

MULTI-FINANCIAL COMES OUT OF HIDING WITH BIG **GROWTH** PLANS

BY DIANA BRITTON, APRIL 8, 2011

Independent broker-dealer Multi-Financial is undergoing a major growth initiative, ramping up its recruiting, wealth management platform capabilities and practice management services, said President and CEO Brett Harrison. Recruiting is already up 900 percent from last year, and the firm has brought on \$9 million in production in the past five months, and plans to add \$20 million in total production this year.

Under the IBD's former parent, ING, Multi-Financial stayed under the radar, Harrison said. At ING, the firm was not encouraged to do much advertising and marketing. "We've been quiet for years."

In November 2009, Lightyear Capital announced its plan to purchase the three broker/dealers—Multi-Financial, Financial Network and PrimeVest Financial—from insurance company ING and renamed the group Cetera Financial Group. Under the new ownership, Multi-Financial has no proprietary product conflicts, and Cetera has been investing in its growth, Harrison said. He declined to comment on how much has been invested.

Recruiting

Jonathan Henschen, president of recruiting firm Henschen & Associates, which works mostly with IBDs, said he's impressed with Multi-Financial's recent recruiting efforts. The firm has been a bit of a safe haven for advisors leaving some of the smaller b/ds that experienced the upheaval with alternatives, including private placements Medical Capital and Provident Royalties, Henschen said. Firms that have strong financials and have avoided alternatives are a good landing place for these advisors. "Multi fits both of these."

In October of last year, Harrison brought on Joseph "Jay" Vinson as head of new business development, responsible for ramping up the recruiting effort. In the last five to six months, the firm added about 60 advisors, Harrison said.

So far, the firm has had a good closing ratio and good follow-up with advisors interested in moving over, Henschen said. Multi-Financial is also being prudent about bringing on problem advisors, or those who had exposure to some of the bad investments.

In 2010, Prosperity Advisory Group, a branch office of Multi-Financial in Overland Park, Kan., added 10 new advisors to its roster, with plans to add another 10 this year, said Paul Ewing, president.

Wealth Management Platform

The firm has also been improving its wealth management platform, adding new aggregation tools, research and market insights. Advisors now have access to more products than they've ever had on the platform, said Ewing.

The firm has broadened its range of products and services, including account aggregation, a broader financial planning agreement and online solutions, such as new document handling and imaging tools, Ewing said. The number of third party vendors on the platform has also expanded.

Last month, Cetera unveiled its net new assets program at Multi-Financial and Financial Network, which offers advisors rebates for using the platform based on their acquisition of new assets. For example, if an advisor adds \$100 million or more in new assets, he will get a 100 percent rebate on platform fees.

"They've been very flexible in accommodating reps in a way that some other big firms haven't been able to do," Henschen said.

The advisory platform costs are very digestible for reps, he added. The firm is not tied to an insurance company anymore, and this is why it's able to be more flexible.

Practice Management

Multi-Financial has also made a concerted effort to build up its practice management division. In February, it hired Daniel Maurer as senior vice president of national sales, in charge of practice management, new business and field relationships.

The initiative has involved adding marketing consulting, client acquisition tools, best practices, peer group studies, self-branding and better communication with clients, Harrison said.

There's also talk of Cetera possibly going public five to 10 years down the road, following in IBD LPL Financial's footsteps, Henschen said.

"There are a lot of firms that are all talk, but they're not delivering" on their promises to build out their capabilities and services to advisors, Henschen said. Multi-Financial is delivering, he said. ●