

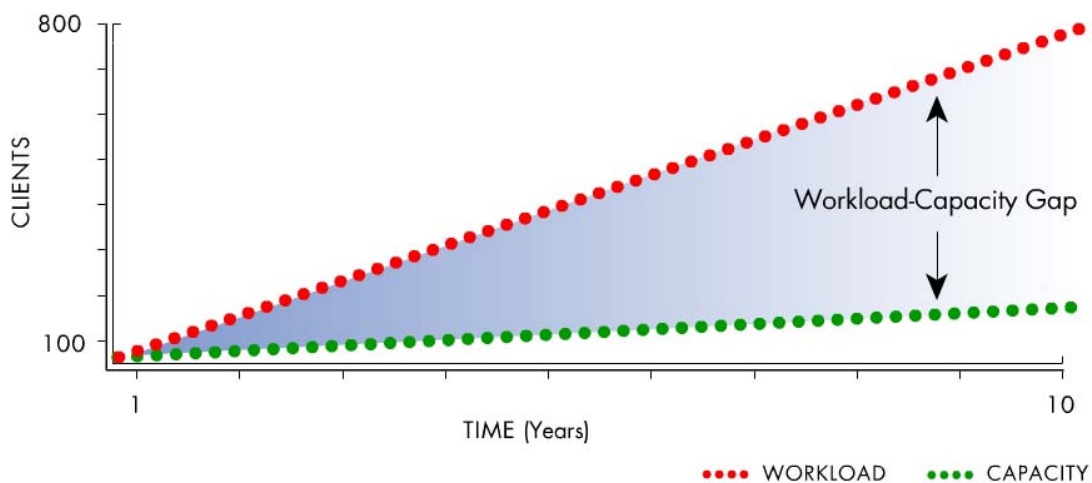
REALIZE → MINIMIZE → ORGANIZE → SYSTEMATIZE → OPTIMIZE

In our last newsletter, REALIZE: Coming Face-to-Face with your Performance Barriers, we discussed the first critical step of the Paragon Optimization Process - REALIZE, MINIMIZE, ORGANIZE, SYSTEMATIZE and OPTIMIZE.

In the REALIZE phase of the process, we outlined the importance of identifying the performance barriers that are holding your business back from achieving its full potential. In this newsletter, we will discuss the MINIMIZE phase, which is the reduction or elimination of obstacles and challenges in your business. The focus of this step is to create margin so your business can grow faster.

We want to make sure that you understand there is a lot more to minimizing than simply reassigning smaller clients. The purpose of this step is to reduce or eliminate ALL of the serious barriers that are holding you back. Remember, performance barriers can explain why certain bad things are happening in your business as well as explain why certain good things are not happening in your business. You must address both by minimizing the negative effects of these barriers.

The Workload-Capacity Gap (WCG) is one of many Performance Barriers that could be keeping your business from achieving its full potential. WCG is the difference between the amount of work it takes to run a World-Class Business and the capacity that is in place to do all of the work.



Workload is what it takes to run your business. Most importantly, workload is what you DO for your clients and what you SHOULD be doing for your clients; it is the amount of time that it takes to do all of the work. Capacity is defined as the number of man-hours that are available to handle the workload - this is your and your team's time. We have found this gap to be crippling most businesses by causing stress on everyone in the team and limiting the potential revenues of the business. It is important to do everything possible to reduce workload before attempting to increase capacity. Increasing capacity means finding the right people



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to do the job, which in itself is tough these days. Also, there are additional difficulties when the number of people that an FC manages is steadily increasing. Most FCs enjoy bringing in assets and servicing clients, not managing a team. Create margin by reducing workload, and only after you have done your best at this should you add capacity.

The most obvious way to reduce workload and begin minimizing your business is to streamline the number of clients that you have. Now, we know everyone tells you this. But, if you personally are managing more than 200 or 300 clients, then why are you not listening? One of the best reasons to do this is that you simply do not need hundreds and hundreds of clients to be a million dollar producer. Remember the 80/20 rule? You need to focus 80 percent of your time and energy on the 20 percent of your work that is really important. Do not just work smart, work smart on the right thing, and in your case, this means for the right clients. Chances are, that client with \$25,000 invested is not going to win the lottery. Even if he/she does, why do you think they would come to you if you have not serviced him as a million dollar client for the last 10 years? Think of your client base as a portfolio. Do you have 20 percent of your clients bringing in 80 percent of your revenues? If so, it is time to rebalance that portfolio. You need to slow down your growth rate in terms of the number of newer clients, and really start thinking in terms of pulling in bigger clients. The Paragon Optimization Process is based on the principle that less is more.

There are three minimization strategies that we suggest you use in your efforts to reduce your workload - ELIMINATE, DELEGATE, and INNOVATE. The first strategy is to eliminate the work, or to simply stop doing it altogether. An example of this would be to set an account minimum (remember to think big here) and reduce the number of client relationships that do not fit your ideal client profile. You should also eliminate certain types of complex, time intensive business that you just dabble in such as trading clients, the 401K market, institutions, etc. Eliminating clients that do not fit into your business model will make you more disciplined and increase the profitability of your business. This also usually helps in minimizing the special work you do for them such as extensive performance reports, unnecessary client service requests, administrative paperwork, etc.

The second minimization strategy is to delegate the work or clients to someone else. Delegation is about giving the work to someone else. A good portion of our time is spent consulting with teams on identifying the right job for each person on the team. Each person should be a specialist at what they do instead of a jack-of-all-trades. In this way, you can delegate the work to the right people and feel confident they will succeed. The delegate strategy is also about giving those low profit clients to a Junior Partner or another advisor in your office so that they can spend the time with that client instead of you.

Many financial advisors have difficulty giving away clients due to certain individual belief systems we call 'small client dilemmas.' The first is the ethical dilemma, which is the belief that the client has been with you for years and that you could not possibly give them away now. The financial dilemma involves the viewpoint that you could miss out on a future financial opportunity or referral if you give that particular client away. The mini-me dilemma occurs when, for whatever reason, you believe that there is truly no one else that can take care of your client. The implied assumptions connected with these belief systems are that you are actually hurting the client in some way, or that no one can do what you do. The truth of the matter is that you are not taking anything away from the client. The important thing is that you do what is best for the client.

Finally, the third way to reduce workload is by innovating or finding a better, more efficient way to do something. This strategy is usually applied to all of the work that you are currently doing for clients, and all of the work that you should be doing for your clients. Using technology, like a networked contact management system to coordinate all tasks of the team, is an example of innovation. Just remember that



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there usually is a steep learning or implementation curve before you actually reap any benefits of innovation. Make innovation a team effort by having brainstorming sessions on how to make things run more smoothly in your business.

In summary, the goal of the MINIMIZE phase is to create margin and to clear the way for future growth in your business. It is important to reduce or eliminate the obstacles that are holding you back. In our next newsletter, we will discuss ORGANIZE, the next step of the Paragon Optimization Process.

Do you want your business to grow faster? Would you like to spend more time with family and friends or just having more fun? Are you tired of dealing with business problems and personnel issues? If you answered "YES" to any of these questions, *Optimize Your Business :: A Virtual Practice Management Workshop CDROM* is the answer.

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