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Wholesaler alpha: Why you should demand above-benchmark value from your wholesaler.



We believe in the value of advisors. But do advisors believe in the value of wholesalers?

Clearly, wholesalers who call on advisors run the spectrum from bad to great. Are the wholesalers you work with providing you with above-benchmark value—what we call *wholesaler alpha*? They should be. Like advisors, wholesalers are under more pressure than ever to prove they are worth their fees. In the short run, this creates some noticeable pain for fund companies, but the good wholesalers don't fear this trend.

This also provides an opportunity for you, the advisor. When it comes to your investors, *you're* the one who provides customer service. But when it comes to wholesalers, *you are the customer*. As such, you should be demanding. And you should demand wholesaler alpha.

What creates wholesaler alpha?

Let's start with personal relationships. For a wholesaler to be in a reasonable position to provide meaningful value, they have to deeply know the advisors they serve. Not the categories of advisors. Not demographic studies, or personas based on AUM, but actually know their advisors as individuals. This means wholesalers need to listen to the real-world challenges an individual advisor is facing—whether those are investment challenges or issues with the success of the

advisor's practice.

The best wholesalers will also be **solutions-focused, not product-focused**. What's the primary reason wholesalers call on you? To tell you about their latest product or to help you solve problems? Instead of just telling you about their *fund du jour*, best-in-class wholesalers take the time to understand the challenges you face and then suggest solutions. Those solutions could include a focus on investment products, but they could also include a recommendation about the way you manage your advisory practice. And if the wholesaler suggests an investment solution, it may not always be based on a product they sell, and that's OK.

Does your wholesaler give you **access to the best investment ideas**? Real solutions require real expertise. A wholesaler worth their salt should create a direct connection to the breadth of their resources and especially to their thought leaders—in order to improve the outcomes of your investors. But their thought leaders need to be worthwhile as well. Are you hearing from portfolio managers, money managers, economists and strategists? Are you learning valuable information about capital markets or investment insights? Is the access worth your time? Here's a test: Are you passing the insights you hear on to your own clients? If the ideas aren't worth sharing, they may not be worth much.

Wholesaler alpha is also about more than just investment solutions. It's about **business solutions** as well. Your wholesalers should be working hard to help improve the value of your advisory practice. They should prove their commitment to your business success. What kind of practice management support do you get from them? After a meeting, do you feel like they're working for their own success or for the success of your business?

Too many practice management programs focus on too high a level to provide real-world value. After 20 years of working with thousands of advisors on their business success, we believe a solid practice management program should provide actionable help, such as differentiated service models, referral-gathering strategies, and after-tax investing.

Trust. Wholesaler alpha is only possible in a trust relationship, not in a sales relationship. And within the boundaries of trust, a wholesaler will tell advisors what they need to hear, not what they want to hear. Here's an example: Too many advisors chase performance. Meanwhile, according to four years of data, the greatest portion of an advisor's value comes from modifying the behavior of their clients—keeping investors on track with their long-term strategies and helping them avoid buy-high/sell-low traps. We believe in that message. We stick to it, even when it creates friction with the advisors we serve. Even when it makes it harder for us to sell. Because that's how trust works.

Finally, wholesaler alpha requires a simple thing that, frankly, anyone can provide, if they choose to: **respect**. Respect for advisors means valuing their time, with more appointments and less unscheduled drop-ins. It means that meeting requests come with clear agendas. It means promptly returning phone calls and emails. Respect for advisors means listening more and talking less.

The bottom line

Let's be clear: At Russell Investments, we're committed to the advisors we serve. But we are committed to our industry as well. We believe in it. And we want to raise the standards for all wholesalers, even if it makes it harder for us to compete. Because when we're all better—when we're all working harder to earn the trust of advisors—everyone wins.

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