branches, and super branches; as well as outsource services centered on independent advisor firms, including business consulting, client marketing, and office assistance, as well insurance services. Cambridge’s national reach includes: Cambridge Investment Research Advisors, Inc. – a large corporate RIA; and Cambridge Investment Research, Inc. – an independent broker-dealer, member FINRA/SIPC, that is among the largest privately-controlled independent broker-dealers in the country. Overall, Cambridge supports over 3,000 independent financial professionals nationwide who serve their thousands of clients as registered representatives and investment advisor representatives, choosing to use either Cambridge’s firm Registered Investment Adviser or their own.

Selective advisors choose Cambridge.
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