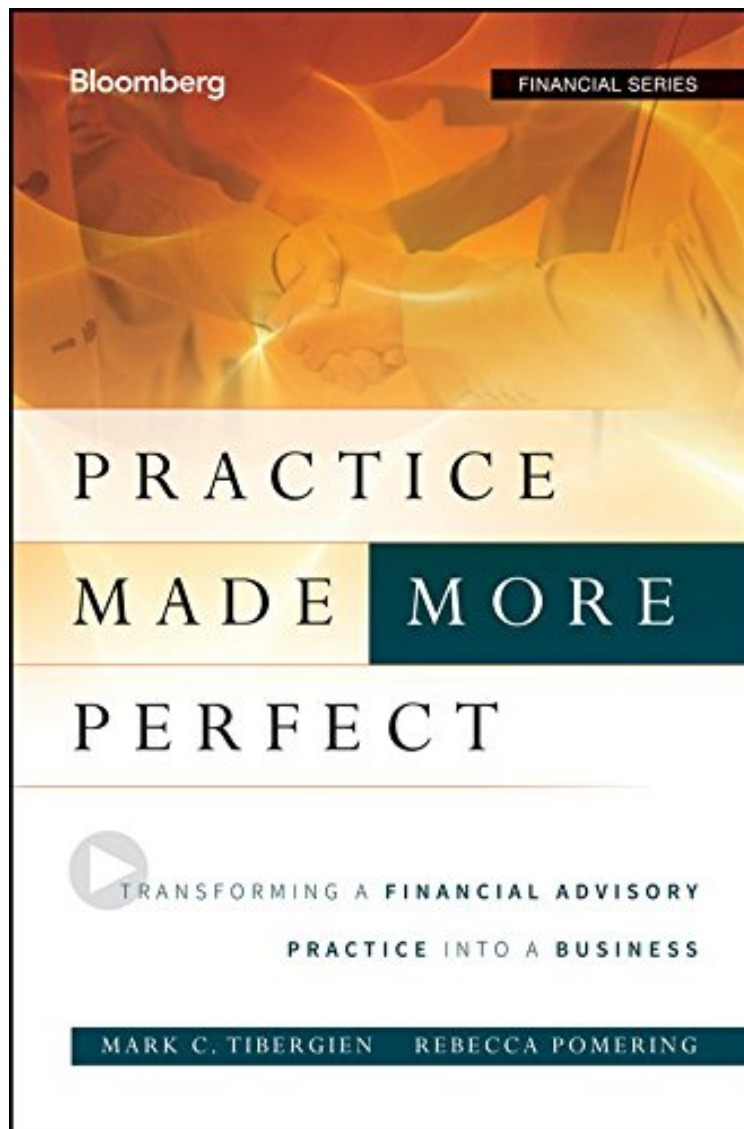


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## Practice Made (More) Perfect: Transforming a Financial Advisory Practice Into a Business (Bloomberg Financial)

Mark C. Tibergien, Rebecca Pomeroy  
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Mark C. Tibergien, Rebecca Pomeroy : Practice Made (More) Perfect: Transforming a Financial Advisory Practice Into a Business (Bloomberg Financial) before purchasing it in order to gauge whether or not it would be worth my time, and all praised Practice Made (More) Perfect: Transforming a Financial Advisory Practice Into a Business (Bloomberg Financial):

8 of 8 people found the following review helpful. Is Your Strategy Still Relevant?By Michael Sabatino,

CFPreg;Practice Made (More) Perfect is both an impassioned account of leadership in the advisory industry and an innovative "owners-manual" for transforming a professional services practice. The book succeeds brilliantly on both fronts. The authors' premise is that the independent advisory industry is maturing, and advisory firms are becoming bigger and more complex enterprises. At the same time, most industry leaders lack formal training or experience in managing growing businesses with many moving parts. The revised edition of this book first came to my attention while I was attending Pershing's INSITE 2011 Conference. I'm seeking a business development specialist role within the independent RIA channel, and I applaud these two practice management thought leaders for updating the original 2005 text to navigate the challenges of a slower growth environment. Having been in and around the advisory business for many years, Mark and Rebecca have found that the most successful advisory firms have several common characteristics: \* Clear idea of their strategy and positioning \* Human capital plan aligned with their vision \* A compensation plan that reinforces owners' vision for the business \* Active management of profitability \* Built-in leverage and capacity. The authors provide a straightforward and actionable approach to even the most abstract of these concepts. In the interest of brevity, the following is a summary of what I feel are the most notable concepts contained within this book.

**Strategic Planning** For most financial advisors, strategic planning is such an overwhelming process that it's frequently ignored. It's not always obvious to me what makes a particular firm unique in the marketplace by studying their Web site, regulatory filings or the many "top" advisor or wealth manager lists. The authors suggest that strategy is not just about marketing; rather, it is how you inform your investment in technology, people, processes, positioning, and the client service experience. Without this framework, it is difficult to define your optimal client, the organizational structure best suited to satisfy clients' needs, your pricing strategy, and your approach to compensation. A central theme throughout the book is that the operations function is growing in strategic value, yet the biggest weakness in advisory firms is the lack of leadership and a career track in operations.

**Human Capital** One of the major issues advisors are wrestling to resolve is the challenge of hiring and keeping the right talent. The single biggest reason for turnover in a financial advisory practice is poor selection of candidates. The authors suggest the widening experience gap between owners and staff is because, "owners of advisory firms have not invested time, money, or trust in the development of those who work for them and, in many cases, live in fear that their employees might outshine them." While this passage may cause many advisors to bristle, it does merit serious consideration when you consider the high cost of employee turnover. Although not necessarily the book's target demographic, Gen Y advisors will benefit by closely studying the section on how to make a partner.

**Compensation Planning** The authors provide a formal process for structuring pay that positions compensation as an investment in which to get a return rather than a cost to be controlled. The sample compensation philosophy statement on page 136 provides a powerful decision-making tool for structuring the key components of compensation. The book provides a clear explanation of the difference between a bonus and an incentive. The authors believe the later is more effective at eliciting a desired behavior. I found this section extremely helpful in interpreting the compensation and staffing data published by InvestmentNews/Moss Adams, Quantuvis and FA Insight. At the end of the day, the authors emphasize that money is never a substitute for active management.

**Financial Management** The book's discussion of financial management techniques is based on the assumption that industry profit margins will remain under pressure as advisors navigate through the challenges of pricing, productivity, service mix, client mix, and rising costs. Accounting and financial management are fundamental to running any enterprise, yet most practitioners have not been trained to use their financial data to effectively manage their businesses. The chapters on financial management techniques are accessible to the layman and serve as a thoughtful, structured, analytical guide to use financial data to effectively manage a firm.

**Built-in Leverage and Capacity** The authors believe the advisory business is eminently scalable, but building leverage and capacity requires a quantum leap in how advisors structure and manage their practices. Critical mass is one of those elusive management concepts that the book does an excellent job demystifying. Simply put, it now appears that \$5 million in annual revenue is the new level of critical mass where a firm is achieving optimal efficiency in its cost structure, optimal profitability based on its client service model, and optimal effectiveness in the number of clients it can serve well. In many cases, a Founders' ownership stake represents years of heartache and sacrifice. It is also an asset that must ultimately generate a sufficient return on investment. In this context, one of the book's main themes is particularly compelling: Advisors who build a business to last have created a business to sell. Armed with the lessons in Practice Made (More) Perfect, advisors will go a long way toward taking their firm to the next level.

Michael Sabatino, CFPreg; New York City November 2011 4 of 4 people found the following review helpful. A fantastic guide to success By Henry M This is a must read for leadership of financial advisory firms regardless of the firm's size. The road mapping and insights are excellent. Mark and Rebecca bring many years of hands-on experience in the financial advisory industry to this book so it is a very practical (not academic) review and discussion of what it takes to make a practice successful. Very well written and organized. Henry Morneault President Transbridge Consulting LLC 1 of 1 people found the following review helpful. Great information for an established practice By Matthew P. Jarvis I purchased this book in preparation to making some staffing changes combined with the retirement of my business partner. The book was very helpful in both the hiring process and in building compensation packages. It is indeed "more perfect."

A revised and expanded look at how to thrive and prosper in the financial advisory business A new and revised edition of the eye-opening, no-nonsense handbook on managing and growing a financial-advisory business, Practice Made (More) Perfect is packed with industry insight and practical ideas that every leader and manager within a financial advisory practice needs to know in order to get the most out of their business. Regardless of how little time is available or how seriously challenged a firm may be, this book contains the information that can help. The principles of sound management apply to firms of all types, and the tools provided in this book are guaranteed to be applicable under practically any circumstances. Written by industry expert Mark Tibergien, one of the "25 Most Influential" people in the financial services industry A new edition of a bestselling Bloomberg title Includes fresh insight on recent topics, including how advisors responded during the latest meltdown, the implications of the aging advisory profession, the challenges of attracting and keeping both clients and staff, the role of organizational design in a growing business, recent changes in compensation planning and implementation, and key information on leadership and management in today's financial world Many financial advisers run their businesses as if acquiring more clients will solve any and all problems, but without a strategic framework, more clients just lead to more demands and less time to meet them. The truly successful firm will build strategy, structure, and processes that will ultimately translate into increased profits, cash flow, and transferable value.

From the Inside Flap Newly revised and expanded for today's financial advisors, Practice Made (More) Perfect: Transforming a Financial Advisory Practice into a Business is the definitive guide to launching and growing an advisory business. Accessible and to the point, the book draws on industry expert Mark Tibergien and Rebecca Pomeroy's extensive experience in consulting with hundreds of financial services firms worldwide and now leading successful financial enterprises themselves. Whether you operate as a solo practitioner or own an ensemble firm, whether your business is commission-based or fee only, whether you're a wealth manager, family office, or a money manager, Practice Made (More) Perfect will help you improve your practice and achieve your goals. Your business cannot thrive without active management. Full of advice from top industry management specialists about defining a business strategy, mastering the essentials of financial management, making the most of human capital, and sustaining effective operations, this book is filled with tools you can utilize under virtually any circumstance.

From the Back Cover "Once again, Mark and Rebecca have captured the essence of running an advisory firm. They articulate the importance of setting a clear strategic direction, driving superior execution across all aspects of operations and technology, and the importance of hiring, training, motivating, and rewarding the people who make it happen each and every day. Practice Made (More) Perfect is an excellent reference for any firm owner who is interested in transforming his/her firm from a practice into a business." — Charles Goldman, industry executive "Mark, as usual, asks probing, if not disturbing, questions that will serve to demonstrate why active management is a requisite for sustaining value in your advisory business. With so much relevant content in this book, if you're not sure where to begin or how far to read — try starting with page 206: 'The Price of Indecision.' If that doesn't motivate action . . . it might be too late for you." — Matt Lynch, President and CEO, Capital Analysts "Mark is an industry leader, trusted advisor, and true friend. The ideals and concepts found in Practice Made (More) Perfect are the very same Mark shared with us as we were planning and building our business. Needless to say, we are thrilled to have his support, and we are constantly reminded of his sage advice, especially when our management team meets monthly to review our business goals and execution." — Steve Braverman, Managing Director, Pathstone Family Office "Thinking through all the options and ramifications of strategic business decisions can be daunting. However, reading Practice Made (More) Perfect is like having the ability to talk through these mission critical issues with your own personal mentor. It is an essential companion for any owner or senior executive in a financial advisory practice." — Michael E. Goodman, President, Wealthstream Advisors, Inc. "Without a doubt, Mark and Rebecca understand the ongoing needs of the advisory community. Practice Made (More) Perfect is a must-read for firms who want to build a viable, enduring advisory business." — Angela Herbers, President, Angela Herbers Associates Inc.

About the Author Mark C. Tibergien is Chief Executive Officer for Pershing Advisor Solutions LLC, a BNY Mellon company, and a Managing Director and member of the Executive Committee for Pershing LLC. For eight consecutive years, Accounting Today has recognized Mr. Tibergien as one of the "100 Most Influential" people in the accounting profession and Financial Planning has identified him as a "Mover and Shaker" in their annual review of industry professionals. In 2011, for the ninth time, Investment Advisor recognized him as one of the "25 Most Influential" people in the financial services industry. Rebecca Pomeroy is a partner with Moss Adams LLP and CEO of Moss Adams Wealth Advisors, the firm's wealth management division, where she is responsible for the growth of the firm, including strategic planning, sales and marketing, team development, human capital, CPA firm integration, financial management, and mergers and acquisitions.