

# The Efficient Practice

Newsletter for  
Financial and Business Professionals

## Business Continuity Plans

Business Continuity Plans (BCP) have taken on greater importance in recent months with a plethora of natural (or unnatural) disasters afflicting many parts of the nation. August and September, typically the most active months for hurricanes, saw several storms rage across various parts of the Eastern and Southern United States causing widespread damage, power loss and subsequent business interruptions. Yet, it was Hurricane Sandy, that really brought home the need to plan for such disasters. Earthquakes, tornadoes, wildfires, flooding, mudslides, and other natural phenomena have created havoc for financial advisors and their clients elsewhere. And, although disaster planning is a large part of the BCP, it is far from the only reason to have such a document in place.

Any potential risk to the continued operation of a firm should be covered in a properly prepared BCP. A few questions to ask yourself might include: How prepared is your business to reopen within 24 to 48 hours following a natural or man-made disaster or epidemic?; What is your disaster Recovery-Time Objective (RTO: your targeted time-limit to get critical operations/systems back up and running) following a local disaster?; Have you formulated a plan and strategies to limit the impact of risks to your business?; and, where will your clients, vendors/suppliers go, during downtime, if your building is destroyed/damaged or employees are quarantined and your business is unavailable for at least some length of time? Does your building have emergency lighting or a generator? What features do you have in place to protect paper files in the event of a fire, water damage or theft? What would happen in the event that you could not work for a period of time?

The answers to these questions and more could enlighten firms to their potential exposure and to the overwhelming need to develop a BCP. Advisors often discuss the financial planning process to clients in terms of worst-case scenario planning.

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- > Business Continuity
- >
- > Efficiency Tips and Tools
- > New Gadgets

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### **Business Continuity Plans**

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If the worst of all possible circumstances were to arise, could the client reach his/her financial goals. And if the worst is not realized, the client would then be that much further ahead. Yet, this same advice is often ignored by the advisor and/or the firm applied to itself. The objectives of a BCP should be to protect the firm, its employees and clients, to stay in business no matter what and to protect the interests of the economy and your community.

The BCP should embrace a planning process that includes:

- Vulnerability Assessment
- Risk identification and quantification
- Risk transfer
- Protection and mitigation
- Business impact analysis for interruption of operations
- Plan to mitigate operational and financial risk based impacts
- Emergency response for these impacts
- Plans to resume, recover, restore the technological and physical infrastructure to support the firm.

Disasters are only one possible cause of a business interruption. The disability or death of key employees of a firm could prove to be just as devastating to a firm that has not pre-planned such possibilities (succession planning). Inadequate insurance protection in the event of a disruption due to unforeseen events could prove to be a huge vulnerability. Many firms carry business insurance, but is it enough and does it cover the appropriate risks. Simply checking a policy for business interruption coverage or extra expense protection could potentially save a firm tens of thousands of dollars.

Perhaps most significantly, the government has established regulations and rules that require firms to establish and maintain a BCP.

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## **BCP's** (cont'd from Page Two)

In April of 2004, The Securities and Exchange Commission (SEC) approved rules proposed by NASD and the New York Stock Exchange (File Nos. SR-NASD-2002-108 and SR NYSE-2002-35), which require NASD and NYSE firms to develop business continuity plans that establish procedures relating to an emergency or significant business disruption. In May of that same year, the NASD (now FINRA) filed a notice to its firms announcing Rule 3510 which requires each firm to create and maintain a business continuity plan and enumerates certain requirements that each plan must address. The Rule further requires firms to update their business continuity plans upon any material change and, at a minimum, to conduct an annual review of their plans.

Each firm also must disclose to its clients how its business continuity plan addresses the possibility of a future significant business disruption and how the firm plans to respond to events of varying scope. Rule 3520 requires firms to designate two emergency contact persons and provide this information to FINRA via electronic means. (In September 2008, the SEC took the unusual step of contacting firms potentially affected by Hurricane Ike to obtain emergency contact phone numbers.)

In May of 2006, FINRA reinforced this requirement by issuing a communication to its firms on the violation of Rule 3510. In effect, the ruling states that all firms must maintain a BCP that is in compliance with the ten elements listed in the rule.

The ten critical elements of a BCP specified in NASD Rule 3510 include:

- (1) Data back-up and recovery (hard copy and electronic);
- (2) All mission critical systems;
- (3) Financial and operational assessments;
- (4) Alternate communications between clients and the firm;
- (5) Alternate communications between the firm and its employees;
- (6) Alternate physical location of employees;
- (7) Critical business constituents, banks, and counter-party impact;
- (8) Regulatory reporting;
- (9) Communications with regulators; and
- (10) How the firm will assure clients' prompt access to their funds and securities in the event that the firm determines that it is unable to continue its business.

Ultimately, mitigating the financial risks associated with a firm being unable to operate for a period of time could be considered as the most compelling for the firm owner(s). Some of those financial considerations might include:

- Establishing and using a temporary alternate location (equipment costs, rent, start-up expenses, etc.)
- Routing phone calls to new lines, establishing internet/email connections, etc.
- Restore costs (rebuilding computers, reinstalling software, recovering electronic files, rebuilding destroyed paper files, replacing equipment, furniture, and other office items)
- Temporary employee costs
- Loss or disaffection of clients due to a perceived violation of trust
- Violation of compliance issues and/or compromised security and privacy of client information

### The Cultural Aspects of Change

In the fast moving world of technology, change is inevitable. New systems, software and techniques are being introduced almost every day. Yet, in this fast moving world, there is one aspect of change that financial advisors may confront that could prove to be an inhibitor to successful implementation of new technology, and that is the cultural aspects of change. With an aging population of practitioners, enacting revolutionary changes to the way things are done in a practice could be met with considerable push-back, not only by the practitioners, but by office staff that may be wedded to the old ways of doing things. At the Process World 2012 conference, held in October in Orlando, Florida, this subject was discussed by both companies and software engineers.

Process World (hosted by International software company Software AG), was all about confronting this change process. According to CEO Karl Heinz Streibach, There are four forces to confront in enacting change: **1) Social, behavior, 2.) Mobile, access, 3.) Cloud delivery and 4.) Information/ (data) context.** If change, such as implementing a new client relationship management software or similar, is imposed on staff without staff involvement in the decision-making or soliciting staff input, chances are the firm will experience considerable push-back on that change. Cultural acceptance of mobile solutions has spawned a revolution of sorts in the software industry. Having mobile access frees a firm and/or its producers from location restrictions. The old days of server specific functionality that is only accessed locally are quickly being replaced by mobile access and cloud-based solutions. With respect to the security issues, while there will always be concerns, these have been thoroughly addressed and will continue to be studied and improved.

The fourth force of change, Information/data context is perhaps the most critical one to confront. It is one thing to find ways to share data across divergent softwares and systems. It is quite another to develop ways to parse that same data in a contextual format. Data that is simply 'mapped' by field identification into another database could be misinterpreted, unmatched or simply ignored. The key is to not only bring the data over, but to be able to ensure that the data is placed in the proper context, that it can be relied upon without manual corrections and that it represents an efficiency boost. Even more important is that access to that data in a real-time environment is made possible from any venue, including mobile solutions.

Along the lines of confronting change in a financial advisor's office, developing and maintaining client relationships are considered to be the most important components to ensuring healthy growth of your practice. However, too often, building professional-looking, data-rich reports for your clients is a time-consuming task. This leads to incomplete reports, inconsistent look and feel, and lack of data reliability.

You may wish to check out Pershing Advisor solutions new reporting tool. (<http://www.pershing.com/ria.html>)

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## Efficiency: Tips and Tools

If you are like most busy professionals, taking a quick note while talking on the phone, typing an email or other task can be a haphazard experience. Some people use pads of paper, others use post-it notes and still others use whatever they can find (including the back of their own business cards) to take notes on the fly. The reality is that these notes can be critical information and yet handled so sloppily that they are easily lost.

There is one solution from a likely source, Post-it. Post-it offers a digital version of their famous pads of paper. New Post-it Digital Notes are easy, intuitive and packed with features to get you organized and keep you that way. You can assemble lists, reminders, keycode them with colors and photos, sort them by category and even set alarms to remind yourself of projects and appointments.

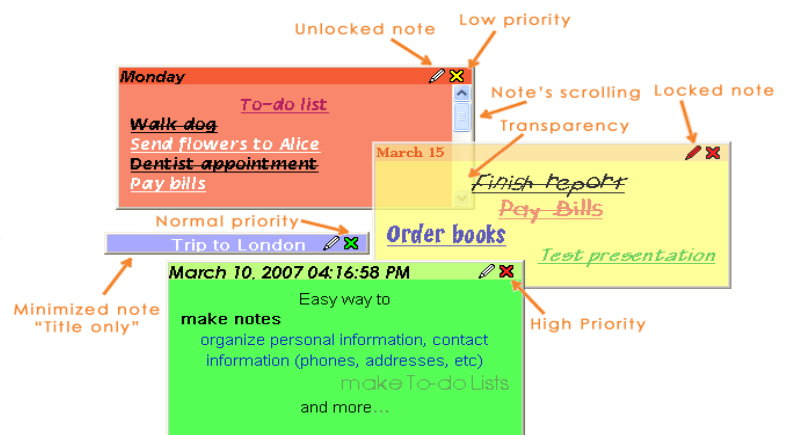
Post-it Digital Notes lets you color-code and design your messages, then post them on a virtual memo-board. You can maintain multiple memo-boards, tabbed to sort notes by tasks, key dates or appointments along with any other categories that suit your fancy.

For details or to purchase, visit [www.3m.com/us/office/postit/digital/digital\\_notes.html](http://www.3m.com/us/office/postit/digital/digital_notes.html)

Another solution is Note Scribe. While initially designed for students, NoteScribe is actually an effective note taking tool for business use as well. The same note taking software which helps students bring home "A's" will make your home, home office or business more efficient as well. Whether you are organizing recipes, bills or critical client information, NoteScribe will transform your notes into usable information! This handy tool is an ideal way to organize information as you plan a party, or prepare a presentation. NoteScribe does it all! At \$21 for the basic version, it is a bargain. Visit [www.notescribe.net](http://www.notescribe.net) for details.

Yet, a third player in this note taking software world is sticky-notes ([www.sticky-notes.net](http://www.sticky-notes.net)). You can create sticky notes and send them to your co-workers, friends or family over a LAN or the internet. The Sticky Note will appear on their desktop just as it was on yours. You can even send them via email. The best news of all is that the lite version of the software is free.

With Post-it Digital Notes you can set alarms and remind yourself of anything you want, from appointments to phone call reminders or other. The ringing alarm will sound at the pre-set time and display the related note with all your details.



## The Efficient Practice

### Efficiency: Tips and Tools: Logitech Digital Pen

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.

[www.logitech.com/en-us/digital-pen](http://www.logitech.com/en-us/digital-pen)

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.

Enjoy a complete solution! The io2 Digital Pen includes everything you need; a digital pen, recharging travel cradle, smart paper, ink refills and handwriting recognition software that has already been integrated into the pen.

Take direct action and get more from Microsoft Outlook and Lotus Notes. The new ioTag feature integrates handwritten or typed text directly into Microsoft Outlook and Lotus Notes. The text opens in the application - so you can immediately take action, save it, or send it. Add-on products and services are also available to enhance your digital writing experience.

Convert handwriting to digital text. The io2 Digital Pen integrates software that teaches your handwriting to turn notes into digital text that you can edit and use in any application, just as if it were entered directly via the keyboard.

Search and organize files. Logitech io2 software helps you find content that you've written. Enter any word into the io software search function, and get a list of every handwritten file that contains that word. You'll never lose your notes again!

The io2 Digital Pen works with Google Desktop Search too!

## New Gadgets: Microsoft Surface Tablet

The new Microsoft Surface Tablet comes in two models with different choices of internal storage. Each tablet comes with a stand and magnetically attachable covers to allow the tablet to be used like a laptop.



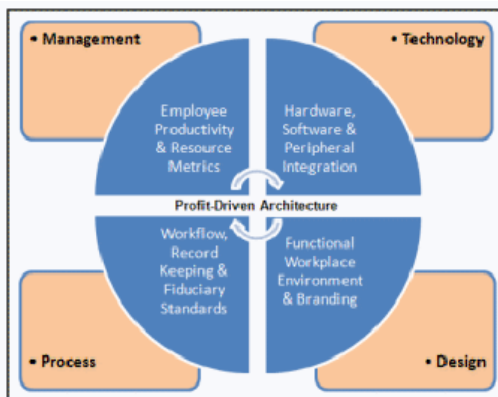
The Type Cover has a keyboard and track pad. The Touch Cover is a thinner keyboard-cover that comes in a range of colors and has an accelerometer to let the system know when it is folded back, to deactivate the keyboard.

Both versions have a 10.6-inch display. The Windows RT version is 9.3mm thick and weighs 673g, while the Windows 8 Pro Surface is 13.5mm thick and weighs 903g. Only the Windows RT Surface comes with any productivity software, as it has Office Home and Student pre-loaded.

The biggest advantage of this device over the IPAD is that it is fully compatible with Microsoft office programs, it has a USB port and can function as a fully independent computer. You really should check this one out.

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