

Unconventional Wisdom

Step 4: Determine Your Optimal Team Type

Building a High Performance Team



This is the fourth step of the Building a High Performance Team Process. In this newsletter series, we define a High Performance Team as one that has the right PEOPLE doing the right THINGS the right WAYS for the right CLIENTS at the right TIMES for the right REASONS. In our last newsletter, we reviewed how you complete the third step of our process: Design Your Optimal Team Structure. In that step, you took all of the clearly defined details of your business and QUANTIFIED all the work you do and SHOULD be doing for your clients. This gave you a clear understanding of all the resources needed to conduct your business at an optimal level. In this newsletter we will describe the next step of the process: Determine Your Optimal Team Type. During this step of the Building a High Performance Team Process, you will determine the type of team for your business and the positions needed to do all the work.

What is Your Optimal Team Type?

To be competitive in today's market, you must build a team. A team is defined as "a group of individuals organized to work together to accomplish a specific objective" (Source: American Society For Quality). A team could simply be two people working together or it could mean a complex equity arrangement between two, three, four+ partners and support members. For our purposes, we will categorize three types of teams:

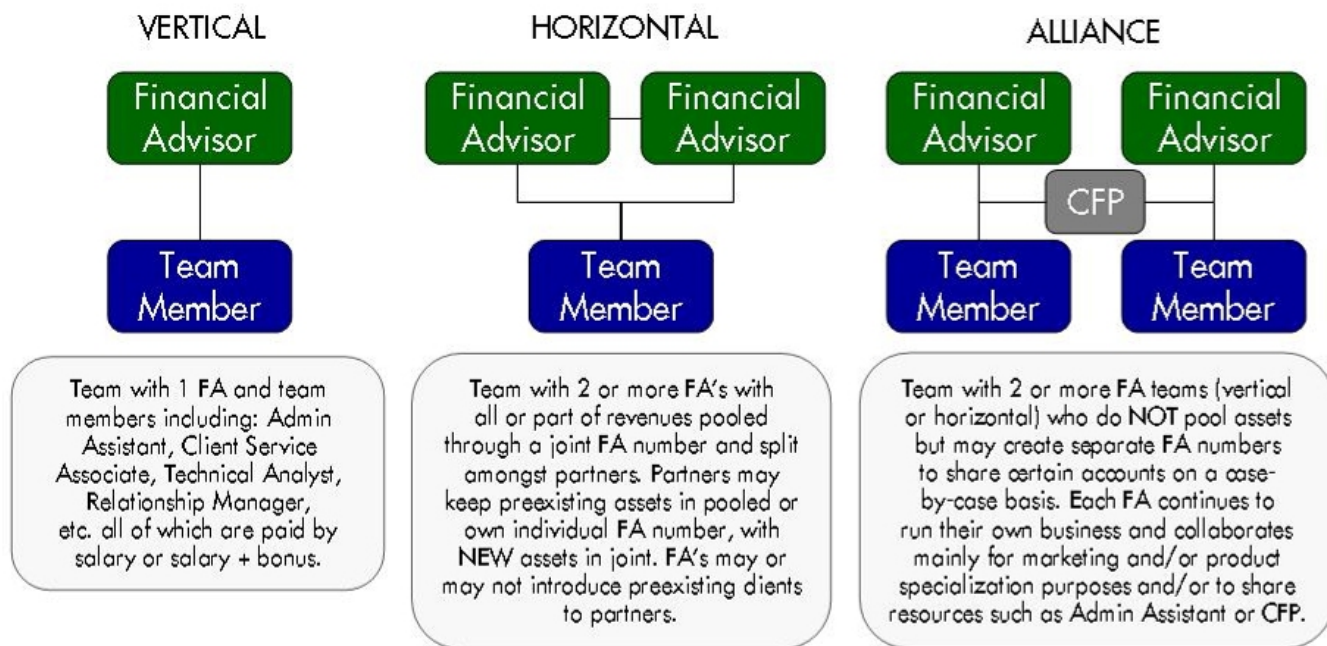
- The **VERTICAL** team is characterized by one single Financial Advisor. It can have 2, 3, 4 or even 5 people total. The key is that there is one Financial Advisor and one FA number. Everyone else is an *employee*.
- The **HORIZONTAL** team (also known as a "partnership") is characterized by two, or more, Financial Advisors. All of the revenue can be run through one FA number and then split among the various "partners."
- An **ALLIANCE** team is a hybrid of a vertical and a horizontal team. The alliance team is characterized by two or more Financial Advisors who share certain resources. Those resources could be a person(s) or a color laser-jet printer. The key is that the businesses are separate. Each Financial Advisor retains his/her own FA number. They simply share the cost or investment of certain resources and in some situations have revenue splits on business that they may have closed together using the shared resources.

Each team type has its advantages and disadvantages, and there is not one comprehensive solution for all. In a vertical team, the Financial Advisor keeps 100% of the equity, and the business is easier to manage since there are fewer people's opinions to deal with. But with a vertical team, you don't get any intellectual or emotional "synergy", and succession planning is more difficult. With a horizontal team, you may get the synergy, but you also have to share the equity and have a greater possibility for personal conflicts on the direction of the business. Alliance teams deal with

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the same issues as the other teams, but can benefit by sharing resources that they otherwise could not afford. They may also be able to offer more services, especially in areas like financial planning or wealth management. But, to really make this type of team work, there should be someone on each team committed to making the alliance work by actively building the shared relationships and maintaining the resources. If ignored, the original vertical or horizontal teams may dissolve their agreed relationship due to lack of commitment, interest or results.

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Having worked closely with many successful practices over the years, we prefer the vertical team structure. We like to keep things simple and a vertical team does that by allowing the Financial Advisor to keep control and guide the direction of the business.

With horizontal teams or partnerships, the splitting of revenues (equity) adds complication to the partnership relationship often resulting in conflict on who "deserves" more equity. The partners have a tendency to compete with one another rather than build synergy. The competitive drive that makes Financial Advisors successful at gathering assets and closing business often is not a positive characteristic for a successful partnership. If you do decide that a partnership is what you want, then we encourage you to do your due diligence. In the next newsletter, we will provide you with insight on how to determine your compatibility with a potential partner, as well as what we have seen to be the factors needed for a successful partnership. Until then, be sure to define your business and personal goals and share those with your potential partner(s). You will also want to analyze the client relationships and each person's business philosophy.

Alliance teams do work, but when they don't it is often due to issues regarding when and how the resources are being utilized by each of the teams. For example, if both teams need the CFP at the same time, how do you determine who gets his/her time? If teams share resources, it is critical that



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you understand you are SHARING the resources and have clearly defined the arrangements of the agreement. It is also important that the communication be very strong amongst all the members of the alliance. Without constant communication, you have the potential for conflict.

FIND, GRIND and MIND

With whatever team type you decide on, you need to address the three primary functions in the business – FINDING, GRINDING and MINDING. As we have previously mentioned in our newsletters, you need to have a FINDER to go out there and get the business (gather assets), a GRINDER to do the business (asset allocation, financial plans, trades, etc.) and a MINDER to maintain the clients (client service, proactive relationship management, etc.). Depending on the maturity and complexity of your business and the vision you have for your business, you can determine the positions needed within the FINDING, GRINDING and MINDING model. For instance, if you have a business with a couple hundred established clients and you want to quickly ramp up revenues, you may need to bring on a MINDER or Relationship Manager to take care of the client relationships and free up the FA's (Rainmaker's) time to do what he/she does best. Or, if you have committed to the Financial Planning or Wealth Management Business Model, with its complexity, you may need additional capacity in the GRINDING area and have a team member do all the plans, research and technical aspects of the business so the FINDER again is doing what he/she does best – make rain!

In our next newsletter, we will put more definition to the team and use your most valuable asset, your people, by evaluating your current team. In this newsletter, you will clearly have direction on WHO should be doing WHAT in your business.

This newsletter series can be found on our Web site in our Library at;
www.ParagonResources.com/newsworthy

If you are interested in building a High Performance Team and want to know if you have the right PEOPLE doing the right JOBS in your team, we have the solution for you. We have a complete process to identify the talents of each of your team members, determine any coverage gaps, and provide tips on how to effectively communicate with as well as manage and motivate your team. Two major brokerage firms agree that this is the best program to structure and manage a partnership or team.

Please phone us at 770.319.0310 or visit our website at www.ParagonResources.com for more information.

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