

# The Efficient Practice

Newsletter and Archive Service for  
Financial and Business Professionals

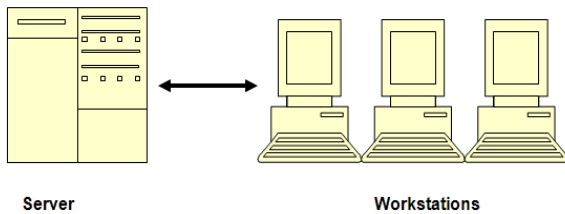
## Efficient Backup Solutions

Keeping your clients information secure and avoiding the possibility of an accidental erasure of critical data are two worries shared by most financial practitioners. Thanks to advances in technology, these can be made to be less worrisome. Let us first look at a traditional backup model. In this example (below) we see the office computer 'server' has multiple hard drives, any one or more could be set up as mir-

ror drives; these are drives that mirror whatever is stored on the main hard drive(s). One issue of this traditional model is reliability. Statistics show that one out of every ten hard drives fail each year. In addition, should a fire or other destruction occur on premises, the data could be lost. Thus, reliance on a resident backup hard drive

alone is considered risky, at best. Many firms have opted for a second layer of backup protection. This may involve an external backup device, that can be removed every night (or removable disks that are exchanged periodically). In this area, LaCie ([www.lacie.com](http://www.lacie.com)) has produced a line of SAFE hard Drives, that can hold up to 1 terabyte of information, connected via USB or fire-wire port to your computer or server. With biometric (fingerprint) access, hardware encryption and a chain lock, the LaCie SAFE is...

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## The Future of Outsourcing

With economic pressures putting additional strain on budgets, outsourcing of parts of an advisory practice has become more popular lately. One reason to consider outsourcing is to focus on what the advisor does best and outsource the rest. For most, this involves the advisor focusing on the client relationship and potentially finding 'outsource partners' for

such diverse elements of business as technology, investment management, financial planning and more. A few questions need to be answered before embarking on the outsource bandwagon. What should and should not be outsourced? When does outsourcing make sense financially and operationally? And, what could the

future hold for new outsource avenues?

### 1.) What should or should not be outsourced?

This is a critical issue to determine based on what you offer to your clients and what is your expertise. For most, technology is probably not an area of expertise. Therefore, outsourcing technology such as website hosting... **Continued on Page 2**

### The Efficient Practice

#### Special points of interest:

- > Backup Solutions
- > The Future of Outsourcing
- > Activities & Priorities
- > Tools for Efficient Business
- > Commentary

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## The Efficient Practice

### The Future of Outsourcing (cont'd from Page One)

But, consider this, that the firm may find a financial planning outsource provider that is capable of delivering plans that might be higher quality than what the firm was capable of doing on their own.

Performing a cost/benefit study of an outsource function is absolutely necessary to determine whether or not it makes sense.

and maintenance, computer hardware, network and connectivity support may be of interest. But, technology is not limited to just this. Many firms use outsourced computer file backup and restore services such as MozyPro ([www.mozypro.com](http://www.mozypro.com)) and similar. Other technology outsource providers could include email archiving, offsite file storage, Mobile connectivity solutions (mobile access to client database, investment portfolios, etc. and virtual phone answering services.

For Registered Investment Advisors, back-office solutions offer some economies of scale and could simplify daily operations for smaller practices. Focus Point Solutions ([www.focuspointsolutions.com](http://www.focuspointsolutions.com)) is a good example of this type of outsource partner. For independent Broker/Dealer affiliated advisors, many independent B/Ds (such as Raymond James Financial and others) offer a la carte services that permit the advisor to choose those aspects of operations that they wish to outsource and those that they would prefer to do themselves.

You should not outsource those aspects of your financial practice that you like to do and do well (and efficiently). For some, this could include finan-

cial planning, or even investment management. Certainly, client relationships cannot and should not be outsourced. But, there are aspects of client relationship management that can be (i.e. newsletters, online client portals, automated reporting, etc.)

#### **2.) When does outsourcing make sense financially and operationally?**

Performing a cost/benefit study of an outsource function is absolutely necessary to determine whether or not it makes sense. As an example, let us suppose that a firm has a para-planner who is responsible for preparing financial plans (in conjunction with a lead planner). Let us further suppose that this person is paid about \$40,000 per year.

The firm, in this example, might charge the client \$2,500 on average for a financial plan and they are pacing around 14 full-blown plans per year. What this means financially is that the revenue generated purely from the financial planning fees is \$35,000. While ignoring for the moment, additional costs such as printing, binding, ink, etc., the cash flow for this firm is running a deficit of \$5,000 per year. Granted, there is additional potential revenue from a plan that should be considered in evaluating the viability of

outsourcing, but if these were the only numbers to consider and the firm could locate a vendor who could produce the same quality of plans for around \$400 - \$500 each, then the cost savings alone could be enormous.

But, consider this, that the firm may find a financial planning outsource provider that is capable of delivering plans that might be higher quality than what the firm was capable of doing on their own. While this may seem hard to believe, it is often true.

The fact is, an outsource financial planning firm that specializes in producing financial plans (for example), would have the opportunity of approaching the planning process from a very high level, using the latest high-end technology and be trained to adapt the style of planning to match what the firm is or wishes to do.

What this means to a practitioner is the ability to produce a client deliverable at a very high level with minimal cost, training and time expended. There may also be the ability to share the financial plan production duties. For instance, the outsource provider may be employed to prepare the front-end of plans, leaving the actual recommendations to the advisor.

*(Cont'd on next page)*

## The Future of Outsourcing (cont'd from Page Two)

Operationally, the same could be true of other outsource areas such as investment management. Rather than try to compete with the 'big boys' a firm could tap into the experience and resources of an outsource provider to deliver much more sophisticated investment strategies than what they could produce on their own. Examples might include Dimensional Fund Advisors ([www.dfaus.com](http://www.dfaus.com)), Asset Dedication ([www.assetdedication.com](http://www.assetdedication.com)) and many others.



### 3.) What could the future hold for new outsource avenues?

Quite frankly, the sky is the limit here. We are already seeing innovative new solutions available to advisors on an outsource basis. Marketing is key concept. Companies such as Boulevard R ([www.boulevardr.com](http://www.boulevardr.com)), Twist/Evolutionize ([www.evolutionizemypractice.com](http://www.evolutionizemypractice.com)) efforts and website development and coordinate those efforts with existing systems such as client relationship management software, etc.

Compliance has long been a popular outsource choice for Registered In-



vestment Advisors (RIAs) and independent advisors. New compliance outsource providers are using the web more effectively to cut down on costs and make compliance reporting more accessible. National Compliance Services ([www.ncsonline.com](http://www.ncsonline.com)), Market Counsel ([www.marketcounsel.com](http://www.marketcounsel.com)) and RIA Compliance Consultants ([www.ria-compliance-consultants.com](http://www.ria-compliance-consultants.com)) are a few of the dozens of outsource providers in this area that serve the needs of Independent Advisors.

Virtual phone answering and virtual assistant services have been a debatable aspect of outsource services; debatable because some practitioners see a potential loss of personal contact with clients and potential clients with the use of such programs. However, advances in such services lessen the

impersonal nature of these. A couple of such services to check out are [www.virtualassistant.org](http://www.virtualassistant.org) and [www.onebox.com](http://www.onebox.com). Many firms are now using receptionist services that use live receptionists in remote locations to receive, forward calls and take messages where appropriate. Often, these may be part of an executive office firm's offerings such as [www.regus.com/virtualoffice](http://www.regus.com/virtualoffice) and [www.intelligentoffice.com](http://www.intelligentoffice.com). If you have a smaller firm with, for example, a part-time receptionist, you may wish to compare the costs associated with virtual receptionist services that are full-time against the costs you currently pay for part-time onsite help. It may actually be possible to cut costs while expanding the scope of services. However, there are trade-offs that must also be considered, such as the lack of a physical person onsite to greet clients, etc.

Workflow management, time management, communications management and seminar hosting, scheduling and follow-ups are new areas being explored by advisors. In meetings and event management, a major outsource player is CVENT ([www.event.com](http://www.event.com)).



In short, finding outsource solutions for your practice may require some research and due diligence, but when an effective solution that fits is found, the increases in efficiency and profitability make the journey worthwhile.



FEATURING:  
Onebox  
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## The Efficient Practice

### Efficient Backup Solutions (continued from Page 1)

Because of the potential for lost or damaged data, many firms have turned to online backup services.

designed for ultimate security. At \$269.99 (MSRP) or, for 2 Terabytes, \$399.99, it is an affordable choice.

And despite the power and capacity of these devices, it still requires the end-user to remember to unlock and remove the device every night. Most financial offices do not. In fact, they normally schedule automatic backups in the middle of the night to avoid disruption of normal business activities during the day. Thus, the security of holding such information offsite is lost in many cases.

Another choice has emerged in recent months worth noting. Flash drives, in the past small devices that plugged into a USB port and stored a small amount of information, are not so small anymore. Kingston ([www.kingston.com](http://www.kingston.com)), a leader for many years in memory storage devices, has introduced a large capacity flash drive for enterprises and small businesses. The Data Traveler 300 is a model offered with 256 GB capacity and offers up to 20 mb/sec read and 10 mb/sec write speeds. Designed to work with Vista, it is enhanced for Windows ReadyBoost technology. The DT 300 is appropriate for small businesses and is not yet available in the United

States, though expected to be offered here in early 2010. It is currently available in Europe, Africa, the Middle East and most Asian countries. But, at over \$900, this could be a pricey choice.

On a more reasonable level, you can get a 128 GB flash drive for under \$400. Corsair ([www.corsair.com/products/flash.aspx](http://www.corsair.com/products/flash.aspx)) offers the Voyager GT, a 128 GB flash drive with really fast read/write speeds, assuming it is plugged into a USB 2.0 port. The device is encased in red water-resistant rubber to protect it from the accident prone. And while some may pause at the price, never fear. The cost of these devices is very likely to drop in the coming months, particularly as newer, larger devices are introduced. One advantage of flash drives is the lack of moving parts. It is not likely to fail like a mechanical hard drive and thus, the reliability factor is increased. Still though, the firm owner must remember to perform the backup of data (potentially on more than one of these if the data stored is large), and then remove the device from the premises every night.

Because of the potential for lost or damaged data, many firms have turned to online backup services. MozyPro ([www.mozy.com](http://www.mozy.com)) is a cost-

effective, secure choice for financial advisory practices. MozyPro features 448-bit blowfish encryption at the beginning of the backup process and sends the data encrypted via a 128-bit SSL connection to their data center that stores the data in its native encrypted state. The advantage of such services as MozyPro is the ease of use. It is set up to auto-backup at a pre-selected time and can perform sophisticated block-level incremental backups to save time. It also adjusts bandwidth (throttling) to allow for other critical services to function at the same time. And it works with most every platform. The cost for a desktop license is \$3.95 plus 50cents per Gigabyte. For a server, it is \$6.95 plus the same 50 cents per gigabyte. Comparing this to the purchase of an external hard drive, with the cost of the hard drive (at \$269.99), it would take over 9 months of backup service to equal through MozyPro storing 50 GB of data to equal the hard drive, but with no risk of mechanical failure and no possibility of loss of data. And, you only pay for what you use, unlike purchasing equipment with large capacities. In short, there are lots of choices, but beware of the costs and make sure it is an



La Cie Safe Hard Drive



Corsair Voyager GT

## Efficient Backup Solutions (cont'd)

And, speaking of costs, Yet another company that specializes in online backup services is Carbonite ([www.carbonite.com](http://www.carbonite.com)). Offering the lowest cost, Carbonite is only \$54.95 per year per computer, with unlimited storage. Using similar encryption and password protection as MozyPro (though at press time, the details of their encryption technology were not yet made available), users are given the additional step of managing their own encryption key. While the actual encryption may or may not be top of the line, the cost factors are definitely the lowest we have encountered.

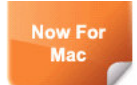
A concern among financial practices is the need to observe SEC and Sarbanes-Oxley (SarBox) compliance standards as it applies to the electronic storage and retrieval of data. And while this takes into account more than just the storage itself, the general requirements are that the storage service:

- Fulfill Sarbanes-Oxley requirements by providing reliable reporting on archived records and by securing stored data from unauthorized access.
- Ensure that the storage system has an effective storage security system that will track addition and removal of physical storage, and a storage audit system that will track allocation, mounting, and demounting of storage volumes.
- Be complementary with other compliance initiatives that may affect the company.
- Work without interrupting business functions and systems.

Provide a system that can scale to meet future storage needs and allows for secure migration of stored data.

Ancillary to these points is a file system that can create an audit trail to show when and who may have had access or ability to alter an original document. Also, in cases where client data is captured via a scanner, that the scanned image be imprinted to identify it as an unaltered original. And, while there is much more to SarBox than this, these represent the major issues to address when developing a safe, secure and compliant backup solution for your office that is both cost-effective and efficient.

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## Tools for Efficient Business: Activities and Priorities

Have you ever had the feeling that you were so occupied by work that you really did not pay attention to your health, relationships or other personal endeavors? Or, perhaps the opposite is true, where you are socializing so much that you cannot find the time to get your work done.

Have you ever gotten the impression you missed something important because you were busy with your every-day routine?

Have you ever been in the situation where many of your activities required your complete attention simultaneously? Have you ever been confronted with equally important problems that make it impossible to follow a strict schedule? And, after having finished a day's work, have you ever been unsure as to whether or not you paid the amount of attention to each activity that each deserved?

If so, then you need **Activities and Priorities**.

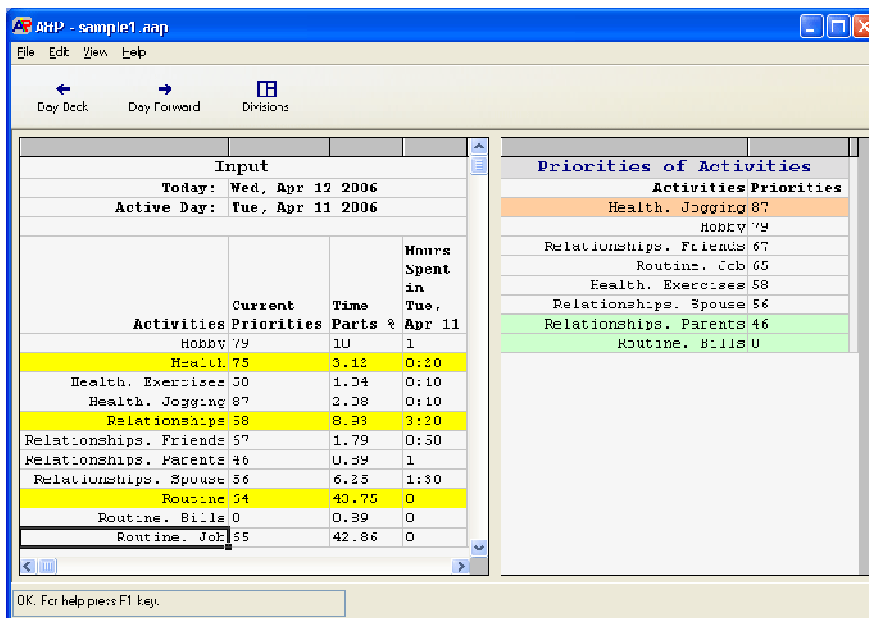
Activities and Priorities (AAP) is different from regular planners and organizers. It does not monitor the things to which you can directly assign the priorities yourself.

AAP balances equally and vitally important things like work, health, relationships, main life goals, all things that you should do regularly to have the success in life, be happy and healthy. You cannot directly assign the priorities to such activities. The highest priority has the most neglected activity. The priorities change with time and AAP shows them to you.

In terms of the wellness, AAP is the wellness monitor. In terms of the time management, AAP monitors quadrant 2 of the Time management matrix with the most important though not urgent things ("first things" as Stephen Covey calls it).

In a way, AAP is the compass that shows what is the most important now to keep our wellness up and our life balanced. Here we use the word "balance" in the sense of Stephen Covey, "as running from one area to another fast enough to spend time in each other on a regular basis".

The best news of all, there is a free version of this software. Though limited to only three things to balance, it is a great way to check this software and philosophy out. The Pro version is \$29.95 and well worth it.



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[www.friendly-ware.com](http://www.friendly-ware.com)

## Commentary: A New Year and A New Start

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2010 could be a great year or an extension of the bad news of the last 18 months or so. It is clearly up in the air. What is more apparent is the opportunity to take advantage of these times rather than do nothing and let the economic circumstances pull you and your firm down.

So, you might ask, what are the opportunities. The answer lies in the fallout from the great recession of 2009. The fallout is that firms failed, clients were disgruntled and those that survived are poised to take on scores of new clients ready for change. With a little help from a resurging economy and stock market, the change will probably be for the better, for both the new client and you.

The only problem with this scenario is that many firms have failed to step up their marketing efforts to attract those mobilized clients. And, this is a shame, if not acted upon very soon. The firms who understand the value of marketing in this period of time, have already begun to experience increases in business and revenue. For some who adopted this philosophy in 2009, the impact on firm revenue from a declining stock market was minimized or avoided altogether.

Yet, despite overwhelming evidence of the value of marketing in a down market, some advisors steadfastly stuck to their old business models that called for referrals as the only source of new business. **Wake up people!!**

This chance of a lifetime is a limited offer. It will only last so long before the opportunity runs out. The need is now and yes, it is going to cost money. But it is money that can easily be recouped from the additional revenue generated. It is time to pull the cash out from under the pillow and spend it on the growth of your practice.

*-David L. Lawrence*

Wake  
Up  
People!!

We're on the web!  
[www.EfficientPractice.com](http://www.EfficientPractice.com)

We assist our clients in realizing additional profits through a thorough analysis of your business operations from a variety of tactical perspectives that stress the efficient use of resources. We have identified **four broad areas of operational efficiency** which form the basis of our evaluative process. We do this by taking the time to learn everything we can about your business and then offer recommendations based on where you want to take it. And we offer on-going support and coaching to ensure that your path to increased profit continues unabated.

**Note:** No software, service, product or company mentioned in this newsletter paid for such mention. This newsletter remains totally independent.

## The Efficient Practice

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