

# The Efficient Practice

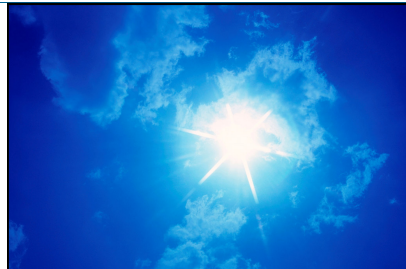
Newsletter and Archive Service for  
Financial and Business Professionals

## Living in the Cloud(s)

One direction being taken by technology is offsite computer software. Dubbed cloud computing, the technique has actually been around for quite some time, though known by different names. To satisfy Sarbanes-Oxley requirements, many firms have turned to offsite backup and retrieval services. What makes cloud computing different is that not only are files stored offsite, but the actual software is as well.

In the beginning, software that ran on an application server

platform (ASP) ran too slow to be practical. But, with speed innovation such as the Ajax engine (a software solution that speeds up processing online), speeds now approach that of resident software programs. The advantages of such technology are numerous and include the lack of a need for onsite storage solutions (expensive server hard drives, etc.) and expanded server resources to



handle such programs. There is also the argument that cloud based software permits the user to access their programs and files remotely from virtually any location.

And, with advances in encryption technology...

*Continued on Page 4*

## The IARFC: A Quick Look

The International Association of Registered Financial Consultants (IARFC), founded in 1984, is a non-profit professional association dedicated to educate, train, support and advance the professionalism of financial advisors who are helping people spend, save, insure, invest and

plan for the future. The IARFC is a worldwide organization with over 8,000 members. It offers professional designations and a comprehensive financial planning process course that goes beyond traditional programs by preparing attendees to run a financial advisory business and not

just understand the financial planning process.

The IARFC also offers practice tools such as their Practice Builder software suite and their Plan Builder, a financial planning software tool. For more information, please contact the IARFC at

**Info@IARFC.org**

### The Efficient Practice

#### Special points of interest:

- > Cloud Computing
- > The IARFC
- > Firing an Employee
- > Calculating Net Profitability
- > Mindjet Manager 8
- > Tools for Efficient Business

Check out  
our new  
look!

#### Inside this issue:

**Living in the Cloud(s) 1**

**The IARFC 1**

**Firing an Employee: Do An Exit Interview 2**

**Calculating Net Profitability 3**

**The Small Office: Mindjet Manager 8 5**

**Tools for Efficient Business 6**

**Commentary 7**

**Resources 8**

# Firing an employee? Do An Exit Interview



**It is important for the employee to be given the opportunity to respond and to sign and date the form for your records.**



Letting an employee go can be one of the most stressful and risky things a firm owner does. The issues surrounding a termination are varied and fraught with potential liability for the firm and its owner(s). Therefore, it should not be taken lightly nor should it be dismissed as unimportant.

There are several steps to termination that must be followed in order to minimize any liabilities the firm might be face with.

### Step One: Prepare an exit interview.

This should be done regardless of whether the termination is from the employee or employer. The reason this step is important is to give the employee an opportunity to speak to the termination and for the employer to fully explain and document the reasons for termination. The exit interview should contain questions such as what are your primary reasons for leaving? What did you like about your job? What did you find most frustration about your job? Were there policies that made your job more difficult? Would you consider returning to the firm in the future? And other ques-

tions. Here is a sample form:

them that you are interested in their future suc-

Exit Interview	
Employee Name _____	Termination Date _____
Employee ID# _____	Eligible for Rehire [ ] Yes [ ] No
Job Title _____	Job Code _____
Reason for Termination	
Voluntary	Involuntary
[ ] Another Position	[ ] Attendance
[ ] Personal Reasons	[ ] Violation of Company Policy
[ ] Relocation	[ ] Lay Off
[ ] Retirement	[ ] Reorganization
[ ] Return to School	[ ] Position Eliminated
[ ] Other _____	[ ] Other _____
Employee Comments:	
Interviewer Comments:	
Employee's Signature _____	Date _____
Interviewer's Signature _____	Date _____

A second page of the form could contain the questions. It is important for the employee to be given the opportunity to respond and to sign and date the form for your records. This is particularly true for those employee who are being let go.

Some firms line up employment resources for employees to use after termination. It shows the employee that you care enough about

cess even if it is not with your firm.

Some firms go out of their way to position the discussion toward a total fit for the firm. This might mean suggesting that they have worth even if they were not a perfect match for the position in the firm they were working at. Again, this shows compassion for the individual and lessens the possibility of a lawsuit or other claims.

## Calculating Net Profitability

Many firms operate for years without considering whether every product and/or service meets certain profit standards. This may be because it is often difficult to identify those offerings that should qualify as profit generating. Or, it may be simply because no one thought to do the calculation.

The simple fact is that one prudent business practice should be to understand the profit picture for your entire set of offerings, regardless of whether you identify them as profit generating or not. The reason is to uncover areas of your firm where work is accomplished, resources are expended and profit is missing.

One example might be the delivery of specialized advice. Let's say a client calls you and asks your opinion on which way he (she) should go on a new car: lease or buy. As a result of the conversation, you put in some research time to determine the best fit, given tax consequences, initial outlay of funds, eventual payment options, etc. The client thanks you and you do not charge them. If you put in 2 hours on the task and you charge \$180 per hour for other advice related services, then you just gave away \$360.

Now, perhaps you justified this by acknowledging that this is a big client, with lots of assets under management and you get a good amount of revenue from that source and would feel uncomfortable charging for additional services. Well, you need to get over that and quickly. The fact is, with AUM compression,

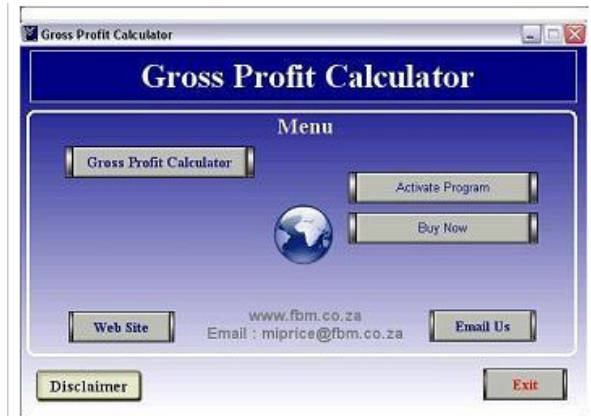
revenue is likely to be down for financial advisors who charge a percentage fee for assets under management (AUM). Thus, you can either bite the bullet and live in a profession in which you are paid less for the delivery of the same amount or more of services. Or, you can adopt a more intelligent approach to your revenue and build a list of deliverables along with the cost factors to your clients.

In this way, you can mitigate some or most of the variances in your revenue due to factors outside your control and build real value for your clients. The fact is, when you do not charge for certain services, whether you realize it or not, you are sending a message to your clients that those services are not worth much.

So, given that you need to re-think your revenue picture, the first step might be to calculate your profit. One tool, available from

**download.com**

is Gross Profit Calculator 2007.R1. This calculator allows you to determine your sales and gross profit requirements per month based on your overhead structure and pricing mechanisms.



**...one prudent business practice should be to understand the profit picture for your entire set of offerings, regardless of whether you identify them as profit generating or not.**

Overhead Costs		Company Parameters	
Asst Fees	5000	Net Profit	10.55 %
Bank Charges		Net Profit	1769
Bank Fees		Your Sales Target	16769
Carbim & Cleaning Cost			
Capital Loan Repayments			
Casual/Wages			
Cellular Phones			
Client Entertainment			
Equip Lease			
Fuel & Oil			
Furniture Repairs / Purchase			
Insurance Premiums			
Legal Fees Donations & Penalties			
Leases (Government Leases etc)			
Machinery Repairs			
Media Advertising			
Medical Aid Costs			
Members Drawings			
Office Equip Repairs / Purchase			
Parking & Toll Fees			
Pension Fund Contributions			
Printing & Stationery			
Production Equip Repairs / Purchase			
Property Bond / Rentals			
Property Repairs & Maint			
Salaries			
Security Services			
Staff Bonus			
Staff Entertainment / Benefits			
Staff Recruitment			
Subscriptions			
Telephones & Fax			
Training			
Travel Allowance			
Uniforms			
Vehicle Licenses			
Vehicle Repairs & Maint			
Vehicles / Machinery Repayments			
Wages - Normal Time			
Wages - Overtime			
Water & Lights			

## The Efficient Practice



**This not only cuts down on employee time (eliminating duplication of keystrokes), but also lends itself to a trackable workflow and better management of your firm's resources.**

### Living in the Cloud(s): *(continued from Page 1)*

and password protection, the data is more secure than ever, despite the naysayers who would have you believe otherwise.

One of the biggest players in cloud storage is Amazon. Yes, that is the same Amazon of books fame. However, most practitioners and firm owners will not have direct contact with Amazon on this level due to size. For most, selecting a software offering that taps into the 'cloud' is more likely.

One example of this is a client relationship management program called Redtail ([www.redtailtechnology.com](http://www.redtailtechnology.com)). Redtail is a web-based, easy to use client management solution designed specifically for financial professionals. Because it is not tied to any particular computer or server, redtail is available on any computer that has internet service anywhere in the world. This gives extreme flexibility to the firm owner as it offers the ability to stay on top of client files no matter where or when.

And, lest you think that because it is internet delivered you have to forego any functionality, think again. This is a full-featured, powerful database and workflow tool that has all the bells and whistles built-in.

Your data is backed up at their cloud-based servers every night and is available anytime from any computer with a web browser and internet connection. You have the capability to upload and store electronic versions of documents and can categorize and link them directly to client records.

Workflow processing is a breeze with Redtail. You can create workflow processes to automatically generate activities based on predetermined criteria; apply and track the progress of each workflow in use.

You are also able to build opportunity tracking to keep track of potential business opportunities from discovery through completion; tracking each stage as the opportunity progresses and record all events and history against client records.

These are just a few of the many advantages of such a system. One other advantage is the ease of being able to share data with other cloud-based programs. One excellent example of this is the ability to enter client data in Redtail and then seamlessly export that data to MoneyGuidePro ([www.moneyguidepro.com](http://www.moneyguidepro.com)), an internet-based financial and estate planning software platform. From an efficiency standpoint, this means typing client related information only once and then migrating that data from one program to another as needed to fulfill the various aspects of your service offerings to your clients. This not only cuts down on employee time (eliminating duplication of keystrokes), but also lends itself to a trackable workflow and better management of your firm's resources.

The cloud is here to stay. And, for most practitioners, this means lower costs for software, greater flexibility and access and more efficient operations. While not yet suitable for every size firm, for many, this is worth a look.







## The Efficient Practice

### Tools for Efficient Business: Plantronics Discovery 925



If you are a mobile business owner or advisor, you probably find it necessary to use a Bluetooth headset from time to time. And, if you do, you are no doubt aware of how difficult it is to hear and be heard when in a crowded restaurant, airport or out in windy conditions. One of the drawbacks to Bluetooth technology is the lack of ability to minimize background noise and wind. However, there is a new offering from Plantronics that seeks to change all that. The Plantronics Discovery 925 Bluetooth earpiece is your essential conversation piece, blending an elegantly simple VFrame design with crisp sound quality and lightweight couture comfort. The effortless setup, AudioIQ noise control technology and carrying case with rechargeable battery let you stay in touch and in style while you're in motion.

#### Highlights

Enjoy up to 5 hours talk time or 7 days standby from a single charge

- AudioIQ
- Bluetooth-enabled technology
- VFrame design captures your eye as well as your voice
- Rechargeable case keeps you in charge
- AudioIQ noise control technology for clear calls
- Multipoint technology lets you stay connected with two Bluetooth® mobile phones
- Three sizes of self-stabilizing eartips let you tailor the fit
- Quick and easy set up with Bluetooth phones
- Available in metallic and jewel tone colors
- **Enjoy up to 5 hours talk time or 7 days standby from a single charge**

The suggested retail price is \$149.95 Visit: [www.plantronics.com](http://www.plantronics.com)



## Commentary: Looking Ahead

2009 has finally arrived and none too soon for most financial advisors. 2008 turned out to be a disaster in many ways, with economic woes, financial markets melting down and the general mood of the country shifting to abject pessimism. So, the question is what do we have to look forward to in 2009? Well, for the one thing, we will have a new President of the United States. This alone is cause for some optimism, regardless of your political leanings.

One reason is that, following the first year of a newly elected President, we generally have seen an upward market movement. This could be because it takes time for that new President to enact legislation that will impact the economy or it could mean that people reserve optimism until after that new president has been sitting in office for awhile.

In any case, the historical perspective may be somewhat skewed by events. In the case of President Bush, it was 9/11. Who knows what events will befall our newest President. One thing is certain at this point, President-Elect Obama is facing some very serious economic issues. The banking and credit crisis has reached worldwide proportions. Banks receiving bailout funds have, in some cases, already misused that money to profit themselves at the expense of taxpayers. (Wells Fargo taking over Washington Mutual; Bank of America buying Merrill Lynch, etc., etc.)

Government coming to the aid of automakers is yet another example of blindsided giveaways that could ultimately backfire. The real reason behind most of the economic woes is greed. Greed on a historic scale and greed by virtually everyone involved. It is not just the greedy leadership of public companies, though that is a large part of the problem. It is not just the greed of property owners buying and/or refinancing multiple properties with adjusted loans that have too low front end monthly payments and no money down, in some cases. It is a breakdown of our banking and credit systems, with a too-lax system of oversight and lenders willing to bend every possible rule to give out money to unqualified borrowers simply because the property values just do not seem to ever go down...

Well, property values have finally responded. The buyers have stopped buying and the country is in a mess. More important, financial advisors are faced with trying to clean this mess up. 2009 is a new year with a new President and renewed optimism over the future. Let's not blow it.



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...financial advisors are faced with trying to clean this mess up.

*-David L. Lawrence*

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[www.EfficientPractice.com](http://www.EfficientPractice.com)

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

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