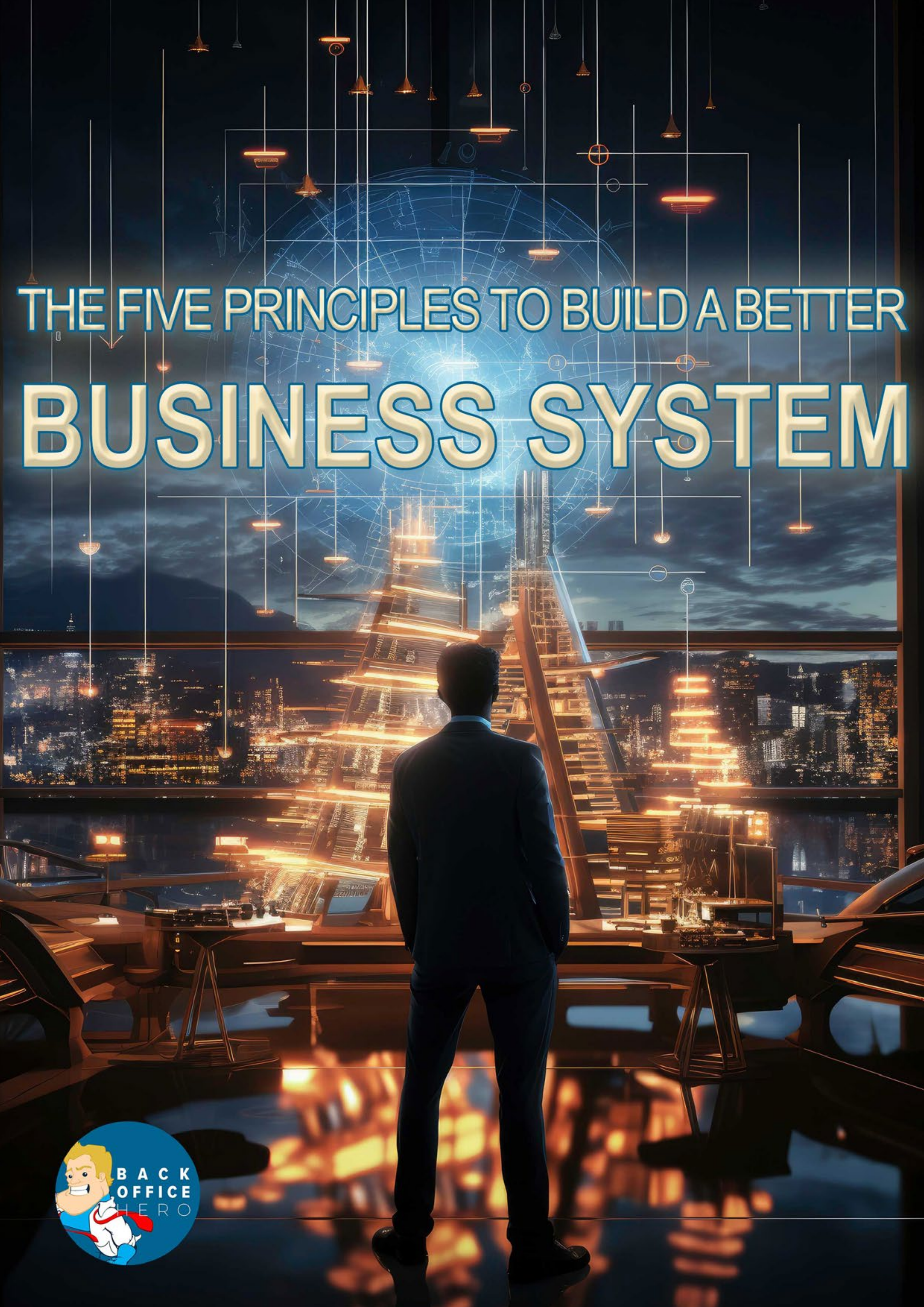
THE FIVE PRINCIPLES TO BUILD A BETTER BUSINESS SYSTEM



This Guide explains in-easy-to-follow steps the fundamental principles and strategic approaches needed to build an efficient, agile, and future-proof business system within a financial planning business. By adopting these principles your business will grow, your staff's productivity increases, and you can build a culture based on consistently superior client service.

Systems Are Methods, Procedures or Processes Designed To Achieve Specific Results

can guarantee that you will be delivering reliable, consistent, and measurable results.

Interestingly, when talking about systems for manufacturing firms, Bruce lists the following features and benefits -

- Reduce the time it takes to run the business.
- Allow you to consistently exceed client expectations.
- Drive reliable consistent results and quality, all the time.
- Increase productivity and performance.
- Reduce costs.
- Increase profitability.
- Enable the team to focus on market facing activities.

These are the very same attributes that many financial planning business owners have been searching for over the last 30 years.

By designing a business system, financial planning businesses can lay the foundation for a thriving and prosperous future, ensuring that they remain at the forefront of delivering exceptional services and value to their clients.

How to Build a Great Business System Using the Back Office Hero Five Principles.

After 28 years of analysing and understanding the issues that have held practice owners back from achieving great business outcomes, Back Office Hero believes that there are five principles that can transform your financial planning business into a compliant, profitable growth machine.

Implement these principles successfully and you are laying the foundation for a better future.

You Are Laying the Foundation For A Better Future

Principle 1 – Understand why you need a Business System.

True leadership is required by the business owner to create a culture where each team member thoroughly understands that a business system is not a luxury, but a necessity for success. When this is fully appreciated by all staff members, it will lay the foundation for sustained growth, profitability, and compliance, enabling the business to navigate challenges and capitalise on opportunities effectively.

Here are the compelling reasons for building your business system:

Efficiency and Productivity

1

Implementing a system enables small businesses to streamline their operations, automate repetitive tasks, and optimise workflows. This leads to increased efficiency and productivity, allowing the business to accomplish more with limited resources and manpower.

Consistency and Quality

2

A well-defined system ensures consistency in processes and service delivery. This consistency enhances the quality of services offered, which is crucial for building a positive reputation and gaining client trust.

Scalability and Growth

3

As a small business expands, it needs a reliable system in place to handle increased demands. Scalability becomes feasible when processes are well-organised and can accommodate growth without sacrificing quality or client satisfaction.

Effective Decision-making

4

A system provides access to valuable data and analytics, helping small business owners make informed decisions. With insights into key performance indicators, they can identify areas for improvement, spot trends, and adjust strategies accordingly.

Risk Reduction and Compliance

5

Risk Reduction and Compliance: Having a system in place can help mitigate risks by ensuring compliance with regulations, industry standards, and best practices. This can protect the business from potential legal issues or penalties.

Client Satisfaction

6

A systematic approach ensures that clients receive consistent, prompt, and above average service. Happy clients are more likely to become advocates for the business, contributing to its long-term success.

Team Alignment and Collaboration

7

A well-designed system clarifies roles, responsibilities, and processes for employees, promoting better teamwork and collaboration. This minimises misunderstandings and conflicts, leading to a more harmonious work environment.

Competitive Advantage

10

Small businesses often face stiff competition, and a well-implemented system can provide a competitive edge. It allows the business to differentiate itself by offering superior services, and client experiences.

Adaptability to Changes

8

In a dynamic business environment, adaptability is crucial. A system provides a structured framework that can be adjusted and modified as the business evolves, helping it stay relevant and responsive to market changes.

Financial Management

9

An organised system for financial tracking and reporting allows small businesses to monitor their cash flow, expenses, and profits accurately. This ensures better financial management and enables timely decision-making.

Transferability

11

Implementing an up-to-date and efficient system within your business not only enhances its overall value but also makes it highly attractive to potential buyers. When a buyer recognises that they can seamlessly acquire and seamlessly continue the business operations without complications or major modifications, your enterprise value experiences a significant boost.

Michael E. Gerber, in his book "The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It," emphasises the importance of the phrase "working on your business." The message conveyed by Gerber is that as a small business owner, it is crucial to shift focus from solely working "in" the business (doing day-to-day tasks) to also working "on" the business (strategising, planning, and setting up systems).

Gerber's central idea is that many small business owners get caught up in the daily operational activities of their ventures, which leaves little time for long-term planning and strategic thinking. By working on the business, owners can step back, analyse the overall picture, and design systems that enable the business to operate efficiently and effectively.to the owner, office manager or various staff members to ensure the business system is being implemented, maintained, and continuously improved.

Successful Small Businesses Require a Well Defined System And Clear Processes

Gerber believes that successful small businesses require a well-defined system and clear processes that can function independently of the owner's direct involvement. This approach not only allows the business to run smoothly but also empowers the owner to focus on growth, innovation, and building a scalable enterprise.

In essence, "working on your business" is about adopting a more strategic and entrepreneurial mindset, rather than being consumed by urgent daily tasks. It involves creating a well-organised system that can drive the business forward, free up time for the owner, and ultimately lead to greater success and fulfillment.

To help practice owners train staff to follow the business system (in other words, work on the business), Back Office Hero has developed a Business System Calendar. Monthly tasks are assigned to the owner, office manager or various staff members to ensure the business system is being implemented, maintained, and continuously improved.

A sample business system may contain these tasks:

January	Team members to review and update critical procedures. Conduct a quarterly 90 Day Goals meeting.
February	Hold our Annual Client Presentation.
March	Team members to review and update critical Checklists.
April	Conduct a quarterly 90 Day Goals meeting.
May	Review the inputs to the Ideal Client tool.
June	Conduct Salary Review and set KPIs.
July	Complete the Official Client List. Conduct a quarterly 90 Day Goals meeting. Update Yearly Business Goals & Objectives.
August	Run the Data Quality tool and fill data gaps.
September	Meet with accountant to complete financials.
October	Complete the Information Memorandum. Conduct a quarterly 90 Day Goals meeting.
November	Present your Business Plan to all business stakeholders
December	Perform the Client Ranking Analysis.

Principle 2 – Manage Data to be Accurate, Clean, Digitised and Complete.

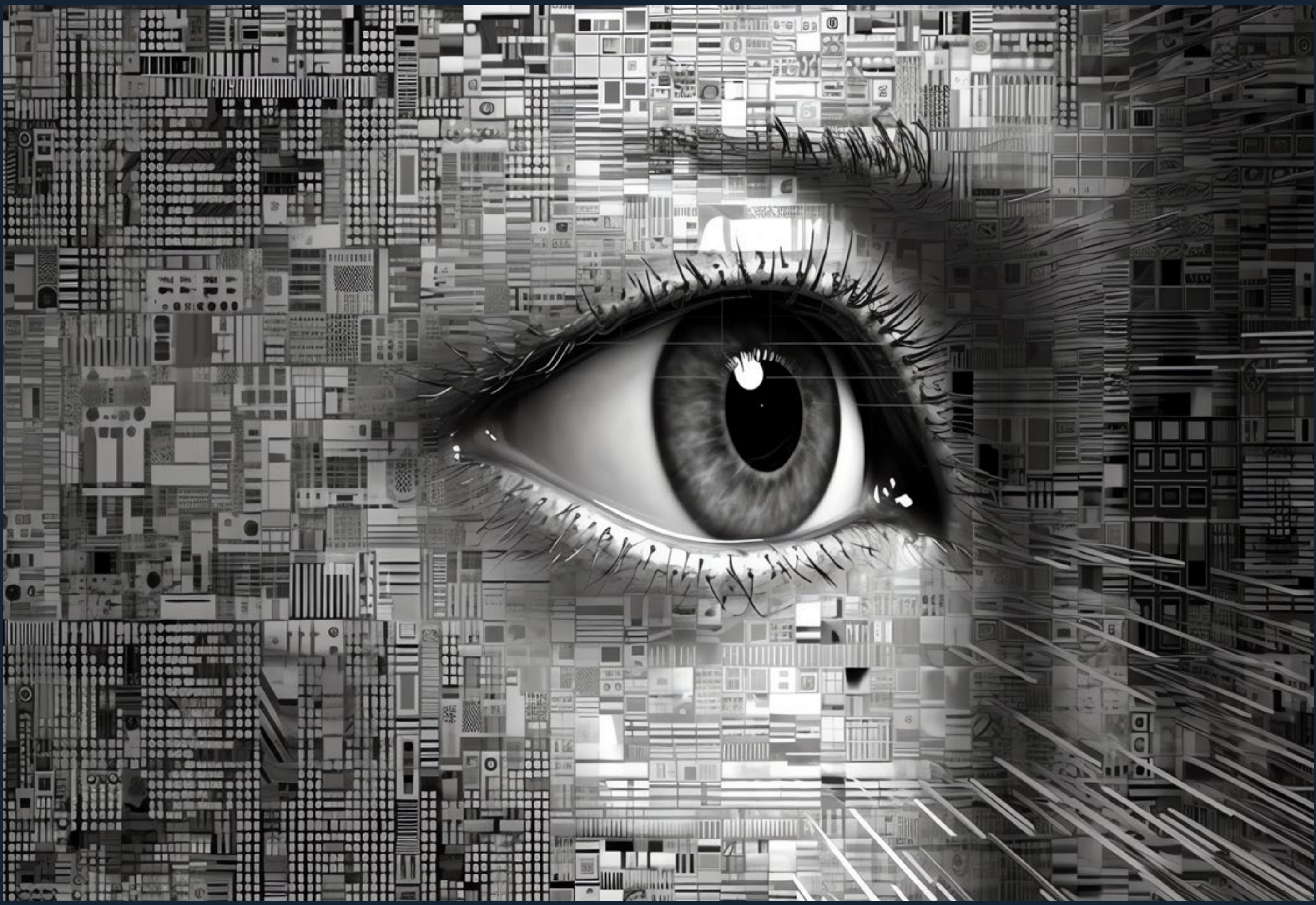
As a financial planner running a small business it's imperative that you gain an advantage by understanding how to use the data captured within your systems. To fully appreciate this principle, it's important to understand the following definitions.

From Websters New World Telecom dictionary we find the following definition of the word data – From the Latin datum, meaning what is given. What is known or assumed, and upon which conclusions can be drawn. Factual information in a form that can be input to, created by, processed by, stored in, and output by a computer. Note: Data is the plural form of the Latin datum, although data is used conversationally to represent both singular and plural. d money y

Information on the other hand, refers to the "act of informing" or knowledge that you get about someone or something.

So, we can now infer that data and information are intricately tied together but it is clear that data alone may not be that helpful until we organise it in such a way that information is created to provide more context and meaning. In addition, sometimes the interpretation of the data is flawed because it is dirty, incomplete, or simply inaccurate, so great care is required when you manage the data locked up in your small business.

Back Office Hero Teaches Financial Planners How to Collect Clean And Complete Data



Back Office Hero teaches financial planners how to collect clean and complete data using the following tools that we have created:

- Data Quality Analysis.
- Various Gap Analyses.
- Client Category Protocols.

By achieving clean and complete data your practice can:

- Target ideal clients.
- Build a business plan.
- Rank your clients.
- Run merged documents.
- Create advice documents.
- Demonstrate your compliance.
- Understand your clients.
- Compile an Information Memorandum.
- Present your business for sale.

This data principle must be achieved as it is vital in building the efficiencies associated with proper technology utilisation, building a long-term relationship with your outsourcing partner, and providing a consistent and quality service to each of your clients. These outcomes will then significantly increase the enterprise value of your business.

Principle 3 – Strive for Operational Efficiency.

When a new financial planning practice commences, usually there is a hint of the 'over-confidence' bias in the practice owner. This bias is the tendency to hold a false and misleading assessment of our skills, intellect, or talent. It can be a dangerous bias, but one way to mitigate this risk is to create a set of procedures, checklists, and templates. This becomes your operational architecture.

The operational architecture of a financial planning business refers to the structure and design of its core operational procedures and processes. It encompasses how the business functions on a day-to-day basis to deliver its services efficiently and effectively. Here's a brief explanation of the operational architecture:

Processes and Workflows

1

The operational architecture begins with identifying and defining the key processes and workflows that drive a typical planning practice. This includes everything from client onboarding, creating an annual review document, or conducting a SOA presentation meeting.

Roles and Responsibilities

2

Clearly defining roles and responsibilities for each team member is crucial in a small business. The operational architecture outlines who is responsible for specific tasks and ensures there is no confusion or overlap.

Standard Operating Procedures

3

Your procedures are documented guidelines that detail step-by-step instructions for performing various tasks within the business. They help maintain consistency, quality, and efficiency by providing a reference for employees to follow.

Technology and Tools

4

The operational architecture may involve the selection and implementation of appropriate technologies and tools to support business operations. Examples include an online procedures manual, your CRM, and a cloud based file sharing application.

Quality Control

5

Ensuring consistent service quality is critical for client satisfaction. The operational architecture may include quality control measures and processes to monitor and maintain high standards. The use of the humble checklist simply reduces human error.

Client Experience

6

The operational architecture may also address how the business delivers a positive client experience, from the first point of contact to post-purchase support. Client Surveys can be used to improve the client experience.

Data Management

7

Efficiently handling data, whether it's client information or business analytics, is crucial for decision-making. The operational architecture outlines data management processes and security measures.

Continuous Improvement

8

Your operational architecture must embrace a mindset of continuous improvement. This will allow the business to evolve, adapt, and optimise its processes over time, based on feedback and changing market conditions. Your Business System Calendar ensures that your processes and procedures are reviewed and updated periodically.

In summary, the operational architecture of a small business is the framework that enables it to function smoothly and deliver value to its clients. It involves a well-organized combination of procedures, roles, technologies, and resources, all working together to achieve the business's objectives and ensure its long-term success.

Principle 4 – Embrace Leverage and Outsourcing.

Leveraging in the context of small business refers to using available resources, opportunities, and partnerships strategically to maximise outcomes and achieve growth without incurring excessive costs or risks. Here's a brief explanation of how leveraging helps the small business owner:

Optimal Resource Utilisation

1

Small business owners often have limited resources, including finances, manpower, and time. By leveraging resources effectively, they can make the most out of what they have, ensuring efficiency and avoiding wastage.

Access to Expertise and Skills

2

Small business owners may not possess expertise in all areas of their business. Through partnerships, collaborations, or outsourcing, they can tap into specialised skills and knowledge without the need for costly in-house hiring or training.

Increased Market Reach

3

Partnerships and collaborations with complementary businesses can expand the small business's market reach. Joint venture agreements can introduce the business to new audiences and clients.

Enhanced Innovation

4

Collaboration with other businesses, startups, or research institutions can foster innovation by exchanging ideas and technologies, leading to the development of new products or services.

Access to Financing

5

Small businesses may find it challenging to secure loans or investments independently. However, by collaborating with your Licensee finance can be attained.

Time Savings

6

Leveraging certain tasks or processes through automation or outsourcing allows the small business owner to focus on critical areas of the business that require their personal attention and expertise.

Competitive Advantage

7

Strategic alliances or leveraging unique resources can provide a competitive edge for the small business in the market, distinguishing it from competitors.

Scalability

8

Leveraging resources, partnerships, and technology can facilitate the scaling of the business without the need to build everything from scratch. This accelerates growth and market penetration.

Leveraging empowers small business owners to achieve more with less, unlock opportunities for growth, and reduce risks. By capitalising on collaborations, resources, and strategic partnerships, small businesses can thrive and compete effectively in a dynamic and competitive market environment.

Maximise Outcomes and Achieve Growth Without Incurring Excessive Costs Or Risks

Principle 5 – Continuously Examine Your Business Metrics.

The saying "To measure is to manage" suggests that effective management requires quantifiable metrics and data to make informed decisions. In other words, measuring key aspects of a business's performance is essential for successful management and improvement. By tracking and analysing relevant data, managers can gain valuable insights into the business's operations, identify strengths and weaknesses, and take appropriate actions to drive growth and efficiency.

To Measure Is To Manage

When you measure various aspects of a business, such as number of new clients, statement of advice output, client satisfaction, and financial performance, you have tangible data to work with. This data provides an objective basis for evaluating progress, setting goals, and making strategic adjustments as needed. Without measurements, management decisions might rely on gut feelings or assumptions, which can lead to less effective outcomes and missed opportunities.

Measuring aspects of the business empowers managers to:

Set Goals and Targets

1

Quantifiable metrics allow managers to set specific, achievable goals and targets for the business and its employees. This creates clarity and focus, guiding efforts toward desired outcomes.

Monitor Progress

2

Regularly measuring key performance indicators (KPIs) enables managers to monitor the business's progress toward its goals. This helps identify early signs of potential issues and enables timely corrective actions.

Identify Areas for Improvement

3

By analysing data, managers can pinpoint areas that require improvement. Whether it's optimising processes, enhancing advice document quality, or addressing client pain points, measurements highlight areas of focus.

Allocate Resources Wisely

4

With data-driven insights, managers can allocate resources more effectively. They can invest in areas that yield the highest returns and reduce resources in less productive aspects. 5. Performance Evaluation: Measuring individual and team performance facilitates fair and objective evaluations. This enables rewarding top performers and identifying areas where additional training or support is needed.

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Make Informed Decisions

6

When facing critical decisions, data-based measurements provide valuable guidance. Managers can analyse trends, assess potential outcomes, and choose the best course of action.

Promote Accountability

7

Metrics and measurements establish accountability within your business. Employees are more likely to take ownership of their responsibilities when they know they will be evaluated based on quantifiable results.

The phrase "to measure is to manage" emphasises the importance of data-driven management. By gathering and analysing relevant data, managers can gain insights, make informed decisions, and proactively steer the business toward success and continuous improvement. It promotes a culture of accountability and helps align efforts throughout the organisation to achieve common goals.

In conclusion, implementing the Five Principles to Build A Better Business System is essential for financial planning businesses to thrive and remain competitive in a dynamic market. By understanding the importance of a well-designed business system, practice owners can create a foundation for sustained growth and profitability. These principles enable businesses to deliver consistently superior client service, increase productivity, and navigate challenges effectively, leading to a prosperous and successful future.

Please contact Mark Lewin to assist you and your Team transform your practice to a business.

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