

Power in Practice

Commonwealth's Business Coaching Program





Introduction

The Power in Practice program is designed to help you establish a framework for practice management that will last throughout your career. In fact, we hope and believe that this program will provide you with the context to address each practice management exposure, issue, and challenge you may come across in the years ahead.

We look forward to your active participation and to your contribution to making this a successful program. **Remember:** Each participant has an effect on every other participant. Thank you in advance for helping to keep your own contributions positive and focused.



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Program Overview

Power in Practice has two tracks.

One track seeks to establish the practice management framework for your firm. The other track is designed to help you focus on your revenue in the current year. Entrepreneurs generally don't have the luxury—or the desire—to do just one or the other. So, while we will walk through six different content areas pertinent to practice management over the course of the three workshops, we will simultaneously focus on revenue enhancement. Since the program's inception, a fourth, optional workshop is scheduled each year to help you cement your new framework and way of thinking about practice management as you plan for the next year. This is a workshop that all Power in Practice alumni are invited to attend annually.

Here is a breakdown of the four workshops:

- **Workshop 1:** Focus on business planning, human resources, marketing, revenue enhancement
- **Workshop 2:** Focus on use of Commonwealth technology, procedures development, revenue enhancement
- **Workshop 3:** Focus on firm financial management, risk management overview, revenue enhancement
- **Optional Workshop:** Application of all content to the next year
 - Leadership
 - Business planning and financial management
 - Marketing
 - Human resources
 - Operational efficiency/technology
 - Revenue enhancement and financial management
 - Risk management

Before each workshop, you will be responsible for completing prework, so you come in prepared for the content you will address.

During each workshop, you will deepen your understanding of the content and refine your prework.

After each workshop, you will apply what you've learned and take action on items you select as most critical for your firm. To help you maintain focus, you will track progress using the Power in Practice progress chart. Participants can expect to "show and tell" progress at workshops.

Between each workshop, you will have individual coaching calls designed to give you time to address specific issues and for us to drill down on your progress and what you want most.

Between each workshop, participants will have at least one monthly peer call with assigned colleagues in the program.

Other Accountability

We will track prework, session work, and post-workshop implementation. These are the factors that we will assess in determining reimbursement for up to 40 percent of the \$5,000 cost of the program (excluding travel, housing, etc.).

Your Input

We have created this program based on decades of experience working with advisors. But we believe there's always room for improvement. Your suggestions and input will be well received.



Creating Your Practice Management Manual

The outcome of Workshop 1 will yield the beginning of four chapters of the Practice Management Manual you are building for your firm throughout the Power in Practice program. As you put together your manual, be sure to address these four best practices:

1. **Every document that goes into your manual should include the date it was last reviewed.**

This one action alone will save you enormous amounts of time and energy in the future. Here's an example: Say you hire a new employee. Time passes and the employee performs well. But an issue arises so you decide to review the job description. Lo and behold, you find it was written three years ago and half the job has changed. By ensuring that each document includes a last reviewed date, you will be able to easily and proactively update materials in your manual on an annual basis.

2. **Keep documents in a central location.**

You will create an online Practice Management Manual and print it out to bring to each workshop. Keeping the manual in one location on your computer is essential. Probably everyone has experienced the frustration of updating a document and then not being able to find it on your computer system when you need it.

Create a folder called Practice Management Manual and include seven subfolders:

- a. Leadership and financial management
- b. Human resources
- c. Scale and capacity
- d. Marketing
- e. Revenue enhancement
- f. Risk management
- g. Other

3. **Keep up to three years' worth of documents in your manual.**

We don't recommend that you use your manual as a history of your firm. But there are sections where you may want to keep up to three years' worth of data, such as revenue history and firm financials. Historical data is best kept in the "other" subfolder.

4. **The manual is for practice management documents pertinent to your firm—not all workbooks and handouts from the program itself.**

Remember that one purpose of building this manual is to create a practice management framework that will last well beyond the year you go through Power in Practice. When this program is over, we want the learning and change to be sustained. These four practical elements go a long way toward ensuring that your work in this program will have a long-term, positive impact.

Let's review: In building your Practice Management Manual, four simple and practical ideas to keep in mind are:

1. Put _____ on each document you put in the manual.
2. Keep the contents of the manual in _____ folder on your computer with _____ subfolders for the content areas.
3. Keep up to _____ years' worth of documents in the file where appropriate.
4. Circle one: Do Do not include workbooks and handouts from the Power in Practice program in your manual.





Chapter 1: Business Planning

The Purpose of Planning

1. What is the value of a business plan?

2. What do you think should be included in a business plan?

3. How often do you need to complete a business plan for your firm?



The One-Page Business Plan Format

In a one-page business plan, we include three components:

1. Business vision
2. Strategy or strategic directives
3. Goals

Business Vision

A business vision is a picture of your business in the future. It may also describe your current practice. Over a career, your vision of what you want your business to be may change dramatically or it may evolve slightly. Think of your business vision as a touchstone. Refer to it when you make important business decisions to ensure that key actions are aligned with what you want to build.

A business vision should rest on a personal vision. Stephen Covey, author of *The 7 Habits of Highly Effective People*, tells the story of a person who toils daily to get to the top of their business, industry, or profession. And when they get to the top of the ladder, they find the ladder was resting against the wrong wall.

The importance of a personal vision statement is to ground you personally and ensure that your business ladder is leaning against the right wall. Take a minute to reflect on your personal vision and use this time to make changes. Keep in mind that personal vision statements are not about the roles we play (spouse, parent, child, etc.) but about how we want to “show up” on a daily basis.

Exercise: In your group, share your business vision and, if you choose, your personal vision. Which is easier for participants in your group to create?



SWOT Analysis

A SWOT analysis helps you look at Strengths and Weaknesses in your firm, as well as at Opportunities and Threats outside your firm.

Step 1: Using the grid below and working individually, list what you perceive as strengths and weaknesses of your firm.

S	W
O	T

Step 2: Working in a small group and using the same grid, brainstorm to address opportunities and threats in the industry.



Strategy

For our purposes, strategy will refer to general directions in which you want to move your firm over the next three years. Examples to start you thinking about business directives might be:

1. Become entirely fee-based.
2. Become an ensemble practice.
3. Physically move to a _____ space.
4. Shift to a wealth manager brand.
5. Become a household name.
6. Discontinue being an OSJ (or become an OSJ).
7. Review fee structure and start offering a retainer.
8. Shift to selected investment models.
9. Focus on a small defined niche.
10. Make Chairman's Retreat or the *Barron's* list.

Exercise: Using your homework, list your key strategic directives for the next three years. Remember that you will revise your business plan every year. That includes reviewing and revising the strategic directives as things change in your firm and in the industry.

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____



SMART Goals

The purpose of SMART goals is to focus key actions for the year ahead. Goals help us think strategically, instead of reacting to individual incidents as they come along. Of all the things you can put time and energy into, which activities will provide the greatest return on investment for the firm and for you personally?

In the one-page business plan format, goals should address the current year.

- Using your pre-session work, revise your list of potential goals and the priority of each one.
- Next, think about what is most important to you to do this year. Do the goals you have prioritized excite you?
- Make at least three, and as many as seven, of your goals SMART.

S = _____

M = _____

A = _____

R = _____

T = _____

Refine your top three SMART goals for the year, which we will track in the Power in Practice program via coaching calls.

1. _____

2. _____

3. _____

How does simply making a goal SMART help you achieve it?





Examples: Which of these goals is SMARTer?

- A. Increase revenue
Or
- B. Generate \$2M in GBDC for the firm by 1/1/____; or generate \$2M in GBDC personally by 12/31/____

- A. Implement a written due diligence procedure for third-party assessment beginning 7/1/____
Or
- B. Create and implement a process for third-party due diligence by 7/1/____

- A. Start taking on only clients who meet the ideal profile next year
Or
- B. Achieve 100 percent compliance with the written definition of an ideal new client in 20____

- A. Delegate implementation of the written marketing plan to _____, beginning _____
Or
- B. Delegate more in 20____

- A. Add \$10M AUM to PPS in _____
Or
- B. Grow my AUM

- A. Begin outsourcing investment management
Or
- B. Add \$20M to PPS Select by 12/31/____



Do You Need to Break Down Goals into Tasks?



Checking Assumptions

It is normal to make assumptions when creating a plan for the future. What assumptions are you making about this year?

Horizontal lines for writing assumptions



Monitoring Implementation: Introducing the Power In Practice Progress Chart

To monitor your progress toward your goals, as well as your progress with the Power in Practice program, you will be using an Excel spreadsheet, which you will submit for review during your individual coaching calls. This will allow us to track which items you’ve completed, which ones are in progress, and which may have stalled.

Take a look at the Excel spreadsheet template now.

What do you notice about it?

Horizontal lines for writing observations



Chapter 2: Human Resources

The second chapter of your Practice Management Manual includes:

- Job descriptions for all employees
- Performance review chart
- Employee handbook
- Culture management



Your Organizational Design

Exercise: Draw your organization chart.

What is the impact of organizational design?

Do you need to make organizational changes? What are they?



Group Discussion: The Purpose of Documents

What are the key purposes of a job description?

What are the key purposes of a performance review?

What are the key purposes of an employee handbook?

What is the value of having the above in writing?

What is the value of Commonwealth's templates for the above?



Exercise: Tracking Performance Reviews

Because you cannot put an employee's actual performance reviews in the manual, the Progress Chart helps ensure that you give your employees a written review yearly. Put the name of your employees on your Progress Chart.

Put a copy of your final performance review form in your manual.

Exercise: Template Shopping

A variety of templates—including sample job descriptions, performance review templates, and employee handbooks—are available on the Practice Management page on COMMunity Link.

If you choose to start with templates that you will modify for your firm, pick up copies of the documents that are appropriate for you.



Chapter 3: Marketing Plan

The third chapter of your Practice Management Manual includes your marketing calendar. First, you'll address the niche you want to target. Then, you'll identify the timetable.



Target Assessment: Marketing Interest

On a scale of 1–10 (highest) . . .

- _____ Assuming that marketing includes nourishing the relationship with clients, how important is marketing your firm this year?
- _____ Assuming that marketing includes branding (website, logo, name, signage, stationery), how much do you want to market your firm this year?
- _____ Assuming that marketing includes PR, how much do you want to market your firm this year?
- _____ What elements of marketing are most important to you this year?



Prewrite Revision

Who is your realistic ideal client?

Horizontal lines for writing

What are their hot buttons?

Horizontal lines for writing

What makes you uniquely qualified to help this client?

Horizontal lines for writing

Review the Power in Practice marketing template.



Group Discussion: Your Best Marketing Idea Ever

Horizontal lines for writing



The Marketing Template

The attached should be completed and added to your Practice Management Manual.

Marketing Overview

What are the resources at Commonwealth?



Implementation and Conclusions

Take another look at the Excel spreadsheet. What are the key things you will do to market your firm this year?
Who will do these things and track activity?

- ---

- ---

- ---

- ---

- ---



Chapter 4: Revenue Enhancement

The fourth chapter of your Practice Management Manual includes your revenue plan.



What If?

What if your firm was looking to grow this year and you . . .

1. Managed 100 producing advisors in your firm. What would you look for or monitor?

2. Managed 1 producing advisor in your firm. What would you look for or monitor?

3. Managed 100 producing advisors, all of whom generated \$1 million in net revenue. What would you look for or monitor?

4. Managed 1 producing advisor generating \$1 million in net revenue. What would you look for or monitor?

5. Managed 1 advisor generating \$250,000 in net revenue. What would you look for or monitor?

What makes revenue enhancement a touchy topic for Commonwealth?



Exercise: Profile of Top Advisors

In small groups, brainstorm:

The natural aptitudes of successful advisors.

The attitude of successful advisors.

The ability of successful advisors to get and stay focused.

The short-term activity of successful advisors.

What things successful advisors measure.

The long-term strategy embraced by successful advisors.

What else have you noticed about successful advisors?



Revenue Goals

What are your revenue-related goals this year?

What things do you want to do between now and Workshop 2 to focus on the goal?

Demonstration

Enter data using the Business Snapshot widget on COMMunity Link.



Implementation and Conclusions

Take another look at the Excel spreadsheet. What will you do to stay focused on revenue this year?

- ---

- ---

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Summary and Next Steps

Using the Excel spreadsheet, you have zeroed in on those elements that you most want to focus on and track through the Power in Practice program related to:

- Your business plan
- Your HR plan
- Your marketing plan
- Your revenue enhancement plan

Your updated Excel spreadsheet should be emailed to _____ 24 hours before each individual coaching call between this workshop and the next workshop. The one-on-one call will be used to refine, make changes, and address any related personal and business issues.

What concerns do you have about implementing the things you have committed to as part of the Power in Practice program?
