

The Efficient Practice

Newsletter and Archive Service for
Financial and Business Professionals

Document Management: The Core of Business

With increased regulation and, in some instances, overlapping regulations that constrain business and add to increased workload, storage needs and added staff training, never has there been a greater need to employ the technologies that surround document management than now.

While it may be tough to justify any additional expense, the simple truth is, that by employing a highly efficient document management system, costs can go down over time; way down.

This softens the blow of any upfront expense and fully justifies the time commitment necessary to implement such systems.

If you are associated with a Broker/Dealer, chances are the B/D is already offering some level of document management (i.e. forms capture, pre-fillable forms, outsourced electronic storage, etc.)

If not, there are a host of available systems that can transform your fi-

ancial practice or business into a highly efficient operation, simply by going 'paperless'.

The SEC and Finra have both ruled on the acceptability of paperless storage, retrieval and recovery. They have even ruled on the acceptability of electronic signatures (with specific guidelines).

So, what is stopping you? Chances are two things, cost and the knowledge necessary to get the job done right.

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Evolution Engineering: Enhance Value and Profits

Enjoying success by living life to the max through your ageless passion can create time constraints. Multi-tasking on the move between business, family and play takes precious time away from dealing effectively with your financial life support system; your business and your long

term objectives. You are stressed by having to cope with day-to-day business challenges while confronting constant change from outside forces. Evolution Engineering was built with these issues in mind. Equipped with an arsenal of best-of-breed resources, a highly experienced and multi-disciplined

team of professionals amplify the perpetual value and success of advisory firms while reducing their exposure to the harmful effects of uncontrollable outside forces — a must in today's economic environment—in effect taking you from survive to thrive. *(Continued on Page Two).*

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Special points of interest:

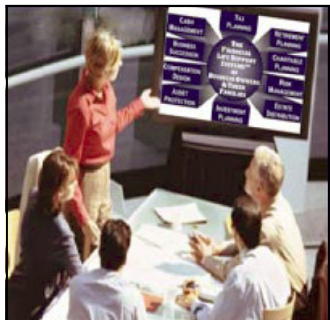
- > Document Management
- > Evolution Engineering
- > Migrating Advisors
- > Phrase Express
- > Tools for Efficient Business: The Logitech Digital Pen

Check out
our new
look!

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Evolution Engineering (cont'd from Page One)



The Evolution Engineering Platform is a powerful offering from the Financial Engineering Institute. It offers financial practices a variety of ways in which to enhance and differentiate their firms.

Fortify your client value proposition by retrofitting new services and products into your firm; creating fresh revenue and profit silos while leveraging against uncontrollable outside forces.

For details contact The Financial Engineering Institute at www.thefei.com (info@thefei.com) or call **888-884-3332**

The Evolution Engineering team consists of a group of highly charged professionals focused in different areas of your practice need to provide targeted solutions.

They use common sense to help you, your staff and your firm prevail. They deepen your control of your future within today's unprecedented uncertainty. They provide you with 'flex and balance' in order to maintain your choices of options. They employ a simple-practicality, real-world approach to generate

fast-track results. And, they convert existing deficiencies into long term strengths. Some of many areas that can be addressed are:

EXIT STRATEGY DEVELOPMENT

- ◆ Increase "Real" Practice Value
- ◆ Exercise Tactics Often Overlooked
- ◆ Staff and Client Preparation
- ◆ Exhaust Legal & Tax Opportunities
- ◆ Post-Exit Blueprint Implementation

CONVERSION TO INDEPENDENCE

- ◆ Create Business/Marketing Model
- ◆ Operational & Technology Set-Up
- ◆ Provide Fluid Client Conversion
- ◆ "Custodian" and/or

"B/D" Selection

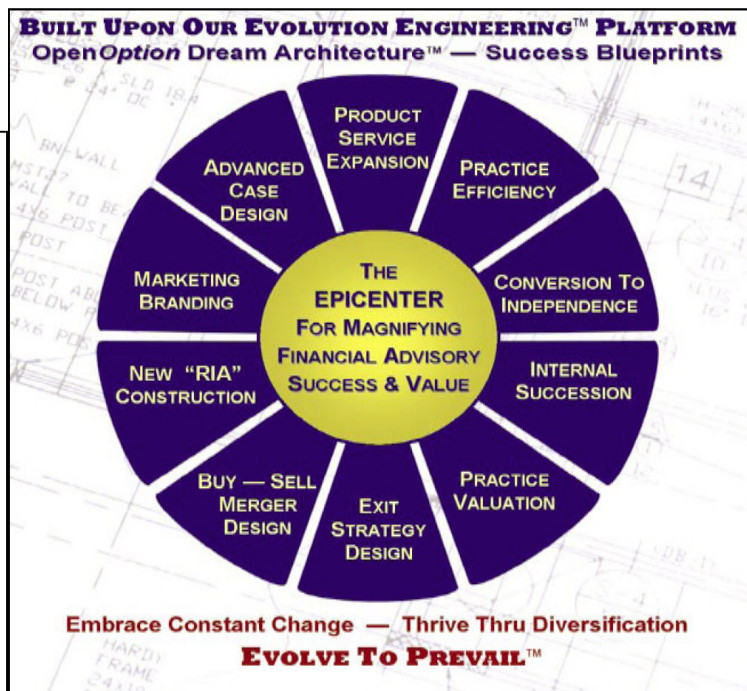
- ◆ Commission vs Fee - Solo/*Fusion
- NEW "RIA" CONSTRUCTION
- ◆ Create Business/Marketing Model
- ◆ Operational & Technology Set-Up
- ◆ Execute Registration/Compliance

PRACTICE EFFICIENCY DESIGN

- ◆ Perfect Operational Procedures
- ◆ Maximize Technology Usage
- ◆ Increase Management Efficiency
- ◆ Use Best-Of-Class Design Tactics
- ◆ Accelerate Staff Skill Development

ADVANCED CASE IMPLEMENTATION

- Utilize Our "Engineering" Approach, ◆ Use Our "Tax Dynamics" Facilities
- And much, much more!



Migrating Advisors: An Opportunity in the Making

A study done recently by the Discovery Database identified some interesting statistics on financial Reps migrating from one firm to another. In the study, 50% of all migrating advisors (reps) in December 2008 came from the Wirehouse world. (the actual number was 2,021 reps) While this may not be a surprising percentage, given recent news surrounding such firms as Merrill Lynch, Goldman Sachs, Wachovia and others, it does raise some questions on where these reps are going and, more importantly, where their former clients may be going.

The average predicted Assets Under Management (AUM) for a rep that changed B/D's was \$45,614,575.

According to the study, 76% of those wirehouse reps actually moved from one wirehouse to another. Only 24% chose to move outside that arena. However, most believe that this number will grow as reps and clients continue to be dissatisfied with traditional wirehouse services.

This would seem to suggest that, for firms seeking to expand their operations by adding advisors, a potentially large number of candidates will likely be available. It might also suggest to those same firms that growth of assets under management, growth of clients by number and growth of advice fees are a real possibility given that there could be a large number of clients seeking new relationships that are different

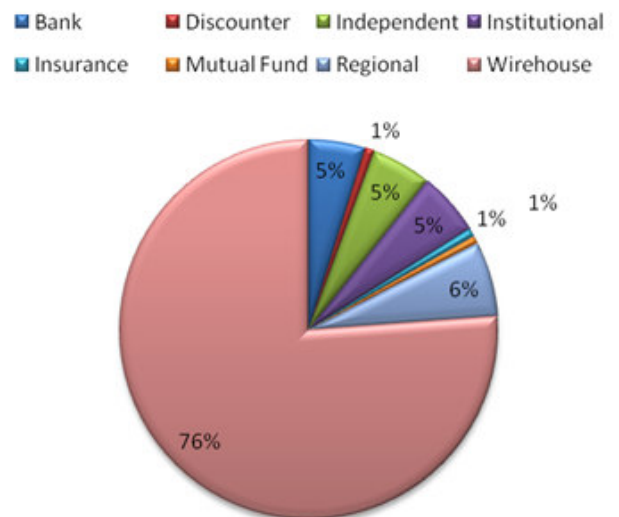
from what they may have experienced with their stockbroker.

The challenge for firms seeking to take advantage of this situation is two-fold. First, In recruiting the migrating advisor, the firm may need to demonstrate that it is capable and willing to provide that advisor with a similar level of support that was afforded at the wirehouse, a daunting task to say the least. Second, firms seeking to attract the disenchanted wirehouse client may have to show how they are substantially different from a wirehouse and that recommendations made on behalf of the client are without any built-in bias.

One of the key issues for wirehouses is the issue of being a product manufacturer. If they sponsor an IPO or offer in-house proprietary products such as mutual funds, it is often difficult to support recommendations on such products without raising questions of bias. With an independent advisory company, this bias is potentially removed, especially so if the firm is set up as a fee-only practice. Those clients are likely to be sensitive to trading costs and commissions.

50% of all migrating advisors (reps) in December 2008 came from the Wirehouse world

Wirehouse Rep Movement in December 2008



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Document Management: The Core of Business (continued from Page 1)

Laserfiche®

What sets the Laserfiche system apart from others is its workflow automation features.

For details, visit:

www.laserfiche.com

www.docushare.com



DocuShare®

So, the question is, what are the choices? It turns out that there are surprising few. However, among those choices are a couple that stand out.

Laserfiche Avante is a scalable solution for advisors that permits a firm to own a high-end document management system for a price that matches usage. Avante starts at \$1,500 for a SQL Express server and then prices out based on the number of users. For smaller firms where only one or two people would need access, this is a cost-effective solution.

Increase business value and profitability

- Attract, retain and support top advisors with powerful technology.
- Simplify business transfer and succession planning with easily-transferable client records.
- Gain a competitive edge with lower costs and faster client service.

Simplify and lower the costs of compli-

ance

- Publish time-dated records to unalterable media.
- Establish, maintain and demonstrate compliance with regulations such as SEC and FINRA rules, Sarbanes-Oxley and the USA PATRIOT Act.
- Consistently monitor document access and retrieval with Audit Trail™

What sets the Laserfiche system apart from others is its workflow automation features.

Xerox DocuShare

Express is also a robust system for Electronic Content Management (ECM). Offered to Small and Medium Businesses (SMB), DocuShare provides a turn-key solution for scanning and document storage and retrieval.

DocuShare Express benefits include:

- Saves money, time, and paper.
- Employees can easily review the latest versions of materials 24/7, from a Web

browser in any location, which enables immediate response.

- A time-saving imaging and scanning feature which allows documents to be uploaded to specific DocuShare collections.
- "Quick Install" process that allows SMBs to begin using it in minutes.
- Dramatic reduction of your carbon footprint so you can meet desired sustainability goals and can be chosen as "green" vendor or partner.

Easy and affordable upgrades to DocuShare or DocuShare CPX allow SMBs to add more advanced ECM and business process automation capabilities when they need it.

Both of these systems are Sarbanes-Oxley compliant, Gramm Leach Bliley compliant and SEC Rule 17a-4 compliant. One reason for this is the file types created and stored. Most use a TIFF image, generally regarded as an unalterable form for electronic storage.

The Small Office: Phrase Express, Version 6

Efficiency is achieved in office operations when tasks can be completed successfully, quickly, accurately and with a minimum of repetitive actions. This is the theory behind most voice to text transcription software offerings. However, there is an even more basic way in which you can significantly reduce repetitive keystrokes in typing letters, emails and the like. It is a simple, free software called Phrase Express (www.phraseexpress.com).

Some of the amazing features in this software include:

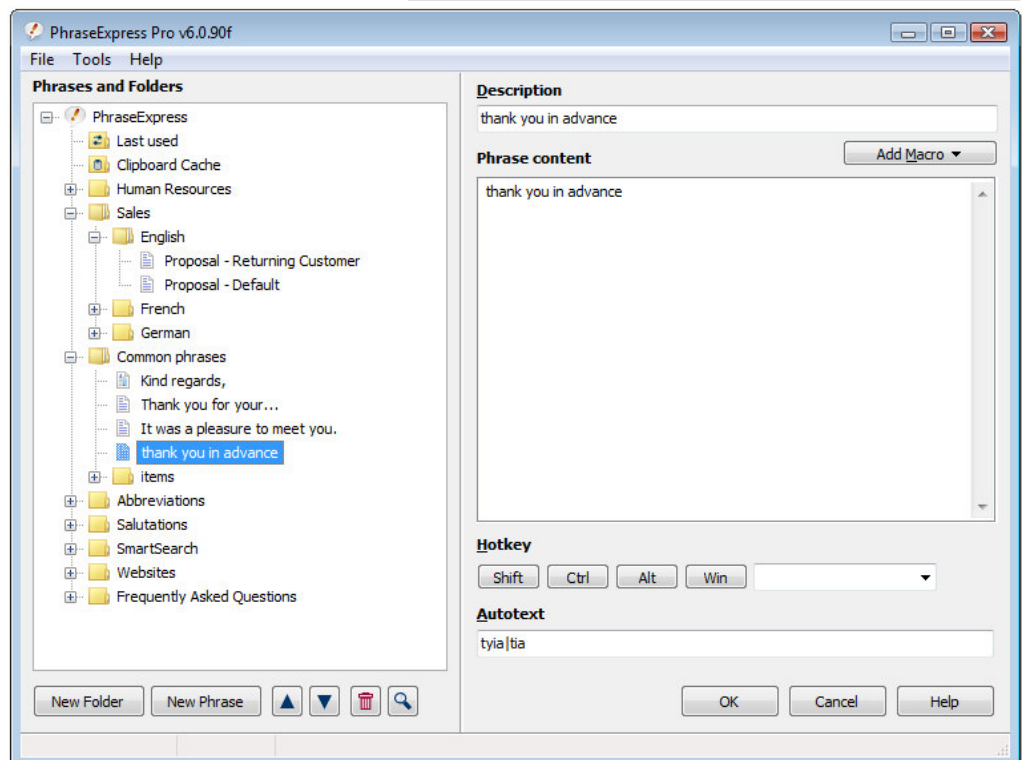
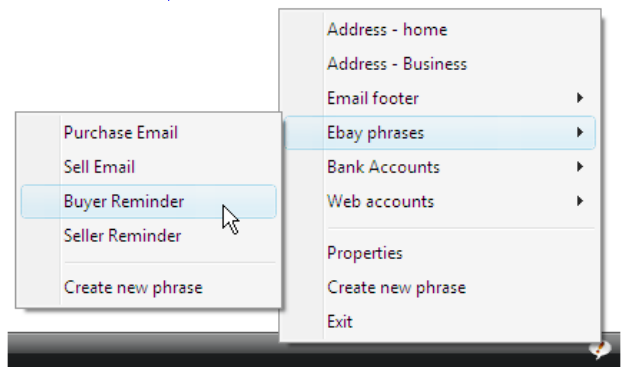
Phrase Express organizes your frequently used text snippets into customizable categories for quick access. It saves hours of typing and is the ideal solution for financial services offices and other businesses that do a significant amount of typing on the computer. You can even share phrases in a network environment.

Just type any text abbreviation and Phrase Express automatically expands it into the full phrase for you. (E.G. typing 'sig' could past your signature into any program) Phrase Express recognizes repetitive text input automatically and offers to auto-complete full sentences on the fly. It also automatically corrects spelling mistakes in many languages. As it works anywhere, this could include messenger programs, email and letters, to name a few.

While the standard clipboard manager in Windows inserts only the last copied text segment, Clipboard history stores all recently copied contents for instant pasting into any application. You can even launch programs using Phrase Express by just entering a text shortcut. For example, type 'word' to launch Microsoft Word, or 'exc' to open Excel. You can even activate macros to help automate repetitive tasks such as logging into your email web account.

The full version can be purchased for \$49.95 or you may choose the freeware edition.

Phrase Express recognizes repetitive text input automatically and offers to auto-complete full sentences on the fly.



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Tools for Efficient Business: Logitech io2 Digital Pen



The Logitech io2 Digital Pen Digital writing system is available from netDirectbargains.com for \$74.99

While not a new product, certainly the Logitech io2 Digital Pen has probably been an overlooked one. The new digital pen — which converts handwriting into digital text in seconds — has improved handwriting recognition and offers a new written shortcut that efficiently transforms notes into a Microsoft® Word® document. The new pen also is available at a lower retail price.

The Logitech io2 looks and feels like a luxury pen with its sleek and stylish design. But unlike a standard office pen, it digitally captures everything you write or draw on smart digital paper. (the paper has imperceptible grid lines to help the pen identify characters)

Writes like a pen.

Captures your notes and sketches with its advanced optical sensor.

Up to 40 pages of notes between downloads.

Up to 8 hours battery power per charge.

The Digital Pen works with "smart" paper equipped with Anoto technology. (or any paper)

The pen optically reads handwritten information on Logitech digital notebooks and turns it into digitized documents.

Create calendar entries and other files.

The Digital Pen comes with Logitech io2 software, designed to help you find and use your handwritten information easily and quickly.

- New! ioTags deliver direct digital input of your notes into the most popular software and productivity applications.
- Available with services to enhance your digital e-writing experience.
- Eliminate re-keying and slash your paperwork time! Go directly from ink to the software and applications you use most often. Back up and quickly retrieve handwritten documents on your PC. It's all possible with the Logitech io2 Digital Pen. The io2 pen fits your hand like a premium pen, so you can write comfortably. Take notes or draw sketches in ink on the smart paper, and a tiny camera captures your work, storing up to 40 pages at a time. Intelligent power management maximizes every battery charge.
- New ioTag feature lets you take direct action on your notes. You can synchronize emails, appointments, and tasks directly from paper.



Commentary: Looking Ahead

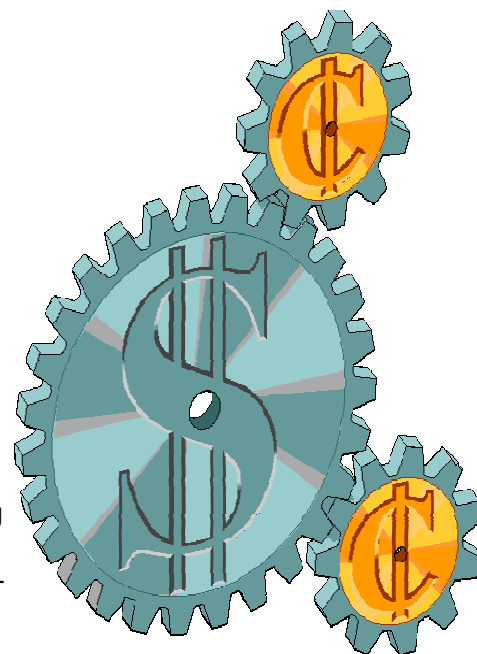
There have, fortunately, only been a few times in the past 25 years when the word retrenchment has been used in the financial services world. But, clearly, retrenchment is a word that is being used now. By definition, **retrenchment** means to cut down or back, to reduce. It also could mean a curtailment of expenses. Nowhere has this been more apparent than in the alarming decline in attendance at industry conferences and symposiums. Financial Advisor Magazine, who I write a monthly column for, has chosen in 2009 to eliminate their Las Vegas Symposium altogether, opting to focus on the Fall Symposium. This year it has been moved from the traditional location in Chicago to Orlando, Florida, ostensibly for cost reasons. Financial Advisor Magazine is by no means alone in this thinking. Many others, including the FPA, who recently announced severe staff cuts, have had difficulty attracting attendees to their conferences. The FPA's annual Business Solutions Conference is said to be way-low in reservations. This alarming trend is a sign of the state of our current economy and is symptomatic of retrenchment. Advisors are likely to be much more choosy in which events they may attend, opting for only those that offer programs that specifically fill a need.

And, while **retrenchment** may be viewed as a necessary evil in tough economic times, there is an ugly after-effect to it that ought to be considered. Once the economic conditions improve, a firm may be left with less than it needs to capitalize on the ensuing growth. Catching up becomes problematic in that the firm needs revenue to do so and revenue is lacking due to the cutbacks. An example is the story of the firm that spends all its time marketing for new clients. Once the clients are piling in the door, they stop marketing because they are so busy taking care of the clients. Then, things slow down and they need to refocus again on marketing. This pattern of business creates gaping holes in profitability by creating an unpredictable pattern of revenue and expenses.

The answer is to ignore **retrenchment** and, instead embrace the concept of **entrenchment**. Entrenchment consists of additional interior fortifications to prolong the defense. This line of thinking suggests that, by turning your business more efficient by better utilizing technology and resource management, a firm can better withstand the economic downturns while keeping itself prepared for the inevitable growth period.

Going paperless through effective document management, creating efficiencies with automated client relationship management and preparing for possible additional services or overflow through effective use of outsource providers can create a lean, profitable firm that relies less on physical and human resources and more on ingenuity.

retrenchment means to cut down or back, to reduce. It also could mean a curtailment of expenses.



-David L. Lawrence

We're on the web!
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

Consulting and Resources for
Financial Service and Business
Professionals



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