



Spotlight ON

Harry Mewes

CFP,[®] ChFC,[®] CLU,[®] RICP[®]

Waukesha Investments

Located at WAUKESHA STATE BANK

Making the Transition: Why the Switch to Advisory Is the Right Thing to Do (Even if You Don't Think So)

For Harry Mewes of Waukesha Investments, located at Waukesha State Bank in Waukesha, Wisconsin, the secret to success is simple: "Doing the right thing, and doing the right thing the right way."

It's also been said that success means doing things you don't want to do, and at one point in Harry's career, that thing he didn't want to do was transition his business to advisory. Naturally, as if to prove the adage, once he did transition his clients to an advisory relationship, his business grew, but so did his love for it—a result he wasn't expecting, since just around the time he was making the transition, he was considering retiring.

Harry began his career as a registered rep with Prudential Financial in 1990, where after only a year and a half he was promoted to sales manager, in charge of classroom and field training throughout Wisconsin. It was a good fit, with Harry helping others grow their careers, sitting in on client

meetings to teach stronger sales skills; but in 1998 he decided to go back to being a rep. In 2000, he joined the Waukesha Investments arm of Waukesha State Bank—the first outside hire they made for their investment program. At the time Waukesha had a large book of business—about \$15 million to \$20 million—and several advisors. It seemed the logical thing to divide the book among the team alphabetically. Harry got A-G.

It wasn't long before Harry's passion and his likable demeanor helped him grow a loyal following. "I'm not very good at asking for referrals," he confesses, but it wasn't a skill he needed to develop. He enjoyed the work and the relationships he was forming with his clients, and they naturally brought in new business. He took the time to explain to clients why they were invested the way they were, and was known among clients and bank staff for his knowledge. In 2005, he began doing more asset allocations, meeting with clients about twice a year. A few years later, the bank was fortunate to hire to the team Joe Vaklyes, an experienced outside advisor, and Miracle Hexom, an existing bank employee who was attracted to the sales assistant position—with an eye toward becoming an advisor down the road. "They are both great with people, have excellent attention to detail, and we mesh well philosophically. As Miracle's skills grew

and she became licensed, says Harry, “It was a lot easier for me to grow my book.” And in Joe, Harry not only had a reliable counterpart he could confidently trust with clients when he wasn’t available, but also someone with whom he could exchange ideas. It wasn’t too long before Harry had 750 accounts—mostly mutual funds and annuities—and a \$70 million book of his own. It was a comfortable place to be, and he was looking forward to retiring in a few years.

But those plans didn’t stop Don Konrath, regional vice president and Harry’s relationship manager at Cetera® Financial Institutions, from trying to get him to shift more of his business to advisory. “Harry doesn’t like change, and if he is going to make a change, he has to feel it is the right thing for his clients. At that time, he just wasn’t convinced.”

“Why do advisory when you can get them into a mutual fund for less money? Why ask my clients to pay 1% when they can pay 0.25%?” says Harry. It certainly didn’t seem like the right thing: wasn’t it more than his clients likely wanted or needed?

The Industry Takes a Left Turn

Then came the DOL fiduciary rule. “At that point,” Don says, “change was inevitable.” Also inevitable was the fact that Harry could not transition all his accounts to advisory—not all his clients were candidates for that level of service anyway.

While he didn’t have much trouble segmenting his book, Harry struggled to onboard a new advisor to take over those smaller accounts. “We interviewed people, but no one was the right fit.” Then it dawned on him that the perfect person was there all along. “Clients knew Miracle and liked her, and she was familiar with the accounts.” Miracle’s soft client skills were already in place; she just needed a little training on the sales side of things. Drawing on his experiences at Prudential, Harry made joint client appointments with her to help her learn the ropes, and eventually transferred about \$15 million worth of brokerage and direct accounts to her. “It was an easy transition. Before Miracle came along, I felt no one could do it better than I could. But she stepped in, stepped up, and has proven herself to clients again and again.”

Shifting his brokerage and direct accounts to Miracle was one thing; convincing the clients he wanted to retain to enter into an advisory relationship with him was something else. Around the time Harry was considering the transition to advisory, Don shared with him *The Essential Advisor* by Bill Crager and Jay Hummel. It changed his perspective on the value of an advisory relationship with clients. “I needed to feel that clients were truly getting something in return for the extra money they were spending,” Harry says, “and that book made me realize that there was a lot I brought to that relationship already.”

At Don’s suggestion, Harry also participated in Cetera Financial Institutions ACE (Advise, Consult, and Engage) training program, where he shined in the role-playing exercises. “Harry was a natural with those—he is so good talking with customers that even in the somewhat artificial setting of the class, his love of what he does and working with clients really came to the fore.”

Harry grew excited at the prospect of having fewer clients and being able to spend more time with them. He was already meeting with many of them twice a year to discuss and rebalance asset allocations, so the transition was a natural expansion of the value-added mindset he had all along. The question remained, however, whether clients would see it the same way.

Harry identified 150 clients he wanted to transition. All 150 signed on.

When Harry segmented his book, he had identified 150 clients he wanted to transition. All 150 signed on. “I let them know that the industry was changing, and that my business was changing as a result. A few had the attitude of, ‘Well, okay...if you say so.’ But many were enthusiastic about it because I was enthusiastic about it.”

If Harry thought it was a good thing, then they felt it was a good thing, too—but there was an adjustment period. It took a while for them to get used to the new level of service. With his client list streamlined, Harry has been able to be more proactive and reach out more. Initially, clients were a little worried when they got a phone call from Harry, as before it usually meant there was a problem. Now, they are growing accustomed to getting a check-in after significant market moves or events.

With Nothing Left to Chance, Things Fall Right into Place

Keeping his customer-service level aligned with his value proposition, clients get the level of contact they need based on their individual requirements. Harry has about 15 client meetings a week (he still has some brokerage and direct clients, but is considering transferring them to Miracle), and the reliable support of a new licensed sales assistant, Alicia Albarran, to keep track of it all. With a streamlined book, Harry feels he has a solid handle on his clients and their portfolios. While he builds and rebalances the portfolios himself, he frequently looks to Cetera Investment Management's Research Select List (RSL) to select funds. The RSL is a "best ideas" list of approximately 100 mutual funds across equity, fixed income, alternative strategy and flexible allocation categories. With portfolios drawing on many of the same investments from the RSL, he has fewer funds to monitor and more time to focus on customer care. He holds client appreciation events such as wine tastings, sends the QuarterNotes newsletter to keep clients in the know, and is keen to show the level of personalized service he feels his clients deserve, right down to choosing and signing by hand his client birthday cards.

Now, Harry definitely feels his clients are getting the value for their money he initially suspected would be lost in the transition to advisory services. He also knows it

would have been a much tougher adjustment without the support of Joe and Miracle and the team at Waukesha State Bank, who were in full support of Harry's decision to transition. Devon Arnold, vice president and retail banking manager, is quick to say that Harry and the rest of the Waukesha Investments team really don't need much managing from him. And Harry is just as quick to note that when they need anything, Devon ensures they get it. He also helps create a culture where Harry and his team feel like—and are perceived to be—an integral part of the bank community. With everyone sharing the same vision for the program and for the future of the industry—the Waukesha team shows no signs of slowing down.

And neither does Harry. Whereas once he was looking forward to retirement, he has no plans for it anytime soon, and is enjoying his career more than ever. That thing he didn't want to do turned out to be one of the best things he's done. "My clients sometimes ask me, 'How did we get so lucky to have you as our advisor?' and I will joke back 'Because your name starts with the letters A through G!'" But he knows the strength of those relationships is not about luck, nor is the success of his transition to advisory services. "This has always been a business founded on relationships. Get comfortable with the process before starting it, and take the time to talk it through with your colleagues and your clients."

But then that's what Harry is known for—doing the right thing, and doing the right thing the right way.

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CETERA FINANCIAL INSTITUTIONS, contact

Sean Casey at **800.245.0467, ext. 65014** or visit our website ceterafinancialinstitutions.com.

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400 First Street South, Suite 300 • St. Cloud, MN 56301 • 800.245.0467