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The Efficient Practice

Newsletter for Financial and Business Professionals

The Art of Collaboration

Collaboration is defined as the act of working together with one or more people in order to achieve something. Teamwork could be another definition. Most definitely, collaboration is the effort of many to build a result that the whole is greater than the sum of its parts. In translating this concept to the financial profession, there are many unique ways to build and function in a collaborative environment. Beyond the mechanics, there are literally 'game changing dynamics' that collaboration can produce.

To explore this concept, interviews were held with three very different firms on their use of collaboration in working with clients. The first of these firms is:

Charles D. Haines, LLC (**http://charlesdhaines.com/**), a financial practice located in Birmingham, Alabama. Charles, listed as an MBA, CFP®, is a member of the Financial Planning Association (FPA) and a founding member of National Advisor's Trust. He uses both organizations for collaboration. He describes his practice as 'life planning on steroids'. One interesting aspect of his practice involves collaboration with a Licensed Clinical Social Worker, who is also an assistant professor at a local university. He refers to the collaborative work as having developed a specialty in 'Family Systems'. "The family system" , Charles says, "similar to a biological system, is one where if one part of the system is affected, the rest is affected too. Thus, exploring the impact of family dynamics on estate planning decisions is crucial to the process."

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Implementing Technology: The Real Challenge

It is one thing to purchase a new technology for your financial practice. It is quite another to make it fit to the way you work. The fact is, technology alone is not the end of the search for more efficient operational solutions; it is really only the beginning. While technology is a step toward the future of financial services, there is much more to consider in the process of implementing technology in your firm.

The first step should be to determine your needs, when it comes to technology, and to measure those needs against what technology you already own. As an example, you would not want to purchase a new **Client Relationship Management (CRM)** software that operates on Microsoft Vista or Windows 7 platforms, when your server or office computer is set up with Windows XP. Most software details their operational requirements (disk space needed, memory required, processor speed, etc.) Not checking these elements in advance could prove to be an expensive mistake. Therefore, performing an evaluation of

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Implementing Technology: The Real Challenge

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your financial practice, existing technology and future needs is a basic and necessary first step. But, there is so much more that ought to be considered. As an example, let's say you determine that you need a new CRM software product that has advanced functionality, but your staff (or you) have no familiarity with such software and would take considerable effort to train on such software. The cost factors could skyrocket, taking training into account. And even more, there are the customization needs of the firm. Most software allow for a certain amount of customization. With CRM products, this might be workflow procedures, merge letters, reports and/or even custom fields that match the specific needs of the firm.

With CRM programs, depending on which one you may choose, there could be varying levels of customization or even capability. For purposes of an example and to simplify, we could divide CRMs into two categories: 1) desktop, and; 2) web-based. Differentiating between these two choices, it might be found that desktop type software offers (on average) greater customization capabilities, but lack the ability to be viewed remotely without a slow, third-party remote connection software. Whereas, web-based CRMs have the advantage of remote access from anywhere and virtually any computer (or even cell-phone), but may lack the robust customization capabilities. There are work-arounds for each of these types of issues, but it takes expert advice to get you there.

Continuing to use CRM software as an example, another consideration is the ability of your eventual choice to share data with other programs. The objective here is to reduce or eliminate typing the same information into different programs over and over again. By having the ability to integrate the database from a CRM software program with (let's say for example) a financial planning software program is critical to the reduction of keystrokes and increasing the efficiency of your office. Additionally, whenever you can create such efficiencies, you effectively increase capacity. For growing practices that are concerned about hiring new employees to relieve the burden of clerical tasks in the office, increasing capacity translates into savings through the possible delay or elimination of that hiring decision.

It is fine to investigate and choose a technology that is needed for your office, but if you do not consider your staff in that process you could find yourself facing considerable push-back on implementation. This is particularly true in an office with long-term employees, especially those that have long used an older system or software and who are now being asked by you to change to some new system or software. Without taking the time to involve your staff in the change process, you may find considerable resistance to such change, which can only result in less than hoped for results. And while you may not want to involve your staff in every aspect of the decision-making process, having them participate on some level will provide them with the impression of inclusion and will be much more likely to accept change when it comes.

Yet another consideration is the process of moving from an older system or software to a newer one. Doing things all at once tends to be overwhelming to staff, given their daily responsibilities and could unintentionally sabotage the success of the change. To effectively and smoothly transition from an older system to a newer one, several transitional steps should be considered. This is particularly true with CRM software programs, where a virtual line in the sand must be drawn when the old system is stopped and the new one is begun. This because you do not want to have calendar activities or tasks scattered between two programs and the migration of data from the older

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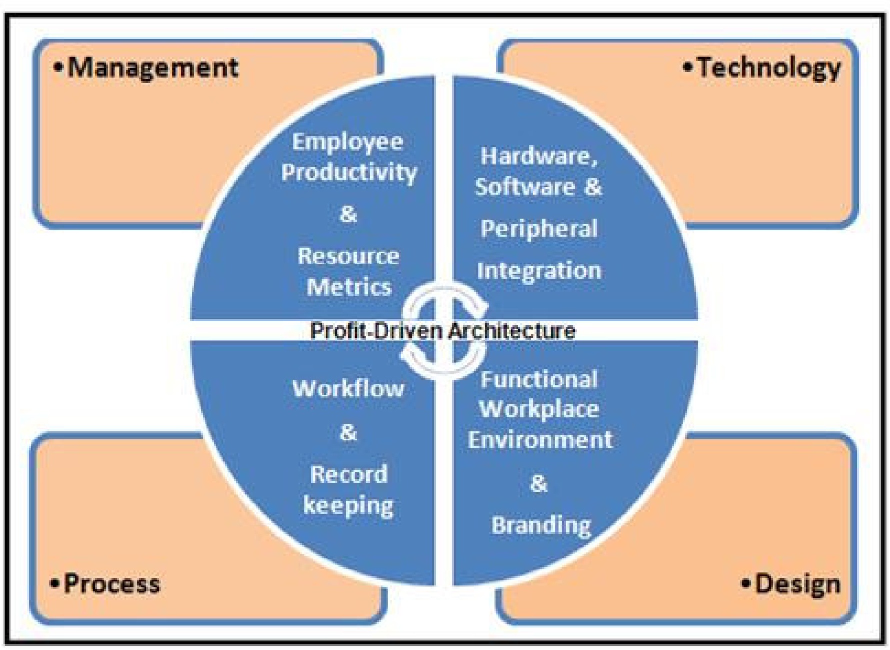
system to the newer one generally must be done with a single point-in-time. Therefore, adopting at least three transitional steps could ease the confusion associated with such change. First step might be to do some 'pre-going-live' training. This would be with some sample data injected into the software prior to migrating the entire database from the older system. Second step would be to 'go-live' with the real data, but forego doing any customizations or advanced features while you staff grapple with the basics of the program (i.e. scheduling, adding data, etc.) The third step would then be to add the customizations over time, such as creating custom reports, workflows, etc. In the end, taking this approach will be smoother and less likely to encounter roadblocks than trying to do it all at once.

Another aspect of implementing technology involves design issues. This might be less of an issue with CRM software, but more so with other targeted technology such as printers, fax machines, scanners and/or the software that runs them. As an example, if your receptionist is charged with the responsibility of handling all the scanning that is done in the office, yet the scanner is located in the back of the office and his/her desktop computer has the software that runs it, you could be witness to considerable running back and forth through the office during the day to handle both the receptionist responsibilities and the scanning duties (patently inefficient).



You might be thinking that this is a ridiculous example, except that it has been found to be more common than you might think. Often it is a design issue, the office configuration, the wiring requirements, space allocation issues (particularly where space is extremely limited and more. In one case, uncovered by me, the principal in the firm had placed the main printer in his office for personal reasons, but this required the staff to print to this machine only when he was not on the phone or with clients, which severely impacted their time efficiency and productivity.

For most financial practitioners, the ability to make proper decisions about implementing technology in the firm is severely hampered by a lack of knowledge and the lack of perspective. For them, the use of properly trained and experienced professional practice management consultant that specializes in evaluative analysis and transformative implementation services could save that practitioner thousands of dollars and hundreds of hours of frustration. Efficient-Practice.com offers those services and can, if elected, take the burden of implementation off the shoulders of the practitioner by providing virtual chief operations officer type services within the scope of a limited engagement with effective cost controls and guaranteed results.

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The Art of Collaboration

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According to Charles, "we are successfully merging family psychology and money." And, he refers to money as frozen energy that can be a negative or positive force depending on how it is handled for the next generation. For wealthy clients, the firm uses the Heritage Process™ (www.theheritageinstitute.com). To facilitate the collaborative process, Charles has developed a verified family package (that provides balance sheets, information on and about the client, etc.) that he uses with collaborators. He utilizes WEBEX online video conferencing as a communications portal with those collaborators.

Charles D. Haines, MBA, CFP®

Charles also stresses the importance of collaboration with other advisors in established study groups. He is a member of the Alpha Group (20/20) and uses that venue to share due diligence ideas, management techniques, etc.

Additionally, he has made use of the FPA's college intern programs, hiring two of those interns as permanent employees following their internship. In short, Charles D. Haines, LLC has found that collaboration can work in a number of divergent ways to positively impact the overall practice and provide expanded services to clients.

The second firm is: **Integrity Wealth Management** (www.integrityiwm.com) located in Newport Beach, California. Integrity is headed up by **Ralph G. Adamo, CFP®, CLU®, CHFC®, CAP®**. Ralph founded the Institute for Advisor Advancement, which is a platform for advisors and others to learn how to collaborate and to develop relationships with fellow collaborators.

Ralph G. Adamo, CFP®, CLU®,

The Institute is a brainchild of how to make a footprint in the collaboration space. Power partners are other advisors, bankers, CPAs ,etc. Ralph points to this as a high touch organization. He hosts community events to provide entertainment, sharing of ideas, problems and solutions.

His firm works in both non-profit and for-profit areas. In the non-profit area, he chose to become a subscriber of the Donor Motivation process, through the Institute for Family Wealth Counseling (www.institutefwc.com).. This institute (separate from the Institute for Advisor Advancement) helps to develop the reason for gifting, etc. The institute's program takes advisors and their clients through the mental calisthenics of the gifting process to create a win/win situation for all who are involved.

Ralph strongly believes in the importance of collaboration through community involvement. He serves on the advisory council at Choc Children's Hospital in Newport Beach (www.choc.com). He chose to join the council because of his work in the philanthropic arena. However, the value-added benefit has been to develop relationships with the other council members, many of whom have become collaboration partners in his financial practice.

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In addition to his volunteer work with the Children's hospital, Ralph also donates his time with the local FPA Chapter in Orange County, California as a board member. He has found that the people he has met through that role have been invaluable to identifying and developing potential collaboration partners for his firm.

Ralph also mentioned that, in California (unlike many other States), CPAs can participate in profits with collaborations with financial advisors. This creates opportunities with profit motives for potential collaboration partners. As he put it, "they can connect with an economic glue."

The third firm is **Gibraltar Private Bank & Trust** (**www.gibraltarprivate.com**) in Coral Gables, Florida. Its Director of Financial Planning is **Elaine King, CFP®, CDFA™**. Ms. King is a member of the Institute of Divorce Financial Analysts, The FPA, Miami-Dade Chapter (currently the Chapter President), the **International Academy of Collaborative Professionals** (IACP) and serves on the Board of the Collaborative Family Law Institute. Elaine is a Certified Divorce Financial Advisor who specializes in the Collaborative Divorce Process. She describes this as "...a process where attorneys, mental health professionals and financial planners get together with the goal of having a better experience (...for the respective clients)".

In her practice, the collaborative discipline consists typically of two attorneys, one financial planner and one mental health practitioner. Elaine's collaboration group, which could additionally include forensic accountants, business valuation specialists and even estate planning attorneys meets once a month to discuss issues and to share referrals.

The common thread among all three of these firms is the commitment to community involvement and the use of outside organizations and affiliations to promote and enhance the collaborative experience. It was clear from conversations with all three of the above individuals that their involvement in other organizations was not solely self-serving. They all expressed that the involvement was borne out of a desire to learn, to grow and to help others. The subsequent collaboration opportunities were an added bonus.

Elaine King, CFP®, CDFA™

Surprising among all three firms was the absence of advanced collaboration tools. None of these three firms were using collaboration features inherent in financial planning software (for instance), such as the features found in Naviplan (**www.naviplan.com**) or MoneyGuidePro (**www.moneyguidepro.com**). Neither were they using collaboration portals such as the Family Office Network (**http://www.familyofficenetwork.com/**), Junxure's ClientView™ Live (**www.junxure.com**) or Advisor Products Personal Client Portals (**www.advisorproducts.com**).

Also missing was any mention of social networking sites such as Facebook, Twitter or others. Professional networking sites such as LinkedIn or Plaxo were also not mentioned. The conclusion that could be reached from this is that face-to-face communications, in the development of collaborations, is preferred over such services. While patently inefficient on the front-end, the results may very well make up for it.

Tools for Efficient Business: I-Phone 4 Released

The Apple iPhone 4 is the fourth model and successor to the iPhone 3GS. Announced on June 7, 2010 and the WWDC 2010 at the Moscone Center in San Francisco, it was released on June 24th in six countries, prior to anticipated release worldwide.

The iPhone 4 has all the features associated with an iPhone, with major changes from the iPhone 3GS:

Stainless steel frame
- Apple A4 processor
- 512 MB of eDRAM, twice that of the former
- Micro-SIM Card (previous models used mini-SIM cards)
- 3.5 inch backlit LED Liquid Crystal display with an increased 960 by 640 pixel resolution.
- Pre-installed with the iOS 4 operating system
- Offers a new video conferencing feature called "FaceTime"
- 16 or 32 GB flash memory
- 3-axis gyroscope
- Digital compass
- Proximity and digital light sensors
- Two microphones
- Headset controls
- Two cameras—front and back
- Only .37" thick (thinnest)
- Weight 4.8 oz

More than 1.7 million units have been sold thus far, making it the biggest seller in initial sales among all cell phones.

Initial complaints included problems with the laminated display, attributed to a glue not drying properly and the lack of signal strength, which has been found to be a software glitch and subsequently will be updated.

Otherwise, this model has had overwhelmingly positive reviews by beta testers, professional IT experts and the general public. The iPhone 4 is currently only available on the AT&T network, but can be purchased directly from Apple, at Best Buy or through AT&T.

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Commentary: The Collaboration Paradox

Collaboration is a much talked about issue in financial advisory circles these days. Hardly a month goes by that one publication or another doesn't feature an article on the subject. Collaboration is discussed with respect to working groups, communications and even technology. Yet, despite all this talk about collaboration, the irony is that many advisors find themselves shying away from the subject. The reason? Mainly, fear but suspicion and the nagging feeling that if they engage in a collaborative relationship with another professional, say an attorney or CPA (or another financial advisor), that somehow they must give up some control over that client.

This sort of trepidation is only reinforced when a collaboration is attempted and one or another party fails to live up to expectations. The sad aspect of this is that, when collaboration is properly done, it can result in a very big win, for all parties involved, especially the client.

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So, the question is, how does a financial practitioner engage in a collaborative partnership with other professionals that results in a positive experience? One way is to know your collaborators, really know them.

When financial advisors provide recommendations to their clients for investments, they engage in something called 'due diligence'. Yet, many failed collaborations failed to use a similar technique in choosing the collaborators. Often, collaborations happen by chance (or accident). Someone knows someone and recommends them to you. You follow up and end up in a collaboration without really knowing much about the person. For collaborations to truly work, it will require background work, investigation and pro-active choices.

Before working with another professional, check their credentials, do a criminal background check (they are cheap on the internet now), and talk to their clients. Get a feel for the person with a test case, set up and controlled by you and most of all, observe the person to ensure they live up to expectations. After all, it is not just to protect you, but your clients as well.

-David L. Lawrence

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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.

The Efficient Practice

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

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