

# THE PRACTICAL BUSINESS PLAN



DYNAMIC PLANNING  
SYSTEM FOR FINANCIAL  
SERVICES TEAMS

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## Introduction

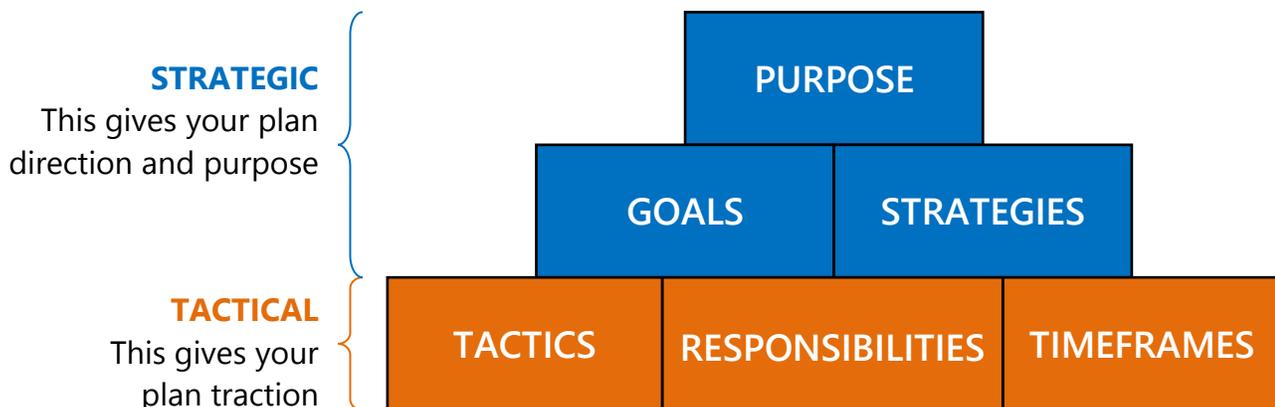
The Practical Business Plan (PBP) is a dynamic *business planning system* that will help you stay focused on the important activities; the ones that will make your business more profitable and enjoyable. The first thing you need to do is block out some time to work on this. You'll need a full day to do it right and you should ask every member of your team to participate. If you don't have a team, ask your spouse or significant other to help you. If that doesn't work, ask a friend or another professional in your office. You should ask your spouse to participate, even if he/she does so as a silent observer. This should be an interactive (rather than a reflective) experience for you. Here are five good reasons:

- We all need someone to **challenge** our ideas (this produces better results)
- We all need someone to be **accountable** to (this makes it more likely to happen)
- We all need some **discipline** and **structure** (this keeps us headed in the right direction)
- We all need to feel like we're **contributing** (this will give your team some say in the matter)
- If you're a rainmaker, you probably **abhor** business planning (you must overcome this)

## Building Blocks of the Practical Business Plan\*

The *Practical Business Plan* contains **six essential elements**, or building blocks. Failure to include any of these will weaken your plan and make it less effective:

1. **PURPOSE** – Reminds you WHY you're doing all of this in the first place
2. **GOALS** – Establish WHAT you and your team will achieve
3. **STRATEGIES** – Explain HOW you and your team will achieve your goals
4. **TACTICS** – Define the specific ACTION steps you and your team will take
5. **RESPONSIBILITIES** – Identify WHO will do the work
6. **TIMEFRAMES** – Specify WHEN the work will be done



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## Measure Your Progress → Get Results!

If you want to get results, you will also need a way to measure your progress and make sure you stay on track to achieve your goals. Sound familiar? The best way to do this is to establish a series of planning sessions throughout the year. The purpose of these sessions is to make sure you and the rest of your team are doing what you're supposed to be doing. I know you hate meetings, but **these planning sessions will do more to keep you focused (on the important stuff) than anything else you can do.** This is the **accountability** factor that is missing in most businesses. Here is a sample planning schedule:

FREQUENCY	DURATION	DESCRIPTION OF PLANNING SESSION
Daily	Ongoing	Individual team members keep a copy of the PBP on their desks and check off action items as completed
Weekly	1–2 hours	Team meets <i>weekly</i> ; each team member gives a “status report” to rest of team; all work on team action items
Monthly <sup>1</sup>	½–1 day	Team meets <i>monthly</i> ; each team member gives a “status report” to rest of team and defines his/her action plan for next 30 days; all work on team action items
Quarterly <sup>2</sup>	1–2 days	Team meets <i>quarterly</i> ; each team member gives a “status report” to rest of team, defines his/her action plan for next 30 days and establishes short-term goals for next 90 days; all work on team action items
Annually <sup>3</sup>	2–3 days	Team meets <i>annually</i> ; each team member gives a “status report” to rest of team, defines his/her action plan for next 30 days and establishes short-term goals for next 90 days; all work on team action items; all establish goals for following year
Total <sup>4</sup>	13–26 days	Total planning days for the year (5 – 10% of your working hours)
<sup>1</sup> Monthly sessions INCLUDE weekly sessions (i.e., twelve of your weekly sessions will be rolled into your monthly sessions) <sup>2</sup> Quarterly sessions INCLUDE monthly sessions (i.e., four of your monthly sessions will be rolled into your quarterly sessions) <sup>3</sup> Annual session INCLUDES your 4 <sup>th</sup> quarterly session (i.e., you will only have three quarterly sessions)		

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## Fire Prevention is Time Well Spent

You don't have to say it; I know what you're thinking! "If I follow this guy's advice, I'll be in meetings the rest of my life." That's the reason I included the total amount of time it takes to have your planning sessions in the table above. **If you implement this planning schedule, you will actually be "in meetings" between 5 and 10% of your working hours.** If you develop the PBP *as designed* and then use the darn thing, you will find these sessions to be a very productive use of your and your team's time. If you doubt this, I recommend that you read (or reread) two all-time classics – *7 Habits of Highly Effective People* by Stephen Covey and *The E-Myth Revisited* by Michael Gerber. If you don't have time, here's the net-net:

**Covey says that the key to managing time effectively is learning how to say "NO" to the Urgent but Non-important stuff (Quadrant 3).** See table on next page. Instead, we should spend more time on the Non-urgent but Important stuff (Quadrant 2). He goes on to say that the more time we spend in Q2, the smaller Q1 (Urgent & Important) becomes. This last point is critical because, if you look closely at Quadrant 1, you will see where you and your team are getting bogged down today. **In other words, the planning sessions I am suggesting here will actually help PREVENT fires,** so you won't have to spend the rest of your life being a firefighter instead of an investment professional or (better yet) a little-league coach for your kids. Finally, if you look closely at Quadrants 3 & 4, you will probably find more than enough time to have these planning sessions. **It's a matter of converting some of your non-productive hours into productive ones.** You can do it if you want to!

## ACTIVITY MANAGEMENT MATRIX\*

	URGENT	NON-URGENT
IMPORTANT	<ul style="list-style-type: none"> <li>▪ Client reviews</li> <li>▪ Emergencies</li> <li>▪ Most appointments</li> <li>▪ Some incoming calls</li> <li>▪ Some non-client meetings</li> </ul>	<ul style="list-style-type: none"> <li>▪ Planning sessions</li> <li>▪ CRC &amp; PAC Meetings*</li> <li>▪ Most outgoing calls</li> <li>▪ Personal development</li> <li>▪ Some training</li> </ul>
NON-IMPORTANT	<ul style="list-style-type: none"> <li>▪ Most non-client meetings</li> <li>▪ Most mail</li> <li>▪ Some appointments</li> <li>▪ Many incoming calls</li> <li>▪ Some "research"</li> </ul>	<ul style="list-style-type: none"> <li>▪ Social conversations</li> <li>▪ Some "marketing"</li> <li>▪ Some training</li> <li>▪ Some outgoing calls</li> </ul>

\* Adapted from *7 Habits of Highly Effective People* by Stephen Covey

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**Gerber says that most small businesses fail to reach their full potential because the owners (that would be you) spend too much time “doing-it, doing-it, doing-it” and not enough time working ON their businesses.** In other words, they behave like *technicians* most of the time instead of *entrepreneurs*. Gerber reminds us that if we don't take the time to be proactive (which is really what we're talking about here) we will be reactive the rest of our lives. It's very difficult to build and manage a World-Class Business if you're on your heels with a fire hose in your hand all the time!

If that hasn't convinced you consider these two points. **First, your planning sessions will ensure that you and the rest of your team communicate on a regular basis.** Communication for a team is like the oil that runs through a racecar engine. Lack of communication inevitably causes a serious breakdown in team performance. **Second, the PBP will ensure that your planning sessions will be productive.** You probably hate “meetings” because they are often a waste of time. The structure of the PBP should keep you and the rest of your team from going off on tangents. This is what I meant earlier when I said the PBP would keep you focused on the important stuff.

## Roles & Goals

**If you want to have a high-performance team, you need to have clearly defined roles and responsibilities for each member of your team** (including you). I highly recommend that you start by identifying the core functions<sup>1</sup> in your business. These include things like *Administration & Operations, Client Service, Financial Planning, Investment Management and Client Service*. As you begin working on your PBP, the first thing you should do is elect one member of your team to take the lead on each function. The idea here is to establish GOALS for each functional area. If you do this right, your planning sessions will run like a board meeting, with each member of your team reporting on how things are going in their respective areas of the business. Consider the benefits of doing this:

- It gives everyone on your team an opportunity to have **input** (people want to contribute)
- It establishes **accountability** (everyone has ownership)
- It makes it **easier** on you (by spreading out the work)
- It produces better **results** (two or more heads are better than one)

<sup>1</sup> See *Determining the Proper Structure for Your Business* by Steve Saenz for more information on core functions and tips on how to build an effective team.

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## Establishing A Baseline for Your Business

The questions below will help you to identify areas of strength and weakness in your business. This exercise will also help you when it comes to establishing goals for the functional areas of your business.

On a scale of 1 – 10 (10 = most effective) please rate the following functional areas of your business in terms of their <i>effectiveness</i> ...	RATING
<b>Administration / Operations</b> – “Effective” means you have systems in place and running smoothly in the areas of administration, finance, information technology and operations.	
<b>Marketing</b> – “Effective” means you have a clearly defined marketing plan in place that gets you in front of qualified prospects on a regular basis. It also means that someone on your team has excellent marketing skills, as well as the time to implement the marketing plan and follow-up with qualified prospects.	
<b>Sales</b> – “Effective” means you have a clearly defined sales process that enables you to close business on a regular basis. This includes having a clear and compelling story that tells clients and prospects: who you are, what you do and what makes you different from other advisors. It also means that someone on your team has excellent selling skills and that your presentation materials are world-class.	
<b>Financial Planning</b> – “Effective” means you have a clearly defined financial planning process in place that runs smoothly and achieves the desired results. This includes having the right planning tools (software, etc.) and the right people who know how to use them effectively. It also means that you have systems in place for updating your financial plans on a regular basis and reviewing them with clients.	
<b>Investment Management</b> – “Effective” means you have a clearly defined investment management process in place that runs smoothly and achieves the desired results. This includes having the right investment tools (software, etc.) and the right people who know how to use them effectively. It also means that you have systems in place for updating your investment plans on a regular basis and reviewing them with clients.	
<b>Client Service</b> – “Effective” means you have systems in place and running smoothly that enable you to deliver world-class service to ALL of your clients on a regular basis. It means that you have systems in place that enable you and your team to anticipate the needs of your clients, show them you care and exceed their expectations.	
<b>Practice Management</b> – “Effective” means you have systems in place and running smoothly in the areas of business planning, personnel management (compensation, performance reviews, etc.) and team meetings. You also have a plan in place for managing the growth of your business or an exit strategy in place if you are looking to exit the business in the next 3 – 5 years.	
<b>Team</b> – “Effective” means every team member has clearly defined roles and responsibilities, knows what he/she is supposed to be doing and communicates well with other team members on a regular basis. It also means that you have the right people in the right job. Finally, it means that you have a development plan in place for each team member that defines new training; certification and other development activities that will help them grow and keep them on the leading edge professionally.	
<b>Leadership</b> – “Effective” means that, in addition to performing his/her primary responsibilities well, your leader communicates well, shares his/her vision with the rest of the team, is receptive to feedback, shares decision-making and does what he/she says he/she is going to do on a regular basis.	

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## Definitions

**Purpose reminds you why you're doing all this in the first place.** In the *E-Myth Revisited*, Gerber reminds us that a business should be a means to an end, rather than an end in itself. The idea here is to define what that end is for you. If you don't include a purpose in your PBP, you can easily lose sight (focus) of where you're going and why you're going there. You will be defining a *personal* and a *business* purpose.

**Goals establish WHAT you and your team will achieve.** You should establish goals for each functional area of your business (see *Roles & Goals* above). You should establish short-term goals (90-day) and long-term goals (1-year). Some goals will not seem very tangible at first, but if you work with them, you can usually get more specific and measurable. Example: "We will create more raving fans this year." vs. "We will convert 10 more clients to raving fans this year."

**Strategies explain HOW you and your team are going to achieve your goals.** They focus on the big picture. Example: "We are going to use client referrals to increase our assets under management by 25% this year." "Client referrals" is the strategy here. "Increasing assets by 25%" is the goal.

**Tactics define the specific ACTION steps that will be taken by you and your team to implement the strategies.** They focus on the specific tasks that have to be performed by each team member each day, week, etc. Example: "We will have one CRC and one PAC Meeting<sup>1</sup> each week in order to create more raving fans and generate more referrals." "CRC and PAC Meetings are the tactics here."

**Responsibilities identify WHO will take the various action steps (tasks) defined by your tactics.** They establish accountability and ownership. Example: "Mary will mail out the Client Surveys<sup>1</sup> and Confirmation Letters to each Key Client<sup>1</sup>. Joe will conduct the CRC Meeting." Obviously, "Mary and Joe" have the responsibilities here.

**Timeframes specify WHEN the work will actually be done.** They establish accountability and keep all team members moving toward their goals. Timeframes are not always deadlines per se. In fact, many of your tactics will be *ongoing* tasks or activities. Example: "Joe will have one CRC and one PAC Meeting each week. This is an ongoing activity. Note, however, that Joe can and should specify *when* he is going to have these meetings. Example: "Joe will have a PAC Meeting every Friday morning and a CRC Meeting during lunch."