

# CEFEX® Certification: Growing Assets and Boosting Reputation

Hardy Reed, LLC is a registered investment advisor (RIA) based out of Tupelo, Mississippi. The firm delivers research-driven and objective advice to institutions, high-net-worth individuals, and retirement plan administrators.

In the early 2000s, the firm was looking for a way to distinguish itself while also implementing scalable, best practice investment advice for its clients that spanned across 24 states.

Thus, the firm became an early adopter of the Centre for Fiduciary Excellence® (CEFEX®) program – a certification that signifies excellence and helped change the trajectory of the firm.

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## THE IMPORTANCE OF FIDUCIARY EDUCATION

This prompted the founders of Hardy Reed, John Hardy, President and Scott Reed, CEO to adopt a new asset allocation strategy guided by fiduciary principles.

By the early 2000s, Hardy Reed had made fiduciary standards an integral part of its practice, furthered by Reed and his team earning the esteemed Accredited Investment Fiduciary® (AIF®) Designation.

“I don’t know how you implement fiduciary best practices as a fabric of what you do without the team understanding what you’re trying to accomplish,” said Reed. “The only way to do that is to make training essential!”

While achieving the AIF Designation helped them collectively “understand the fiduciary world,” as noted by Reed, the next step was to really future proof their business processes with internal controls and regular assessments to achieve continual improvement. This was achieved through CEFEX certification.

Reed and several others went on to fiduciary mastery by earning the Accredited Investment Fiduciary Analyst® (AIFA®) Designation, and some even went a step farther to become CEFEX Analysts – an AIFA Designee specifically sanctioned to conduct CEFEX assessments.

“We’re not trying to see how we can shortcut the rules,” said Reed. “We’re looking for ways to embrace the fiduciary role because we know the benefits for our firm as well as our clients.”

Today, Hardy Reed staffs three AIF® Designees, three AIFA Designees, and four CEFEX Analysts. “We want to mitigate information gaps and it’s easier when everyone on the team speaks the same language,” explained Reed. “By uniting in our mission, our clients can talk to anybody on the team and hear the same message.”

## THE CEFEX JOURNEY

CEFEX certified firms adhere to the Global Fiduciary Standard of Excellence, a set of specific criteria written by fiduciary leaders and substantiated by regulation. For Reed, to ensure effective and consistent implementation, he decided to start the process with the firm’s retirement plan and foundation clients.

“In order to be a successful CEFEX certified firm, you first have to believe in the CEFEX mission. You must embrace the Global Fiduciary Standard of Excellence and believe that it represents best practices,” said Reed. “With that commitment, you become sincere, and your clients and prospects can truly understand the benefits of CEFEX certification.”

After a few years the investment performance for their retirement clients was outperforming that of their private clients. It was decided to apply the same level of fiduciary process to their wealth division. Reed noted the significance saying, “The shift meant creating a fiduciary management firm that deals in investments instead of an investment firm that deals in fiduciary management.”

### GROWING THEIR BUSINESS AND REPUTATION

At the tail end of 2009, the second-worst bear market to occur to date, Reed was approached by another firm seeking help with processes as it pertained to its retirement plan and foundation business.

This became an opportunity to officially perform fiduciary assessments as CEFEX Analysts for a fee. “We weren’t doing assessments to certify people, we were doing them to fix people, fix processes and fix their investment practices” stated Reed.

Word spread, and over time the assessment business grew. Clients realized that while improving their investment processes, assessments also uncovered cost savings in the form of operational efficiencies – worth the price of the third-party assessment.

Soon a separate division called Hardy Reed Fiduciary Services was formed. The team now conducts fiduciary training and assessments based on the Global Fiduciary Standard of Excellence and prepares organizations for CEFEX certification.

The act of evangelizing fiduciary best practices earned the team credibility in the industry. With such an expert reputation, staff are regularly sought-after to contribute to white papers, present at conferences, join panel discussions, and more.

### THE IMPACT AND MOVING FORWARD

Recognizing a need for CEFEX best practices, specifically in the foundation and endowment space, in 2010 Hardy Reed Fiduciary Services facilitated CEFEX certification for its first foundation client. The team is now responsible for the certification of five foundations. “CEFEX certified firms live in rarefied air. It’s the air that we want to breathe,” said Reed.

“Being a CEFEX certified ‘fiduciary management firm’ instead of a traditional investment firm has given us a focus and a laser-like understanding of who our clients should be,” stated Reed. “We don’t take on relationships unless they fit into our process.” The firm’s focus and mission has helped it grow its advisory assets from \$125 million in 2006 to \$1.9 billion in 2021.

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“The road to fiduciary excellence has not been an easy one. Our industry is confusing,” said Reed. “There is a sales side to our business and there is professional side. They differ in how you get paid and by what standard of care applies, however most clients can’t easily tell the difference.”

Reed summarized the importance of CEFEX certification by stating, “We know what it means to our clients to be CEFEX certified, and we know the sense of pride we feel when we share our story with a new prospect.”



Carlos Panksep, Vice President CEFEX®, presents the CEFEX® Investment Steward certificate to Rev. Mark Becker, President, Florida United Methodist Foundation (FUMF), alongside Scott Reed. Hardy Reed facilitated the CEFEX® certification of FUMF.

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