



## Results-Driven Solutions August 2012 Newsletter

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The ultimate success of a financial services practice means maximizing  
ROP=Return on People™



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Happy August. Hope all is well with you. We are back from some summer vacations and gearing up for a busy Fall schedule of training and workshop events in NYC, Minneapolis, Chicago, Richmond, Dallas, and California. This summer, we also advanced our own professional development by attending a 2-day Emotional Intelligence training session and getting “A’s” on our certification exams. We look forward to including this valuable knowledge in our team building events and consulting.

“Surround yourself with the best people you can find, delegate authority, and don’t interfere.”

~ **RONALD REAGAN**

Team Insights, our column designed for advisory teams, provides a focus on business succession. Corporate Insights, our column designed for corporate leadership, focuses on helping ensure that “employees” are delivering the Ultimate Client Experience.

Please feel free to share the content of this newsletter with anyone who can benefit from it. And, if there is anything that you would like for us to include in future newsletters, let us know! We base our newsletter content on your specific needs and what we hear from the field. To submit a topic that you’d like to see in upcoming newsletters, please email us at [info@ParagonResources.com](mailto:info@ParagonResources.com) or [info@knownobounds.net](mailto:info@knownobounds.net).

### Team Insights

#### **Business Succession: If the Unexpected Occurs, Are Your Family, Clients, Team, and Business All Insulated?**

Beginning in this millennium, business succession became one of the hottest topics in the industry, and no matter what stage of career you are in, it should be on everyone’s agenda.

Creating a planned exit strategy that is designed to maximize the equity, time, assets, and revenues in your practice will help ensure that you, your family, and your clients will be well taken care of during your retirement years or should the unexpected occur.

A succession plan allows the senior advisor to have more control when transitioning an established business. Every day, advisors help clients achieve their goals by appropriately managing risk and reward. Yet somehow, many advisors neglect doing this themselves and disregard their own business risk-reward equation. By proactively thinking through potential challenges and threats to your practice, you will avoid potential disaster.

Truly successful and dedicated advisors also want to ensure that there is continuity of service to their clients through a succession plan. You want your clients to have the opportunity to build rapport with chosen successors which keeps service constant, and in some cases, allows more investment, insurance, or planning needs to be served.

As entrepreneurs, advisors often feel the weight of the world on their shoulders. Feeling personally responsible for the well-being of loved ones, staff members, and long-time clients can often become too much. Creating a succession plan so that all interested parties know and understand the provisions made for them can drastically help reduce any levels of stress.

### **Business Succession Plan Considerations**

One of the best techniques in the planning process is to utilize a series of questions that help you think through the basics of the plan and include WHAT, WHEN, and WHAT IF questions such as:

- What would happen if...I got hit by a truck on the way home and became disabled? Or, won the lottery? Think about the unexpected.
- What do your clients think will happen if...you become disabled or retired? What do they wonder about?
- When do you plan on retiring? Within 3, 5, 10, 20 years? Where are you in your business lifecycle – actively growing, gradually transitioning, or ready to retire?
- Do you plan on an IMMEDIATE or GRADUAL retirement? This will become a critical determinant as you develop your succession plan.
- What resources will you need? People, finances, legal advice, etc.?
- What concerns do you have in thinking about your succession plan?

As you consider these questions, you want to commit to paper your personal purpose and goals for creating your business succession plan.

### **Succession Planning Elements**

- Business Analysis
- Business Valuations
- Business Assessments
- Human Capital Assessments
- Client organization, segmentation, and profitability
- Identifying the ideal successor(s)
- Defining the time frames
- Creating the legal document and buy/sell agreements
- Creating fair compensation models
- Positioning with Team
- Positioning with Clients
- Etc....

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## Business Succession Planning Process

Business Succession planning is intricate and complex. Engaging in a PROCESS will help ensure that an effective, efficient, and comprehensive plan is the end result. Below we provide a high-level view of what needs to be addressed.

**1. Analysis:** During the analysis phase, you want to commit your succession GOALS to writing and complete a thorough ASSESSMENT of the business so that a VALUATION can be made. You should assess your client base, the human capital that your business employs, how work is executed, your product mix, your business practices, technology, etc. This is your opportunity to identify any areas that will need improvement prior to defining the succession plan. During this first phase, you should also begin to document your ideal successor profile. To perform a thorough assessment of your PEOPLE, your TEAM, and your BUSINESS, check out our [Performance Insights Process](#).

As it relates to your business valuation, there are several firms who specialize in this arena. Advisors are often surprised at the value placed on their business in the open market. Clearly, economic elements are out of your control; however, identifying issues and gaps such as stagnant households, inefficiencies, or lack of processes and systems can ultimately affect a valuation. You want to avoid discounting your business based on elements that are within your control!

**2. Renovate:** With gaps or improvement opportunities identified through your analysis, you should engage in renovating or cleaning up your current business. Perhaps your segmentation needs adjustment based on what business model you are now in. You may have also uncovered some inefficiencies in the business operations and you need to create or adapt some processes. Or, you need to make adjustments to some team members' roles and responsibilities or the structure of the organization. Renovating your business prior to fully defining your succession plan will lessen the number of obstacles throughout the process. By this stage, you should also finalize the qualities needed in your ideal successor.

**3. Assemble:** In step three, it's time to assemble your resources. Having cleaned up your business, you should now have a company perform a formal Business Valuation. You should retain legal counsel; this should be a trusted relationship with experience in business succession within the financial services industry. We are all unique with intricacies of how we operate. You want to be very clear on the details so that they draft the appropriate documentation. With the completion of your ideal successor profile, you can now begin seeking candidates. Trial periods, buy/sell agreements, compensation models, transition documentation, and the formal legal succession plan should all be assembled during this phase. We highly recommend that you contact your home office when you begin this step because most firms today offer a number of resources to help you develop and execute your business succession plan.

**4. Position:** With a successor plan and agreement details well-defined, it's time to communicate the agreed-upon plan to all important parties. This includes your family, your team, and of course, your clients. Creating a script, a client letter, and updating your business brochure and website are all critical elements in communicating your new plan to your clients. Having a client call and reactively find out about any changes is far from an ideal scenario; make sure that you proactively position your succession plan with your clients to reinforce their confidence in selecting your organization to manage their financial affairs.

**5. Implement:** It's time to move from words to action; the final phase is implementation of the transition agreement. Every plan is different, so it is impossible to map out the implementation phase. However, due diligence in the preceding phases will make execution that much easier. It is critical to evaluate progress throughout the process and make

adjustments, if necessary. Commitment to ongoing, open, and honest communication with each other, team members, and clients will help ensure a smooth transition.

The ultimate succession plan creates a win for clients, senior advisors, successor advisors, support members, and the business/firm as a whole.

- CLIENTS have the opportunity to build rapport with successors, which leads to continuity in service.
- SENIOR ADVISORS accomplish their individual desires when transitioning their established business.
- SUCCESSORS gain a well-established practice that fits their style and ideal client relationship profile.
- SUPPORT MEMBERS have increased confidence in you and their future role within the practice.
- The BUSINESS/FIRM/PRACTICE retains the assets and reoccurring revenue streams from investment, insurance, and planning services.

You have worked hard during your career; do not jeopardize your business by making excuses for why you don't have a succession plan. It doesn't happen overnight, but investing the time now can avoid future disasters.

Learn more about how your team should be serving your clients with our [Know Service Book](#).

Learn more about our [People Insights](#).

Want to gain insight into your current PEOPLE, TEAM, and BUSINESS? [Performance Insights Process](#)

## Corporate Insights

### 4 Critical Leadership Questions That Demand to be Addressed

As you may recall from our previous newsletters, we are addressing four critical questions that you should be asking yourselves as leaders.

1. What are you doing to ATTRACT top talent to your company, your team, or your department?
2. What are you doing to ensure that you ONBOARD those people in a way that makes them feel welcomed, delivers on recruiting promises with actual experiences, and accelerates their time to productivity?

### 3. What are you doing to ensure that your “employees” are delivering the ultimate experience to the other critical people in the business – the CLIENTS?

4. What are you doing to RETAIN top talent?

In the June edition, we reviewed question two on ONBOARDING new recruits. In this edition, we will focus on the third question, which addresses corporate's role in ensuring that all employees are focused on delivering the **Ultimate Client Experience**.

Most firms have quantitative goals that include increasing assets, revenues, new relationships, and client loyalty. One of the most critical factors in accomplishing these objectives includes ensuring that your sales force is consistently providing an ideal client experience. To use our [FIND-GRIND-MIND™ model](#) methodology, we know that if your advisory teams appropriately MIND their client relationships, it will lead to FINDING new

business through referrals. So this article focuses on what YOU as corporate leadership can do to help your advisory teams MIND or proactively develop their client relationships. Many firms reinforce this MINDING theme in corporate messaging to both employees and the public by using expressions such as: client-centric, client-first, we focus on building client relationships, not selling products, etc. If you are using those types of WORDS, you need to make sure that your ACTIONS are consistent. What are you doing to be certain that all those in a client-facing role are delivering the Ultimate Client Experience? What are you doing to ensure that all those who support the sales force are consistently focused on client service? It begins at the top!

### Supporting the Sales Force

In order to deliver the Ultimate Client Experience, one first needs to understand exactly what clients are seeking and uncover their expectations. To gain that information on an INDIVIDUAL level, clearly you would need to speak with your advisors, sales assistants, or customer service associates as they are closest to the end-client, the investor. Generally speaking though, today's investors are looking for a trusted relationship, sound and customized advice, ongoing communication and education, timely service, and yes, performance that will result in their desired retirement and legacy. So the question becomes, what can you, as corporate leadership, provide to help your sales force deliver on these critical elements? Supporting the sales force by providing them with the PEOPLE, TECHNOLOGY, and KNOWLEDGE resources required to perform their job at the highest level and deliver these fundamental elements is key to ensuring that they can subsequently deliver that Ultimate Client/Investor Experience.

#### Fundamental Elements to the Ultimate Client Experience

1. Trusted Relationship
2. Sound and Customized Advice
3. Ongoing Communication
4. Ongoing Education
5. Timely Service
6. Performance

**Trust:** In considering these six elements, items two through five really fall under the broader category of the first, **TRUSTED RELATIONSHIPS**. The performance of any individual portfolio is clearly OUT OF YOUR CONTROL; however, asking yourselves how you can help ensure that the other elements are in place IS WITHIN YOUR CONTROL. It is important to note that in today's environment, people trust INDIVIDUALS more than ORGANIZATIONS as a whole. This reinforces the notion that we are indeed in the RELATIONSHIP business. Trust cannot be installed like a piece of software, it is adopted over time. Advisors who consistently provide sound and customized advice, create 2-way ongoing communication and education, deliver what they promised in a timely fashion, and are at least meeting expectations will begin to earn a trusted relationship. It can take years to build trust, yet it can be eradicated in an instant. Advisory teams are ultimately responsible for building those trusted client relationships; however, you, too, play a role in the equation.

Below we provide some food for thought on some of the ways that you can help your advisory teams with the mission of delivering an Ultimate Client Experience.

**Sound and Customized Advice:** First and foremost, you need to make sure that you hire, train, and retain well-educated, integrity-based advisors. Recruiting or retaining a "bad-egg-advisor," as we refer to them, will not only jeopardize your brand name, but will also put "trust" in question for ALL clients of your firm. A front page or headline news story can erode

your advisors' credibility. Clients who have been loyal for decades will read the latest rebel advisor story and start to ponder the question, "I wonder if MY advisor at that firm is really who I think they are?" Helping your advisors with sound advice could also include providing them with resources such as access to investment research, product and non-product specific training, advanced credentials and professional development opportunities – anything that helps them stay on top of their craft. Perhaps you also offer resources such as financial planning software, proposal templates, etc., that help them deliver the customization required in delivering sound advice. **From a people, technology, and knowledge resource standpoint...What can you do to help your advisors deliver sound advice?**

**Communication:** We all know that "lack of communication" is the number one complaint of clients in our industry and that it is critical in delivering the Ultimate Client Experience. Many firms provide a number of resources to their advisory team clients to aid in client communication. This might include: a compliance approved library of letters, scripts, articles, research reports, market and economic updates, customized newsletters, etc. It may also include providing training on effective verbal and non-verbal communication such as presentation skills, listening skills, reading body language, etc. Depending on an advisor's personality, some are naturally gifted in the relationship side of the business and can easily connect with prospects/clients and build trust while others are more introverted with strengths in numbers, research, and analytical information. See [People Insights](#) for more help. You may also include technological provisions to aid your advisory teams in communicating, such as customized websites, Skype, WebEx, etc. **From a people, technology, and knowledge resource standpoint...What can YOU do to help your advisory teams deliver effective ongoing communication to their clients?**

**Education:** With a volatile marketplace since 2008, today's client is looking for more information – they want a better understanding of their portfolios and the investment process. That is not to say that they are looking to understand all of the nitty gritty details or they wouldn't have hired one of your advisors. Perhaps you offer resources that include: compliance approved educational articles and non-sales based newsletter content; educational statement stuffers; a dedicated educational area on your corporate website; financial or speaker support on delivering client/prospect educational events (whether in person or via webinars), etc. **From a people, technology, and knowledge resource standpoint...What can you do to help your advisors deliver ongoing education?**

**Home Office People Resources:** All product departments, operational/clearing departments, marketing, training, leadership, etc., serve the front line – the advisor and their team. In the quest to deliver the ultimate experience to the end investor client, it is critical that all supporting areas understand their impact on the organization. Support people need to know that their role is critical in delivering the Ultimate INVESTOR Experience, but that they do so by delivering on the Ultimate SALES FORCE Experience. Challenge each internal department to define the actions that they engage in to:

- 1. Build **trusted relationships** with advisors and their team members
- 2. Provide **sound advice** based on their specialty area or expertise (research, marketing training, operations, etc.)
- 3. Deliver **ongoing communication** to the advisors and their team members
- 4. Deliver **ongoing education** based on their specialty area or expertise
- 5. Deliver **timely service** to the advisors and their team members
- 6. **Perform** at a level that is at least meeting or hopefully exceeding the advisory team's expectations

**Sales Team People Resources:** The increasing complexities of the financial services environment and the trend to provide comprehensive, holistic advice and solutions means that the Sole Proprietor Model is dying. Another way corporate leadership can help advisors

deliver the Ultimate Client Experience is by reviewing your rules and resources on assisting with staffing. At what “production point” is your firm providing financial assistance in expanding a team? Are you offering your sales force the tools to help them understand what they have now and identify the gaps on the team so that they hire the right skill set? Are you providing insight on how to understand the culture a team has created so that they avoid a hire that can destroy the chemistry of a team? See [People Insights](#) for more help. **From a people, technology, and financial resource standpoint...What can you do to help your advisors expand their team to help deliver the Ultimate Client Experience?**

**Free Their Time Up – Let Them Do What Only They Can Do:** Another critical way that you can help ensure that your advisors are delivering on the Ultimate Client Experience comes from providing resources and support on the GRINDING side of the business. Again, with the increasing complexities of the industry, advisors have so much more to do than even a decade ago. Remember that in our [FIND-GRIND-MIND™ model](#), **FINDING** involves all rainmaker activities and includes all activities related to uncovering new prospects, relationships, assets, and revenues. **GRINDING** involves all the technical, detailed work of the practice. Examples include analyzing data, putting together proposals, developing and executing investment and wealth management strategies, performing research and due diligence, account documentation, executing performance analysis and reporting, and administration and operations. After establishing a strong client base, this highly time-intensive function is generally the cause for a business to stop growing or to hit a production plateau. **MINDING** involves all activities that relate to proactively servicing the most important relationships, as well as everything an advisor needs to do to take care of the business, i.e., practice management. This area of the business is usually most neglected in a business that has hit a plateau because so much time is being spent on GRINDING. **From a people, technology, and knowledge resource standpoint...What can you do to help your advisors within the GRIND function so that they can focus more of their time on FINDING and MINDING and delivering the Ultimate Client Experience?**

### **In Summary...**

This is an enormous topic and this article purely provides some high-level thought for you and your leadership team to begin to ask some pertinent questions. Throughout the article we have highlighted the question, “What can you do from a resources standpoint to help...?” However, just as importantly, you should ask, “What can we do as leadership to ensure that we do not JEOPARDIZE any of these elements that lead to trusted relationships?” You should identify any gaps and perform a risk/reward analysis of offering additional resources for your sales force. Finally, you may realize that you are offering an enormous amount of PEOPLE, TECHNOLOGY, and KNOWLEDGE resources to help your advisory teams, so the next questions become: “What is the utilization rate of these resources?” Also, “What are you doing to COMMUNICATE and PROMOTE all of the resources you offer so that advisors take full advantage of them and incorporate them into delivering the Ultimate Client Experience?”

**Below we highlight specific resources that we offer to help you on this topic:**  
[Speaking Engagements and Workshop](#): Know Service...Delivering the Ultimate Client Experience

[Know Service Book](#) Know Service: Connect with Clients. Shape Your Future. Differentiate You. 5 Steps to 5-Star Service for Financial Professionals (Volume discounts available)

**Content Licensing:** Specific tools, resources, and how-to information to help advisors develop and execute the Ultimate Client Experience. Co-branded tools can be licensed for on-demand access on your intranet site.

**Assessments:**

**Performance Insights Process:** Comprehensive 360 degree assessment tools reviewing the PEOPLE, the TEAM, and the BUSINESS itself.

**People Insights:** to assist in uncovering and capitalizing on the unique talents and chemistry of people working together.

**Business Insights:** Our Team and Business Performance Assessments to help your sales force analyze their current team and business, identify the gaps, and create an actionable roadmap for the future

Please contact Krista or Sarah for more information.

If you have any comments or suggestions on how we can better assist you and your practice, please know that we welcome your input. If you are looking for assistance on a specific project, please feel free to contact us so that we can craft the best solution for you using our own expertise or that of our strategic partners.

Warmest regards,  
Krista & Sarah

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