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30 TIPS FROM 30 YEARS WHAT WE KNOW AFTER THREE DECADES IN THE INDUSTRY

Cambridge Investment Research, Inc. is celebrating its 30th anniversary in 2011. “30 Tips from 30 Years” is a compilation of the views drawn from the greater world and held by the Cambridge board and executive team. Immediately following are the 13 points shared by Eric Schwartz, chairman and CEO, in his opening session at the Cambridge 2010 National Conference. Eric’s insights on what he knows today served as the inspiration for Cambridge’s “30 Tips from 30 Years” – we hope you enjoy reading this as much as we enjoyed pulling it together.

WHAT WE KNOW:

1. The purpose of business is to make the world a better place.
2. Values always matter.
3. No one is successful alone – surround yourself with great people.
4. Identify and stimulate future leaders.
5. What got you here won’t get you there.
6. Follow your bliss.
7. Boldly go where no man has gone before.
8. Make sure the planet supports life before you beam down.
9. Synthesize the wisdom of others, including your competitors – but look for ways to be better, cheaper, and more customized.
10. Cost effective customization is everything.

11. Focus on delivering resources for advisor outsourcing.
12. Ride the big waves that re-shape the industry – fee-based advice, advisor outsourcing, and business continuity planning for advisors.
13. Seek the middle path as the road to success... there are usually three options and the second option is typically the best choice.

BEFORE WE GET TO THE REST OF THE 30 TIPS, FOLLOWING IS AN EXPLANATION OF THE FIRST 13 POINTS:

THE PURPOSE OF BUSINESS IS TO MAKE THE WORLD A BETTER PLACE

The only sustainable business model is the one that makes the life of its customers, shareholders, and employees better. Some businesses fail at making the world a better place and initially succeed, but they are imposters and will eventually fail.

VALUES ALWAYS MATTER

Core values and culture always matter. They form the bedrock which insures the sustainability of a business. For an independent broker-dealer, the core principle must be that the advisors and their clients come first; for advisors, it is delivering objective

advice and making their clients' interests the priority.

NO ONE IS SUCCESSFUL ALONE ~ SURROUND YOURSELF WITH GREAT PEOPLE

Business is all about the people. Advisors hit the glass ceiling when they fail to build teams to take them to the next level.

IDENTIFY AND STIMULATE FUTURE LEADERS

In the book "Outliers," Malcolm Gladwell describes future leaders as outliers - extraordinary people who are talented and hard working. But, he notes they only become outliers if they are in just the right place at the right time. An organization must set up those right places at the right time for the right people.

WHAT GOT YOU HERE WON'T GET YOU THERE

In the early stages of a developing business, the owner may succeed by doing everything themselves and spending frugally. Later, these same characteristics will cause the owner to hit a glass ceiling, eventually burn out, or fail completely. The key to real success is to know your core values and hold onto them unflinchingly while being prudent in evolving and embracing change for everything else.

FOLLOW YOUR BLISS

We may be uncomfortable with this expression coined by Joseph Campbell, but when we do what we love, and encourage others to do the same, miraculous and

positive things happen. Following our bliss, combined with years of experience, may inspire and encourage us to find our own path and not follow the pack. The pack is not always wrong - so think carefully before going your own way - but when you gotta go, you gotta go. Cambridge took this approach 20 years ago by specializing in fees when no one else cared - and we grew 500 fold. Now we see the opportunity to blaze a trail in terms of written and funded business continuity and acquisition plans for advisors.

BOLDLY GO WHERE NO MAN HAS GONE BEFORE

You can follow your own dream but even the greatest leaders in history stood on the shoulders of those who came before them. For example, 20 years ago we focused on fees, and looking to the future, we are focusing on business continuity and succession planning. Cambridge did not originate either of these ideas, but we pulled together the best ideas and layered on our own innovative twist - resulting in industry recognition of Cambridge as thought leaders and pioneers in key areas reshaping the industry.

MAKE SURE THE PLANET SUPPORTS LIFE BEFORE YOU BEAM DOWN

When stepping out boldly, watch that first step - it is a doozy that has bankrupted many a pioneer within a few years. At Cambridge, we always try to take the leap, but only after testing the water fully (in our case, using our advisors to help design and test the new direction). We are very

judicious with spending and resources until we know the new venture is well received and working.

SYNTHESIZE THE WISDOM OF OTHERS, INCLUDING YOUR COMPETITORS ~ BUT LOOK FOR WAYS TO BE BETTER, MORE COST EFFECTIVE, AND CUSTOMIZED

Build on the knowledge of others and create an even better system that works for you and your clients.

COST EFFECTIVE CUSTOMIZATION IS EVERYTHING

In all fields, but specifically in the financial services arena, clients want and deserve to be treated special. To treat clients as unique and special, we believe cost effective customization is necessary and the future of our industry. Cambridge builds its open architecture environment with flexibility for advisors and clients that goes beyond what is typically available in the broker-dealer industry, and is more effective for its advisors and their clients.

FOCUS ON DELIVERING RESOURCES FOR ADVISOR OUTSOURCING

Just as one person cannot truly succeed alone today, one company cannot either. Joint venture and outsourcing, even between large public companies and competitors, is common and necessary. Cambridge cultivates outsourcing relationships across the industry while actively pursuing being the outsourcing solution for advisors

in areas not traditionally supported by broker-dealers. For example, we will actually execute public relations and marketing programs for an advisor's independent business, answer their office phones, and hire their staff for them.

RIDE THE BIG WAVES THAT RE-SHAPE THE INDUSTRY ~ FEE-BASED ADVICE, OUTSOURCING VIA THE BROKER-DEALER AND BUSINESS CONTINUITY PLANNING FOR ADVISORS

Big trends that run for a long time create huge opportunities for profitability. The main trends from the past that propelled Cambridge to success were based on our ability to embrace independence, fees, and the hybrid model very early. Looking forward, Cambridge and its independent advisors will continue to ride these waves while surfing the new industry changing trends based on business continuity and succession and acquisition planning, as well as becoming the broker-dealer outsourcing partner for advisors. Pick your trends and ride them.

SEEK THE MIDDLE PATH AS THE ROAD TO SUCCESS ~ THERE ARE USUALLY THREE OPTIONS AND THE SECOND OPTION IS TYPICALLY THE BEST CHOICE

In any decision, there is always the right wing, the left wing, and the middle. Usually it goes something like this:

Option A: Status Quo – doing nothing

Option B: Evolution – changing things continually

Option C: Revolution – changing everything dramatically

Evolution, when looked at over time, creates a revolution – but is a manageable step in terms of gradual and continual change in both nature and business. Absent evolution, we are left with devolution, and ultimately death. Evolving your business is an ongoing process that must be built into your team's mindset, culture, and strategic view on future success.

INSPIRED BY ERIC'S 13 POINTS OF SELF-EARNED KNOWLEDGE, THE CAMBRIDGE EXECUTIVE TEAM EXPANDED THE LIST OF TIPS ~ STOPPING AT 30 IN HONOR OF OUR 30TH ANNIVERSARY IN THE INDUSTRY:

14. Change is constant – move forward or get left behind.
15. Clients demand and deserve objective advice.
16. Long-term success is defined by the value you deliver.
17. A truly independent broker-dealer views your clients as your clients.
18. Define your value proposition and manage your reputation.
19. A firm's culture drives its reputation.
20. The client's experience impacts business growth.
21. Listen to your clients – many of our best visionary ideas came from you.

22. Common sense tells us Compliance should act as your lifeguard – helping you avoid regulatory mistakes.
23. We don't believe a "one-size-fits-all" approach works for all clients or advisor situations.
24. Fees are not a fad.
25. Greed is not good.
26. Innovation is possible without compromising integrity or regulatory compliance.
27. Due diligence, as well as prudent risk management, is critical to stability.
28. Enduring success is driven by ensuring one's business efforts are a clear reflection of personal values.
29. As a broker-dealer, we work for you, the advisor. You do not work for us.
30. You control the journey.
"30 Tips from 30 Years" is a compilation of the views drawn from the greater world and held by the Cambridge board and executive team. We did not originate all of these tips, but we believe in them and share them with you in our voice.

ABOUT CAMBRIDGE

Thirty years ago, Cambridge set out to partner with trusted advisors to offer what is best for their independent businesses and their clients. Our founder and chairman, Eric Schwartz*, acted with an inspired vision that led to an industry-wide paradigm shift: the creation of a hybrid model to support freedom of choice and open architecture fee and commission platforms. Today, we continue on the same path. Our choices are based on achieving mutual success in an innovative, friendly, and truly

independent environment. Join us in celebrating true independence.

Cambridge has been ranked a fee leader among independent broker-dealers for 10 consecutive years by *Financial Planning* magazine, June "FP50", Top 50 Independent Broker/Dealer Issue, 2001-2010. We are a four-time recipient in the Broker/Dealer of the Year annual poll of advisors by *Investment Advisor* magazine, 2010, 2008, 2007, 2003. We ranked second in satisfaction among independent advisors in the 2010 Financial Advisor Satisfaction Study released by J.D. Powers and Associates. We also hold second place in the independent broker-dealer category for the Technology Survey 2010 by *Financial Planning* magazine.

SELECT ADVISORS CHOOSE CAMBRIDGE

We invite you to find out how we can help you meet the needs of your clients. Please contact us at 877-4BD-4RIA (877-423-4742) or visit www.joincambridge.com.

ABOUT CAMBRIDGE

Cambridge Investment Research, Inc., member FINRA/SIPC is an independent, privately owned broker-dealer with over 2,000 independent registered representatives and nearly \$45 billion assets under management. Recognized in the industry as THE FEE EXPERTS^{®1}, Cambridge provides innovative fee programs and a full menu of commission offerings to advisors across the nation. Cambridge has been ranked a fee leader among independent broker-dealers for 11 consecutive years².

¹*THE FEE EXPERTS[®] is a registered mark of Cambridge Investment Research, Inc. for its investment advisory service for investment managers.*

²*Financial Planning magazine, June "FP50", Top 50 Independent Broker/Dealer Issue, 2001-2011.*

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