Today’s agenda

Overview

Components of your value proposition

Developing your value proposition

Delivering the message

Action steps
THE CHALLENGE
In the absence of value…….

THE OPPORTUNITY
Demonstrating value in an increasingly commoditized landscape

HOW LEGG MASON CAN HELP
Guidelines for developing and communicating the distinct components of your value proposition
COMPONENTS OF YOUR VALUE PROPOSITION
YOUR VALUE PROPOSITION

• Foundation of your consultative process
• Conveyed during client meetings
• Communicated over the life of the relationship

What should it do?

Your value proposition should help clients answer the following questions regarding their investments:

• How will you help me organize my financial affairs into a sensible long-term plan?
• How will you help me keep on track? How do we make sure my plan continues to meet its objectives?
• How will you look after my investments? How do you make sure the investment strategy continues to support the objectives of my financial plan?
The components of a well-crafted value proposition include:

<table>
<thead>
<tr>
<th></th>
<th>Component</th>
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<tbody>
<tr>
<td>1</td>
<td>Your mission statement/elevator speech</td>
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<td>2</td>
<td>Your approach to working with clients (client experience)</td>
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<tr>
<td>3</td>
<td>Your investment management process</td>
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<td>4</td>
<td>Your wealth management services</td>
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<tr>
<td>5</td>
<td>Your service offering</td>
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Other critical components:

- Your bio (and if applicable, bios for the members of your team)
- Firm information

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DEVELOPING YOUR VALUE PROPOSITION
An overview of what you do and who you do it for

• Should be a brief (1-2 paragraphs) summary that can be used to introduce your practice in conversation, in printed materials (such as the opening section of a brochure or pitchbook) and on your website

• It should be true to who you are and how you work with clients

• Three important elements:
  • Who you work with
  • What services you offer
  • Vision/philosophy statement
“I am a wealth manager. My fee-based practice emphasizes personal client service combined with long-term investment planning. I focus on understanding personal goals — where my clients want to go in life and what they want to achieve. My business model consists of a disciplined investment management process and personalized service offering combined with a holistic approach to wealth management.”
HOW COULD WE IMPROVE ON THIS MISSION STATEMENT?

Consider incorporating the following elements:

• Target market – the type of client who will benefit from your services
• Concerns or issues your clients face
• Solutions you provide
• Benefits to your clients
• Avoid jargon and technical terms and communicate to clients in a clear and business-like style
“We specialize in advising successful executives, professionals and business owners on the transfer of wealth to successive generations. Our clients receive estate planning expertise, business succession planning, disciplined investment management and a commitment to exceptional client service.”
If you do not have a clearly defined target market, leverage the following phrases and words.

- Successful individuals, families, and business owners
- Select clientele of high net worth families
- Successful executives, professionals and business owners
“I provide wealth management services to a select group of wealthy families. I help them make more informed decisions about their money and the growth and protection of their assets and estate. I work for my clients as I would for my own family and aim to build lasting, meaningful relationships based on trust, integrity and superior client service.”
EXAMPLE

“I work primarily with Silicon Valley executives as their personal ‘chief financial officer’ to help them achieve true financial independence. My specialty is executive compensation management, including detailed estate and financial planning strategies, particularly for concentrated stock, options and restricted securities.”
EXAMPLE

“I believe in building client relationships for the long-term, guiding you through the stages of wealth with a plan, helping you meet your financial realities and bringing you closer to reaching your financial dreams.”
EXAMPLE

“We guide our clients, helping them preserve and grow their assets over multiple generations. To accomplish our mission, we provide sound advice, customized investment strategies, and concierge-level service.”
“We do three things for our clients and expect one in return. We help them:

• simplify their financial lives and achieve their dreams
• generate the necessary income to sustain the lifestyle they deserve now and in retirement
• build a legacy for the ones they love and the things they care about

What we expect in return: should our clients have a question on anything financial, we expect to be the first phone call. We want to be your primary financial advisor.”
ADDITIONAL PHRASES TO CONSIDER:

• “We limit the number of clients in our practice so that we can provide concierge-level service and so that each of our clients has the best possible experience.”

• “We provide wealth management services that may ease clients’ fears of financial loss and help them retire comfortably.”

• “We offer comprehensive, objective financial advice to clients who desire a high level of personal service.”

• “We believe in long-term relationships and work to earn your continued trust.”

• “Our greatest satisfaction comes from working with clients for many years and helping them realize their dreams.”

• “When investing money, we ensure three things: that we establish a process for communication between us, that we seek to manage risk in your portfolio, and that we put your investment plan in writing.”

• “We act as your advocate in all wealth matters”

• “Quality of life”

• “360° approach”

• “Customized investment solutions”

• “Superior client service”

• “Results-oriented”
<table>
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<tr>
<th>ADDITIONAL WORDS TO CONSIDER:</th>
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<tr>
<td>• Accountability</td>
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<td>• Accuracy</td>
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<td>• Certified</td>
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<td>• Commitment</td>
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<tr>
<td>• Common sense</td>
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<tr>
<td>• Comprehensive</td>
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<tr>
<td>• Consequences</td>
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<td>• Efficiency</td>
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<td>• Efficient</td>
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<td>• Humanize</td>
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<td>• Independent</td>
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<td>• Individualized</td>
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<tr>
<td>• Integrity</td>
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<td>• Long-term</td>
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<td>• Mission</td>
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<td>• Passionate</td>
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<td>• Personalized</td>
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<td>• Realistic</td>
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<td>• Rejuvenate</td>
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<tr>
<td>• Reliable</td>
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<td>• Renew</td>
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<td>• Respect</td>
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<tr>
<td>• Results</td>
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<td>• Revitalize</td>
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<tr>
<td>• Solutions</td>
</tr>
<tr>
<td>• Trust</td>
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<tr>
<td>• Unbiased</td>
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WHAT DO YOU DO? ELEVATOR SPEECH

Your elevator speech should be a short (1-2 sentence maximum) version of your mission statement.

Example:

Mission statement

“I provide wealth management services to a select group of wealthy families. I help them make more informed decisions about their money and the growth and protection of their assets and estate. I work for my clients as I would for my own family and aspire to build lasting, meaningful relationships based on trust, integrity and superior client service.”

Elevator speech

“I work with a select group of wealthy families, helping them manage wealth for today and future generations.”
CLIENT EXPERIENCE

Your approach should provide specific details of how you work with clients – both at the onset of the relationship and throughout the life of the relationship.

- Present the details in a way that will help clients visualize the relationship
- Set expectations with clients
- Create a road map for how you want to run your practice
- Be sure to cover both your wealth management and investment planning processes
Sample 1

We have a clear process to understand your goals and develop appropriate recommendations.

1. Discovery process
2. Develop comprehensive investment strategy and wealth management plan
3. Investment strategy and wealth management plan meeting
4. Execute investment strategy
5. 45-day follow-up meeting
6. Begin ongoing execution of wealth management plan
7. Ongoing monitoring of investment strategy and wealth management plan

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CLIENT EXPERIENCE
YOUR APPROACH TO WORKING WITH CLIENTS

Sample 2

1. Discovery process
   - Identify your goals, values, dreams, special concerns/challenges

2. Develop investment strategy
   - Determine risk tolerance
   - Analyze current investment portfolio
   - Develop asset allocation strategy
   - Portfolio construction

3. Investment strategy meeting
   - In-person meeting to present recommended investment strategy

4. Execution of investment strategy
   - Open new accounts
   - Transfer existing assets
   - Conduct trades to execute agreed-upon investment strategy

5. 45-day follow-up meeting
   - In-person meeting to discuss:
     - First statements
     - Organization of paperwork
     - Set up online account access (and review online resources)
     - Develop schedule for future review meetings
     - Schedule wealth management plan meeting

6. Develop comprehensive wealth management plan
   - Comprehensive financial planning
   - Retirement planning
   - Credit and lending
   - Insurance and liability management
   - Education planning
   - Business succession planning
   - Charitable giving
   - Family needs planning
   - Estate planning

7. Wealth management plan meeting
   - In-person meeting to present comprehensive wealth management solutions

8. Begin execution of wealth management plan
   - Ongoing execution of wealth management solutions

9. Ongoing monitoring of investment strategy and wealth management plan
   - Develop schedule for review meetings

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Your investment management process should describe the process you have developed for the investment aspect of the consulting relationship.

Choose and combine activities that are part of your process to craft this portion of your value proposition:

- Establish goals and objectives
- Determine risk tolerance
- Develop an asset allocation strategy
- Develop a comprehensive strategy document
- Customize portfolio
- Select portfolio managers, products and advisory platforms
- Rebalance portfolios
- Evaluate managers and monitor performance
- Monitor changes in the market and/or the economy that could potentially affect risk/returns
- Adjust portfolio and investments, if necessary, to address changes in goals or lifestyle
- Harvest tax gains or losses

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Sample 1

To help achieve your financial goals, we employ a disciplined investment management process.
Sample 2

To help achieve your financial goals, we employ a disciplined investment management process.

Please note: This graphic represents a much more complex investment management process and should only be utilized by advisors who employ more sophisticated investment solutions such as FA discretionary platforms.

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WEALTH MANAGEMENT SERVICES

Consider how you are providing your clients with comprehensive wealth management services.

Choose the activities that are part of your process to craft this portion of your value proposition:

- Comprehensive financial planning
- Retirement planning
- Credit and lending
- Insurance and liability management
- Education planning
- Business succession planning
- Charitable giving
- Family needs planning
- Estate planning
Sample 1

We have in-depth experience in financial planning and investment management, but we also bring in professionals with the expertise necessary for a successful wealth management plan. We will also work with any professionals with whom you already have a relationship.
**WEALTH MANAGEMENT SERVICES**

*Sample 2*

We have in-depth experience in financial planning and investment management, but we also bring in professionals with the expertise necessary for a successful wealth management plan. We will also work with any professionals with whom you already have a relationship.

<table>
<thead>
<tr>
<th>Your name/Team name at XYZ Firm</th>
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<tbody>
<tr>
<td><strong>Comprehensive Financial Planning</strong></td>
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<table>
<thead>
<tr>
<th>Retirement planning</th>
<th>Family needs planning</th>
<th>Credit and lending</th>
<th>Business succession planning</th>
<th>Executive compensation management</th>
<th>Insurance and liability management</th>
<th>Estate planning</th>
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</thead>
<tbody>
<tr>
<td>Lifestyle review</td>
<td>Education planning</td>
<td>Home loans</td>
<td>Business needs review</td>
<td>Concentrated stock services</td>
<td>Goal protection:</td>
<td>Wills</td>
</tr>
<tr>
<td>Risk review</td>
<td>Special needs planning</td>
<td>Securities-based lending</td>
<td>Cash management</td>
<td>(monetizing, hedging)</td>
<td>• Life insurance</td>
<td>Power of Attorney (POA)</td>
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<tr>
<td>Pension and/or</td>
<td>Planning for</td>
<td>Personal credit</td>
<td>and capital needs assessment</td>
<td>Stock option strategies</td>
<td>• Long-term care</td>
<td>Advance Health Care Directive</td>
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<tr>
<td>Social Security</td>
<td>support of aging</td>
<td>management</td>
<td>Business valuation</td>
<td>Restricted securities</td>
<td>Income protection</td>
<td>Trusts</td>
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<tr>
<td>benefit analysis</td>
<td>parents</td>
<td>Commercial and</td>
<td>Succession plan documents</td>
<td>(liquidation and risk management alternatives)</td>
<td>• Disability insurance</td>
<td>Gifting</td>
</tr>
<tr>
<td>Retirement account</td>
<td>Domestic</td>
<td>business lending</td>
<td>Succession plan funding</td>
<td>Estate and financial planning</td>
<td>• Business overhead insurance</td>
<td>Charitable giving</td>
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<tr>
<td>assessment</td>
<td>partner planning</td>
<td></td>
<td></td>
<td>(particular to executive</td>
<td>Liability insurance</td>
<td>Asset titling</td>
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<td>Retirement income</td>
<td></td>
<td></td>
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<td>compensation management)</td>
<td>• Umbrella coverage</td>
<td>Estate tax funding</td>
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<tr>
<td>plan</td>
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<td>• Key Man insurance</td>
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<td>Beneficiary review</td>
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<td>Healthcare/</td>
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<td>Medicare planning</td>
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PERSONALIZED SERVICE OFFERING

Creating a great client experience can be a true differentiator for your practice.

Choose from the following when developing this portion of your value proposition, adding any others that you provide, if appropriate:

- Client reviews
- Comprehensive communications and performance reporting
- Personalized communications offering (i.e., portfolio manager insights, research reports, news on specific stocks)
- Timely research and updates on market or economic trends
- Opportunities to attend financial and investment education events
- Access to me and my team for periodic questions or needs
- Facilitate family meetings
- Act as a liaison to other professionals (accountant, lawyers, et. al)
- Personalized delivery of information (phone, email, Internet, in-person)

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DELIVERING THE MESSAGE
DELIVERING THE MESSAGE

- Your brochure
- Your website
- Your LinkedIn profile
THE FIRST CLIENT MEETING
Discovery: Articulate your value proposition

• Articulate your value proposition
  o Mission statement
  o Your approach to working with clients (client experience)
  o Define your investment management process
  o Explain your wealth management services
  o Define your service offering
• Defer any specific discussion about fees
• Conduct an in-depth discovery process
In our last meeting, we discussed in detail how I run my business, including my investment management process, wealth management services and service offering. Today, as we go through your customized proposal, I am going to bring those words to life and demonstrate my investment process at work.”

• Recap objectives and goals
• Bring your investment management process to life
• Detail the service offering you will provide the client
• Provide transparency about fees
“As we have discussed in our previous meetings, service is a cornerstone of my business. Today, I am going to begin to execute and deliver on the service standards that are part of that promise.”

- Finalize paperwork
- Begin to execute service standards
  - Discuss expectations for statements, mailings, etc.
  - Set up a client review schedule
- Set expectations for any additional actions (e.g., contact with their lawyer)
- Ask for referrals
Are you what you say you are?

Crafting a value proposition is one thing; fulfilling it is quite another. Ultimately, the only way to know you are delivering on your value proposition is to ask your clients. Take some time during your client reviews to explore how they perceive your process, philosophy and service. Ask them for suggestions, if necessary, on how you could enhance your level of services.

Communicate

- At every client meeting, reiterate value proposition

Reassess your role during your annual business planning

- Reassess value proposition to ensure relevance
- Modify service offering (client experience), wealth management services and investment management process visuals, as necessary
ACTION STEPS
ACTION STEPS

Have Questions? Need Assistance?

If you have any questions about developing your value proposition, please call the Legg Mason Sales Desk or your Legg Mason Sales Director.

Systematize your approach

- Develop your value proposition or reassess your existing one using the workbook provided
- Create a brochure or pitchbook to communicate your value proposition (make sure that you follow all guidelines from your firm’s compliance and marketing departments)
- Make your value proposition the foundation of your website, and if applicable, your LinkedIn profile page
- Be sure to communicate a consistent message

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“Motivation is the desire to do more. Inspiration is the desire to be more.”

What do you want to be in the minds of your clients?
The Advisor Partnership Program (TAPP)® is Legg Mason’s landmark value-added offering, featuring a wide range of multidimensional workshops and seminars that empower financial advisors to build successful practices and educate their clients.

TAPP delivers value in four areas of importance to advisors: their business, their knowledge, their skills, and their clients. Business Development showcases real-life insights into practice management; Retirement offers a wide array of resources for advisors focused on retirement plan business; Professional Development presents sophisticated and innovative techniques to sharpen individual skills; Client Resources provides resources that help advisors inform and educate their clients.

Legg Mason is a leading global investment company committed to helping clients reach their financial goals through long-term, actively managed investment strategies.

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