



Business Strategy and Goal Setting

Advisor Advantage Webinar

Welcome



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2017 Webinar Series

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March



June



August



November



About AssetMark



ASSETMARK

MORE THAN

20

YEARS OF
EXPERIENCE

MORE THAN

7,000

ADVISOR
RELATIONSHIPS

APPROXIMATELY

\$30M

INVESTED IN
TECHNOLOGY

APPROXIMATELY

\$37B

ASSETS ON
PLATFORM

Over the past three years

As of 7/31/2017

Outcomes

- Define and capture your goals and objectives
- Align strategy, plans, decisions, people, and processes with goals
- Review primary elements of executing an effective plan
- Learn about measuring

“Failing to plan is planning to fail.”

Alan Lakein, author

Available resources:

wealth.assetmark.com/webinar_replays

Sample Wealth Management Vision Document

Sample Wealth Management
Clarity, comfort, confidence

Sample Wealth Management Vision

After a rigorous process, we have defined our Firm Vision to capture all the essential elements of building a great, enduring company. It is our mission now to ensure that this Vision is not just a document, but rather an active beacon that inspires and guides us to our next level of greatness.

OUR VALUES

Example:
Knowledge Seeking: We are devoted to lifelong learning and staying current with changing regulatory rules and legal precedents. We are committed to ongoing market research and product development.

Trustworthiness: We understand that trust is earned every day and proven every day thereafter. Our goal is to be trustworthy from initial consult to implementation of ideas and solutions.

OUR MISSION

Example:
We are dedicated to seeing our clients identify and realize their dreams and financial goals.

Our professional integrity and individual concern—along with knowledge, experience and resolve—will produce innovative strategies and long term solutions.

OUR ULTIMATE GOAL

Example:
Through acquisition of clients and the addition of new business lines, we will become a recognized regional financial services firm that has a marketable value of \$1 million by 2022. Our main areas of growth will be tax planning and comprehensive financial plan development primarily for the executives of local technology firms and start-up companies.

We will achieve this goal without wandering from our mission and our values.

Smart Goals Planning Worksheet



SMART Goals Planning Worksheet

Goal setting and tracking is critical to the success of your business. Goals can cover a wide variety of topic areas and be vast in scope. Regardless of the nature of the goal, identifying it and actively tracking progress towards it helps to prioritize the initiatives that will get you what you want in life in business.

Your goals must be broad enough that they can propel you towards what you are aiming for, but specific enough for you to understand how you can actually reach that aspiration point. All goals, regardless of whether or not they are set to be reached immediately or far into the future, should be SMART goals. SMART goals are goals that are:

- **Specific:** focussed, explicit and precise in their description
- **Measurable:** able to be quantified and/or have progress concretely tracked against
- **Attainable:** realistic to achieve given resources, time-frame and other competing initiatives and desires
- **Relevant:** directly related to the outcome you want to achieve
- **Time-bound:** able to be completed in a specified time frame

What makes a goal SMART? A goal is a SMART goal when it fulfills all of these qualities. Let's take a look at a SMART goal versus a goal that is ambiguous and ill defined.

SMART Goal: "I want to target and on-board 5 new ideal clients who fulfill my defined Ideal Client Profile in the next 12 months so that I can maximize the return I receive on the time I am spending on my marketing efforts."

Why is this goal a SMART goal?

- **Specific:** it directly addresses how a defined target can be successfully fulfilled with defined action
- **Measurable:** it quantifies the goal number so that progress can be tracked against that number
- **Attainable:** it is focussed and realistic in scope, given the time frame and target number noted
- **Relevant:** the components of the goal directly drive the goal's outcome
- **Time-bound:** it notes a completion date the advisor can drive towards

Ambiguous Goal: "I want to grow in the future with better clients so that I am not spending a lot of time working with clients that don't seem to be what I want."

Why is this not a SMART goal?

- **Not specific:** it does not utilize precise, defined or specific targets or related actions that can be taken
- **Not measurable:** there is no quantity identified or measure that can be tracked to evaluate progress
- **Not attainable:** without defined parameters, actions or measurable indicators, this goal cannot be achieved realistically because it is too broad
- **Not relevant:** the components of the goal are loosely related
- **Not time-bound:** there is no end date or target time frame identified

The importance of business strategy planning and goal setting



Goals



Distractions



Motivation



Achievements

Your core purpose

MISSION

VALUE

VISION

Our Mission

Example

We are dedicated to seeing our clients identify and realize their dreams and financial goals.

Example

Our professional integrity and individual concern — along with knowledge, experience and resolve — will produce innovative strategies and long term solutions.

Our Values: Examples

Knowledge Seeking

We are devoted to lifelong learning and staying current with changing regulatory rules and legal precedents. We are committed to ongoing market research and product development.

Trustworthiness

We understand that trust is earned every day and proven every day thereafter. Our goal is to be trustworthy from initial consult to implementation of ideas and solutions.

Financial Success

Its our job to help you set and achieve monetary goals that will allow you the freedom and security to live life the way you want to.

Begin with the end in mind:



When your vision is clear, your decisions are easy!

Link personal and business goals with systematic planning



Blueprint for your business

Business vision

- Vision
- Value
- Goals

Business structure

- Solo
- Silo
- Ensemble

Business strategy

- Services
- Position
- Niche

Business model

- Account minimum(s)
- Average account size
- Average revenue per client

Business planning

- Revenue model
- Economic model
- Team model
- Client model

Personal / Partner goals

- Roles and responsibilities
- Income
- Time off

Our Goal

Example

Through acquisition of clients and the addition of new business lines, we will become a recognized regional financial services firm that has a marketable value of \$1 million by 2022. Our main areas of growth will be tax planning and comprehensive financial plan development primarily for the executives of local technology firms and start-up companies.

We will achieve this goal without wandering from our mission and our values.

Blueprint for your business

Business vision

- Create business value of \$3MM
- Create great, enduring company that will leave an ongoing legacy
- Sale to internal team or acquiring firm within 10 years

Business structure

- Business model (value-based)
- Ensemble firm

Business strategy

- Services: wealth management
- Position: leading boutique in 50-mile radius
- Niche: retiring millionaires

Business model

- Account minimum: \$1MM
- Average account size: \$1MM (goal); \$500,000 (present)
- 100 clients per wealth manager

Business planning

- 20% YOY Growth; \$1.5MM gross annual revenue within 5 years
- Economic Model: 40% Direct / 40% Indirect / 20% Profit
- \$1MM revenue per Wealth Manager / WM Team
- Team: 1 Partner, 1 Support Advisor, 1 Paraplanner, 1 Client Service Assistant

Personal / Partner goals

- Personal income of \$500,000 year
- 6 weeks vacation
- Focus only on 'highest and best use' work (rainmaking, client meetings, CEO)

Sample Wealth Management Vision Document

<div> <div> Sample Wealth Management Clarity, comfort, confidence </div> <div> Our Path to Reach Our Vision </div> </div>		
Horizon 1 YE 2018 Goals	Horizon 2 YE 2020 Goals	Horizon 3 YE 2025 Goals
Financial & Client Goals		
<ul style="list-style-type: none"> Firm Financial Goals <ul style="list-style-type: none"> \$45M AUM 60% recurring revenue 40% Non-recurring revenue 50 Clients Lawyer niche business <ul style="list-style-type: none"> \$18M of total AUM 2 targeted seminars yearly 20 Clients \$250,000 Valuation 7% Profit margin 	<ul style="list-style-type: none"> Firm Financial Goals <ul style="list-style-type: none"> \$65M AUM 75% recurring revenue 25% Non-recurring revenue 65 Clients Lawyer niche business <ul style="list-style-type: none"> \$35M of total AUM 2 targeted seminars yearly 35 Clients \$400,000 Valuation 10% Profit margin 	<ul style="list-style-type: none"> Firm Financial Goals <ul style="list-style-type: none"> \$100M AUM 90% recurring revenue 10% Non-recurring revenue 75 ideal Clients Lawyer niche business <ul style="list-style-type: none"> \$60M of total AUM Strategic partnership established with 5 local firms Quarterly seminars 50 Clients \$800,000 Valuation 15% Profit margin
Strategic Planning Goals		
Examples: <ul style="list-style-type: none"> Define and delegate non-revenue producing activities Define roles and responsibilities and growth path for team Define client segments, services and fees to support long-term goals 	Examples: <ul style="list-style-type: none"> Have a defined ongoing strategic planning process Execution and growth of client base in the tech niche Expand advisor and staffing model to create capacity for the firm Focus more on role as senior advisor and CEO 	Examples: <ul style="list-style-type: none"> Initiate business exit with formal succession plan in place Obtain fully founder-independent model so founder can participate in the business up to 50% of the time

Sample Wealth Management Vision Document

Our Path to Reach Our Vision

Use this worksheet to fill in Horizon Goals for your firm. See the samples on the sample page above.

Horizon 1 YE 2018 Goals	Horizon 2 YE 2020 Goals	Horizon 3 YE 2025 Goals
Financial & Client Goals		
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Strategic Planning Goals		
Examples:	Examples:	Examples:
<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">

Plans are roadmaps and living documents

- Include team members in your strategic planning
- Share direction with employees, centers of influences and clients
- Paint a picture of success to encourage participate
- Know your vision and priorities
- Communicate clearly and succinctly

Setting SMART goals



Specific

Focused, explicit and precise in their description.



Measurable

Able to be quantified and concretely tracked against.



Achievable

Realistic to achieve given resources, time-frame and other competing initiatives and desires.



Relevant

Directly related to the outcome you want to achieve.



Time-bound

Able to be completed in a specified time frame.

Sample SMART goals (3 year)



Specific

Focused, explicit and precise in their description.

- 20 new clients and raise average AUM per client from \$250,000 to \$400,000



Measurable

Able to be quantified and concretely tracked against.

- Yes



Achievable

Realistic to achieve given resources, time-frame and other competing initiatives and desires.

- Plan to attract 7 new clients/year, growth rate near industry average



Relevant

Directly related to the outcome you want to achieve.

- New client growth and increased asset minimums will drive firm value



Time-bound

Able to be completed in a specified time frame.

- In 3 years

Mapping your future: Set short, medium and long term priorities



Horizon #1 (This year)

Address near term performance

- Focus on immediate impact items
- Tactical execution
- Focus on immediate opportunities

Horizon #2 (Y2 & Y3)

Opportunities that will drive profit in 3-5 years

- Usually includes future growth priorities
- Projects and investments you would like to fund in the future

Horizon #3: (Y4 & Y5)

Options that could drive future growth

- State your longer term financial and business goals
- These tend to be aspirational - BHAGs!

Source: McKinsey Growth Map

Sample horizon plan

XYZ management will become a leading wealth management firm in Ohio. We will be known for delivering on our promise.

Horizon #1 (2018)

Build scalable infrastructure

- \$50MM AUM
- Owner profit: \$300K
- 10 new client relationships
- Hire operations manager
- Complete process roadmap, consider outsourcing technology

Horizon #2 (2019 - 2020)

Accelerate growth trajectory

- \$70MM AUM by 2020
- Owner profit: \$450K
- Reassess office space improve quality
- Add on additional services tax and estate
- Enroll in coaching program

Horizon #3 (2021 - 2022)

Realize vision of \$100M AUM

- \$100MM AUM by 2022
- Owner profit: \$600K
- Hire junior advisor
- Evaluate strategic options – recruit advisors?
- Create greater scale
- Manage P&L to benchmark

Strategic planning execution



Taking next steps

“It doesn’t matter which road you take if you don’t know where you’re going.”

Cheshire Cat, *Alice in Wonderland*

Taking next steps to plan

- Know your vision and priorities
- Have a business planning process
- Include the **what**, **how** and **who** in your plan
 - Remember, you don't have to go it alone
- Review and refine
- Be flexible
- Execute on the plan and be accountable for results

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Next webinar: M&A Essentials Continuity & Succession Planning

Tuesday, December 5, 4:00 pm ET | 1:00 pm PT

Speaker: Dana Marino, Vice President, Director of Practice Management

- Explore industry stats on business succession planning and understand the risks of not having a plan in place
- Learn the key elements of a succession plan and the different types
- Review common deal structures and options

Register by visiting AssetMark.com/BAT

Q&A

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