The Efficient Practice

December 1, 2007

Volume 4, Issue 12

The Efficient Practice

Special points of interest:

- Operational Leadership can lead to an efficient and profitable firm.
- Want to learn how to synchronize files anywhere, anytime?
- A great how-to on creating auto email replies.

Inside this issue:

Operational Leadership: Finding efficient ways to manage a growing firm

One of the great challenges of management is adjusting to the growth of a firm. The adjustment is not confined to the owner/manager. Adjustments must be made by all members of the firm. Clearly, though, the first and most fundamental step is for the owner/manager of the firm to recognize that as the firm grows, he/she must change the way in which management of the firm is handled. For most practitioners that began as a one-person shop, this is a difficult task. When operating a one-person shop, the owner does it all, from clerical to analytical. When the first employee is added, there is still little need for formal management techniques, as there may be time to discuss most everything. But, as more and more employees are added, there is an inefficiency of scale that sets in, interfering with work productivity, increasing time demands on the owner/manager and potentially limiting profitability. Often referred to as the **"revenue ceiling"**, it is the point in growth where the limitations of management so hinder the efficient operations of the practice that continued revenue growth becomes virtually impossible without major changes.

Similar in scope to the law of diminishing returns or the law of increasing opportunity costs (originating with early 18th and 19th century economists such as Thomas Malthus and David Ricardo), increases in gross revenue could be outpaced by exponential increases in the cost of doing business.

(***Continued on Page 4***)

ACT! for Financial Professionals (AFFP)

You probably have heard of ACT! the contact management system from Sage Software. You may have heard of ACT4Advisors, a templated version of ACT! designed for financial advisors. But, did you know that there is another version, called **ACT! for Financial Professionals**? This version, produced by SLM (**SLMBIZ.com**) was originally developed by Vertical Falls software and has been licensed to over 17,000 advisors, mainly through major Broker/Dealer relationships such as Smith Barney. Other firms such as Morgan Stanley, Wachovia and others are also users.

So, what makes this version different from the others, you ask? Well, it turns out, there are huge differences, from customization to layout to the 20 integrated tools that make your life easier and more efficient. Rather than a template, this company customizes ACT for your firm.

One of the challenges is reliable access to files and information while "on the road." If you are the owner of a so-called 'Smartphone' such as a Treo, Blackberry or similar, then you are familiar with synchronization software. Most of these devices either use Microsoft's Activesync software, Palm's Hotsync software or something similar. If you are familiar with these, you may also be familiar (or frustrated by) their almost universal lack of flexibility.

Caption describing picture or graphic.

Another Efficient Tool for the Remote Advisor

Some advisors have developed nests of clients in remote locations from their main office. This may have been by design or it could possibly be as a result of clients' referrals, clients moving to another location or other client acquisition techniques. Though, having nests of clients can provide a firm with expanded revenue opportunities, it also poses significant technological challenges.

One of the challenges is reliable access to files and information while "on the road." If you are the owner of a so-called 'Smartphone' such as a Treo, Blackberry or similar, then you are familiar with synchronization software. Most of these devices either use Microsoft's Activesync software, Palm's Hotsync software or something similar. If you are familiar with these, you may also be familiar (or frustrated by) their almost universal lack of flexibility. To synchronize files and/or information between a desktop machine and a laptop could involve a two-step process: sync'ing the Smartphone first and then resync'ing with the laptop. Even then, not everything gets updated. Only certain files, usually associated with the software and/or functionality of the Smartphone, get synchronized. If Microsoft Outlook is the email software of choice, generally the schedule, contacts and notes are transferred, but not necessarily the emails.

Other files, such as financial plan output documents, hypotheticals, investment reports, etc. do not generally get included in the updates. Thus, some advisors have chosen to use a remote access software solution such as GoToMyPc.com. Despite the reliability of the platform, it is often slower and more laborious to answer emails through the same web connection as your remote access. (Bandwidth is typically cut in half). One workaround is to use a version of your email program on your laptop to read emails, while creating settings that preserve a copy of the email on the email host platform. But, even this can be inefficient as it could create a huge backlog of emails to wade through once you return to your office desktop.

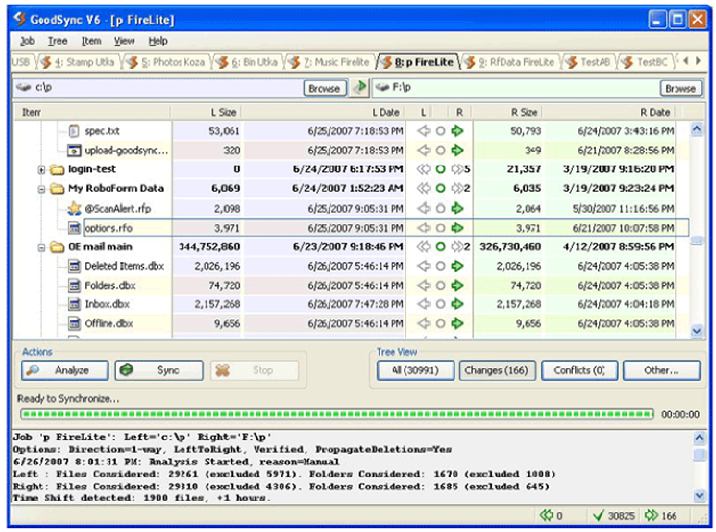
So, the question remains as to what other choices might be available. On November 8, 2007, Siber Systems, Inc. announced the release of GoodSync Version 6, the latest version of its award-winning data backup and synchronization product. Despite a simplicity and power that has earned it top praise from Computer Shopper, Network World and various other computer magazines and software Web sites, Version 6 has become even faster and easier to use, thanks to a slick new graphic interface and an improved synchronization algorithm proven capable of sync-ing a million files at once.

GoodSync allows users to synchronize data between any two PCs or storage devices, in any direction. Backups and synchronizations can be accomplished via USB cable, over a home or workplace network, or even the Internet. The highly advanced product automatically detects the latest file changes and deletions regardless of where the changes/deletions exist, then moves them to all other devices involved in the sync—a perfect tool for updating and transferring music, videos, work files, photos or other important information.

GoodSync Version 6 adds a number of new features that make it easy enough, yet robust enough for both home and business use. User improvements in Version 6 include:

- A **new tree-based interface** that allows users to more easily view file changes;
- An **improved file status display** that shows files matched, files unmatched and sync direction;
- **Advanced automatic settings** that allow complete set-it-and-forget-it flexibility;
- **Easy job setup** with a tabbed display that facilitates switching between multiple jobs;
- **Improved first time help messages** offered through pop-up balloons;
- An **online, step-by-step tutorial**; and

Now available in **12 languages**.



"GoodSync can be set up to automatically save a copy of a file that GoodSync is about to replace..."

The program's interface is easy to understand

The user interface has just two main options, Analyze and Sync, making the software easy for beginners, yet very robust for advanced users and tasks. There are also automatic settings, help balloons, an online tutorial, the ability to sync a million files at once, *plus* a free trial offer. Larger firms have discovered the enterprise-class backup performance of GoodSync. Version 6 offers a host of features that add to GoodSync's appeal, including automatic settings that enable GoodSync to periodically perform backups throughout the business day without affecting worker productivity.

To simplify synchronization tasks, syncs can be set to run automatically on logon or logoff using an AutoSync setting; what's more, GoodSync can be set up to automatically save a copy of a file that GoodSync is about to replace when syncing, ensuring that the last two versions of any file are maintained for recovery if needed. For those firms concerned with Sarbanes-Oxley compliance with offsite storage and retrieval solutions that are cost-effective and efficient, GoodSync might just be the right solution.

The good news is that this innovative data backup and synchronization utility is FREE for personal use; a professional version of the product can be purchased for $19.95 (USD), with Enterprise and OEM pricing available. GoodSync Version 6 is now available for download or purchase at **www.goodsync.com**.

Operational Leadership: *Continued from Page One*

There was an office manager charged with running the office, but had little authority to actually manage the employees. If he was given the task of assigning work, many times, one or another partner would go around the manager to assign additional unrelated work to the same employee, requesting priority.

One firm recently reported that they were adding new employees at the rate of two a year to keep pace with increased workload, yet their net revenue number continued to remain the same as before (or slightly decline). Bringing on more clients, increasing asset management (AUM) fees and creating new recurring revenue sources also did not seem to help the bottom line. The discouraged partners were seriously considering breaking the firm apart and downsizing.

When a practice efficiency analysis was accomplished, several things came to light (four of which are mentioned here). First, the firm was operating as a modified silo firm. This is where each of the five partners essentially ran their own operation. But, an attempt had been made to integrate staff to some degree. This created a boondoggle for employees who were asked to adapt on a daily basis to five different styles of doing business.

Second, most reports (quarterly investment reports, for instance) were taking each of four staff assistants around 8 hours (per report per staff member) to prepare. This is because the source data was coming from multiple locations (different software, websites, etc.) and had to be manually integrated into a single document. Often the resulting document had mismatched fonts, pagination, formatting and styles.

Third, Management style was somewhat myopic in structure. There was an office manager charged with running the office, but had little authority to actually manage the employees. If he was given the task of assigning work, many times, one or another partner would go around the manager to assign additional unrelated work to the same employee, requesting priority.

Fourth, there was no formal workflow process and follow-up procedure in place. With a lack of workflow and/or task completion standards (time and quality), there was no structural methodology for evaluating employee and/or manager performance. With close to 30 employees, this firm was attempting to run itself using the same techniques as a much smaller firm and it simply was not working.

So, what can a firm do to turn a situation like this around? One method is to start at the source of the problem, the management structure and systems (or lack thereof). A silo firm that attempts to integrate staff is asking for problems. Either you are a silo or you are not. First step is determining the structure of the firm and building it. Most silo firms come to realize that there are inherent inefficiencies due to the differences in the way that the various partners conduct business. In some cases this may be necessary, owing to the unique nature of that part of the firm's business (i.e. a specialization in divorce, medical practices, etc.). With such specialization, it may be necessary to build systems that are unique to that type of client.

The goal of workflow management is to manage the flow of work such that the work is done at the right time by the proper person.

dedicated to those specialties may not be easily able to integrate with other partners in the firm and should not be attempted. For that specialization partner, it may be necessary to split off the specific work that is related to the specialization and dedicate an employee(s) to that specific set of tasks. For more general tasks, clerical, contact management, etc., it may still be possible to integrate other staff, though extreme care must be taken to standardize workflow for this type of staff member.

In developing workflow management systems, it is important to recognize that technology can provide the functionality to support workflow processes. But it is not a replacement for management, merely a tool to aid management of workflow processes. The goal of workflow management is to manage the flow of work such that the work is done at the right time by the proper person. Thus, there are four steps that must be completed before workflow management can occur. The first is to develop, define and document the tasks that make up a workflow group (set of tasks associated with the workflow set – documented in a procedures manual, paper and/or electronic).

The second step is to create a comprehensive employee position outline that details the various duties and expectations of an employee. This type of outline provides a framework for training and evaluating an employee, based on specific criteria. With workflow management reports that relate the workflow procedures to the job outlines, management can then properly and objectively evaluate employee performance, thus ensuring that for any given task or set of tasks, the highest levels of efficiency can be achieved. With such reporting, it is also possible to reduce management time demands in training and directly overseeing employees. It may also be possible to uncover inefficiencies in a particular task or set of tasks by revealing time discrepancies from one employee to another.

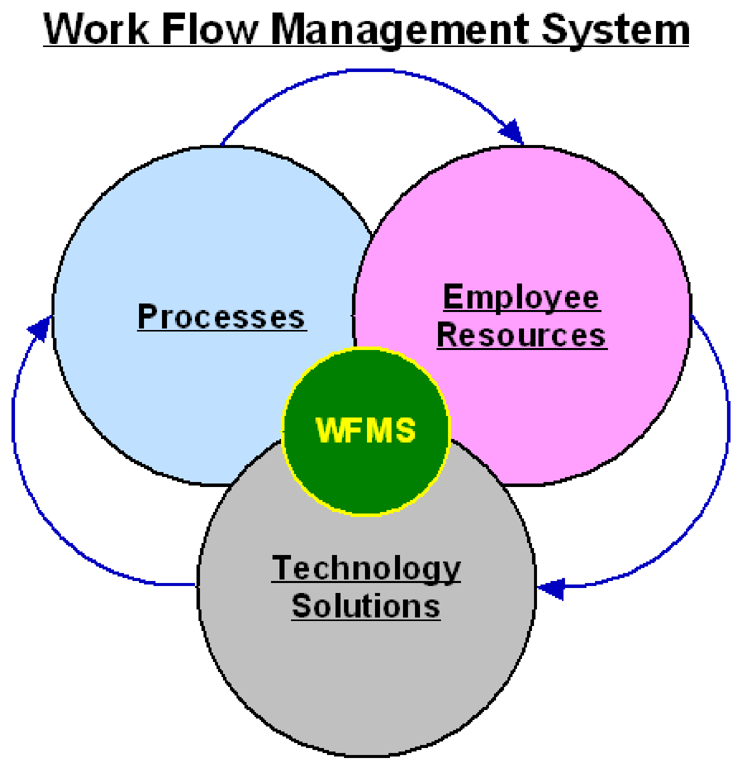
With specific workflow groups of tasks defined, developed and systematized, it is also necessary to centralize task and workflow group assignment (Step three). With managers/partners overriding other managers/partners, employees can quickly become overwhelmed and discouraged by the lack of process controls. With process controls in place, employees can rely upon a dependable standard for workflow assignment.

The final step is to integrate technology systems to increase efficiency by having management report generation and time studies made a part of the technology solution. With systems in place to record task completion, follow-up is a snap. Reports can be generated that uncover gaps in task completion, which focuses management on where the problem areas are. This saves time and builds greater efficiency into the overall process. The result is a true workflow management system that might be illustrated as follows:

With managers/ partners overriding other managers/ partners, employees can quickly become overwhelmed and discouraged by the lack of process controls.

...it is pre-mature to write off the smaller firms, particularly in light of workflow management techniques that, if applied correctly, could result in substantial operational cost savings while potentially increasing employee productivity and net revenue.

Operational Leadership: *Continued from Page One*



The 2007 Moss-Adams Compensation and Staffing Study of Advisory Firms concluded that, with fee compression issues, the only way to compete is by creating much larger firms, referred to in the study as 'market dominators.' With higher AUM figures to point to, it is felt that such firms possess greater negotiating strength with product vendors, etc. as well as economies of scale, which could potentially drive down internal operating costs. While this is potentially true, it is pre-mature to write off the smaller firms, particularly in light of workflow management techniques that, if applied correctly, could result in substantial operational cost savings while potentially increasing employee productivity and net revenue.

David Lawrence, AIF® (Accredited Investment Fiduciary™) is a practice efficiency consultant and is President of David Lawrence and Associates, a practice-consulting firm based in Lutz, Florida. (**www.efficientpractice.com**) David Lawrence is a much sought-after public speaker on a variety of leadership, financial and technical topics. For details, visit **www.davidlawrencespeaks.com**.

How to— Turning your Microsoft Outlook into an Exchange server type (without the exchange server) using 2007 version of Outlook

Automatic replies for POP3 and IMAP accounts

If your profile doesn't include an Exchange Server e-mail account, you can combine an Outlook e-mail template with Outlook rules to reproduce the functionality of the Out of Office Assistant. By using this combination, you can use your POP3 or IMAP e-mail account to send automated replies to incoming messages.

IMPORTANT You must leave your computer on and Outlook running for the automated replies to be sent.

Create a message template

On the **File** menu, point to **New**, and then click **Mail Message**.
On the **Options** tab, in the **Format** group, click **Plain Text**.
In the message body, type the message that you want to send as your automated reply.
In the message window, click the

Microsoft Office Button and then click **Save As**.
In the **Save As** dialog box, in the **Save as type** list, click **Outlook Template (*.oft)**.
In the **File name** box, type a name for your message template, and then click **Save**.

Create a rule to automatically reply to new e-mail messages

Do one of the following:
On the **Tools** menu, click **Rules and Alerts**.
In the **Rules and Alerts** dialog box, click **New Rule**.
Under **Start from a blank rule**, click **Check messages when they arrive**, and then click **Next**.
Under **Which condition(s) do you want to check?**, select the **sent only to me** check box and any other criteria that you want, and then click **Next**.
When you see a dialog box informing you that this rule will be applied to every message that you receive, click **Yes**.
Under **What do you want to do with the message?**, select the **reply using a specific template** check box.

Under **Step 2: Edit the rule description (click an underlined value)**, click **a specific template**.

In the **Select a Reply Template** dialog box, in the **Look In** box, click **User Templates in File System**.

Select the template that you created in the previous section, and then click **Open**.

Click **Next**.

Optionally, select the check boxes for any exceptions to the auto-reply rule.

Click **Next**.

Under **Step 1: Specify a name for this rule**, type a name for the auto-reply rule, and then click **Finish**.

The **reply using a specific template** rule in the Rules Wizard sends your automated reply only once to each sender during a single session. This rule prevents Outlook from sending repetitive replies to a single sender from whom you receive multiple messages. During a session, Outlook keeps track of the list of users to whom it has responded. If you exit Outlook and then restart it, however, the list of the senders who have received automated replies is reset.

IMPORTANT For the Rules Wizard to send a reply automatically, Outlook must be running and configured to check periodically for new messages.

The Efficient Practice

18313 Citation Street
Lutz, Florida 33549

Phone: 877-296-6876
Fax: 813-649-8755
E-mail: Info@efficientpractice.com

Consulting and Resources for Financial Service and Business Professionals

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 **six critical factors of 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.

We're on the web!
www.efficientpractice.com

Access a wealth of resources:

Your subscription gives you access to tons of other resources on the internet. Simply navigate to:

http://www.efficientpractice.com/newsletter to log in.

From there, you have a world of choices available to you:

1. Newsletter archive and database

2. Other resources:
topics from the world of operational efficiency:

- **Technology**
- **Employee Resources**
- **Procedures**
- **Operational Tools**
- **Efficiency publication library**

David L. Lawrence, President

Questions or comments?

Email:
info@efficientpractice.com