CHAPTER 1

Stop Living Their Dream and Start Living Your Dream

The First Ineffective Habit: Living Their Dream

Jack was a nice-looking kid from a well-connected family in town. He was confident around money and had developed the ability to meet and greet. He would earn his finance degree from the University of Michigan in a year and was looking for a meaningful internship over the summer break. A family friend and mentor who worked for a respected investment firm spoke with his branch manager and Jack was brought on to learn the business. He worked hard, met his commitments, and was more self-directed than the interns who had come before him. When he headed back to Ann Arbor in the fall, he knew he would have a job waiting for him upon graduation.

There are some advantages for twenty-somethings not having a well-developed sense of future. It makes them fearless, bold, unrealistically optimistic, and their creativity knows no bounds. That combination can lead to breakthroughs in physics, music, athletics, and the creation of new business models like Facebook or Google. Sometimes though, it can lead to unfortunate consequences. You can see this with a young athlete or musician who pursues a professional career at the exclusion of everything else. It can take years to recover from landing on the wrong side of their high-risk, high-reward bet. Sometimes they are never able to recover.

Jack, like most twenty-somethings, ended up somewhere between rock star success and total failure. He had hoped that his academic performance, recommendations, and finance degree would put him on the fast track to investment banking, but reality hit him in the face when he could not get beyond phone interviews with any of the major Wall Street firms. He accepted the opportunity to become a financial rep where he had interned. He would continue to learn the business under the tutelage of his family friend and the branch manager. In the short term it would be okay. Perhaps with real world experience, he would get his big, Wall Street break.

In his new position, Jack spent the first three weeks studying to become a registered investment advisor representative. Though he was a good student, there was a lot to learn and the potential embarrassment of not passing the exam on his first attempt created both stress and focus. He studied in his cubical 10 hours a day, six days a week. It paid off, he easily passed the Financial Industry Regulatory Authority (FINRA) exams, and now he could get on with his orientation.

Having interned in the office less than a year prior allowed him to leapfrog some of the orientation steps, but he still had to sit through HR's "Creating a Friendly Workplace" seminar (a typical cover-your-legal-ass program).

He also had to learn the Kaizen Selling System. His manager explained that *kaizen* is the Japanese word for constant and never-ending improvement. It was presented as a consultative sales methodology, but in reality was a product sales process filled with red-letter language designed to explain the product, overcome objections, and "help" the client make a buying decision.

Goals, compensation, recognition, awards, management attention, best practice sharing, and performance reporting were all designed to help Jack continually improve his execution of the kaizen selling system. And Jack was improving. It looked as though he was going to develop into what they had dreamed for him.

The effort Jack applied to the kaizen selling system paid off. He was among the 15 to 20 percent who actually survived the first five years in this business. He continued to learn the tips and tricks of his trade—how to cross-sell, feed a lead, develop centers of influence, and nest with other young professionals needing insurance and beginning to invest. The more he applied the tried and tested ways of the Kaizen Selling System, the more it paid off. He was definitely living up to the firm's hopes and dreams.

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Fast-forward a decade and Jack's exceptional execution of the Kaizen Selling System had brought him an overloaded roster of nondistinguished insurance and investment clients. It may have been the firm's dream but it was a nightmare for Jack.

We talk about a mid-life crisis as though people go through it just once. In reality, we go through the process about every seven years. It can be very healthy to reflect upon how we are spending our life's energy—to evaluate whether it is satisfying and aligned with our vision. But Jack didn't have a vision. For the past 15 years he had been living the firm's vision—their dream.

Jack was deep in thought in his corner office, blankly staring at his e-mail, when the branch manager stuck his head in and said, "Good morning, Jack. How goes the battle?" Jack replied, "Just living the dream." He had said this many times before, but this time it came out a bit cynical. What had once meant, "My life's dreams are coming true" had morphed into, "I'm just grinding away in my role to bring about their dream."

Living their dream wasn't good enough. Jack wanted more.

The First Discipline: Start Living Your Dream

To escape the grind and begin to live with passion, Jack and tens of thousands like him need to create their own dream by designing a compelling vision. Creating a compelling vision provides you with the opportunity to design your future. By thinking deeply about what you want, you can determine the worthwhile work you do, the business model that supports your ambitions, the quality of clients you work with, the type of team you build, and the business results you drive. Creating your dream starts by deciding what you truly desire rather than accepting someone else's dream. You determine your future by the vision you create, the decisions you make, and the actions you take.

Your vision has four component parts:

1. Purpose—the primary reason for the work you do.
2. Business goals—specific objectives that support your purpose.
3. Guiding principles—the fundamental standards that guide daily decisions.

4. Vivid description—a narrative of the business success you intend to create.

> The first basic ingredient of leadership is a guiding vision. . . . Unless you know where you're going, and why, you cannot possibly get there.
>
> —Warren Bennis, *On Becoming a Leader*

Insights

Insights into these four components (purpose, business goals, guiding principles, and vivid description) will better prepare you to develop and then embrace your vision. Each component has its own benefits, which are compounded when combined into a compelling vision.

Purpose: The Primary Reason for the Work You Do

> Two insights about teams emerged early, consistently, and emphatically from our interviews. First, high performance teams have both a clear understanding of the goal to be achieved and a belief the goal embodies a worthwhile or important result.
>
> —Carl Larson and Frank LaFasto, *TeamWork: What Must Go Right/What Can Go Wrong*

A purpose is the fundamental reason a team exists. There is a story that articulates the value of a team knowing its purpose. An American drill bit company was confronted with a Japanese competitor that was able to sell high-quality drill bits for what it was costing the American team to manufacture them. A loss in market share prompted this well-established company to take a hard look at itself. At first, discussions focused on efficiency improvements, but after considerable debate and evaluation, it was determined that these improvements would not create the margins they needed to regain their competitive position.

It wasn't until an enlightened member of the team asked, "What is the primary purpose of a drill bit?" that the team members began to think in a way that would secure their future. They realized that they were not in the drill bit business—they were in the business of helping their customers drill holes. Once they recognized the fundamental reason why they existed, they were able to think of

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alternative ways to satisfy their customer's needs. They developed a laser drilling process that allowed them to regain and even improve their competitive position.

An error made by countless teams is to define their purpose by their activities or the products they deliver, rather than by the fundamental needs that they are satisfying.

Advisors have the need to do worthwhile work. A compelling vision should begin with a definition of that purpose. This provides the compass that gives direction for making all other strategic decisions. In *Built to Last*, Jim Collins and Jerry Porras wrote, "A good purpose statement is broad, fundamental, inspirational and enduring." Your purpose should transcend market life cycles, changes in product development, the regulatory environment, and advances in technology.

Defining the purpose may seem like a simple concept. But defining it in a meaningful way will require thinking deeply about the fundamental reasons your advisory business exists. Your purpose should focus on core client needs and stand as a constant reminder of the value you provide. This is not an exercise to create a marketing tagline. This is an opportunity to internalize the meaningful work you do for clients.

The first step in deciding your purpose is to understand the primary benefit you bring to your clients. When you cut away the layers, what is at the core? What basic client need do you satisfy? The answer to that question is your purpose. This may not be as easy as it sounds, and here is why: Financial service firms are so busy doing daily tasks and implementing strategies that they tend to define themselves by the things they do rather than the value they provide. You can use the why-why-why exercise to drill down and determine your purpose.

Following are some examples of why questions:

- Why does your advisory team exist?
- To help clients invest and keep their financial affairs in order—why?
- To help our clients create and protect their wealth—why?
- To help them reach their financial goals—why?
- Achieving their goals allows them to provide for their family and enjoy retirement—why?

This team's ultimate purpose is "to provide our clients with financial peace of mind."

Sometimes, teams find their final purpose statement to be too abstract to be meaningful. If you find yourself in this situation, you will need to find the balance between making it fundamental yet meaningful to the team. While keeping the intent of the purpose in mind, simply work your way back up the "why-why-why" chain until you get to a level that is tangible enough to be meaningful to your team.

Consider two examples from advisors who found themselves in this situation:

1. Help our clients create and protect their wealth.
2. Help clients reach their financial goals.

Too many advisors are caught in the trap of thinking their purpose is making money. In the 15 years I have helped advisory teams, I have observed that those who are most focused on bringing value to their clients end up doing better financially than those who are focused on "what is in it for me."

This principle is not limited to financial services. I was in a planning session with Bill Gates. He was upset when he heard that something had gone wrong for a Microsoft customer. As he rocked back and forth, deep in thought, he asked, "Why are we doing that to our customers?" The last time I checked, Bill had enough to retire. Like so many others who have done well financially, he is focused on bringing value to his customers as opposed to what's in it for him.

Business Goals: Specific Objectives That Support Your Purpose

> An increasing number of studies of leadership are finding that one of the key functions of leaders is to develop goals for the organization.
>
> —Edwin Locke and Gary Latham, *A Theory of Goal Setting & Task Performance*

I had the great privilege of having a 20-year friendship with Cecil Bell, a former professor of management and organization at the University of Washington. Cecil and I had countless discussions about goal-setting research and how to apply it in a real-world setting. Cecil passed away in the spring of 2009, but I know he would have been pleased that I am sharing our most recent thoughts with you in this section.

Cecil also introduced me to Gary Latham, who co-authored *The Theory of Goal Setting* with Edwin Locke. Together, Latham and Locke have published more on goals research than anyone else in the world. Translating their great work into a practical application for advisors has had a profound impact on those I have worked with.

Effective goals come in three categories—mission, fiscal-year unifying goals, and strategic objectives. These goals must align to provide both long-term and short-term direction.

- Mission: the one or two compelling goals you plan to achieve over the next five years.
- Fiscal-year unifying goals: the one or two most critical goals you plan to achieve over the next fiscal year.
- Strategic objectives: the three to five implementation objectives. If the strategy is correct, achieving these goals will likely lead to achieving your fiscal-year unifying goals and ultimately to "mission accomplished."

The Moon Mission On May 25, 1961, during a joint session of Congress, President John F. Kennedy declared, "I believe this nation should commit itself to achieving the goal, before this decade is out, of landing a man on the moon and returning him safely to earth." These words articulated a goal that was powerful enough to mobilize Congress, suppliers, government agencies, scientists, engineers, the military, education, the news media, and many other resources into a team.

On July 20, 1969, Neil Armstrong told the world, "That's one small step for man, one giant leap for mankind." But it was not "mission accomplished" until the space capsule safety plopped into the Atlantic Ocean on July 24. It was a team win that began with the articulation of the moon mission. This mission was a binary goal. Binary goals are either achieved or they are not. Unlike the moon mission, business goals are expressed in numbers.

The Positive Effect of Goals on Teams

Team goals create alignment. When I facilitate business planning sessions, I ask the participants to close their eyes and point north. Inevitably, they point in all directions. After they open their eyes, I ask

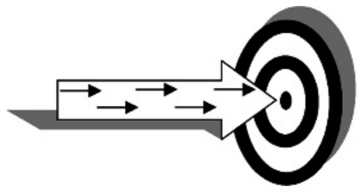

Figure 1.1 Team Goals Create Alignment

what would happen if they were all to walk in the directions they were pointing. It is clear that they would run into one another. And that is what many teams experience. Without goals that are focused on the most vital business imperatives, resources will be squandered by individuals shooting at their own targets, leaving the firm wounded in the crossfire.

You probably think that you and your team know your goals. Consider asking your team to take out a sheet of paper and write down your top three goals. Next, ask each team member to read their answers aloud. At first, the absurdity of the discrepancy in the answers will provoke laughter. Team members quickly see the implications of this lack of alignment and become quite serious. Finally, ask them, "How can we hit a target if we don't agree where it is?" The obvious answer is that you can't!

With goals, such as the target in Figure 1.1, team members can align their efforts to move the business forward.

Goals provide the context to determine mission-critical strategies and make tactical business decisions. If you had a goal to improve your revenue per client you would probably consider setting a higher minimum, disengaging from your smallest clients, focusing on an affluent target market, and creating a high-net-worth service model. The goal comes first and then the strategies to achieve the goal.

The same holds true for making tactical decisions. Once your goals are in place you can decide whether you should hire that admin candidate or purchase that customer relationship management (CRM) software. A common target provides focus to direct the team's resources. A magnifying glass, properly focused, can concentrate the sun's rays, creating enough energy to start a fire. Likewise, focusing a team's time, skills, insight, and technology on a common target can generate enough energy to bring your vision into reality and create the business of your dreams.

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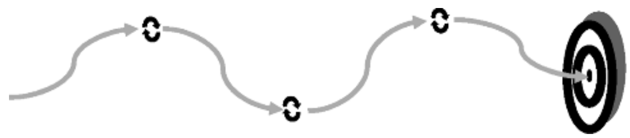

Figure 1.2 Course Correction

Goals with feedback provide the information teams need for course correction. For example, if improvements on your revenue per client stalled, it would cause you to first analyze why, and then make adjustments to the strategy, as depicted in Figure 1.2. I have seen teams work for many years on an ineffective strategy simply because they failed to establish a goal that would trigger a course correction. Goals with feedback provide teams with information that cannot be ignored.

Goals cause teams to spend their time on the best opportunities. When time is spent, it is gone and can't be reclaimed. When your team has meaningful goals, team members will concentrate their time on those activities that are most likely to bring the goals into reality.

> By making self-satisfaction conditional on certain levels of performance, individuals create self-inducements to persist in their efforts until their performances match internal standards.
>
> —Albert Bandura and Dale Schunk in the *Journal of Personality and Social Psychology*, 1981

Goals elevate the effort and persistence of team members. Teams try harder and longer when they have effective goals. It doesn't matter whether it has to do with holding a marriage together during a tough spot, raising teenagers, launching a new product, or migrating your team from investment counseling to providing wealth management advice.

The number one ingredient to success is persistence. Having effective goals can be the difference between providing average and differentiating levels of service; maintaining the status quo or developing a high-net-worth client base.

Another important ingredient to success in any endeavor is effort. Effort plays a large part in performance. It is the difference between an advisory team that exhibits the fire in the belly that is necessary to compete on a world-class level and a group that greets each other with

"Thank God it's Friday" at the end of the week. Moreover, effective, unifying goals cause team members to intensify their efforts at crunch time—the time when the pressure is on and your team must perform at its best.

With goals, team members are more interested in their work. The team environment is more satisfying and creative when each member is intrinsically interested in his work. When team members have a mission, fiscal-year unifying goals, and, in particular, strategy objectives, they are more interested in their work. Clients benefit immensely from working with an advisor whose team members are engaged in their work. You only need to think about the last time you worked with someone who was not interested in their job to understand the stark difference.

You are more aware of opportunities and threats to your goals. Goals trigger your reticular activating system. The reticular activating system is a portion of the brain that alerts us to opportunities. Think about the last time you set a goal to buy a car. Remember driving down the street and how that model started jumping out at you? They seemed to be everywhere! They had been there all along, you just were not aware of them. Likewise, you can walk right by opportunity after opportunity unless you have set meaningful team goals. These opportunities will begin to jump out at you just like the automobile did. You will discover that opportunities are everywhere.

The reticular activating system can also alert you to threats that will prevent you from achieving your goals. These could be things like a change in policy, a change in capital markets, a team member's change in attitude, or an early warning signal from a financial product you utilize. When you have a goal, you become much more alert to the threats to that goal.

A team goal activates the team's problem-solving skills. Our brains are solution-finding machines. Create a problem and our minds go to work to solve it. Setting business goals automatically creates a major problem for us: "How are we going to do that?" Whenever your team members are confronted with problems, their fact-based, intuitive, and creative thinking skills automatically go to work to find solutions. But without the goal, these incredibly powerful problem-solving skills remain dormant.

With goals, teams are better able to access their stored knowledge. Over time, we collect huge amounts of information that can go untapped. Once the team goals are set, the information that is relevant to the accomplishment of those goals is unleashed—not just for you but for the entire team. The collective IQ of the team goes up dramatically.

Teams perform more consistently when they have goals. Over time, the "total quality" movement has had many names, but what has not changed is the agreement that reducing variance is the key to improving quality. This principle is as true for an advisory team as it is for a manufacturing company. The quest to improve consistency day in and day out is what leads advisory teams to improve their quality of service.

Characteristics of Effective Goals In order to experience the benefits of team goals they should have the following characteristics.

Goals should align to your purpose. If your purpose is *to improve financial peace of mind for our clients*, the mission, fiscal-year unifying goals, and strategic objectives should point the team in the direction of serving that purpose well.

Goals should be strategic both in quantity (focused on growth) and quality (focused on high-net-worth clients). Goals should inspire strategies to build the type of firm you desire. For example, if you want to wake up on January 1 and know where 80 percent of your income is going to come from, you should consider a recurring revenue goal. You would develop and implement strategies that would drive recurring revenue. These might include developing a service model, taking on only new fee-based clients, and migrating your best transaction-based clients to fee-based relationships.

In the absence of a recurring revenue goal, advisors tend to default to the status quo of setting an assets-under-management (AUM) goal. In their quest to gather AUM they take on small, unprofitable accounts and discount their fees. You should give a lot of thought to the type of business you are attempting to build and make sure your quantity goal is leading you there.

Having a quantity goal that causes you to grow is an important consideration. Several years ago, I decided to take my grandson, Zach, biking on three legs of the Tour de France. Having not done much cycling, I went down to our local bike shop to purchase a bike and all the accessories.

A couple of days later, I set out on my first training ride. I had decided to ride around Mercer Island, and headed down Bellevue Way, took the I-90 Bridge over Lake Washington, and then made a left turn onto East Mercer Way. It was there that I confronted my first stop signal and realized I needed to put my foot down for balance.

Do you know what clamp-ons are? They are a part of the pedal, and the cleats on the bottom of bike shoes clamp into them. I quickly realized you should practice removing your foot from the clamp-on prior to stopping for the first time. It is a little precarious when you come to a stop and realize you are unable to unclamp your foot. Imagine a grown man lying on the pavement with his feet stuck in his bike pedals!

Later, back on my bike, I was reflecting upon the experience. I realized how difficult it is to balance a bike that is standing still. But I will tell you, it is not nearly as difficult as balancing a business that is standing still. A quantity goal that is focused on growth is vitally important.

> All the good-to-great companies attained piercing insight into how to most effectively generate sustained and robust cash flow and profitability. In particular, they discover the single denominator—profit per x—that has the greatest impact on their economics.
>
> —Jim Collins, *Good to Great*

Quality goals are equally as important as quantity goals. Helping advisors begin to think about profit per client has had a profound impact on their businesses. The problem is that in the advisory space, profit is a funky number. Taking a brother-in-law golfing becomes a business expense. A client visit in Orlando, combined with a family trip to Disneyworld, is also written off.

A quality business has a very high percentage of high-net-worth clients. If you don't focus on quality you risk working hard for 15 years and discovering that 60 percent of your client base is not profitable. Because profit is such a funky number, if you intend to build a high-net-worth wealth management practice, your team should consider setting a goal to increase recurring revenue per client. If I asked you what strategies you would implement to improve your recurring revenue per client in a dramatic way, you might list:

- Disengage small, unprofitable clients.
- Set a higher and more rigorous minimum.
- *Wow* your top clients so they will refer their friends.
- Target a more lucrative segment of the market.

An increase in recurring revenue (quantity goal) and an increase in recurring revenue per client (quality goal) have been effective strategic goals for wealth management advisors.

> Clear, attainable goals produce higher levels of performance than general intentions to do one's best, which usually have little or no effect.
>
> —Albert Bandura, *Self-Efficacy: The Exercise of Control*

Team goals should be specific numbers (metrics) and should be free of ambiguity. Each team member must understand what the target is. Knowing the target orients them toward goal-relevant activities and produces higher performance levels. If team members are not crystal clear on the target, their activities can be off the mark and resources can be misused. When I was coaching at West Point, I was taught, "Don't give a command that can be understood; give a command that cannot be misunderstood."

A specific and clear goal increases the team's consistency. As Locke and Latham state in *A Theory of Goal Setting and Task Performance*, "The more specific the goal, the lower the performance variance." A team performing consistently well, day in and day out, outperforms inconsistent teams. Dependability is one of the attributes that separates average teams from great ones.

The following are examples of specific metrics:

- Mission—the one or two compelling goals you plan to achieve over the next five years.
  - Recurring revenue: $1.2 million.
  - Recurring revenue per client: $7,500.
- Fiscal-year unifying goals—the one or two measurable steps toward your mission over the next fiscal year.

    - Recurring revenue: $750,000.
    - Recurring revenue per client: $5,000.
- Strategic objectives—the three to five implementation objectives. If the strategy is correct, achieving these goals will likely lead to achieving your fiscal-year unifying goals.
    - Disengage 85 "D" clients.
    - Engage 35 "A" clients with wealth management.
    - Acquire 10 clients, each with at least $7,500 fee-based revenue.

> Simply adopting a goal, without knowing how one is doing, or knowing how one is doing in the absence of a goal, has no lasting motivational impact.
>
> —Albert Bandura, *Self-Efficacy: The Exercise of Control*

Team goals should allow for regular and ongoing feedback. Feedback is the breakfast of champions. Without feedback, the positive effects of goals are lost. "Simply adopting a goal, without knowing how one is doing, or knowing how one is doing in the absence of a goal, has no lasting motivational impact," says Bandura. Feedback should be frequent enough for team members to make a clear connection between their activities and the results they are getting, but far enough apart so that they can see the measurable results of their work.

Figure 1.3 shows the impact of having business goals with feedback. It is hypothetical only in that it shows two areas of research that have not been combined into one study. First, note that there is an increase in performance only when goals have feedback. Without feedback there is no goal effect—it is like having no goal at all. Second, a mission must be supported with fiscal-year unifying goals and those goals need to be supported by strategic objectives to maximize team performance.

Feedback is essential for making course corrections. A pilot doesn't just take off from the San Francisco International Airport, set a course for Honolulu, and then check five and a half hours later to see if the target is in sight. Based on feedback, the pilot (or the automatic pilot) will make thousands of subtle course corrections along the way. Effective feedback needs to be frequent. The more frequent the feedback and course corrections, the less wasted time and fuel en route from San Francisco to Hawaii.

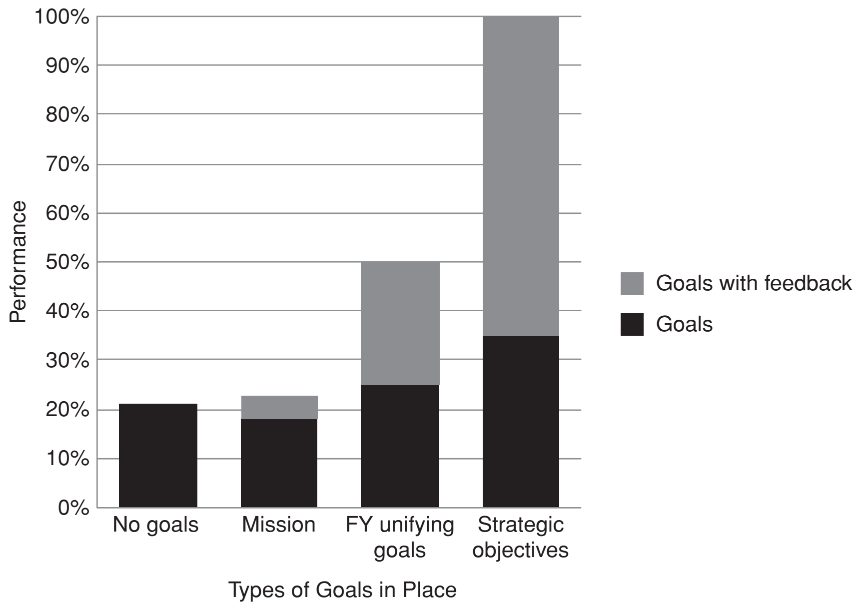

Figure 1.3 Business Goals with Feedback Improve Team Performance (Hypothetical)

Frequent feedback often allows for a more accurate assessment of the current situation and more accurate adjustments. A lecturer at an artificial intelligence seminar I attended provided an excellent example. Her company wanted to improve the accuracy of measuring the volume of gas in a luxury automobile's gas tank. Standard sensing devices did not accommodate changes in incline, acceleration, or deceleration. Although the total volume remained the same, in real-life driving conditions the accuracy of the feedback would vary greatly. They were able to increase the accuracy significantly by adding a number of sensors throughout the tank. But the accuracy was still not at the level they desired. They had two choices: Add more sensors or increase the frequency of the feedback. They found that by doubling the frequency of the feedback they could hit their standard.

Feedback should be positively stated. Throughout elementary and junior high school, my spelling teachers always provided me with negative feedback by marking my paper with a –8, and they would amplify my errors by making certain to use a thick red pencil when they wrote my score in large numbers on my test. We now know that a more effective way to state feedback is in a positive way, such as +17. Feedback should be evaluated to confirm that the team's strategy is on track or to determine where corrections need to be made. Team members have only three choices when corrective feedback is provided: They can reject it; they can accept it and do nothing about it; or they can accept it and make appropriate changes to get back on track. If the feedback is stated positively (e.g., "We are at 90 percent of our goal"), team members are much more likely to accept it and do something about it.

This feedback should also link team activities to the results. Team members must be able to see that it is the work they are doing that is producing the results they are getting. For example, a sales team should be able to make the connection that "because of the quarterly reviews we are delivering, our call-in leads are going up." Taking time to explicitly make these connections in a team meeting is well worth the effort. Team members must know that what they are doing matters.

It would be useless for your team to set a goal and then not look at the results you are getting for an entire year. The commonsense principle must prevail. The only guidelines that research and conventional wisdom can provide are that (1) there needs to be enough space between the action and feedback to be able to see marked changes, and (2) the feedback needs to be close enough for team members to make a clear connection between their activities and the results they are getting.

The following time frames for providing feedback have worked well for many advisors:

- Mission: quarterly.
- Fiscal year unifying goals: monthly.
- Strategic objectives: weekly.

Team goals should have a deadline that creates a sense of urgency. President Kennedy's words "before this decade is out" established a deadline for the moon mission. I have heard it said that the difference between a goal and a dream is a deadline. Far more goals are achieved than dreams. If you want to live your dream it will need to be supported by effective goals that have deadlines.

An effective goal has a deadline that is neither too near nor too far away. A deadline that is placed too far into the future promotes a "we'll get around to it" attitude and diminishes team motivation. It would be like going on a diet and targeting the end of the year to lose 20 pounds. You go out to dinner with friends, order a Caesar salad, fettuccine Alfredo, have a couple of glasses of Chianti and some tiramisu for dessert. The goal is too far away to cause you to sustain a change in your eating behavior today. There is no sense of motivation to lose the 20 pounds; in fact, your motivation goes down. Only when the goal is close enough will it cause goal-relevant behavior.

There are no set standards as to what is too far into the future, so common sense must prevail. The time frame should create a sense of urgency and focus, without causing debilitating stress. A goal that requires the team to produce results in the distant future will always require the support of short-term goals. An NFL team that sets the goal of winning the Super Bowl must still play one game at a time. It is not until the goal is close enough to cause team members to behave differently that the goal becomes effective.

Goals should be developed by the team. Participatory goal setting will crush assigned goal setting every time. When team members are allowed to participate in establishing the goals, they gain insight into factors influencing the goal and develop more appropriate solution strategies. When team members are allowed to participate in goal setting, they are more likely to establish goals that are:

- Challenging yet realistic.
- Within the team's control.
- Beneficial to team members.

Team goals need to be challenging yet realistic. Persistence is the number one ingredient to success in taking a team's performance to the next level. Persistence is dependent upon the team members' belief in their ability to accomplish their goals. They must also believe that the reward will be worth their effort. In *Built to Last,* Collins and Porras write, "An effective mission must stretch and challenge the organization, yet be achievable."

These goals must be realistic. It is a common practice in the investment advisory industry to set so-called *stretch goals,* which go

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beyond your capacity to realistically achieve them. The notion of stretch goals is counter to effective goal setting. Don't walk away from the next presenter you hear talking about stretch goals—run! They don't know what they are talking about.

Bandura provides tremendous insight into the effects of team members' beliefs about their ability to accomplish specific tasks. This body of research clearly demonstrates that team members with strong beliefs in their ability to succeed persist significantly longer than those who don't.

Walk through the hypothetical illustration in Figure 1.4 with me. When confronted with a challenge, a team that believes it will be successful tries harder than one that doesn't believe so. This is significant, but not as significant as what happens after suffering a setback. After a failed attempt, a team that still believes success is imminent tries even harder, while one that does not begins to quit. After a third setback, the team that continues to believe it will be successful

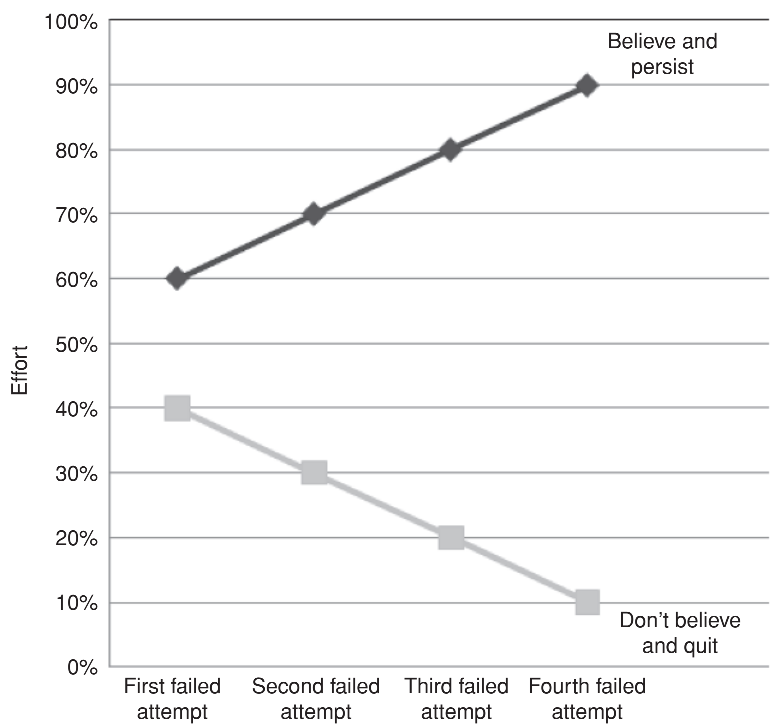

Figure 1.4 Effects of Belief on Effort

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Table 1.1 Benchmarking Data

	Current Firm Performance	Top 25% (median)	Difference
Revenue—Investment related	$834,738	$761,882	$72,856
Number of active clients	626	144	482
Full Time Equivalent (FTE)	4	2.8	1.2
Revenue per active client	$1,333	$5,291	($3,957)
AUM per active client	$79,657	$650,972	($571,315)
Active clients per FTE	157	51	105
Revenue per FTE	$208,685	$272,101	($63,416)
AUM per FTE	$12,466,300	$33,478,571	($21,012,272)

Source: Moss Adams/InvestmentNews Research produces two biannual studies; one on compensation and staffing and the other on the financial performance of advisory firms. For more information on the research go to: www.investmentnews.com/section/data.

tries harder still. The other team begins to go through the motions of work. Belief determines persistence. Goals must be believable. Once again, the number one ingredient to success in any endeavor is persistence.

Benchmarking data, as shown in Table 1.1, available from resources that keep up-to-date measures of advisory practices, can be useful in helping a team determine what is realistic. In this table the benchmark is the top 25 percent of other similar firms. By comparing the difference between this benchmark and current firm performance, team members will have a better understanding of realistic standards. They need to know these standards before they can believe that the goal they set is attainable.

Team goals must also be challenging. The excitement, electricity, passion, enthusiasm, and breakthrough creativity associated with a great team win are the result of a goal that is challenging. The initial Microsoft team of Paul Allen and Bill Gates believed they could create the technology that would "put a computer on every desk and in every home." This belief caused them to persist, even in the face of what many would perceive as insurmountable barriers. Their persistence, as it so often does, paid off. Thirty-five years after its inception, Microsoft has become a $58.4 billion company, with no end in sight. And Allen and Gates' challenging goal is becoming a reality.

Locke and Latham believe that hard goals lead to greater effort and persistence than do easy goals. This extra effort can be the difference between winning and losing in the advisory marketplace. Challenging goals do more than increase effort and persistence. They also activate our creativity and problem-solving skills. Putting team members' collective, fact-based, intuitive, and creative thinking skills to work on problems can cause breakthrough performance.

In the 1950s, Moshe Feldenkrais used the following in his Awareness Through Movement exercises. This exercise will allow you to quickly experience the benefit of a challenging goal. Stand and put your right arm out straight in front of you at shoulder level with your thumb pointing up. With your legs and feet straight ahead, look at your thumb and turn your torso to the right as far as you can comfortably twist. Visually mark a spot on the wall that you were able to reach. Return to face front and relax. Now close your eyes. Without moving, imagine raising your right arm out straight again and visualize what your thumb looks like. See your thumb, your thumb nail, its cuticle, the third of a moon at the base of the thumb nail, the wrinkles on the first joint, even the skin color. Now, imagine seeing the wall behind the thumb as you visualize moving smoothly and easily to the spot you previously marked on the wall. Relax your eyes, neck, back, hips, and knees and imagine rotating two feet further. Imagine seeing your thumb even more clearly as you visualize moving another two feet. And another foot, and another, and six more inches. Now, mentally unwind and open your eyes. Then, do the actual exercise again. Most likely you will have turned considerably farther than your initial attempt.

After imagining the possibility of turning so easily and completely, your body was able to organize itself to move further. Using exactly the same resources, you were able to improve your performance. Likewise, a team that stretches what is possible by setting a challenging goal will make subtle adjustments to organize its resources and elevate its performance. As part of the goal-setting process, teams must consider what is possible. Ask, "If we knew we would not fail, what would we do?"

Sometimes you can set a challenging yet realistic goal but over time or because of circumstances it is no longer challenging or realistic. To retain the benefit of having effective goals, teams will need to reassess their goals periodically to make sure they remain challenging and realistic. Effective goals must balance the possible with the believable, the challenging with the realistic.

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The goal needs to be within the team's control. Even though there are few goals that are completely independent of outside influences, team members have to believe that they have enough control over the goal to own it. The team must believe their results are largely dependent upon their activities. They must be able to make the connection that they can cause the goal to come about. Team members will reject any goal they view as beyond their control. This is one reason it is wise to allow team members to participate in the goal-setting process. Through active participation, a team can guide the process toward a goal they feel is within their control. If a team goal is to provide a common target, increase motivation, and activate team members' problem-solving skills, they must own it!

Effective teams demonstrate outstanding persistence. Teams should evaluate their commitment to their unifying goal, their ability to remain innovative, and their capacity to increase effort when things get tough. They should evaluate their ability to recover from setbacks. Above all, teams should assess their willingness to persist until the goal is achieved.

Team goals must be beneficial to team members. "For workers to do high-quality work, they must be managed in a way that convinces them that the work they are asked to do satisfies their needs. The more it does, the harder they will work," wrote William Glasser in *The Quality School* (New York: Harper & Row, 1990).

Clayton Alderfer's ERG theory suggests that we are all motivated to satisfy our existence, relatedness, and growth needs. Everyone needs food, water, clothing, and shelter in order to exist. In our society, these things cost money. Your team members will work hard if they are able to make the connection that by achieving the team goals they will earn more money to better meet their existence needs.

We all need to relate to others. Everyone has experienced being a member of a winning team of some kind. Think back to one of those experiences. How fast did time go by? Was it a creative environment? Did you kid one another? Were team members accepted for who they really were? These relatedness needs are better met when team members are fully aligned and achieving their goals.

We also have a need to grow, achieve, and be successful—not so much in the eyes of others, but in our own eyes. Team members will be committed to the team's goal if they can see that the task of achieving the goal requires them to acquire new knowledge, skills, and competencies.

Many have been fooled into believing that we can ask team members to "win one for the Gipper." But to remain motivated over the long haul, each team member must be able to answer the unspoken question, "What's in it for me?" The better the team members are able to make the connection that the work they are doing will satisfy their existence, relatedness, and growth needs, the more they will be committed to the team's goal.

Making the assumption that every team member will automatically understand the personal benefits to achieving the team's goal can be a big mistake. Even when they have participated in goal setting it may be difficult for them to make the connection. This is particularly true with abstract goals such as profitability, return on assets, and other financial measures.

It has been my experience that the team members who can see the personal benefits can help make the goal more meaningful by sharing their insights. Initially a team goal of 1.6 return on assets (ROA) was not meaningful to a number of bank tellers who were working in a regional bank. It quickly became meaningful when an insightful team member pointed out that a lesser ROA would make the bank vulnerable to being purchased by a larger bank, thereby putting their jobs in jeopardy.

Anticipating the rewards of achieving goals is what drives people to close the gap. As long as they perceive enough value to warrant the effort required to close the gap, it doesn't seem to matter whether these rewards are extrinsic or intrinsic. This point should not be taken lightly. For years, many researchers stressed that extrinsic rewards (i.e., money) detracted from what really motivated team members—intrinsic rewards. Current research suggests that both extrinsic and intrinsic rewards motivate team members.

Extrinsic rewards are valued outcomes that are provided to team members. Recognition for a significant contribution or receiving a bonus for achieving an objective are both extrinsic rewards that many team members value. The self-satisfaction that comes from achieving an important tactical step or from acquiring a new skill is an intrinsic reward. The anticipation of extrinsic and intrinsic rewards causes team members to persist, as long as they believe that they will be successful.

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Guiding Principles: The Rules That Guide Daily Decision Making

> Correct principles are like compasses: they are always pointing the way.
>
> —Stephen Covey, *The 7 Habits of Highly Effective People*

Guiding principles are the standards that guide team members as they make day-to-day business decisions. These principles should establish the overall philosophy of the business by determining how team members will treat one another, serve their clients, focus on quality solutions, commit to organizational effectiveness, and provide the cornerstones of empowerment. Guiding principles can lead a team through even the most difficult challenges. They afford team members the guidance to make decisions in a consistent manner.

The Ford Motor Company provides a good example. Ford's motto, "Quality is Job One," began as part of a corporate advertising campaign at a time when their products could barely outlast their payment schedules. Throughout the organization, their teams promoted this principle, and the results have been phenomenal. "Quality is Job One" provided Ford with a compass, allowing the company to successfully navigate the global economy and close the once ominous quality gap between themselves and their Japanese competitors.

The best advisory team guiding principle I've come across in my work comes from the firm that is now Laird Norton Tyee. Kaycee Krysty and Rich Simmons built a truly remarkable wealth management advisory firm with a single guiding principle: "Do great things for our clients and make sure they know about it." Kaycee and Rich based their firm on this fundamental principle and hired people who understood it and could deliver on it. Through the merger of Tyee Asset Strategies and Laird Norton Trust, growing from zero assets under management to well over $3 billion and from a team of 2 to a team of 20, they still do great things for their clients and make sure they know about it. Guiding principles are timeless. They should be highly valued regardless of the changes in your team or your industry.

> We learned that you don't need to create a "soft" or "comfortable" environment to build a visionary company. We found that the visionary companies tend to be more demanding of their

> people than other companies, both in terms of performance and congruence with the ideology (guiding principles).
>
> —Jim Collins and Jerry Porras, *Built to Last*

As a rule, teams must create and then promote their guiding principles until they become part of the team culture. Because principles are grounded in our beliefs, this is a formidable task. The difficulty lies in the fact that our present perception of the truth (our beliefs) may be erroneous and may not lead us in the direction of the team's vision. This dilemma is compounded by other team members who have their own sets of erroneous beliefs. We all develop our perception of the truth through our senses, expert opinion, social persuasion, agreement with others, reason, and science. All of these methods can be flawed.

Elmer Nordstrom Walked His Talk The National Football League college draft is intense. Players are the lifeblood of an NFL franchise, and too many mistakes in the draft can have dangerous, long-term consequences. If too many wrong decisions are made, the organization can lose millions of dollars, coaches can lose their jobs, and players can lose their opportunity for success.

The day of the draft is electric. The importance of the event creates a level of excitement and tension that smacks you as soon as you walk in the door. Mock drafts have produced likely scenarios and the strategies designed to exploit these scenarios are mapped out on the whiteboards that surround the room. The names of the players to be drafted are posted under various categories, as are their height, weight, speed, and overall evaluation grade.

With NFL teams attempting to improve their talent level and satisfy their immediate critical needs, there is plenty of last-minute maneuvering. Some teams, fearful that a coveted player will be drafted by a team picking ahead of them, attempt to move up in a round by trading places with a team with different critical needs. This exchange will cost the trading team one or more draft picks in the later rounds. The phones and computers are stretched to their limits to keep up with the necessary communications.

On a draft day morning, I was making my final preparations by studying the whiteboards, when the senior member of the Nordstrom family, Elmer, came into the draft room. The Nordstroms were the majority owners of the Seattle Seahawks when I coached for them.

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Elmer walked over to me, took my arm, and ushered me out of the room and into the hallway.

I was preparing myself to receive some confidential football-related information when he asked, “How’s Kim?” Kim is my middle child, and I answered that she was doing just fine. “And how about your other two children, Christy and Steve?” he inquired. At the beginning of one of the most critical days for an NFL franchise, Elmer Nordstrom was asking me about my family!

This was the same Elmer Nordstrom, who, with his two brothers, took a small regional shoe store and developed it into a national apparel chain that stands today as the benchmark for personalized customer service. The Nordstrom leadership emphasized “provide outstanding customer service” and “use your good judgment at all times” strongly enough to permeate to the core of the organization. Team members get the picture right away when their leaders use the principles on an ongoing basis as they make day-to-day decisions. By walking their talk and continually coaching to these principles, Nordstrom leaders were able to knead them into the team culture. Empowered by the guiding principles of “provide outstanding customer service” and “use your good judgment at all times,” Nordstrom employees have extended Elmer’s genuine concern for people far beyond his lifetime. Unfortunately, situations where leadership’s values align precisely with the team’s most effective guiding principle are more the exception than the rule.

Characteristics of Effective Guiding Principles Consider the following:

- *Do they work?* Guiding principles must encompass a broad range of considerations and be useful for making effective day-to-day business decisions. Team members can have responsibilities that require them to make decisions based on many nonstructured situations. Effective guiding principles should function as useful decision-making criteria in these situations.
- *Are they ethical?* Guiding principles should be based on what the team feels is right and good. There will be opportunities for your team to exploit a situation with a strategy that is not morally sound. What would you do? Guiding principles should be ethical both for their own sake and to ensure long-term success. Short-term gains can easily turn into long-term losses

if unethical decisions are being made. The concept of "what goes around comes around" is as predictable as the law of gravity.

- *Are they understood?* The need for teams to clearly define each guiding principle is evidenced by an exercise I have used. After the team members identify their guiding principles, I break the team into groups and ask each group to pick one of the principles. Then I ask each group member to jot down 10 words or bullet statements that define their group's principle. Next, I ask each group to choose a captain and have the captain read his list of 10 definitions aloud. As the captain reads his list, group members say "I don't have it" if they do not have that definition. If the captain hears one or more members say "I don't have it," he strikes it from his list. Finally, I ask the captains how many definitions their entire group shared. Nearly always they will say "*Zero*!"

  The challenge becomes clear when the team realizes the potential for each member to be working toward a very different definition of a guiding principle. Therefore, it is important for the team to take time to develop a shared definition of each principle and to have clear examples of how each would be utilized as team members make their daily business decisions. Each guiding principle needs to be defined in a way that encourages team members to act in accordance with the definition.

  A good example of this comes from one of Netflix's nine guiding principles—judgment. Netflix management and employees have taken the time to define the "behaviors and skills" that demonstrate each principle, and these are how they define *judgment*:

  - Make wise decisions despite ambiguity.
  - Identify root causes and get beyond treating symptoms.
  - Think strategically, and articulate what you are, and are not, trying to do.
  - Smartly separate what must be done well now, and what can be improved later.

- *Are they meaningful?* Team members must be able to make the connection that by adhering to guiding principles, not only will the team's unifying goal be achieved, but their own personal needs will be met as well. Making this connection is too

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often taken for granted. It has been my experience that teams must understand the importance of each principle and its implications before formally embracing them as a group.

- *Do they target the key team functions?* For most organizations, this would include, but not be limited to, customer service, product and service quality, organizational effectiveness, and organizational culture. Too often, I read guiding principles that are feel-good statements rather than principles designed to drive results and create a healthy team culture.
- *Are they ranked?* In 1982, Johnson & Johnson proclaimed, "We have a hierarchy of responsibilities: customers first, employees second, society at large third, and shareholders fourth." There will be times when decision-making criteria will pit one principle against another. In these instances, it is important to know in advance which principle the team values most.

  There are no rules as to the number of guiding principles a team can effectively promote, so common sense must prevail. Advisors have been successful embracing one to three guiding principles. If you have more than three they turn into meaningless "motherhood and apple pie" statements.

The following are four examples of guiding principles that have worked effectively for elite advisors:

1. Do great things for clients and make sure they know about it.
2. Make and keep meaningful commitments.
3. Always put the client first.
4. Make win, win, win decisions: the client, team members, and the business must all win.

Developing Belief in the Guiding Principles For guiding principles to be more than rhetoric they must be dear to the heart of the team. Too often teams don't walk their talk—they say one thing but do another. If team members are to adhere to the guiding principles, they must first believe in them. This will require more than just participation in their creation. It will require education, coaching, and a system that fosters and promotes the principles.

Often, developing belief in guiding principles requires a process whereby team members can acquire a more complete understanding of those principles. Trust is a good example. When I ask a group what would keep them from trusting another team member, their answers inevitably fall into two categories: "They don't tell the truth," or "They say they are going to do something, but they don't follow through."

For lack of trust, the remedy is tactful honesty. Team members can build trust by developing the skills to effectively present their perception of the truth. For lack of follow-through, the remedy is honoring commitments. Team members can build trust by being realistic about their commitments, by not overcommitting, and by committing only to those things that they have the capacity to deliver.

Gaining insight, making new distinctions, and understanding the implications of embracing each guiding principle are important steps in the process. One of leadership's important roles is to publically recognize team members for making decisions and acting consistently within the framework of the guiding principles. Corrections should be made behind closed doors. It is even more important for leadership to walk their talk.

Developing guiding principles requires coaching. Athletics provide us with this benchmark. When my grandson was five years old he attended a tae kwon do school that had its guiding principles painted in big, bold print on the walls:

> RESPECT, PATIENCE, DISCIPLINE, SILENCE, CONCENTRATION, EFFORT

The instructor, Master Lee, regularly defined these principles and pointed out when the students were aligned with them. He also pointed out when they weren't. When Master Lee saw two of the young students misbehaving, he stated, "I'm trying to teach while you two are having your own conversation. Is that showing me respect?" "No, sir" was their reply. If he noticed another youngster flawlessly executing a side kick, he would stop the class and say, "That is what I mean by concentration. Does everyone understand what concentration means and why this is an example of it?" Master Lee used his individual students to help the whole group understand the meaning of each principle throughout each class.

As I continued to observe, I noticed that it wasn't just the instructor coaching the guiding principles; it was the students coaching each other, as well. From warm-up to cooldown, I could hear little voices reminding one another: "Respect, patience, discipline, silence, concentration, effort . . ."

If you want to see athletic teams promoting their guiding principles, read the sports page a day or two before a contest. You will read comments like "We will need to play tougher and smarter"; "We are going to beat them to the punch"; "Mistake-free football wins." When an interviewer attempts to gain insight into the strategy for an event scheduled two or three weeks away, the question is avoided with a simple "We play them one game at a time." Underestimating the benefits of each team member developing a strong belief in the team's guiding principles has caused many teams to avoid this essential discipline of teamwork. Once established, guiding principles provide a framework for successful decisions at the team member level. Considering the speed at which business is moving, the team that has the ability to respond and adapt quickly has a huge competitive advantage. Guiding principles are essential to building the capacity to make swift cornerstone decisions.

Vivid Description: A Narrative of the Business Success You Intend to Create

> There is no more powerful engine driving an organization toward excellence and long-range success than an attractive, worthwhile and achievable vision of the future, widely shared.
>
> —Bert Nanus, *Visionary Leadership*

In the advisor game, the vivid description describes the client experience, the team experience, and the business results. Consider this example:

> We are a nationally recognized, award-winning wealth management firm, whose competitive advantage is based upon personalized client service, state-of-the-art technology, and delivering peace of mind to our clients. Our consistent, unequaled level of service gives our clients confidence that their financial affairs are handled with the highest level of competency. Our team experience promotes forward thinking, creativity, and open communication. Our office exhibits an atmosphere of enthusiasm and optimism, confirming our position as an integral part of a premier financial services firm. Advisors and staff experience the rewards created by superior team results. By achieving our mission, we have earned the respect and admiration of the financial community.

There is a difference between the way things are and the way you want them to be. It is this discrepancy that creates the drive and energy needed to initiate new and better ideas. This process can break down in two ways: first, if you are not clear on the way you want it to be, and second, if you are not clear on the way things are.

A perfect example of the power of vision can be seen in this story. Midway through my grandson Zach's senior year in high school, his grades were deplorable. After attempting to explain to him for the hundredth time why his grades were important, I walked him into our home office and asked him to Google "girls of Bellevue Community College." He found pictures of a volleyball team, a softball team, girls playing a board game, and several instructors. Then I asked him to Google "girls of Arizona State University." I then asked Zach "where do you want to go to school?" Zach is attending Arizona State University.

The Charle Young Story At the end of the 1982 season, I moved with my head coach, Chuck Knox, from the Buffalo Bills to the Seattle Seahawks. In their first seven years as an NFL franchise, the Seahawks had just two winning seasons, so it was a big deal when we took the team to the 1983 AFC Championship game. We ended that season losing to the eventual Super Bowl champions, the Los Angeles Raiders. A lot of our success was attributed to Curt Warner, the outstanding rookie running back from Penn State University.

Coming off that magical season, the Seahawks and the Seattle community had high expectations for the 1984 season. In addition to Warner, David Krieg had established himself as an opportunistic quarterback. The future Hall of Fame wide receiver, Steve Largent, was still in his prime, and safety Kenny Easley had become one of the most dominant defensive players in the league. But everyone knew it was Curt Warner who had made the difference.

In spite of the high expectations, we had played three preseason games and the team was still sloppin' around, playing anything but inspired football. The night before our fourth and final preseason game, Chuck Knox was putting the finishing touches on our game plan during a team meeting when Charle Young asked if he could speak to the squad. Charle was winding down an illustrious career

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in the NFL and had been a major contributor to the San Francisco 49ers' Super Bowl XVI championship season before joining us in Seattle.

Charle said to the team, "I want you to know what it is like to win a Super Bowl championship." He went on to describe his experience of going into the locker room after winning the Super Bowl. He talked about the "hoopin' and hollerin'," the slapping of shoulder pads and helmets, the pounding on lockers, and the ripping sound as the offensive and defensive linemen pulled their jerseys off one another's shoulder pads. In the NFL there is so much holding that linemen put two-way carpet tape on their shoulder pads to keep their jerseys glued to their pads, thereby reducing holding dramatically. At the end of the game, when the jerseys come off, it sounds like carpet being torn off the floor.

Charle went on to tell of players with tears rolling down their cheeks and of a group kneeling in a corner giving thanks. He described the presentation of the trophy to Edward DeBartolo, the 49ers' owner, and Bill Walsh, the head coach. With rich imagery, Charle painted a picture of his team celebrating their dream come true.

Then he reached into his pocket, pulled out his Super Bowl ring, and passed it to a player sitting in the front row. With its inscriptions, mounds of diamonds, and pure mass, it was ridiculous, yet every player wanted one. They began to pass the ring around, some slipping it on, while others just checked it out closely. Everyone was thinking how it would feel to have his own.

While the ring was being passed from player to player, Charle spoke of the Seahawks' success of the previous season and of the high-impact players on the team. He pointed out the similarities between this team and his Super Bowl team. Players began to chime in and voice their support for the goal until it was evident to all that the entire team not only believed they were capable of winning a Super Bowl championship, but were willing to commit themselves fully to this vision and quest.

In spite of losing Curt Warner to a knee injury during the first game of the regular season, this team went on to win a club record of 12 regular season games. Though we came up short of winning a Super Bowl championship, the goal had inspired the team to realize a great deal more of their potential. Goals don't always ensure success—they simply increase the likelihood of it.

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Keeping Your Dream Alive

> The teams we investigated that accomplished truly remarkable things—or that functioned unusually well in more routine activities—were always characterized by genuine dedication to the goal and a willingness to expend extraordinary amounts of energy to achieve it.
>
> —Carl Larson and Frank LaFasto, *TeamWork: What Must Go Right/What Can Go Wrong*

Once you have created your vision, it is important to keep it alive. It can be incorporated in screen savers or made an agenda item for team meetings. The goals can be put on United Way–type thermometers and the guiding principles can be posted in the coffee room. The vivid description can be made into a mock trade journal article and posted on the bulletin board. All of the vision components should be revisited at least quarterly. Out of sight, out of mind: Without leadership paying attention to keeping the dream alive, it can fade over time.

When I worked in downtown Seattle, to come home in the evening, I would drive over the I-90 bridge, turn south on I-405, and exit at Coal Creek Parkway on my way to our home in Newport Shores. During construction, the floating bridge across Lake Washington filled with water and sank. Did I get home that night? Of course I did. I just changed my route and went over the 520 bridge. If my path across the lake had been blocked at both bridges I could have gone north or south around the lake. The point is that I would have made it home, no matter what.

Your vision should be this important to your team. It will be your homing device. You might have to change your course and make adjustments to your strategies along the way. As long as you keep the vision alive, you will be able to overcome the challenges that will inevitably arise.

Decisions

Your insight into creating a compelling vision has prepared you to make the following critical business decisions.

Determining Your Purpose

Determining your purpose should be a team exercise. Participation will lead to a greater sense of ownership and commitment. The insight gained by participating in the process will assist team members in selecting more effective strategies to serve their purpose. When it comes to business planning, people want to dot the I's and cross the T's before they move to the next component of the plan. Good planning doesn't happen that way—it is iterative. As you move downstream, you will discover things that impact your thinking on topics you have already covered. This is normal. Simply iterate and move on.

- *What is the purpose of your advisory team?*

Determining Your Business Goals

Determining your business goals (mission, fiscal-year unifying goals, and strategic objectives) should also be a team exercise. Participation will lead to a greater sense of ownership and commitment. More importantly, the insight gained in the debate as to what the goals should be will help the team discover more effective strategies.

- *What is your five-year mission?*
- *What are your fiscal-year unifying goals?*
- *What are your strategic objectives?*

Reminder: Good planning happens in an iterative way. As you move downstream and into strategies, you will discover things that will impact your team goals. Continue to iterate.

Determining Your Guiding Principles

Determining your guiding principles should be a team exercise. Participation will lead to a greater sense of ownership, commitment, and empowerment. More importantly, the insight gained from a team exercise will help team members discover more effective strategies which will be aligned with your goals and guiding principles.

- *What are your guiding principles?*

Determining Your Vivid Description

Determining a vivid description should be a creative team exercise. The team should write a narrative of the business success you intend to create—the client experience, the team experience, and the business results.

- *What is the narrative of the business success you intend to create*?

Determining How You Plan to Keep the Dream Alive

Figure 1.5 is an example of a one-page vision document that you can adapt as you begin to think about the process of creating one for your business. Being able to synthesize your thinking about your vision and documenting it will force clarity and prioritization. It will give you a tool that can be used to help keep your dream alive.

- *What is your plan to keep your dream alive?*

<table>
<tr><td colspan="5">Purpose Statement: Provide our clients with financial peace of mind.</td></tr>
<tr><td colspan="4">2015 Mission</td><td>Fiscal-Year Unifying Goal</td></tr>
<tr><td colspan="2">Recurring revenue</td><td colspan="2">$1.2 MM</td><td>$750,000</td></tr>
<tr><td colspan="2">Recurring revenue per client</td><td colspan="2">$7,500</td><td>$5,000</td></tr>
<tr><td colspan="5">Fiscal-Year 2009 Strategic Objectives</td></tr>
<tr><td>Disengage</td><td>85</td><td colspan="3">“D” clients</td></tr>
<tr><td>Re-engage</td><td>35</td><td colspan="3">“A” clients with wealth management</td></tr>
<tr><td>Add</td><td>10</td><td>Clients</td><td colspan="2">At least $7,500 annual revenue each</td></tr>
<tr><td colspan="5">Guiding Principles
• Do great things for clients and make sure they know about it.
• Make and keep meaningful commitments</td></tr>
<tr><td colspan="5">Vivid Description
We are a nationally recognized, award-winning wealth management firm, whose competitive advantage is based upon state-of-the-art technology, personalized client service, and delivering peace of mind to our clients. Our consistent, unequalled level of service gives our clients confidence that their financial affairs are handled with the highest level of competency. Our team experience promotes forward thinking, creativity and open communication. Our office exhibits an atmosphere of enthusiasm and optimism, confirming our position as an integral part of a premier financial services firm. Advisors and staff experience the rewards created by superior team results. By achieving our mission, we have earned the respect and admiration of the financial community.</td></tr>
</table>

Figure 1.5 One-Page Vision Document

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Actions

> The leader has a clear idea of what he wants to do—professionally and personally—and the strength to persist in the face of setbacks, even failures.
>
> —Warren Bennis, *On Becoming a Leader*

After gaining insight and making decisions, it is time to take action. The following provides a framework for you to s*tart living your dream*.

By taking the time to craft your purpose, mission, fiscal-year unifying goals, supporting strategic objectives, guiding principles, and a vivid description of your future success, you can begin to align your team to deliver even more value to your clients. By implementing a rigorous feedback process, you will experience the benefits of a high-performance team that is aligned, motivated, and nimble enough to correct course when appropriate.

Establishing your vision is about clarifying the way you want things to be in the long term and supporting that image with the steps to get there. Use the example shown in Figure 1.6 and identify the necessary steps to create your compelling vision. The steps should be binary, meaning they can be tracked as having been done or not done. There should be just one owner for each of the steps. Others will contribute but there needs to be a single accountability for the completion of each step. In *Getting Things Done*, author David Allen writes, “When a culture adopts ‘What’s the next action?’ as a

Milestones	Owner	Date	√
1. Assemble the necessary data for goal setting.			
2. Create your team's purpose.			
3. Develop your five-year mission and one-year unifying goals.			
4. Determine your supporting strategic objectives.			
5. Gain consensus on your guiding principles.			
6. Compose the vivid description of your success.			
7. Create your one-page vision document.			
8. Define process for keeping the dream alive.			
9. Implement processes for keeping the vision alive.			
10. Develop goal feedback process.			

Figure 1.6 Action Plan for Creating a Compelling Vision

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standard operating query, there's an automatic increase in energy, productivity, creativity, and focus."

A caution needs to be made regarding time frames. The number one way you build the collective efficacy of a team is to say you are going to do something and do it. The number one way to erode the collective efficacy of a team is to say you are going to do something and not do it. It is vitally important to set realistic time frames so you can be successful and build your team's collective power to produce the desired effect.

By developing your vision, you will create a discrepancy between what you want and what you have. The origin of a team's sustained effort is the need to reduce the discrepancy between the vision and current reality. A compelling vision causes team members to persist and expend effort over time. Persistence can be the factor that determines whether your advisory team experiences the sweet taste of success or the bitter pill of defeat. The tenacity seen in winning advisory teams is partly the result of a compelling vision. Over the next six chapters we will add business disciplines designed to bring your vision into reality and make your dream come true. Figure 1.7 provides a framework for this process.

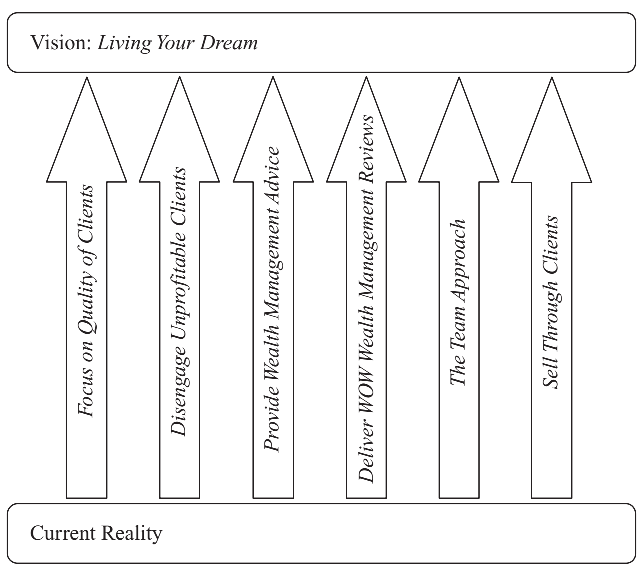

Figure 1.7 Framework to Move from Current Reality to Your Vision

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Chapter Summary

Key Points

- As advisors begin careers, they tend to view themselves as financial representatives working for a platform, broker-dealer, bank, insurance company, or firm. It doesn't take long for them to develop the ineffective habit of living someone else's dream and playing the role envisioned for them. At a certain point, many feel trapped by the status quo and want more. They want more financial security for their families. They want more work-life balance. They want to feel more like they are doing worthwhile work. They want to have more pride in the businesses they are building. They want more, but they have been living someone else's dream for so long that it is difficult to imagine doing anything other than the status quo. The discipline of creating your dream is a process of envisioning the advisory business you truly desire.
- Creating a compelling vision provides you with the opportunity to design your future. By thinking deeply about what you want, you can determine the worthwhile work you do, the business model that supports your ambitions, the quality of clients you work with, the type of team you build, and the business results you drive. Creating your dream starts by deciding what you truly desire rather than accepting someone else's dream. You determine your future by the vision you create, the decisions you make, and the actions you take.

- Purpose
    - The primary reason for the work you do.

- Business Goals
    - Objectives that support your purpose.

- Mission
    - One or two compelling goals you plan to achieve over the next five years.

- Fiscal-Year Unifying Goals
    - One or two most critical goals you plan to achieve over the next fiscal year.

Strategic Objectives

- Three to five implementation objectives. If the strategy is correct, achieving these goals will likely lead to achieving your fiscal-year unifying goals and ultimately to "mission accomplished."
- Goals improve team performance because they help team members:
  - Create alignment.
  - Provide the context to determine strategies and tactics.
  - Provide the information needed for course correction.
  - Spend their time on their best opportunities.
  - Elevate team effort and persistence—the most important ingredient for success.
  - Be more interested in their work.
  - Be more aware of opportunities and threats.
  - Activate their problem-solving skills.
  - Access their stored knowledge.
  - Perform more consistently.
- Effective goals:
  - Are aligned to the team's purpose.
  - Are focused on growth and building a higher-quality client base.
  - Are stated as specific numbers (metrics), free of ambiguity.
  - Allow for regular and ongoing feedback.
  - Have a deadline that creates a sense of urgency.
  - Are developed by the team.
  - Are challenging yet realistic: data to make informed decisions.
  - Are within the team's control.
  - Are beneficial to team members.
- Guiding principles—the fundamental standards that guide daily decisions:
  - Provide the cornerstones of empowerment.
  - Provide the guidance for team members to make decisions in a consistent manner.
  - Are timeless. They should be highly valued regardless of the changes in your team or your industry.
  - Must be promoted until they become part of the team culture.
- Characteristics of effective guiding principles:
  - Useful in decision-making criteria in nonstructured situations.
  - Ethical and ensure long-term success.
  - Clearly understood by the team.
  - Meaningful to team members.
  - Ranked.

- Vivid Description
  - A narrative of the business success you intend to create.
  - By implementing a rigorous feedback process, you will experience the benefits of a high-performance team that is aligned, motivated, and nimble enough to correct course when appropriate.