

Practice Analysis

Team: _____

Participant: _____

Completion Date: _____

Welcome to the Practice Analysis!

The goal of the Practice Analysis is to provide you with a way to capture the most important information about your business – and in a format that can be readily referenced by you for future refinements. Too often, I observe advisors struggle with a practice management issue because they do not have the data necessary to properly analyze the issue and create potential solutions. Completing the Practice Analysis ensures that critical information about your practice will be maintained in the electronic file, where it can be used at your convenience.

The immediate benefit of the Practice Analysis is the introspective exercise of completing the Analysis. Top advisors and teams who have used the Practice Analysis confirm that simply responding to the questions makes them think more about their practice and helps sharpen their focus. Used in conjunction with an advisory team, the Practice Analysis can pull together different team member perspectives and create a more unified view of your business.



The Gresham Company, LLC

www.greshacompany.com

IA. PRACTICE BASIC INFORMATION

- A. Location of practice: _____
- B. Establishment date: _____
- C. History of practice: _____

- D. What are your current assets under management? _____
What were your assets 1 year ago? _____
What were your assets 5 years ago? _____
 - 1. What percentage of your AUM is:
 ___% Managed Accounts ___% Mutual Funds
 ___% Individual Securities ___% Alternative Investments ___% Other
 ___% Equities ___% Fixed Income
 ___% Alternatives ___% Other
 - 2. What was your practice's gross revenue last year? _____
 - 3. What was your practice's gross revenue 1 year ago? _____
- E. What percentage of those revenues is from:
 ___% Fees – **Today** ___% Commissions -- **Today**
 ___% Fees – **5 years ago** ___% Commissions – **5 years ago**
- F. Tell me about your client base:
 - 1. What is the total number of accounts in your practice today? _____
 - (i.) What was the total number of accounts in your practice 1 year ago? _____
 - (ii.) What was the total number of households in your practice 5 years ago? _____
 - 2. What is the total number of households in your practice today? _____
 - (i.) What was the total number of households in your practice 1 year ago? _____
 - (ii.) What was the total number of households in your practice 5 years ago? _____
- G. What percentage of the practice's AUM is tax exempt? _____%
- H. What percentage of the practice's AUM is taxable? _____%
- I. What is the number of "A" households (top clients) in your practice? _____%
 - 1. What percentage of the practice's AUM do "A" households represent? _____%
 - 2. What percentage of the practice's total revenues do "A" households represent? _____
- J. What percentage of the practice's AUM is tax exempt? _____%
- K. What percentage of the practice's AUM is taxable? _____%
- L. What is the number of "B" households (top clients) in your practice? _____%
 - 1. What percentage of the practice's AUM do "B" households represent? _____%
 - 2. What percentage of the practice's total revenues do "B" households represent? _____%

- M. What is the number of “C” households (top clients) in your practice? _____%
1. What percentage of the practice’s AUM do “C” households represent? _____%
 2. What percentage of the practice’s total revenues do “C” households represent? _____%

N. Top 20 households inventory:

1. What is their most common source of wealth? _____
2. What are their average investable assets? _____
3. What percentage of their investable assets does your practice typically manage? _____%
4. Which of these top primary services or strategies does your practice offer to your top 20 clients?

___ Cash Management accounts	___ Securities
___ Mutual fund managed accounts	___ Mutual funds
___ Separately managed accounts	___ Variable annuities
___ Life insurance	___ Asset allocation
___ Asset protection planning	___ Estate planning
___ College funding	___ Disability protection
___ Charitable giving	___ Long-term care
___ Retirement planning	
5. How many of your Top 20 clients provided a referral last year? _____
 - How many new clients did you receive in total from these referrals? _____
 - Where did their assets transfer from? _____
6. How many of your Top 20 clients added money into their accounts last year? _____
7. How many of your Top 20 clients took away money last year? _____
8. Did your practice lose any of your Top 20 clients last year? ___ Yes ___ No
 - If yes, where did they go and why did they leave? _____

IB. TEAM COMPOSITION and ROLES: Who are the members of your team and what roles do they play?

- A. Name: _____
- Background: _____
- Position Scope: _____
- Primary Responsibilities: _____

Secondary Responsibilities: _____

B. Name: _____

Background: _____

Position Scope: _____

Primary Responsibilities: _____

Secondary Responsibilities: _____

C. Name: _____

Background: _____

Position Scope: _____

Primary Responsibilities: _____

Secondary Responsibilities: _____

D. Name: _____

Background: _____

Position Scope: _____

Primary Responsibilities: _____

Secondary Responsibilities: _____

II. NEW BUSINESS DEVELOPMENT: What is your marketing process?

A. Marketing and positioning:

1. When a client asks you “What do you do?,” what is your answer? _____

2. What value does the team bring to your clients? (Value Proposition) _____

3. How do you do what you do? What is your process? _____

4. Who do you do it for?

Target market:

(i.) Describe your primary target market and explain why it is your primary target market? _____

(ii.) What is your appeal to that market? _____

(iii.) What are your tactics for reaching that market? _____

Secondary market:

(i.) Describe your secondary target market and explain why it is your secondary target market? _____

(ii.) What is your appeal to that market? _____

(iii.) What are your tactics for reaching that market? _____

5. Why do you do what you do? What are your business beliefs? _____

6. What makes you different? _____

7. Who is your toughest competition and why? _____

8. Who is your toughest local competition and why? _____

9. How do you package yourself?

A. Do you use a presentation book? ___ Yes ___ No (If yes, provide a copy)

- (i) What is the focus of the presentation book? _____

- (ii) Who is your target audience? _____
- (iii) What are the contents of the presentation book? _____

- (iv) What is the flow of the presentation book? _____

- (v) What is the presentation book's message? _____

B. Does your firm have a brochure? ___ Yes ___ No (If yes, provide a copy)

C. Do you advertise? ___ Yes ___ No

- (i) Where and how do you advertise? _____

10. How does your practice position itself with centers of influence? Tell me about your practices and your strategies and tactics. _____

A. Does your practice have a formal advisory board? ___ Yes ___ No

B. Do you interview your clients about your services and their satisfaction? ___ Yes ___ No
How often? _____

11. Who is your competition? _____

A. How do you keep current on the competition? _____

B. Do you interview your clients about competition? ___ Yes ___ No

12. Meeting with prospective clients:

A. What is the typical agenda? _____

B. Information gathering: _____

C. How do you present your teams capabilities? _____

D. Presenting the solution: _____

- E. How do you establish roles for the advisor and client? _____

- F. How is the team integrated into the process? _____

- G. What is your follow-up process? _____

III. WEALTH ANALYSIS AND MANAGEMENT

A. Setting the investment goal:

1. How do you gather the information needed for establishing a viable investment goal? _____

2. How is the investment goal articulated? Quantified? _____

3. What tools do you use?
 - (i) Strategic tools – help provide direction (e.g. WM Life Cycle, WM Picture) _____

 - (ii) Tactical tools – help guide solutions _____

B. The Investment Policy Statement (IPS) and Asset Allocation:

1. What are the inputs for the IPS? _____

2. What is the format for the IPS and what are the key components? _____

3. How is the IPS related to clients? _____

4. What educational tools are used (e.g., Elements chart, Timing Evaluation) _____

C. How do you create IPS's for your clients? _____

D. Investment process:

1. What is your investment philosophy? _____

(i.) How is it articulated to clients? _____

(ii.) How is it articulated to prospects? _____

(iii.) How is its articulated to centers of influence? _____

2. What are the primary products used to manage assets? Rank by importance, 1 to 5, with 5 being the most important.

Managed accounts _____ Mutual Funds _____ Individual Securities _____
Alternative Investments _____ Platforms (e.g. mutual fund wrap) _____

3. Investment selection process:

(i.) Product lineup: What products do you use and why? _____

(ii.) What is your selection process for products? _____

(iii.) What is your review process to track effectiveness of products? _____

(iv.) What are your termination criteria? _____

4. Investment models:

- (i.) What are your asset allocation parameters? _____

- (ii.) What are your risk/return parameters? _____

- (iii.) What types of analysis do you use? What are the most important measures? _____

- (iv.) Role of taxes in your investment process: _____

- (v.) How do you assess liabilities? _____

5. Monitoring:

- (i.) What benchmarks do you use for portfolio monitoring? _____

- (ii.) Do you track by absolute return or relative return? Both? _____

- (iii.) What role does the client play in monitoring? _____

- (iv.) What is your review process? _____

E. Your team's rebalancing process?

- 1. What is your definition of "wealth management"? _____

- 2. What is your wealth manage philosophy? _____

3. Approach: What need or service do you most often lead with? _____

4. What wealth management services does your practice offer?

Retirement planning Yes ___ No ___

Estate planning Yes ___ No ___

Family dynamics Yes ___ No ___

Asset protection planning Yes ___ No ___

Income protection planning Yes ___ No ___

Education planning Yes ___ No ___

Long-term care planning Yes ___ No ___

Other services Yes ___ No ___

5. How do you work the funding of a wealth management need into the process? _____

6. Implementation:

(i.) What tools do you use? _____

(ii.) Do you have strategic alliances? _____

(iii.) Do you use internal cross selling? _____

IV. CLIENT SERVICE

A. How often do you meet with your top 20 clients for a detailed review? _____

B. What is the agenda for your client reviews? _____

C. Do you provide a written agenda? Yes ___ No ___ If yes, please attach a sample.

D. How long are these review meetings? _____

- E. Does the structure of your meetings vary? If yes, tell me why. _____

- F. Who attends your review meetings? _____

- G. What reports and information do you include in these meetings? _____

- H. Describe a recent successful client review meeting. _____

- I. What is the optimal number of client households? _____

V. BUSINESS MANAGEMENT

- A. What is the single biggest challenge to your practice today? _____

1. What actions are you now taking to address this challenge? _____

- B. What will be the single biggest challenge to your practice in the future? _____

1. What actions are you now taking to address this challenge? _____

- C. How do you see competition in the future? During the next five years, who are the winners and who are the losers? _____

- D. What do you think will happen to client fees over the next five years? _____

- E. What risks confront the advice industry over the next five years? _____

F. Does your practice have a written business plan? What are your primary goals? _____

1. Who is the author of the business plan? _____

2. How often do you update the plan and what is the process used? _____

G. Benchmarks:

1. What are your important success benchmarks?

Growth ___ Assets ___ Client Accounts ___ Revenues ___

2. What goals do you seek for your benchmarks? _____

H. Team management:

1. Who in your team defines the roles? _____

2. Who does reviews of key personnel? _____

3. Do you have job descriptions? Yes ___ No ___

4. How often does your team meet and what is the format of that meeting? _____

5. Hiring:

(i.) Who handles the hiring for your practice? _____

(ii.) What is the hiring process for the practice? _____

(iii.) How do you pay? _____

I. Practice communications:

1. Do you have a Client Relationship Management system? Yes ___ No ___

2. How do you maintain client files? _____

3. How do you share client information? _____

4. How do you handle compliance issues? _____

J. Technology: What role does technology play in your practice?

1. Does your Client Relationship Manager link account values and information? Yes ___ No ___
2. How do you track accounts? _____

3. How does technology support:
 - (i.) Sales: _____

 - (ii.) Marketing: _____

 - (iii.) How is each person supported? _____

 - (iv.) Does your Client Relationship Manager link account values and information? Yes ___ No ___
1. Does your practice has a written plan? Yes ___ No ___
2. How has this plan been articulated to team members? _____

3. How has it been articulated to clients, prospects, and centers of influence? _____

4. Have you had an evaluation of the value of your practice? Yes ___ No ___
5. How would the value of your practice be established? _____

VI. AFTER-ACTION REVIEW

- A. What did you learn about yourself and team? _____

- B. What is the best way to share best practices information to gain maximum utility? _____

- C. What observations/recommendations would you like? _____

D. Are there any areas of sensitivity you would like me to avoid? _____

ORGANIZATIONAL CHART

Use this chart to plot your current organization, with individual roles and responsibilities. Refer to it in regular meetings to review relationships and roles and to determine areas of potential change.

