

# An Advisor Finds the Path to Success is a Long and Winding Road.

*By Marie Swift*

After 30 years in the financial services business, Carl F. von dem Bussche says he's attended the "school of hard knocks," "been around the block," and "walked a mile in [his] shoes." An AIF and CFP in Palm Harbor, Fla., von dem Bussche tells his clients, "I am good at what I do because I have already made my own financial mistakes. I believe anyone can have 'knowledge,'" he adds, "but clients pay me for the wisdom of my experiences—both good and bad."

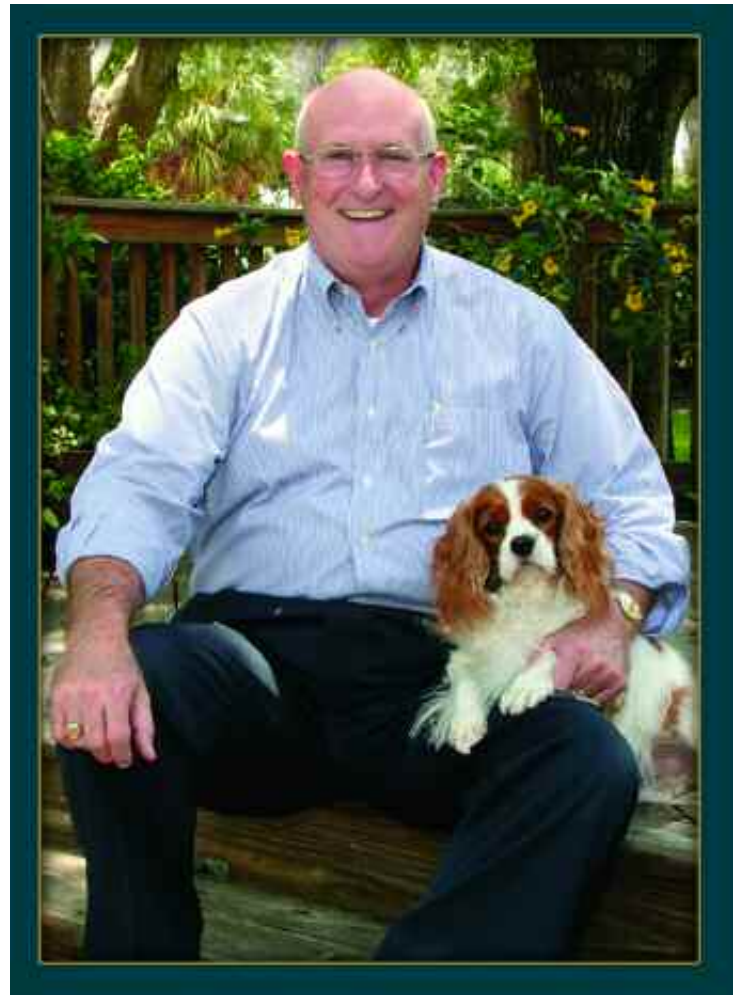
Helping clients avoid major financial mistakes is a core objective of Carl's wealth management services. According to Carl, the hardest lesson to learn is the one you thought you already had learned.

"I began my career in the financial services industry in 1977, after a short but successful stint as a buyer for a national department store chain," he says. "They wanted to promote me and move me to Jackson, Miss. I was newly married, my wife and I were rooted in the Tampa Bay area and Jackson wasn't an option for us.

"A friend who was with Merrill Lynch suggested I become a stockbroker and build my business locally, without ever worrying about relocating. That was appealing, so I sent my résumé to every brokerage firm in the yellow pages. Smith Barney made the first offer, which was more than I was making in retailing. At the time," he recalls, "I didn't know the difference between a stock and a bond."

It was the summer of 1977, and Smith Barney sent Carl to New York City for three months of training. "After I passed the series 7 exam, my manager threw a phone book on my desk and said, 'Dial and smile.' Three years later, I decided there had to be more to life and the financial advisory business than this. The wire house culture was based on production, not client service or performance. I knew I had to make a change."

In 1980, another friend introduced Carl to a CFP who was successfully using luncheon seminars to sell annuities and oil and gas income funds to retirees. It was the heyday of "tax shelters," and he wanted "a young buck" to build that business for him. Carl developed a network of CPAs to sell tax shelters to their clients for the planner, but after a couple of years, he became troubled by what he saw as the planner's deceptive marketing tactics. "I left on good terms, but ultimately this planner landed in jail, banished from the securities industry."



In 1983, Carl formed a one-man NASD broker/dealer to market tax-sheltered investments through a network of CPAs he had developed in Orlando. "Life was good. All I had to do was fill out paperwork on Reg. D private placements and collect a check," he says. "CPAs were sending me dozens of their clients, whose tax problems were being addressed and solved by me," he says.

Then came the Tax Reform Act of 1986 that eliminated virtually all the tax benefits on tax shelters. "I was out of business overnight," he sighs. "I had also personally invested in tax shelters and had a huge phantom income tax bill. I owed taxes on money I never received."

Carl had no choice but to start over again. “I liquidated all my assets—including our home equity and my wife’s grand piano—to cover the taxes and other debts. Fortunately, I was able to sell my broker/dealer to a local life and health insurance company. I worked for them long enough to get it up and running.”

“Renters” for the next five years, the von dem Bussche's actually had to move six times before they became home owners again in 1992. “I will never be able to repay my wife for those years,” he says, “but I recently replaced her grand piano.”

In 1987, Carl formed a fee-and-commission RIA that offered financial planning and investment management. At the time, he was licensed with an independent broker/dealer, and he also ran an employee benefits and self-insured health plan for various companies—for which he received a salary. The job met his needs, but it was a dead end, so he handed off the day-to-day responsibilities and began building a new wealth management practice.

The firm he runs today was born in 1993. Financial Guidance Group is a fee-only RIA with just over \$80 million under management and 110 clients. “I could see the trend of the industry heading to the fee method of compensation and had read about the National Association of Personal Financial Advisors (NAPFA),” Carl recalls. By 1995, he had relinquished all of his securities and insurance licenses and joined NAPFA. “My income dropped 66 percent in 1995,” Carl remembers. “While I kept very few of my clients under the new fee-only arrangement, I felt my integrity was finally intact and I was doing the right thing for my clients and me. I knew I could regenerate clients and revenue.”

To build his fee-only business as quickly as possible, Carl employed an old marketing strategy with a new twist. “I approached my CPA of many years about becoming a compensated referral source. Since CPAs were prohibited from receiving compensation for investment referrals unless they were licensed with a B/D or RIA, I developed a network of CPAs that I licensed as Investment Advisor Representatives with the Financial Guidance Group. This referral program was successful, and the firm prospered and grew. The referral fees were a marketing expense, and clients never paid more by having their CPA involved.”

Carl always disclosed the compensation arrangement to clients, and most clients paid less using his ensemble approach. In fact, clients were pleased to have their CPA in the loop, and most of them recognized the potential conflicts of interest that existed with stockbrokers and commissioned planners.

In 2001, after his first SEC audit, Carl had to change the name of his Investment Advisor Reps to “solicitors,” which turned out to be a much simpler arrangement than licensing them with the RIA. Today he has four solicitors, but only two that provide consistent, substantial business. To help them introduce the ensemble approach to their clients, Carl provides a spiral-bound presentation and corresponding sheet of talking points.

“You really don’t need more than one or two solicitors sending you business, as long as the ones you’ve got are motivated and enthusiastic,” says Carl. Though hesitant to disclose the compensation structure, Carl will say that a solicitor’s ongoing annual revenue can be significant.

For anyone interested in emulating Carl’s strategy, he offers these tips: “You will be most successful dealing with a sole practitioner or a two-partner local practice. The more professionals involved, the harder it gets. A tax practice is preferable to an audit practice, and you want somebody who has long-term, trust-based relationships with the types of clients you want.”

He still operates the business from his home in Palm Harbor, just north of Clearwater and St. Petersburg. “We’re not talking about a spare bedroom converted into an office,” Carl says. “I have a two - story traditional ‘southern living’ type of house, and we built out the second floor as professional office



Carl and Christoph, at home at work.

space. When people come to my home, which they love to do, we’ve got a nice, professional environment upstairs. Clients like the fact that they know where I live. They think, ‘Gee, he’s got a nice wife, he has a dog, I know where to find him.’ So in addition to having zero commute time, it’s a marketing advantage. Of course my overhead is very low, and that just drops to my bottom line. In fact, looking at a lot of the compensation studies that have come out, my sole practitioner practice does as well as a small ensemble, and I think that’s simply due to reduced costs.”

Carl’s youngest son, Christoph (age 25), recently received the CFP mark and has been working with his dad for about 18 months. They are in the process of transitioning some of the firm’s silver-level clients into his primary care. Carl’s longtime office manager, Diane, has been with him for more than 10 years. Cindy, Carl’s wife, also pitches in as an administrative and project specialist when necessary.

“We enjoy spending time with our family and granddaughter, Aubrey Mae,” Carl says. “We also are very active in Relevant Church in Ybor City (Tampa) where our oldest son, Carl, Jr. is the music and arts director and our daughter-in-law Kristin runs the pre-school and nursery.”

“Everyone must answer the age-old question, ‘How much is enough?’” says Carl. “If my business were to stop growing today, I know I’d have enough; still, a traditional retirement is not an option. I may slow down, but I love helping my clients achieve their goals and lifestyle objectives, so I plan to be active in the business indefinitely. Lifestyle and family values are the core that rules our business model,” he adds. That’s one reason Carl is proud to refer to himself as a family practitioner. For him, it’s all about faith, family and fulfilling a fiduciary role.