

Results-Driven Solutions May 2009 Newsletter

by Sarah E. Dale and Krista S. Sheets

"The ultimate success of a financial services practice means maximizing ROP - Return on People and Return on Process"

Sarah Dale and Krista Sheets

I just returned from the IMCA 2009 Spring Professional Development Conference in San Diego, where I delivered *"Accelerating Team Performance to Maximize Client Relationships"*. The agenda was filled with great sessions that provided 1300 attendees with advice on wealth management strategy, marketing, industry trends, and practice management. It was evident to me that advisors are focused on evolving their practices to respond to this ever-changing environment. With this evolution comes a greater need for forming teams in order to stay competitive. It is for this reason that this month's newsletter focuses on the initial stage of team development. In future months, we will continue to provide our insight on the best practices of high performance teams. Please feel free to share the content of this newsletter with anyone to whom you feel it may be of value.

First Steps for Winning Teams

We feel your two most important resources are PEOPLE and TIME. Last month's newsletter focused on providing you with some tips on how to better manage both your time and your tasks. This month's insight is dedicated to reviewing two critical areas for teaming. The first is why teaming is vital in today's competitive market, and the second is clearly determining YOUR own personal reasons for forming a team or partnership.

"Alone we can do so little- together we can do so much."

Helen Keller

The teaming trend began more than a decade ago and it has not been without its challenges! First, there was the confusion of what a team is and how it is defined. We simply classify a team as being

Our Team Development Process is an ideal solution for building awareness about the people who drive your business. Included is a comprehensive analysis of each person's strengths and motivators, as well as potential workplace stressors. This tool will be beneficial in ensuring that each team member is spending time in the activities best suited to them as an individual and to their role. Please contact us or visit our web site: www.ParagonResources.com

two or more people working together. There are many different structures available, but it really comes down to this basic definition. Then, more questions were posed: who should do what, how many clients can I manage, how do I position my team to prospects and clients, and how often do we have team meetings. There were also questions about partnerships, such as what is our split, how do we get to parity, and so on. Many try to use standardized formulas and general answers to these questions. Because this is such a new topic for our industry, one size does not fit all. We are a rare industry; basic team building exercises and solutions

from other industries won't fit us. Many of you would love to buy THE book or buy THE product for the answers, but we're here to tell you it doesn't exist. Sure there are great resources available, but when it comes to putting together the right people for a team, you must have personalized,

Results-Driven Solutions May 2009 Newsletter

by Sarah E. Dale and Krista S. Sheets

objective advice that is tailored to your specific situation. You just can't add water and hope the team will grow.

Many of you may have personally seen teams come and go in your offices and some of you may have even already attempted your own team solution. The results have ranged from great synergy to dismal failure, with us seeing more teams ending in disappointment than in success. Team implosion leads to lost business, clients, and friendships.

We believe that teaming is a must in order to respond to the industry evolution that we are currently experiencing. In order to establish the team and the business for long-term success, it is imperative that you use a process that includes conducting proper due diligence BEFORE making any joint venture decisions. In this newsletter and future ones we will provide you with information you can use for building a team from scratch and for further developing existing ones. To start, let us spend some time reviewing WHY teaming makes sense.

From the Client's Perspective:

Today's client wants a more comprehensive understanding of their financial portfolio and options without having to spend an inordinate amount of time on the details. This is where you bring value to the relationship and build trust. Because of the dirty work of some bad apples in the industry, today's client expects more education and communication on their financial solutions than in previous years. Aging baby boomers and the sandwich generation have new and more complex wealth management situations to address. And, as life expectancies continue to rise, planning for retirement has become more complicated because the funding for it has to last much longer. People have different concerns than they experienced a decade or two ago which has led to changed expectations. They like to know that there is more than one person behind their *financial future* and *their money*. This becomes even more important in volatile markets and times of uncertainty. If you, the advisor, are unavailable due to vacation, illness, or life occurrences, waiting can mean the difference between profit and loss, and client retention and client departure! Knowing that there is a team of people who are accessible and familiar with their financial situation brings more peace of mind to today's client.

Time has become one of the most precious commodities for all of us, including clients. Investors still may have fears of having all their eggs in one basket, but desire a simplified financial life by trusting in one solutions provider to consolidate their wealth. Many want to be able to ask a comprehensive financial team to handle investments, insurance, banking, trusts, and legacy issues rather than discussing these vital decisions with several different financial institutions. They want competency, transparency, consistency, and responsiveness from the financial institutions and you, their advisors.

From the Investment/Product Perspective:

The changing demographic has created new and exciting products with very different features and benefits than in years gone by. From annuities, to long-term care, to complex trusts, staying up-to-speed on the new products and all the details and rules involved takes more time than selling

Results-Driven Solutions May 2009 Newsletter

by Sarah E. Dale and Krista S. Sheets

traditional products. Additionally, the simplistic allocation of stocks, bonds, and cash has morphed into far more diversification opportunities across an increase in asset classes and styles. New circumstances and complexities within investment solutions require expanded product knowledge and expertise in today's environment.

From the Process Perspective:

The industry has evolved from being idea-driven to being advice-driven, and from advisor-centric to client-centric. The days of cold-calling on municipal bonds are rare and the consultative approach is *in vogue* and clearly more appropriate in this "relationship business." The 21st century advisor is far more consultative than the 20th century advisor. When taking the holistic approach and implementing more of a planning process, more resources are needed to fulfill responsibilities. Even the most efficient process-driven practices of one advisor and one sales assistant are struggling to maintain business levels, let alone develop them.

From the Regulatory and Administrative Perspective:

The world we live in has created the need for more rules, regulation, supervision, and administration, all of which can become a resource drain on your business. Each and every transaction, public communication, and daily activity is under more scrutiny than ever. Advisors are finding it hard to maintain proper levels of prospecting and "client-keeping" activities with the increase in paperwork and documentation required with each client interaction.

Many of you are evolving your practices and are transforming to the wealth management model. These types of practices are higher value business models with greater demands from a time and knowledge standpoint. You now have to provide excellent advice, solve complex wealth management problems, and build stronger, deeper relationships with clients.

With the combination of changing clients' needs and expectations and an increase in the complexity of products, rules, regulations, and administrative requirements, it is almost impossible for a sole practitioner to survive within these current industry realities. Practically speaking, one advisor can't possibly have all the knowledge and time required to service clients with complex wealth management issues AND look to grow their business. Teaming with others who have complementary talents is a natural solution to this new and ever-changing environment.

Understanding Your Reasons to Team

Before expending any energy or time on putting together a team, you need to clearly define YOUR purpose and YOUR reasons to form YOUR team. This will subsequently help create the team's vision and mission. Your purpose must be abundantly clear from the onset so that it can be clearly communicated to others. As the team begins to take shape, everyone needs to understand the common goals of the team

Reasons to Team

- Increase in assets and revenues
- Increase in capacity
- Succession planning
- Improved service to clients
- Manage the practice
- Reposition your value proposition
- Expand wealth management offerings
- Spend more time with family

What are yours?

Results-Driven Solutions May 2009 Newsletter

by Sarah E. Dale and Krista S. Sheets

as well as individual responsibilities. Understanding your reasons to team must come prior to finding the right people for your team, so it is absolutely critical that you understand why YOU want to evolve your practice into a team, what business model you want to focus on, and what roles are needed for success. Increased assets and revenues, along with increasing capacity, are fairly consistent reasons that many advisors give to team. But today's advisors are considering many other elements when teaming, such as:

Succession Planning: The average age of financial advisors in the U.S. is 53, so many are looking to team as part of a business succession plan. Years ago, advisors just walked away when ready to retire; that is no longer the case. You've spent years building your business and you are no longer willing to just walk away and have your client relationships divided and spread across other random advisors in the branch. Not only do advisors want more of an annuitized stream of income, but many also want to make sure their client relationships are taken care of by someone they know and trust. Therefore, creating the right team can help with your business succession planning.

Improved Service for Clients: Today's advisor realizes that clients need, and deserve, a higher level of service than in past years. Advisors have come to realize that top-notch service leads to a more valuable business. The better the service and the deeper the relationship, then the more loyal

*Visit www.BoundlessPublishing.com and order a copy of **Know Service: 5 Steps to 5-Star Service for Financial Professionals and the companion tools for implementation.***

clients you have. These advocates of your practice tend to provide more qualified referrals without even being asked to do so. And in this environment, as you are all well aware, clients need more assurance on which firms they should do business with. Some selection of products are always the end tangible, but clients have higher

expectations for advice and service, and managing those expectations requires more time, knowledge, and education than in the past. In order to fulfill the service needs of today's competitive market, some advisors want to specifically add a service or relationship manager. The sole purpose of this position would be to proactively care for client relationships so that reactive requests can be minimized and the client relationship can be maximized.

Manage the Practice: With the time drain of increased compliance, administration, and paperwork, many advisors are finding less and less time to dedicate to client acquisition, which is often the very area for which they have the greatest talent and passion. As the practice grows, so does all the work! For this reason, advisors may choose to expand their practice by bringing on a Chief Operating Officer role or Practice Manager. Under the direction of the advisor, this person often manages the day-to-day operations of the business. He/she would ensure that each team member can excel in their role and provide the infrastructure that frees up the advisor(s) to focus on prospects and client development.

Reposition Your Value Proposition: Many more traditional advisors are forming teams in order to expand their ultimate value proposition to support their clients' changing needs. Perhaps in the past the advisor has strictly focused on equity or fixed income investments and now they see a need to

Results-Driven Solutions May 2009 Newsletter

by Sarah E. Dale and Krista S. Sheets

add financial planning or insurance, etc. Here advisors often look for “specialists” to add to their team or experts to align themselves with to offer true wealth management services.

Changing the Life Balance Equation: Finally, advisors may want to team to improve their quality of life. Perhaps they are looking to spend more time with family, on the golf course, on the water, or wherever their interests, hobbies, and passions lie. This industry offers many rewards in varying areas, but it can also take a toll on our personal lives, particularly during the turbulent times of the last two years. Many see teaming as a solution to change their life balance equation without sacrificing their clients’ well-being.

So what is YOUR reason to team? No one should tell you what your vision is for your practice, but you do need to clearly understand it so that you can surround yourself with the talented individuals who fit your needs. We feel people are the most important asset and the foundation for business success. With the wrong people in place, you will find yourself having even less time in the day to do what you want and need to do. So be sure to specifically identify your reasons for teaming and the gaps in your practice BEFORE you look for the right people to come on board.

TEAM DEVELOPMENT PROCESS

Invaluable program for determining if you have the right PEOPLE doing the right JOBS in your team. This process includes personalized consulting on the strengths, motivators, and unique attributes of your team members. We utilize well-researched and validated online assessments to identify the talents of each of your team members, and give you tips on how to define your team infrastructure, individual roles and responsibilities, and increase communication and management effectiveness. Included in the process are two 60-90 minute telephone consulting sessions to help you act on the results.

Visit our website at: www.ParagonResources.com/products/team.php 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 we can craft the best solution for you using our own expertise or that of our strategic partners.

Warmest regards,

Krista

Copyright 2009. Know No Bounds, LLC & Paragon Resources, Inc., Atlanta, GA

THIS DOCUMENT IS FOR INFORMATIONAL PURPOSES ONLY AND WAS CREATED AS A PUBLIC SERVICE FOR THOSE INTERESTED IN THE SUBJECT MATTER. INFORMATION PROVIDED IN THIS DOCUMENT IS PROVIDED 'AS IS' WITHOUT WARRANTY OF ANY KIND. The user assumes the entire risk as to the accuracy and the use of this document. This document may be copied and distributed subject to the following conditions: 1) All text must be copied without modification and all pages must be included; 2) All copies must contain Paragon’s copyright notice and any other notices provided therein; 3) This document may not be distributed for profit.