

Ace Advisers: Flying High with Ticker's Picks of the Most Successful and Innovative Investment Professionals of the Year – 1998

Excerpted from Ticker: Tools for the Investment Adviser magazine. Written by Amy Debra Feldman and Daniel J. Safarik

There's no simple way to measure excellence. Sure, your assets under management and client roster might be impressive, but they don't tell the whole story. Rather it's your character and devotion to clients that truly matter. After all, this is a relationship business.

You'll notice a few changes in our second year doing this story. For example, we recognize "Ace Advisers" instead of last year's "Sales Stars" to reflect our emphasis on individuals' overall contributions. After conducting background checks through the NASD and CFP Board of Standards, we spent hours poring over a file cabinet's worth of entries.

On the next few pages, we profile Ticker's 1998 "Ace Advisers."

John Rhoads

John Rhoads needs no introduction. He has his own. "My career is a model of the evolution of the financial services industry," says Rhoads, a senior partner at Rhoads Grunden Lucca Capital Management in Dallas. His 34 years in financial services closely resemble changes in the industry. Rhoads began in insurance sales, then spent 12 years selling insurance and securities. He worked as a fee-based financial planner when he created RGL in 1980 and since 1991 has offered fee-only investment advice.

Rhoads beat a long path to his current practice, where he supervises 78 of the firm's 175 accounts, where \$27.2 million of the firm's \$65.5 million in assets is under his umbrella, and where his average client account holds \$349,000.

"In the late '80s, the handwriting was on the wall," he says of the transition to fee-based services that overtook the brokerage industry. Rhoads and his partners developed a pioneering business plan that in four years changed their office from a high-powered Walnut Street Securities branch into a high-powered independent firm.

The bottom line for Rhoads is "making the client aware of risk," and making all information crystal-clear. To do this, he has five trademarked portfolio models: "Sleep Easy," "Solid Oak," "Hot Jalapeno," "All Growth," and "Power." Each model explicitly states the risk level, investment goal, performance history, fees, and composition. Because some clients have trouble reading small characters, there's literally no fine print – all of Rhoads' literature is in 12-point font. And he plans to eliminate legalese from RGL's advisory agreement.

Rhoads relishes referrals and retention. He waives the \$250,000 account-minimum requirement for many new clients, if current clients refer them. Though the minimums have increased over the years, "we've never left anybody behind as we've grown," Rhoads says. Ever clarity's champion, Rhoads is considering adding another paragraph in his upcoming legalese-free advisory agreement entitled, "The Crystal Ball." The statement below that heading will read: "We are required by the SEC to tell you we don't have [a crystal ball]," he says.

- D.J.S.