

PARTNERING WITH YOUR BROKER-DEALER FOR SUCCESSFUL BUSINESS BUILDING

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Cambridge has put together the following material to share with you as a benchmark of best practices for helping offices grow through recruiting. You may find this valuable in discussing support opportunities with your current firm. Should you decide you need a new partner for your future recruiting efforts, we hope you will consider Cambridge.

If you are a business manager focused on recruiting advisors to your firm, also known as a business builder, the right broker-dealer can shift a strong “headwind” to “wind in your sail.” Advisors have their own set of due diligence criteria¹. As a business builder, your ideal criteria will include the same standard due diligence checklist, but will also reach far beyond that list.

Cambridge has a proven record of partnering with business builders who actively recruit. Approximately half of all advisors who join Cambridge joined an existing office. Some are found by the business manager, and we assist in the recruiting engagement. Others are found by collaborative marketing initiatives between Cambridge and the business builder or by Cambridge alone.

Smart Growth Strategy Leads to Partnering with Business Builders

We believe growth is necessary in order to continue providing innovative technology, strong regulatory support, and exceptional customer service. However, it is important to us that we preserve our culture and remain true to our core values. Some broker-dealers pursue growth at any price (e.g., aggressively recruit

without concern for the impact to service) and others will practice controlled growth.

We consider recruiting through business builders a smart growth strategy. A recruiting partnership with business builders is beneficial for several reasons. First, we are supporting valued members of our Cambridge family. Second, the strategy enhances our overall value proposition. As strong as we are as an independent broker-dealer, a local presence is often desired by the advisor. An advisor seeking office space, support for a specialized market, mentoring, or a sense of community will value affiliating with the right business builder.

Recruiting through business builders allows Cambridge to pursue growth while maintaining a manageable number of key relationships with our advisors. While we provide operational support and educational opportunities to all our advisors, we respect the leadership role of the business builder and have our primary interaction with him or her. If the business manager has 25 advisors, Cambridge shares in the support of those 25 advisors, but through the primary business builder relationship. Finally, advisor supervision at the local level allows our strong supervisory program to be even stronger.

As our partnership with business builders has grown and evolved, we have identified a number of important “value-adds” that we can bring to the recruiting engagement to help business builders meet their recruiting goals:

1. Experience and Insight: Our partnering philosophy begins at the highest level of our organization. Our executive council leads Cambridge by being attuned to the needs of advisors. They have consistently managed the operations of Cambridge for maximum flexibility and service, key factors in helping business builders say “yes” to a vast array of advisor business models.

2. Office Level Pricing: At Cambridge, we establish pricing at the office level. In order to create the best possible pricing for your office, we aggregate production, assets under advisement, and overall business mix. This has important implications for you. First, you have the ability to customize your offer to recruits. Some broker-dealers mandate specific payouts based on an advisor’s production, but not at Cambridge. You can factor in an advisor’s future growth potential, their ability to bring on more recruits for you, or the contribution of key expertise to your overall practice.

Second, office level pricing allows you to determine how to best maximize your profitability and attractiveness to the recruit. You may offer your best payout to one advisor. To another, perhaps you will offer a lower payout but provide lead generation support, administrative support, an office, or some other service the advisor values.

3. Flexibility: In addition to our industry-leading flexibility in supporting both commission and fee models, we offer multiple clearing firms and fee custodial platforms and accommodate a myriad of contact management and financial planning tools. We support a variety of business models, including those focused on bank, CPA, and retirement plans. We allow nearly unlimited split commission designs. We view our business builders as independent business people; we impose no minimum production requirements or experience level for advisors you recruit to your office. It is rare that you will run across an advisor with a business focus that falls outside of our capabilities. The bottom line is you have a nearly unlimited universe from which to recruit and are primarily guided by the parameters you define.

4. Hybrid Commission/Fee Model: Cambridge is long established as THE FEE EXPERTS², but we also support advisors who are 100 percent commission-based. In fact, some of our top advisors run completely commission-based practices. Whether you are talking to an advisor who is heavily commission-based, fee-based, or somewhere in between, you can be confident that Cambridge can help you support their desired business model.

5. Choice of RIA at Both Office and Advisor Levels: Cambridge gives you the choice of joining our corporate RIA or using your own. Asset management pricing is the same whichever you choose. It is even possible for you to recruit an advisor who chooses to have an independent RIA (should you decide to allow this). While this flexibility exists, the ever-growing regulatory requirements involved in running an independent RIA have caused many Cambridge advisors to affiliate with our corporate RIA once they see the wide range of flexibility it offers in fee platforms and fee billing structures.

6. Business Builder (and Advisor) Friendly Technology: With your ability to recruit advisors that use Fidelity Clearing & Custody SolutionsSM, Pershing, and other platforms, normal technology would make your trade review responsibilities a nightmare. Cambridge has built a sophisticated trade review portal that pulls trades from all platforms onto a single screen for your review and prioritizes them for your efficient attention. For both you and your advisors, our paperless, straight-through processing of client trades will minimize the paper shuffling that is often a big part of the day at other broker-dealers.

7. Transition Support: Cambridge realizes that advisors joining an office have expenses associated with their transition. We have developed a customized, competitive program to assist with TOA fees, registration and licensing fees, and other such expenses. Our transition support team has been rated No. 1 in the industry by *REP.* magazine³. They have created a variety of resources to help you and your new advisor make the transition a smooth process. One such resource is our Transition Express program.

8. Recruiting Support: Cambridge recruiters believe in a smart growth strategy and value the opportunity to work with our business builders. Their compensation is the same whether a recruit joins us direct or joins an office, so there is never a conflict of interest. Your Cambridge recruiter can coordinate an array of resources designed to help you recruit. These resources include promotion of our turnkey office space program which lists locations where our business builders have available office space, as well as joint mailings, invitations to recruits to attend regional events and our conferences, home office visits, and technology demos. Additionally, we hold business builder forums at various locations throughout the country and host conference calls for our business builders. These forums and conference calls provide an exchange of ideas among your peers – other business builders – and include industry observations from senior executives of Cambridge.

9. Advisor Growth Programs: Your Cambridge recruiter can help you explain our value-add programs to your recruit. These programs include services in business operations, marketing, office management, and professional development. Many of these resources are complimentary and can be used to develop your office specific programs. As such, you can support advisors in different market niches and further add to the value you provide, resulting in increased loyalty of your advisors to your office.

10. Succession and Acquisition Solutions: Cambridge offers our advisors an emergency business continuity plan that may be extended into a long-term succession solution. Business builders can also offer similar solutions, and we can partner with you to create and promote your custom process.

In closing, Cambridge is committed to living our core values of integrity, commitment, flexibility, and kindness. These values apply to our interaction with our advisors and also to our business builders. As with all our advisors, we believe you control the journey. We hope you honor us with a decision to partner with us – together we can travel along your road of success. Contact us at 877-688-2369 to find out how.



About Kyle Selberg | Executive Vice President and Chief Business Development Officer, Member, Board of Directors and Executive Council

Kyle Selberg joined Cambridge in 2008 as the head of recruiting and currently serves as a member of the Board of Directors and Executive Council. Selberg has more than 30 years of experience in the financial services industry and is responsible for overseeing the recruiting and transition services at Cambridge, along with leading recruiting guidance for Cambridge's independent business managers across the country. He also contributes in a collaborative executive capacity to the company's overall strategy for revenue growth, service, and profitability. Prior to joining Cambridge, Selberg served in a variety of leadership roles with Principal Financial Group and Fortis Financial Group, now known as Woodbury Financial Services. He also developed and co-founded a comprehensive retail banking research venture. Selberg previously served as vice chairman of the Financial Services Committee for LIMRA, a worldwide research, consulting, and professional development organization that helps insurance and financial services companies increase marketing and distribution effectiveness. He earned a Bachelor of Business Administration degree in finance and marketing from the University of Iowa and an MBA with a focus in marketing from the University of Northern Iowa. Selberg is a CERTIFIED FINANCIAL PLANNER™ (CFP®) professional and earned the Chartered Financial Consultant® (ChFC®) and Chartered Life Underwriter (CLU®) professional designations. Additionally, he holds the FINRA Series 6, 7, and 24 licenses.

About Cambridge

Cambridge Investment Group, Inc. is a privately controlled financial solutions firm focused on serving independent financial advisors and their investing clients. Cambridge offers a broad range of choices regarding advisor-focused financial solutions: advice solutions, technology solutions, platform choice and business structure solutions, consulting solutions, and outsourcing solutions. 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.

Selective advisors choose Cambridge.
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¹See Ten Factors Often Overlooked in Selecting a Broker-dealer – A Due Diligence Thought Paper, by Kyle Selberg

²THE FEE EXPERTS® is a registered mark of Cambridge Investment Research, Inc. for its investment advisory service for investment managers.

³REP. magazine, 2013, ranked No. 1, with an overall score of 9.6 out of 10. Between November 14, 2012 and January 6, 2013, Penton Research and REP. invited independent broker-dealer advisors to participate in its Broker Report Card Survey that measured satisfaction with their firm in seven different categories from compliance to product offerings. Firms were scored on a scale of 1-10, with 10 being the best. Penton received 2,992 surveys. Of those, 2,873 respondents had worked in the industry for the required one year or longer. In order to be reported, at least 50 respondents from each brokerage firm was required. Twenty-two firms met this requirement in 2013.

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