

Geneva Group International Business Development Practice Group

Lisbon, Portugal 2013

The Role of Trusted Advisors and
Effective Client Relations

tonneson+co
Richard E. Mastrocola



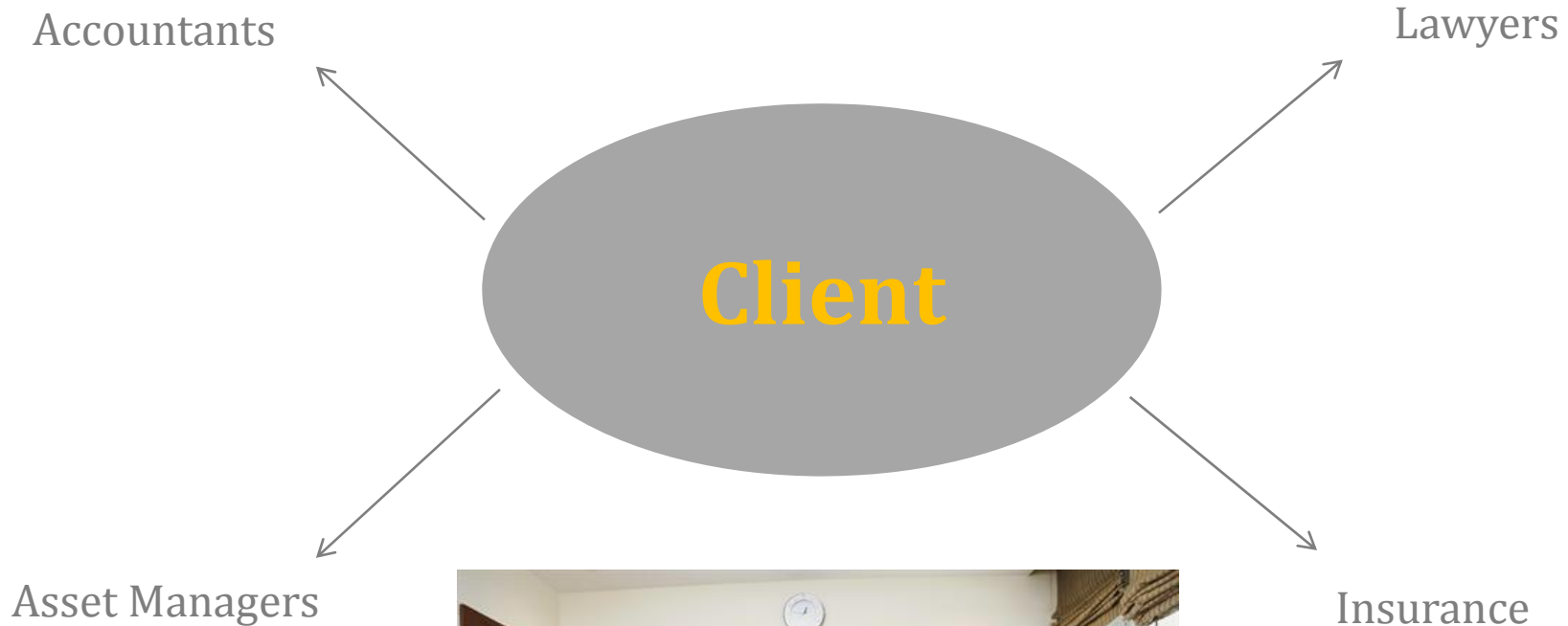
Role of Trusted Advisor

- Gaining Client Trust
- Characteristics of a Trusted Advisor
- Trusted Advisor
- The Natural Trusted Advisor

Gaining Client Trust



Trusted Advisors



Characteristics of a Trusted Advisor

Characteristics of a Trusted Advisor

- Independence & Fiduciary Responsibility
- Competence, Knowledge and Experience
- Unbiased and Consistent
- Team Player

Trusted Advisor

- Must be knowledgeable about client business
- Must be familiar with family and personal issues
- Must be aware of goals and direction
- Must have access to contacts, resources, expertise and infrastructure
- Must drive results on behalf of client
- Must bring ideas

The Natural Trusted Advisor

- Maintains consistent and continuous contact with clients
- Continuously develops and grows high value advisor networks
- Fosters a professional and personal growth orientation
- Listens
- Remains professionally and personally independent

Effective Client Relations

- Commoditization vs. Relationship
- Importance of knowledge-based relationships
- Adding value with knowledge in client engagements
- Structure your firm and professionals to develop more profitable client relationships
- Shift clients to partners and create maximum shared value

Commoditization vs. Relationship



STATEMENTS OF CONSOLIDATED AND COMPANY CASH FLOWS
in thousands of dollars

LEUCORO	GROUP		COMPANY	
	12 Dec 2013	31 Dec 2012	12 Dec 2013	31 Dec 2012
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/loss after tax	120 831	84 203	96 796	64 224
Provision for income tax	145 155	152 717	88 765	97 226
Net interest received	9 885	13 526	688	11 442
Provision for financial assets	(2 869)	9 580	(12 889)	9 960
Depreciation and amortization	89 127	89 562	-	-
Impairment on cash flow hedges	9 525	583	-	-
Net cash effect of all changes of foreign currency	(6 196)	(1 365)	-	-
Change in fair value of derivatives for settlement/realization	682	482	-	-
Share-based payment	14 843	8 554	11 843	9 564
Profit on sale of financial assets/financial of States	13	-	(9 224)	(10 895)
	146 598	146 572	35 326	7 812
Effects of changes in operating working capital items				
- Receivables	26 363	(73 968)	9 787	(15 966)
- Inventories and prepayments	69 258	(12 878)	-	-
- Trade and other payables	10 796	25 829	(7 680)	18 547
- Cash generated from operations before interest and tax	122 189	79 542	33 433	6 896
Interest and tax	3 344	2 444	1 240	1 516
Interest paid	(8 278)	(1 918)	(1 771)	(1 571)
Income tax paid	(62 206)	(1 255)	-	-
Net cash generated from operating activities	107 795	80 727	34 422	8 128
CASH FLOW FROM INVESTING ACTIVITIES				
Acquisitions to property, plant and equipment	(410 876)	(146 711)	(28 138)	(11)
Net cash inflow from acquisitions of intangible assets	29	-	114 217	-
Dividends in the company's equity	-	-	(26) 028	(24) 066
Decreases in other company's equity	-	-	36 421	66 147
Gain of shares in other companies	20 682	-	30 851	-
Acquisition of shares in other companies	(1 204)	-	(1 204)	-
Proceeds from sale of PPE/Intangible	42 002	-	42 002	-
Net cash generated from investing activities	(349 373)	(146 711)	(17 112)	(58 129)
CASH FLOW FROM FINANCING ACTIVITIES				
Decreases in long-term loans	(6 418)	(6) 300	(6 418)	(6) 300
Decreases in long-term loans	(3 278)	(1 965)	(3 278)	(3 278)
Decreases in debt to company's subsidiaries	(8 346)	(8 346)	(8 346)	(8 346)
Debt generated from Leucoro Ltd	13 987	350 787	15 232	350 353
Net cash generated from financing activities	(5 055)	(6 824)	(13 810)	(18 271)
INCREASE IN CASH AND CASH EQUIVALENTS AT	257 262	307 055	(26 506)	314 308
BE BEGINNING OF YEAR	689 981	257 981	679 674	251 305
CASH AND CASH EQUIVALENTS AT	947 243	565 036	653 168	565 613
AT END OF YEAR	390 481	258 081	319 840	275 274

A



B

A



Commodity

1. Mysterious without definition
2. Product vs. Process
3. Easy to replicate
4. Compete on price
5. No personal or firm relationship building

Relationship

1. Professional specialized knowledge
2. Professionals and clients are engaged
3. Clients become more knowledgeable
 - a. Enhanced decision making
 - b. Enhanced capabilities
 - c. Pooling of knowledge
4. Competitors are frozen out

Relationship

Commoditized

Relationship

High	Price Sensitivity	Low
Low	Willingness to disclose information	High
Narrow	Relationship scope	Broad
Low	Openness to new opportunities	High

Figure I-2 *The spectrum of relationship styles.* Copyright © 2004 Advanced Human Technologies.

Importance of Knowledge-Based Relationships

A. Relationships are constantly evolving and developing

Virtuous Circle

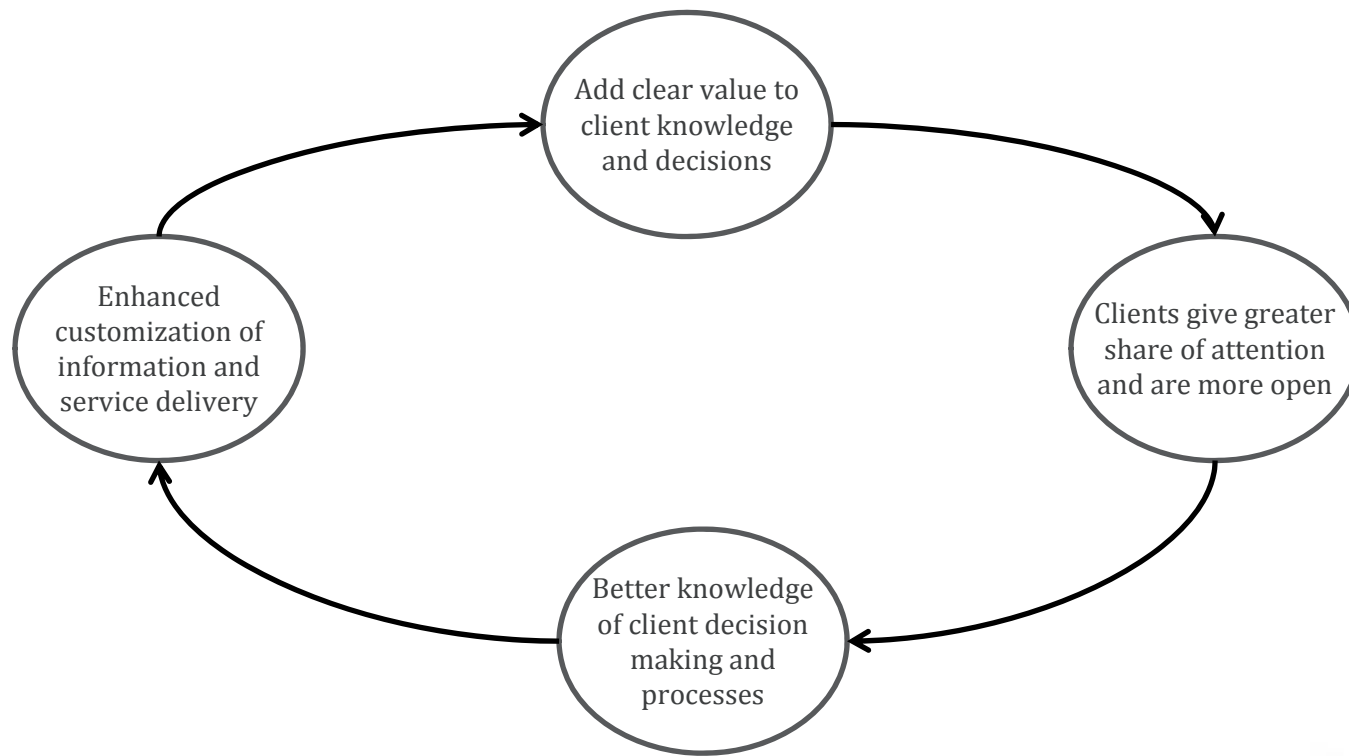


Figure I-1 *The virtuous circle of knowledge-based relationships.*
Copyright © 2004 Advanced Human Technologies.

Deeper, More Mutually Valuable, Relationship

This is done through a “virtuous circle,” in which you cycle through continuously in deepening the client relationship, as illustrated in Figure I-I on the previous slide.

The four key components of this virtuous circle are:

1. *Adding Value with Knowledge*

- Increasingly, clients value knowledge-based outcomes.
- They seek to gain greater knowledge, be able to make better business decisions and to have enhanced capabilities.

2. *Client Openness*

- Demonstrating the ability to add value with knowledge means that clients are willing to give you more of their scarce attention, listen to what you have to say, take your calls and spend time with you.
- They are also more open in telling you about themselves, their operations, and their issues and concerns because you have proven to them the benefits of doing so.

Deeper, More Mutually Valuable, Relationship (Cont'd)

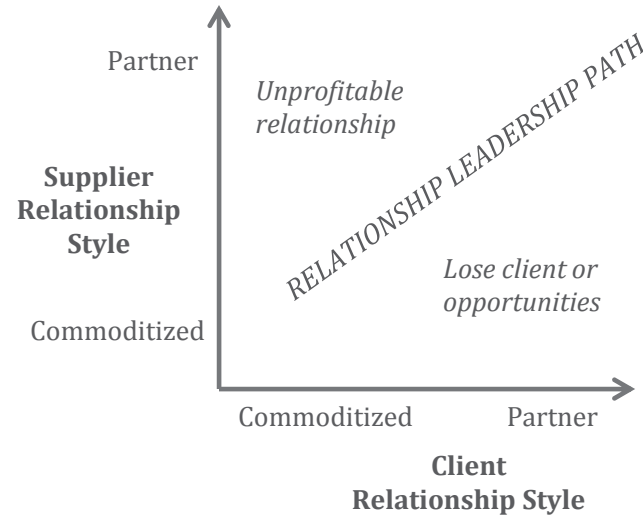
3. Greater Client Knowledge

- It is critical to use greater client openness not just to sell more projects but to gain a deeper understanding of their internal processes, how key executives think, and how they use information regarding changes in the business environment to adjust their strategies.
- You want to understand how they engage with knowledge and the external world in making business decisions.

4. Enhanced Customization

- One of the most challenging aspects of the virtuous circle of knowledge-based relationships is applying the deep client knowledge you have gained to customize how you communicate with key clients, how you provide information about projects and issues that are relevant to them, and how you tailor service delivery so that it integrates smoothly into their internal processes.
- This is at the heart of creating true knowledge-based relationships, closing the loop by demonstrating the ability to create vastly more value with knowledge than your competitors can.

Developing Knowledge-Based Client Relationships

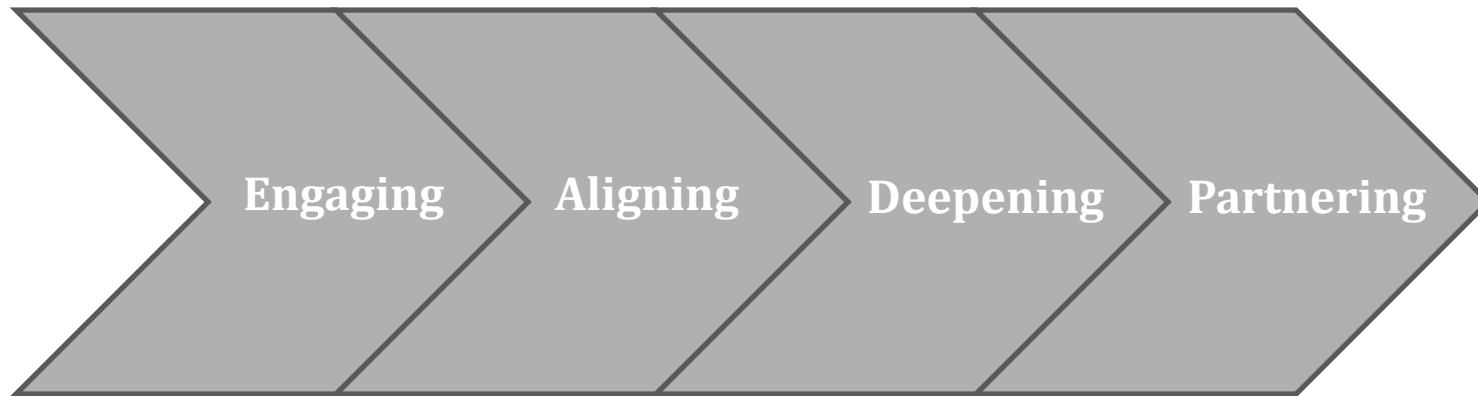


Copyright © 2004 Advanced Human Technologies.

In a true partnership with this client, there are three questions you have to consider:

- Is it possible to lead the client into a partner-style relationship?
- If yes, how much investment of energy, time, and resources is it likely to take to shift the client to a partner relationship style?
- Are the potential rewards of leading the client to a partner-style relationship worth the likely investment?

Developing Knowledge-Based Client Relationships



The four stages of relationship development.
Copyright © 2004 Advanced Human Technologies.

Developing Knowledge-Based Client Relationships (cont'd)

- Engaging
 - Initial contact
 - Explore compatibility/qualifying
 - Proposal
 - Provide ideas
 - Small-scale engagements/transactions
- Aligning
 - Align technology
 - Establish objectives, expectations, parameters
 - Discuss relationship strategies
 - Map a path forward
 - Establish a trust development program

Developing Knowledge-Based Client Relationships (cont'd)

- Deepening
 - Develop deeper client knowledge
 - Gain varied mutual experience
 - More diverse projects and lines of business
 - Broader contacts across both organizations
 - Knowledge transfer and sharing
- Partnering
 - Process integration
 - Value-based pricing
 - Share exclusive information
 - Joint development and marketing of intellectual property
 - Joint ventures

Adding High Value in Client Relationships

- Knowledge of industry
- Knowledge of client market
- Sharing of best practices
- Beyond the numbers by increasing clients business capabilities

Firm Structure

- Professional Knowledge
- Incentives
- Goals
 - Qualitative
 - Quantitative
- High Value Referral Sources
- Community Activities
- Continuing Professional Development

Shift Clients to Partners

- Client Sophistication
- Governance
- Connectivity
- Transparency
- Modularization
- Globalization
- Commoditization



Conclusion

- Questions?

