



Advocis 

UNDER 5 AFTER 5

CHAPTER PROGRAM
PRACTICE DEVELOPMENT SERIES

Module 1
Business Planning

Aligned with the PFA™ Designation Program, July 2021 (IAS19202603)

Practice Development Series

Module 1: Business Planning

CONTENTS

Learning Objectives.....	3
Building a Successful Business.....	3
What is a Business Plan?	4
Knowledge and Credentials Are Only the Beginning	5
Think Like an Entrepreneur	6
Assessing Business Opportunity	7
1. Your Strengths and Weaknesses	7
2. Products and Services	7
3. Competition.....	7
4. Client Landscape	8
5. Location	8
6. Marketing	8
7. External Environment.....	8
<i>Activity 1.1: Business Opportunity Assessment</i>	9
Building a Business Plan.....	9
<i>Activity 1.2: Business Definition</i>	9
<i>Activity 1.3: Goal Setting: Business & Self-Improvement Goals</i>	9
1. Business Definition	9
2. Goal Setting	9
3. Implementing a Marketing Plan	9
4. Advisor Business Finances	10
5. Execute.....	10
Your Business Plan is a Living Document	10
Business Definition	11
Goal Setting.....	12
Advisor Business Finances.....	16
<i>Activity 1.4: Business Financial Forecasting</i>	16
Execute.....	21
<i>Activity 1.5: Activity Action Plan</i>	21
Summary.....	24
Module Checklist	25



Practice Development Series

Module 1: Business Planning

LEARNING OBJECTIVES

As a newer advisor, your first step in establishing a successful financial advisory practice is to define what your practice will look like. Upon completion of this Module and the accompanying Practice Development Activities, you will be able to:

- **Conduct a Business Opportunity Assessment**, including an evaluation of your strengths and weaknesses in order to take advantage of opportunities in the marketplace
- **Define your business**, including a description of your vision, mission and values
- **Write business and self-improvement goals** aligned with SMART best practices
- **Determine your business revenue sources**, business expenses and any sources of additional capital
- **Develop an Activity Action Plan** containing five to seven activities each week that will result in client base growth and income generation

BUILDING A SUCCESSFUL BUSINESS

There are many elements involved in the building of a successful financial advisory business:

- the products or solutions you offer
- the value-added service you deliver to clients
- your education and accreditations
- your personality, location and availability
- your affiliations with other professionals and/or product suppliers
- your team

The concept of building, being responsible for and managing a business is a fundamental concept often neglected by new advisors when they start their financial advisory business.



Practice Development Series

Module 1: Business Planning

What is a Business Plan?

A business plan is a blue print or instruction manual for running your business. In this vital document, you outline the goals for your practice and provide details for how you are going to achieve them. As you start your practice, and even as it grows and matures, your business plan is an important resource. It is a 'living' document because it is designed to grow and evolve with your goals.

Business plans can be formal or informal. Some advisors may prefer a PowerPoint presentation while others might author a 30-page document. Whatever the format, the important thing is that it helps you plan, outline and constantly evaluate your business strategy.

At a high level, a business plan helps you:

- Outline your business objectives
- Identify the types of clients you are going to serve and the problems and pain points that you are going to help them 'solve for'
- Put together a marketing strategy that will 'target' your ideal client
- Assess your competitive environment and how you plan to stand out from other advisors
- Determine your human resource and staffing requirements, if applicable
- Forecast your revenues and expenses over time and the capital you will need to launch, break even and grow your business
- Measure, track and assess results



Practice Development Series

Module 1: Business Planning

A business plan can contain more formal elements such as data and financials, but it's also an important place to answer the fundamental questions: why would a prospective client want to do business with you? And, how can you retain clients once you've won them and grow their loyalty over time?

While your business plan serves as a strategic planning tool for you, it can also be read by other important audiences. For example, your business plan is an important pre-requisite for financing institutions if you need to borrow capital to start your business. Ultimately, your business plan represents your business, which is why it's important to ensure that it is always clear, compelling and up to date.

Knowledge and Credentials Are Only the Beginning

Knowledge, credentials and expertise are the minimum requirements to entering the advisory business. Certification, licensing requirements and ongoing continuing education alone cannot guarantee success. **Whether you are employed by a financial services firm or practice as an independent advisor, the main driver for your financial success are the revenue you generate from your clients.**

A steady stream of new clients and sales opportunities is vital to the success of your business. You may really enjoy financial planning or helping individuals invest their money, save taxes or manage risk, but your activities need to generate a sustainable or recurring revenue stream for you.

In any business, the objective is to attract the right client base and sell a product, service or a solution suited to client needs. **Professional success is dependent upon the confidence you have in yourself to communicate your ideas and the strategies you use to remain positive when faced with rejection.**

The financial advisory market is very competitive. A determined focus on the development of your business will give you an edge in acquiring your share of the market. In a competitive and fast-changing environment, your ability to clearly explain both simple and complex products and concepts will help clients and prospect clients see the benefit of following your guidance and recommendations.



Practice Development Series

Module 1: Business Planning

Think Like an Entrepreneur

Thinking like an entrepreneur is fundamental to building a business strategy.

An entrepreneur addresses questions such as:

- “How will my business generate income?”
- “How much income can I expect in three months, six months, one year, and beyond?”
- “What are my expenses and how long before my business is profitable?”
- “How will I market my business?”
- “What level of risk am I comfortable with?”
- “What are my short-, medium- and long-term goals?”
- “Who are my competitors?”
- “How can I capitalize on my strengths?”
- “What are my weaknesses and how can I address them?”

Most business owners attest to working 12 to 14 hour days, especially in the infancy of their businesses. This is unlikely to be different for a new advisor.

Consider the time spent developing your business as an investment.

Successful advisors experience a shift in their work as their business matures. With a maturing financial advisory practice, advisors find themselves expending less effort on prospecting and developing their professional profile and enjoying more time in front of clients.



Practice Development Series

Module 1: Business Planning

ASSESSING BUSINESS OPPORTUNITY

A critical element in building your business is to assess current and future business opportunities. Consider the current competitive landscape and determine where you are likely to succeed and where you might struggle. This is probably familiar territory to you, as you likely engaged in this analysis before you decided to enter the financial advice profession. However, it's always worth revisiting as the business landscape and your own skill set and goals are constantly changing. Consider the following:

1. **Your Strengths and Weaknesses**

Be honest with yourself when evaluating your strengths and weaknesses. Determine how to leverage your strengths and overcome your weaknesses. Examine the sources of expertise you could draw on to assist in addressing the needs of clients with complex planning issues. Describe the activities that give you positive energy and those that do not.

2. **Products and Services**

Be clear on the products and services you plan to offer clients. Do you need additional product knowledge? How will you acquire it? Consider how you will generate most of your revenue. Depending on the product solutions you sell, revenues may be received upon sale of the product and/or on a trailing basis. Take these factors into consideration when planning revenue flow.

3. **Competition**

Assess the competitive marketplace to understand the personal and business attributes that will help you stand out. Evaluate who else is offering the same, or similar, products and services. List the advantages they have over you and describe the ones you have over them. Analyze the gap(s) in the marketplace and determine how to become known as an expert.



Practice Development Series

Module 1: Business Planning

4. **Client Landscape**

Consider the opportunities in your potential client marketplace: Who is the potential client? What are the needs you can help fulfill? With the same potential client in mind, anticipate future needs based on asset or income levels, family status, age, nationality and employment status (e.g., employee versus self-employed). This planning process will assist you in identifying the ideal client for your financial advisory practice.

5. **Location**

Where are you located and in which marketplace(s) will you compete? Will you focus locally or on a broader geographic territory? Think about how you might service clients who are farther away. Will you be able to work with clients in other provinces or outside Canada?

6. **Marketing**

How do you plan to let people know you are open for business? Begin to consider how to ask clients for referrals. What marketing activities appeal to you? How much money will your budget permit you to spend on a marketing strategy?

7. **External Environment**

Evaluate investor sentiment, taking into consideration economic conditions, recent political events, movements in the stock and bond markets, the direction of interest rates and other factors that might influence investor outlook. How do you expect investor sentiment to influence a client's behaviour? Is the economy growing or contracting? Have there been any material regulatory changes? What is the impact on product pricing by manufacturers?

You bring to the business development process your unique skills, knowledge and experience. The financial advisory practice you develop will be unlike any other as no two businesses are identical. This is what makes the advisory business so appealing – you are fully in control of how you develop your business and how successful you will be.



Practice Development Series

Module 1: Business Planning

Activity 1.1: Business Opportunity Assessment

This activity takes you through the process of evaluating business opportunities. While working through the exercise, critically review the factors that could contribute to the success of your business. This includes assessment of your client landscape, competition, location and an overall survey of strengths, weaknesses, opportunities and threats. By the end, you will have an audit of areas of opportunity and potential weakness that will help you develop your business.

BUILDING A BUSINESS PLAN

Creating a business plan involves defining your business, setting clear and achievable goals for yourself and for your business, implementing a marketing plan, delivering exceptional client service and assessing your success.

Activity 1.2: Business Definition

Activity 1.3: Goal Setting: Business & Self-Improvement Goals

Activities 1.2 and 1.3 take you through the first two steps of this process.

1. Business Definition

Defining your business involves creating a vision for your financial advisory practice, capturing the essence of your practice in a mission statement and defining your values.

2. Goal Setting

Set clear goals that describe a) what you want to achieve, b) when you want to achieve them and c) what you will do to attain your goals through a detailed activity plan. Goal Setting is part of the next section in this module.

3. Implementing a Marketing Plan

What is your marketing strategy? Who is your ideal client? How will you attract them? Who are you best suited to work with? These are all important considerations to outline in your marketing plan.



Practice Development Series

Module 1: Business Planning

4. Advisor Business Finances

Assess your results and progress towards your goals, evaluate your profitability and define your expected return on investment.

5. Execute

Describe how you plan to deliver exceptional client service. While a marketing plan helps you develop your strategy, execution involves carrying out your plan. How well you execute is key to the success of your plan. You will hear many say that “A mediocre strategy well executed is better than a great strategy poorly executed.” So in the case of customer service, it is not enough to say that you want to have exceptional client service, you need to define how you are going to accomplish it. Does this mean returning clients’ and prospects’ calls promptly? Adding value between meetings by sharing market reports?

Providing additional transparency about your due diligence process? Reaching out to each client on their birthday? Providing investment commentary in between client meetings? Great service will mean different things to each client, so determining what exceptional client service means to your ideal client will help you execute well. Why not develop a service standards document that helps outline what exceptional service means in your practice? How well you execute can often be measured, so as you build your business you might consider polling your clients regularly about how satisfied they are or things you can do to make their experience even better, which is intelligence that can help you further refine your execution.

Your Business Plan is a Living Document

Remember that nothing is set in stone. We recommend revisiting and revising your business plan as you progress as your business evolves.



Practice Development Series

Module 1: Business Planning

Business Definition

- **Defined vision** – A vision statement describes a perfect day in the life of your practice three to five years from today: How do you feel? How much do you work? Who works with you? What kind of clients do you have and what kind of problems are you skilled at solving?
- **Defined mission** – A mission statement captures the essence of your practice and quickly communicates your objectives to others.
- **Defined values** – Values are the things you believe in, the principles you live by and what you stand for.



Examples of Vision, Mission, and Value Statements

Vision: In five years' time, I envision having my own thriving financial advisory practice where I help doctors and health professionals achieve their financial goals. I work hard, but my hours are flexible. I have invested in CRM technology that helps me with client servicing. I have a small, tight-knit and cohesive team that is highly professional and embodies my work ethic and client-facing philosophy. I have a strong foothold and growing presence in the medical community, but am constantly networking and meeting people who may become clients and members of my center of influence network.

Mission: To increase clients' financial well-being while being a trusted financial coach that is their 'go to' for a full range of financial solutions.

Values: My practice is guided by integrity, honesty and a high ethical standard. I believe in providing clients with meaningful solutions that will address their financial challenges in the most efficient and effective way possible. I will only recommend a solution if I truly believe in it.



Practice Development Series

Module 1: Business Planning

Goal Setting

Goal setting is the process of setting realistic and meaningful targets to work towards within a defined period of time. You need targets and a sense of purpose to achieve goals.

Goals keep us focused on a purpose. Without goals or a focus, you tend to become less efficient. In difficult times, goals can help **keep and maintain your focus**. There have been many examples throughout the years of people achieving extraordinary feats, in part because they had the determination and had set tangible goals.

Importantly, goal setting provides you with the ability to **track your progress toward your goal**. Without that ability, you would be unable to determine your progress and less likely to achieve success.

SMART Goal Setting

A common mistake that entrepreneurs can make is to confuse goals with vision. Your vision is a broad statement and describes an end state while your business goals should describe activities that will improve business results. Examples include setting revenue targets, understanding products, meeting with prospects, connecting through a variety of networks and improving presentation skills.

When setting business goals, use the **SMART (Specific, Measurable, Action-oriented, Realistic and Relevant and Time-based)** goal-setting framework to guide you:

- **Specific** – Goals must be clear and concise. A goal such as “improve my performance over last month,” does not tell you what part of your performance you want to improve. Instead, make your goal more specific: Do you want to increase the number of prospect clients you meet or the number of clients you sign?
- **Measurable** – What target have you set for yourself and how will you know when you have reached it? A goal to meet new people at a networking event is more difficult to measure than a goal to meet three professionals who you feel comfortable working with and who you want to include in your Centre of Influence.
- **Action-Oriented** – What specific actions will you undertake to attain the goal? Will you take a course? Will you send a client survey? Will you hold a networking event?



Practice Development Series

Module 1: Business Planning

- **Realistic and Relevant** – Unless goals present a challenge or a stretch, they fail to be motivational. Is your goal attainable and realistic? If not, it may demotivate you if it is not truly attainable.
- **Time-Based** – Be sure to set an end date to achieve the goal. For instance, include “by when” as part of each goal. When setting goals, some may be short-term and some may be long-term. A long-term goal does not provide the same sense of urgency as a short-term goal. It is often difficult to understand how close you are to achieving a goal with an end date set well into the future. With a long-term goal, there is a tendency to rationalize that you can make up for lost time if you fall behind, which simply puts off achieving your goal.



Example

Not a SMART goal/ Too general: I want to grow my advisory business.

Specific: I want to gain fifteen new clients for my practice.

Measurable: I will see how many new clients I can acquire during RRSP season without sacrificing service to my existing clients and my involvement in the community.

Action-Oriented: I will advertise in my local paper during RRSP season and attend at least three new networking events.

Realistic: I want to make sure that I have time to service my existing clients.

Time-Based: I want to gain fifteen new clients this RRSP season.

New SMART Goal: I want to gain fifteen new clients this RRSP season through a combination of advertising in my local paper and attending three networking events. I want to make sure gaining new clients doesn't come at the expense of servicing my existing clients and being involved in the community. At the end of RRSP season, I will measure how I tracked to this goal while ensuring my existing clients are happy.



Practice Development Series

Module 1: Business Planning

TIP

To help you stay on track, break long-term goals into bite-sized goals or intermediate goals. That way, if you fall behind, you have an opportunity to make it up in the next intermediate period. By including a “by when” date, you are better equipped to evaluate your progress towards achieving your goal.

Aligning Goals

Align with family – Consider the individuals in your life who are most important to you and how your goals will affect them. They play a large role in your ability to achieve your goals. Talk to your partner about your hopes and dreams – what you want to accomplish and when and how you plan to work.

Discuss the expected impact on your life of starting a business, including the number of hours you expect to work to achieve your goals and the change in income levels. You are more likely to gain support from those important to your success when you share the reasoning behind your goals. If there is a conflict between your goals and those of your partner, try to resolve it. It is important that significant people in your life buy into your goals, or you will not fully be able to buy into them yourself.

Align with personal values – Goals should enhance your personal values, not conflict with them. If achieving your goal is not aligned with your beliefs, you will not be motivated.

Align with your income need – Goals should help you to achieve your short- and long-term income needs. Understand the minimum income need that will allow you to remain in the business as well as your target income goal. Be realistic. Identify an amount that you believe you can reasonably earn in the early years.

Align with Code of Professional Conduct – Goals should be aligned with the principles of a code of conduct such as the *Advocis Code of Professional Conduct* to allow you to maintain the priority of putting client interests first, act competently, diligently, professionally and with integrity, while maintaining confidentiality, full disclosure and respect for the law.



Practice Development Series

Module 1: Business Planning

Self-Improvement Goals

In many ways, you are the business. It is important that your business goals include your self-improvement goals. There are four types of self-improvement goals:

1. **Knowledge** – What financial products are available? What are the relative merits of the product? What are the tax laws and tax rates associated with the product? What client type is the product meant to serve? What is the commission structure associated with the product? Do you need to take a course or workshop to better understand the product or strategy?
2. **Attitude** – How are you feeling about your business and your personal life? A positive attitude goes a long way.
3. **Skills** – How do you plan to improve your selling, listening and presentation skills to help clients understand how the product or strategy you are presenting fits their needs?
4. **Habits** – What habits do you plan to develop to deal effectively with administrative processes, time management, client referral processes and client servicing?

Based on your personal situation, what plans do you have to make yourself a better advisor? What areas of personal financial planning do you want to learn more about? Include all requirements for continuing education as required by your professional designations or associations, such as Advocis. What habits do you want to acquire to assist you professionally?

Speed and Accuracy are Vital

In today's world, it is no longer enough to be on track towards success. If you are not moving quickly and accurately, you will be overtaken by the competition. It is vital to get your career off to a fast start. Unless you have significant financial resources backing you and you plan to use them, you must realize some success early in your career. It is important to have a sense of urgency in everything that you do without sacrificing quality or accuracy. By establishing SMART self-improvement goals, you will be able to monitor your progress and, if necessary, make changes towards your success.



Practice Development Series

Module 1: Business Planning

Advisor Business Finances

As a business owner, you need a clear understanding of how your business finances operate. When developing your overall business plan, financial projections for your business income, expenses and sources of capital for current and future years are key success factors.

Activity 1.4: Business Financial Forecasting

After reading the material in this section, begin to work through Activity 1.4 – Business Financial Forecasting. Consult with experienced advisors in your firm or with your Manager for guidance on business costs.

Plan for Lower Revenue in First Few Years

Understand that it takes time to build a profitable business and that revenues in the first few years will likely be lower than you expect. This is a critical and difficult adjustment for a new advisor. This is especially true if you left a role where your annual income was clearly defined and predictable.

Careful consideration of the business expenses that you expect to incur to generate revenue is imperative. Determining the income level you wish to draw from the business to support your personal needs is a key place to start. Other business expenses that you can expect to incur include staffing expenses, office costs, business development expenditures, fees and loan repayment expenses.

Supplementing your revenue with other sources while you build your business is critical; these can include a spouse or partner's earnings, rental income, investment income and business lines of credit or loans. Having a clear business plan with solid financial projections will assist you in approaching a financial institution for business capital to help you build your new business.

Planning for your business finances is critical to your success. The time you take to develop thoughtful financial projections will help ensure your new business develops successfully.



Practice Development Series

Module 1: Business Planning

Sources of Business Income

As the advisory business has evolved over the years and since many advisors hold multiple licenses, income will likely come from a combination of the following sources:

1. **Commissions from the sale of products** – e.g., mutual fund investments, securities, segregated funds or insurance products
2. **Trailing commissions from product sales** – e.g., from the sale of mutual funds
3. **Fee for service** – If you charge a fee for your advice
4. **Investment management fees** – You may receive fees on assets you manage directly
5. **Salary or base pay** – Some advisors may receive a small salary as a temporary or permanent part of their annual income.

Setting an Income Goal

Setting an income goal requires a detailed understanding of how you will generate revenue. If you have a choice, what sources of revenue do you expect to depend on the most and how much do you hope to earn from those sources? These are very important considerations as they influence your income stream.



Practice Development Series

Module 1: Business Planning



Example: Two Different Earnings Models

Consider an advisor who hopes to earn \$100,000 per year in commissions from life insurance sales. He needs to determine what that looks like on a per month basis. For instance, the advisor could receive an equal amount in commissions each month or – in the more likely case – the advisor earns no commissions for the first four months (due to the time required to process policy applications) but starts to earn commissions the fifth month.

The amount received in commissions climbs as the advisor builds a pipeline of prospects. Another consideration for the new advisor is the number of prospective clients and clients needed, on a monthly basis, to generate the required income. It is unwise to assume that every meeting results in a sale. Meeting with ten prospective clients may result in only two or three client sales. The same conversion ratio holds true for investment sales.

Conversion Ratio: The number of clients and prospective clients who take a desired course of action. For example, if ten meetings result in two sales, then your conversion rate is the number of sales divided by the number of prospecting meetings. In this case, it is 2/10 or 20%

On the other hand, if the advisor's earnings are tied to 'assets under management', or trailing commissions, then the number of clients is not as important as the asset size. While the advisor may set a target for ten new clients per month, it is 'assets under management' that determines the income received. The larger the assets under management, the more money an advisor earns. Taking on many clients with small accounts may be necessary at first. However, taking on too many smaller clients will become time consuming and unprofitable as the business grows.



Practice Development Series

Module 1: Business Planning

Regardless of how you choose to build your business and what products you recommend to clients, adhering to a code of professional conduct requires that you, as a financial advisor, do what is best for your client at all times. This requires you to recommend solutions and strategies that are appropriate and align with a client's goals, risk tolerance and cash flow.

Regardless of how you build your business, doing what's best for your client is the most important.

Managing Business Cashflow

From a business perspective, cash is a financial resource that keeps your business operating. As with any limited, valuable business resource, it is critical that you track how much you have and how it is used.

Here are some suggested actions you can take to track and manage your cash flow.

Separate Your Business Transactions from Your Personal Financial Transactions

In order to accurately track your business cash flow, you must separate it from your personal cash flow. You can accomplish this by doing the following:

- Maintain separate chequing accounts for your business and personal expenses.
- Have separate credit cards for business and personal use.
- Do not co-mingle funds between your two accounts.
- Pay yourself as if you are an independent contractor employee of your business. In other words, the business is not responsible for any benefits, or for deducting any taxes from your paycheque.

Deposit All of Your Business Income into Your Business Chequing Account

All commissions, renewal income, bonuses etc., should be deposited into your business account. This account is used to pay the operating expenses of the business, and all other business-related bills. Pay yourself a salary or a draw by writing a cheque from your business chequing account. The amount of your salary or "draw" should be a level amount that you determine to be the value you add to the business.



Practice Development Series

Module 1: Business Planning

Establish a Separate Reserve Fund into Which You Make Monthly Deposits

Business income can come in waves. When you have a month with above average commissions, it is vital that you transfer the excess funds into a Reserve Fund – a separate bank account or money market fund to be used for contingencies, emergencies or bonuses.

The Reserve Fund can also be used as a source of funds to provide a leveling effect during months when your income is lower (e.g., when you take a vacation). You can draw money from the Reserve Fund to supplement the commission income deposited into your business account. This makes it possible to pay yourself a level salary and to reduce some of the financial stress created by the peaks and valleys of commission-based sales.



Example: Reserve Fund

Here is an example illustrating how the Reserve Fund functions.

Natalie is an independent advisor who needs an income of at least \$5,500 per month to cover her \$1,500 per month in business expenses and her level salary of \$4,000 per month. Unfortunately, in January, she experiences a slump in sales and her commissions for the month total only \$4,500.

What are Natalie's options? She can:

- Take a lower salary for the month;
- Defer paying some of her business expenses; or
- Move \$1,000 from the Reserve Fund to her business chequing account to pay herself the full salary.

Conversely, when Natalie's commissions are greater than the \$5,500 income she needs each month to cover personal salary and business expenses, she should move the excess into her Reserve Fund. If Natalie has several months with higher-than-planned commissions, there will be a balance in the Reserve Fund at the end of the year. She can consider utilizing the balance at year end to:

- a. Pay herself and her staff a bonus; or
- b. Use the funds to invest in the business by paying down debt, hiring an assistant, or by purchasing equipment.



Practice Development Series

Module 1: Business Planning

Execute

Execution is the ‘doing’ or ‘action’ part of your business plan. That’s why this phase often involves outlining key activities, defining their frequency and time commitment required and tracking your results. This will help you stay focused and on track. An Activity Action Plan is one tool that can help you to execute on your business plan.

Activity Action Plan

Now that you have identified your business, self-improvement and income goals, it is time to put structure around the specific activities that will help you achieve them. Activity action planning is the process by which you divide your year, month, week and day to determine what activities you will be doing at different points in time. Of course, all of these activities should be specifically designed to help you achieve your goals.

Establishing an Activity Action Plan puts rigour around your daily activities so that you can focus on the activities critical to achieving your goals and track your progress towards your targets. An Activity Action Plan helps you plan for and then monitor the completion of those activities. It also highlights which activities were successful and which were not.

Activity 1.5: Activity Action Plan

Refer to Activity 1.5 – Activity Action Plan for a template to assist you with mapping out an Activity Action Plan that will help you to grow your client base and generate income.

Practice Development Series

Module 1: Business Planning

Employee Entrepreneur

If you work for a financial services or life insurance firm (large or small), your employer will be very clear about their expectations for new advisors. Your Activity Action Plan is likely to be influenced by your employer's expectations.



Example

An employer may set asset or sales levels that new advisors must achieve at specific time intervals, such as three months, six months, one year and 18 months. There is also likely to be specific training programs an advisor must attend.

Advisors with these firms are expected to keep excellent records of all of their activities, including client meetings, prospecting activity and sales (both sales closed and prospect clients in the pipeline).

Independent Advisor

If you are an independent advisor, you have more flexibility in setting sales targets and meeting personal income requirements. However, excellent record-keeping is also critical for independent advisors. With detailed records, you can better understand your progress towards your targets and you know whether you can continue to operate the business or if you need to find another career or business model.

Without a Manager to report to, some independent advisors may not track their activities on a formal basis. This lack of realtime feedback can result in advisor overconfidence without transparency on progress towards targets.

On occasion, an advisor can find himself in a situation where he has repeated conversations or meetings with a few prospects. This may cause an advisor to think he is doing a great job when, in fact, none of these prospect clients has signed on as clients and there are no results to record. As an independent advisor, you have to be more diligent in tracking activities and monitoring your progress towards your goals.



Practice Development Series

Module 1: Business Planning

Key Activities

The following is a list of important activities to include in your Activity Action Plan:

1. **Let people know you are open for business** – Networking, prospecting, asking for referrals, and marketing – these are ways you introduce yourself to the marketplace and build your client base. An advisor should continually seek out opportunities to meet people and talk about the value of their business.
2. **Talk to your peers, senior advisors and Centre of Influence (COI) network** – Talking to your community can help you learn about how to run a successful business – both what works and what does not. Share your ideas with others and listen to feedback. Ask your peers and senior advisors for guidance, feedback and advice.
3. **Get to know your company or MGA and Advocis and leverage their resources** – Utilize every opportunity to identify how others can help you be more efficient, provide marketing ideas or best practices.
4. **Attend industry courses, lunch and learns and product demonstrations to:**
 - **Get to know company representatives and wholesalers** – Perhaps there is an opportunity to co-host a client event. Wholesalers may also be able to help you understand industry trends, determine the appropriateness of products for a specific client situation, and suggest alternative products or tactics.
 - **Benefit from sales coaching** – Learn how to introduce a particular concept or product to a client within a financial planning conversation.
 - **Access free marketing and educational materials** – These may include articles, brochures or workbooks.
 - **Build knowledge on product or sales concepts** – Use this opportunity to learn everything you can about products that are available, including competing products and how they fit within client scenarios. These sessions may also fulfill continuing education requirements.
5. **Attend in-person networking events** – Meet people and get introductions to other professionals who you might want to include on your Centre of Influence team.



Practice Development Series

Module 1: Business Planning

6. **Learn how to use financial planning software** – You need to become an expert at using financial planning software and other tools and resources that are available to you. One way to make the exercise meaningful is to author your own financial plan: try different scenarios and attempt to understand where the numbers come from. What recommendations would you make for yourself?
7. **Set up all of your contacts on a Contact/Client Relationship Management (CRM) tool.** If you are not familiar with your current CRM system, then spend some time learning how it works or consider purchasing one that is better suited to your business. The alternative is to use your smart phone to keep track of prospecting and client activities.
8. **Once you have set goals and established your Activity Action Plan, it is important that you keep track of everything you do.** Spend one hour every week – either at the end of the week or on Monday morning – to review your previous week’s business results. Be sure to analyze all activities to determine which were the most successful and where there is opportunity for improvement.

SUMMARY

In this module, we described the elements required to build a successful business. You also worked through a Business Opportunity Assessment to understand the marketplace and how you can capitalize on your strengths. Building a Business Plan is the key to launching a successful business. Your work defining your vision, mission and values will greatly assist you in your initial conversations when you meet with potential clients. You learned that SMART Goal setting – whether for business or for self-improvement – is critical to staying on track for success. Finally, the Activity Action Plan ties everything together, helping incorporate your goals and targets into your everyday life.



Practice Development Series

Module 1: Business Planning

Module Checklist

You should now be able to:

- **Conduct a Business Opportunity Assessment**, including an evaluation of your strengths and weaknesses in order to take advantage of opportunities in the marketplace;
- **Create a definition of your business**, including a description of your vision, mission and values;
- **Write business and self-improvement goals** aligned with SMART best practices;
- **Determine your business revenue sources**, business expenses and any sources of additional capital; and
- **Develop an Activity Action Plan** containing five to seven activities each week that will result in client base growth and income generation.

