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SENIOR CONSULTANT

The Voice of the Investment Management Consultant

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Building A World-Class Business

Stephen C. Winks

Is there never enough time to get everything done? Does it seem like you are always in a reactive mode? Do you cancel team meetings becuase you are too busy to have them? Are you spending enough time with your family? Do you find it difficult to find and keep good people? Do you know you should be doing a better job serving your clients? Is there a hgih level of stress and frustration among your team members? Are you leaving dollars on the table because you don't have time to get them? Are you drowning in paperwork? Are you always scrambling to get things done at the last minute? Does your business depend too much on you? If these sound all too familiar, all highly successful consultants at one time or another have experienced these growth pains in building their business.

Experiencing these growth pains is, in many ways, a catalyst for success. It is the recommendation of these pains that make a successful consulting practice highly successful. The common denominator of the most successful consulting practices that constitute the "Who's Who of Investment Management Consulting" is a well-built, well-organized, high performance team. There is a division of labor and a delination of responsibility that allows their practice to excel in each function they perform. The good news for you is if you are experiencing any of the above growth pains, it means you inituitively have the ability to excel. The bad news is these growth pains are only symptoms of more fundamental issues that must be managed in order for a practice to become a world-class business. Until you can address the root causes of those growth pains, there can be no solution. Building a high performance team means changing the way you and your team do things. Developing a high performance team is the difference between reacting to the market and building a world-class business.

THE GOOD NEWS FOR YOU IS IF YOU ARE EXPERIENCING ... GROWTH PAINS, IT MEANS YOU INITUITIVELY HAVE THE ABILITY TO EXCEL. THE BAD NEWS IS THESE GROWTH PAINS ARE ONLY SYMPTOMS OF MORE FUNDAMENTAL ISSUES THAT MUST BE MANAGED IN ORDER FOR A PRACTICE TO BECOME A WORLD-CLASS BUSINESS

For those who have the good fortune of feeling growth pains, Steve Saenz of Atlanta-based Paragon Resources has a solution for investment management consultants who are working for three or more team members or consultants who are forming a partnership or acquiring another practice. It is called a *Complete Business Assessment* and uses 20 different assessment instruments to help consulting practices zero-in on the root causes of their growth pains. Once the root causes for the growth pains are determined, Paragon will formulate a proven plan that will help consultants build a high performance team and a world-class business. Building effective, high performance teams are essential in building a successful and effective consulting practice, and to this end, Saenz has been engaged by Salomon Smith Barney and Prudential to help their top consultants become more successful. For $1,000 plus $100 for each team member, Paragon Resources will form a Complete Business Assessment and develop action plans for each practice to develop a high performance business team.

Steve Saenz observed, "Most people treat the symptoms; we try to get at the root cause. The lack of time is an insidious disease everyone can relate to. I have yet to meet anyone who doesn't suffer from it. In searching for a permanent cure, many people are attending time management seminars. The computer literate among us are investing in sales automation software and adding more RAM to their computers. They're buying laptops, palm pilots and digital telephones, hoping that these high tech gadgets will make them more productive, more efficient. The problem is that these things are band-aids. They're treating the symptom, not the root cause."

The root cause of the problem is a combination of things that are unique to a consulting practice. The root causes frequently involve: Too many clients, the wrong

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type of clients, understaffing, the wrong personality for the function, the wrong skill set for the function, the lack of structure, the lack of systems, the lack of communication, the lack of management and the lack of leadership.

One of the most intriguing aspects of the Complete Business Assessment is the consultant begins to understand why they are successful. Interestingly, the very traits that make consultants highly successful – a behavioral style geared to overcoming challenges and adversity that is highly focused on results – often makes them ineffective at managing people. Top producers do not know when to back off. They are very driven and expect everyone around them to be the same way, and they have a hard time giving up control. Unless they learn to adapt, they will drive off good people, losing the promising leverage of their good work that is made possible by a high performance business team. There are many consultants who have achieved on-going consulting revenues well in excess of $1 million, who also have experienced the self-imposed limits on what they can achieve. THey find themselves working harder and harder, while delivering less service and having less fun. These are the consultants who have taken the conventional financial services sales and production business model to its limit and who are feeling growth pains the most. Though they are treated as "top producers," they know a different model is needed for them to excel, and they know – up to now – there has been no one to turn to for help. Steve Saenz and his Paragon colleagues can now fill that vacuum.

Building a high-performing business team cannot be done overnight because it entails group dynamics and changing the way things are done. It cannot be mandated; it must be built and developed, based on solid foundation and sound business principles. Paragon's Complete Business Assessment provides the foundation and business rationale upon which to build a high-performing business team. There are 20 different assessment instruments that Paragon uses to zero in on the root causes of the growth pains being experienced. The Complete Business Assessment is the basis of an action plan to create a high performance business team and a world-class business. The level of detail in their assessment and evaluation is extraordinary and provides insight into the dynamics of building a world-class business.

Paragon first asks the principals of a successful consulting practice to assess fundamental practice management issues.

1. **Principals analyze the goals and objectives of their practices**
   a. Delineate their goals for annual revenues, assets under management and number of clients
   b. Evaluate their fee-driven consulting business versus their commission business, looking at last year's revenues relative to their one year and three year goals
   c. Identify and prioritize their current business challenges
   d. Define future plans for altering their business structure through partnerships, alliances and acquisitions.

PARAGON FIRST ASKS THE PRINCIPALS OF A SUCCESSFUL CONSULTING PRACTICE TO ASSESS FUNDAMENTAL PRACTICE MANAGEMENT ISSUES

2. **Principals conduct a revenue and expense analysis** that will:
   a. Analyze their current revenues by its various sources
   b. Evaluate the level of capital investment and operating expenses they are investing in their practice.
   c. Identify the expenses covered by their broker/dealer or third-party service providers
3. **Principals conduct a compensation survey** to:
   a. Analyze the total compensation package of each team member
   b. Evaluate the value that each team member brings to the business.
   c. Identify potential "blind spots" such as the absence of, or inadequacies in, job descriptions or the effectiveness of performance reviews.
4. **Principals perform an analysis of their accounts**
   a. Analyze their account relationships by segmenting their client base by asset size and investor type (individuals, 401(k), etc.) into market segments such as retail, high net worth, middle market, institutional
   b. Evaluate key accounts by analyzing their annual revenue, pricing structure by source of business
   c. Explore strategies for reducing the number of client relationships they are now managing

This big picture evaluation of key practice management issues by the principal of the practice sets the stage for the entire team to become active in the Complete Business Assessment. The point of the Complete Business Assessment is to take charge of the business and to empower a team to become actively involved in a practice in a manner that was not possible before. There is no way you can effect meaningful change that would result in a high-performing business team if you do not have complete "buy-in" from the entire team. Thus, the team's involvement in addressing systems and strategy issues, structural issues, people issues and professional development issues, is central to the process. With the team being active participants, they not only learn about the business, how integral their responsibilities are to its success and how their work affects others, but they also begin to assume more responsibility and accountability for their good work and value the client perceives in their relationship. It is the engaging of the team in a Complete Business Assessment that will lead to it becoming a high-performance business team. The practice's principal, as a member of the team, actively solicits the team's input and shares their hopes, fears, ambitions for – and insight in – the business. This is called leadership. The result is each team member more closely identifies with the practice and the total quality experience of its clients. The relevance of their work and the client relationship becomes clear as they become an important element of the value added.

The first thing the team looks at are systems and strategy issues. It does a business systems

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survey, a marketing survey, an investment process survey, and a client services survey.

5. **Team business system survey**
   a. Assess the effectiveness of 46 key areas of the enterprise
   b. Identify areas of strength and weakness in the five core functions (sales and marketing, investment management, client service, business planning and practice management) of the business
   c. Provide input on where to focus business development
6. **Team survey of practice marketing**
   a. Identify the marketing strategies that have worked well in the past
   b. Assess the effectiveness of 25 marketing strategies as they relate to their practice
   c. Evaluates current marketing strategies and marketing materials
   d. Explore ways to improve current marketing efforts
7. **Team survey of the investment process**
   a. Identify the key steps in the practice's investment management consulting process
   b. Distinguish between the steps that are performed in-house and the steps that are outsourced
   c. Identify current problems, challenges and concerns with the current investment process
   d. Explore ways to improve their investment process.
8. **Team survey of client service**
   a. Define the existing client service strategy
   b. Identify current problems, challenges and concerns they have with the existing client service strategy

In reviewing structural issues, the team completes a workload and staffing worksheet, and surveys the strengths and weaknesses of the consulting practice.

9. **Team workload and staffing worksheet**
   a. Identify the core job functions of the business
   b. Identify the key tasks and responsibilities of each job function
   c. Estimate the amount of time it takes to perform each task/function
   d. Identify primary and secondary individuals who are responsible for performing each task/function
   e. Determine staffing requirements for each job function.
10. **Team review of the strengths and weaknesses of the practice**
   a. Identify the core strengths and weaknesses (areas for improvements) in the business
   b. Solicit specific suggestions from each team member on ways to improve the business

In addressing people issues, each team member assesses themselves, assesses their fellow team members in a 360° assessment, engages in behavioral style analysis and establishes their personal interests, attitudes and values.

11. **Team establishment of their roles and responsibilities**
   a. Define their key responsibilities
   b. Define the critical skills required to perform their jobs
   c. Identify key frustrations
   d. Identify areas where each team member needs additional training
   e. Establish how they feel about their level of compensation.
12. **Team 360° evaluation of their colleagues**
   a. Establish how well they understand the jobs of their fellow team members
   b. Learn how their jobs effect their colleagues
   c. Identify potential areas of conflict with the team
13. **Team behavior style analysis**
   a. Establish the individual behavioral style of each team member
   b. Create a behavioral style composite of the entire team
   c. Identify mismatches which keep the team from reaching its fullest potential
   d. Establish how to manage each team member more effectively
   e. Establish how to communicate and work more effectively as a team
14. **Team personal interests, attitudes, and values analysis**
   a. Learn what motivates each team member (why they do what they do)
   b. Provide insight into how to resolve areas of conflict within the team
   c. Help each team member develop a deeper level of respect for the attitudes and values of others
   d. Help each team member to understand what they need to do in order to be fulfilled in life (their passion)

BUILDING A HIGH-PERFORMANCE BUSINESS TEAM CANNOT BE DONE OVERNIGHT BECAUSE IT ENTAILS GROUP DYNAMICS AND CHANGING THE WAY THINGS ARE DONE

In addressing personal development issues, the team will complete a time Mastery Profile, Personal Listening Profile, Personal Learning Insights Profile, Innovate-With-Care Profile, Dimensions Of Leadership Profile, And a Coping and Stress Profile.

15. **Time Mastery Profile** helps each team member to:
a. Develop a "can-do" attitude
b. Establish clear goals
c. Prioritize more effectively
d. Analyze the use of their time better
e. Plan for effectiveness
f. Schedule their activities more effectively
g. Control interruptions
h. Improve the effectiveness of team members
i. Manage paperwork more effectively
j. Improve delegation
k. Overcome procrastination and maximize the use of the entire team's time. The:

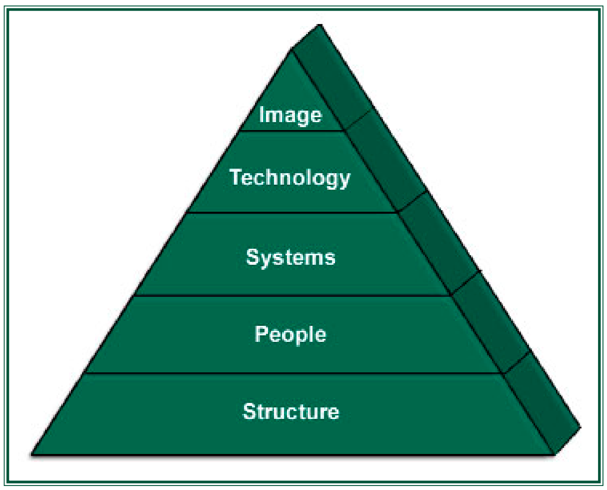
16. **Personal Listening Profile** helps each member of the team to:
   a. Discover their preferred listening approach as well as those of their fellow team members
   b. Understand the focus, motivation and behavioral indicators of the five listening approaches
   c. Appreciate the value of different listening approaches in various environments
   d. Develop and improve listening strategies and create a personal development plan to improve overall communications with fellow team members and clients

[Graphic omitted]

17. **Personal Learning Profile** helps each member of the team to:
    a. Identify their personal approach to learning
    b. Recognize why they want to learn
    c. Understand how they prepare information to be presented
    d. Discover how they prefer to be involved with the learning process
    e. Develop a personal learning strategy and create an action plan to maximize learning
18. **The Innovate-With-Care Profile** helps each member of the team to:
    a. Identify their individual approach to teamwork
    b. Clarify their roles
    c. Reinforce the strengths of their fellow team members
    d. Understand and encourage team innovation and problem solving
    e. Achieve high-performance results through effective individual contributions.
19. **Dimensions of Leadership Profile** helps to:
    a. Identify the type of leader you are by understanding the 12 dimensions of leadership and how you rate in each dimension of leadership: enthusiasm, integrity, self-renewal, fortitude, perception, judgment, performance, boldness, team-building, collaboration, inspiring and serving others
    b. Help you discover how each team member wants to be led
    c. Identify the dimensions of leadership that your team needs in order to meet its present and future challenges.
20. **Coping with Stress Profile** helps each member of the team identify their current stress, develop coping resources and techniques, and to create a plan for achieving their goals so they can incorporate positive change in their personal and professional lives.

As you can see, Paragon's Complete Business Assessment is perhaps the most comprehensive diagnostic evaluation of a consulting practice ever created. From this Complete Business Assessment, the team begins to understand the root causes of its growth pains which are delineated in Paragon's report. The purpose of the Complete Business Evaluation is for the consultant to take charge of their business. Before the Complete Business Assessment, the consultants knew they were experiencing growth pains. After the Complete Business Assessment, they know why.

The report evaluates business effectiveness in five areas: client service, investment process, marketing strategies, sales process, and team-building. The report uses a proprietary assessment process that summarizes findings, outlines special recommendations for expanding effectiveness and helps eliminate the root cause for growth pains. The entire process can take the team as little as a week or two, depending on their turn-around time on the response forms. Paragon only requires two weeks to produce its report. Thus, in just four weeks, a team can get a Complete Business Assessment of its practice. But the Complete Business Assessment is just the beginning. Once a team begins to sense their potential as a business, they will want to go further.



The second step is for Paragon to help the team develop strategies which would allow it to become a high-performance team. The focus of Paragon's work then shifts to working with the team to build an action plan that will allow the team to realize their financial goals without sacrificing their quality of life. This is what Paragon calls building a world-class business.

Paragon begins by helping the team develop a vision for their business. The thesis is if you don't have a clear and compelling vision for your business, you'll never be able to make the tough decisions needed to build a world-class business. One of the most important concepts Paragon asks its clients to embrace is from Stephen Covey's *The 7 Habits of Highly Effective People*." Covey argues that the key to effective time management is learning how to say, "no." He cautions, however, that "you can only say 'no' if you have a deeper 'yes' burning inside you." That deeper "yes" is your vision. Once the team has developed a vision for its business, Paragon then starts working on the business. Their business development model has five components which they call the "building blocks of a world-class business." The best way to understand the model is to visualize a pyramid that is horizontally sliced into five levels. Starting at the base of the pyramid going to its peak you have: structure, then people, systems, technology, and image at the top. Paragon starts with structure and works its way up, getting each level right before moving to the next.

Paragon views the lack of structure as a major source of the problems it sees in most businesses. If you look closely at your business model, you will probably find that you are trying to do too much with the people you have in place. In order to determine the proper structure for your business, you have to quantify your workload. This is a painstaking process, but one that has to take place if you are serious about taking control of your business. Workload is basically a function of two things – the number of clients you have and what you do for them. You can increase or decrease your workload dramatically by altering one or both of these factors. Most teams have been built without a clear understanding of workload, and top producers, by their nature, tend to underestimate how long it takes to do things. Consequently, the structure of many consulting practices hold much promise for improvement.

In quantifying workload, Paragon asks the team members to identify all the business functions in their practice. They should include practice management, marketing, sales, portfolio analysis and design, administration and operations, portfolio management, performance measurement, portfolio review, client service and relationship management. Then the team lists all the major activities and tasks that fall within each business function and determines how frequently each task takes place. The team then estimates the amount of time each task requires, and identifies the person(s) responsible for carrying out each task, then calculates the number of man-hours to support each function. This estimate of manhours, though rough, will clearly establish why the team is working 12 or more hours a day and still not getting everything done. The organizational structure of the practice becomes more clear once the workload is defined.

Once the team understands what it should "look" like, it then must look at the next layer of the pyramid-its people. The objective is to build a high-performance team. This is a team of individuals who come to work each day with a shared mission to exceed the expectations of their clients and each other. This is the area where Paragon has the most significant impact on consulting practices. Most individuals are capable of achieving far more than they are even aware of. One of Paragon's goals is to help people realize their true potential. The most important counsel that Paragon provides is, if a consultant wants to build a high-performance team, they must treat their team of people as well as – if not better than – they treat their best clients. The consultant must view their team members as the most valuable assets they have in their business because they are. Creating the right organizational structure with the right people in the right functions requires much effort, but when it is put in place, you have the critical elements of a high-performance business team.

Paragon then helps the team focus on its systems. Systems are about efficiency and consistency. A system is a series of steps or activities that work together to produce a consistent and predictable result. The goal is to systematize as much as possible when it comes to running your business. Paragon has identified 10 functional areas of a consulting practice. Virtually everything that has to be done can – and should be – systematized. A system can be a simple checklist, or an intricate flowchart that maps out who does what and when. This is also a painstaking process but one that has to be done in building a world-class business. Your goal should be to document all of your operating systems and organize these into a series of systems manuals for each area of your business-marketing, client service, etc.

Paragon believes that most consultants have yet to realize the full benefits of technology, primarily because they have not kept up with it. Paragon suggests that technology must be one of the core competencies of everyone on the team, including its principal(s), by securing advanced training on the hardware and software used every day. Paragon also counsels consultants to hire an outside technology consultant to help with every aspect of technology needs. Technology is the best thing and the worst thing that has ever happened to the consulting business. If you can learn how to use technology properly, it can have a tremendous impact on your consulting practice with the leverage it can provide. Conversely, you can invest considerable resources in technology, and if you do not know how to use it properly, it can be the source of great frustration and can even work against you. Ultimately, in order to get the operating leverage, efficiencies and client service to which one would aspire, technology must be thoroughly integrated into all the operating systems of the practice.

The last element of the five segment Paragon business model that crowns the pyramid is image. This is the look and feel of the business. This includes everything from the way you dress to the way you answer the telephone. The obvious part of image is the tangible things like brochures and office decor, etc. The less obvious is just as important – the intangibles. Paragon calls this the total client experience that makes clients so enthusiastic about your service that they want to tell others about it. Your goal should be to create a "wow" experience every time they come in contact with your business. If you create raving fans, you will drown in referrals. The strategy is called the A-C-E philosophy of client service. *Anticipate* their needs, show them you *Care* and *Exceed* their expectations. This level of service is very rare and operating at this level is invigorating for all. Jim Whitaker, upon successfully climbing Mt. Everest, said, "You never conquer the mountain, you only conquer yourself." The same principal is at work in building a world-class business. As consulting practitioners, only you hold the key to building a world-class business.

The financial services industry is just beginning to awaken to the secrets in building a large successful financial services practice. You don't sell products; you sell advice. You use an investment process through which you address the investment values most important to each client. Even with substantial committment of human and capital resources, most large consulting practices have yet to realize their full potential. Through Paragon Resources, a large consulting practice can realize its full potential. Every serious investment management consultant practitioner inside and outside of Salomon Smith Barney and Prudential should consider engaging Paragon Resources in executing a Complete Business Assessment and in building a world-class business around a high-performance business team. Steve Saenz of Paragon Resources observes, "Once you build a world-class business, you will be happier than you've ever been, and people will follow you where you want to go." ■

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