



Building an Effective Team

Teams of financial advisors have proliferated over the past decade in the financial services industry, and for good reason: they work. Before the mid-nineties it was the exception, not the rule, for a financial advisor to be part of a team. Teams have grown exponentially as the result of client demand and generally higher productivity.

However, not all teams work, and there is no guarantee of productivity increases for all advisors that are part of a team. A team is like a professional marriage and many of the elements of a successful marriage apply to a successful team. The most important elements of a successful team are: having the right fit, the same commitment level, and sharing common vision and goals. When these elements come together a successful and productive team will result.

Once those success elements are in place, taking the team to the next level involves six important practices:

Frequent and Open Communication: The most frequent problems we have observed in teams and the most easily to remedy are communication problems. Teams must establish venues for communication and foster open and candid communication. We recommend that teams hold an internal meeting once a week. A written agenda keeps the meeting focused and on track. The meeting should be used to reinforce the values, vision, accountability, and provide an opportunity for all members to contribute ideas that would benefit the team. When well organized, these team meetings can be accomplished in an hour. Time should be set aside during each team meeting for brainstorming and an open discussion to share ideas about what can make the team better. We have found that Monday morning meetings are an excellent way to start the week. If done right this meeting will focus and energize team members.

In addition to the weekly meetings, senior partners should have an open door policy and encourage team members to feel comfortable sharing their concerns, issues, and ideas with them.

Shared Values: Examples of important shared team values include: the client experience, how members of the team are compensated and recognized, and how portfolios are invested. The values of an experienced team may already be established by the senior members. For newly formed teams, these values must be developed. Shared values are essential for the development of a successful team and each prospective team member must feel comfortable that the other team members have similar professional values.

A team's shared values have to be communicated to all members of the team. The lack of team values or the lack of communication of these values will result in inevitable problems

as not all team members will act in accordance to these values and a feeling of disconnect among team members will result.

Vision: The team must develop and articulate their goals and vision. All team members are better and more productive when they are working toward specific goals and a vision. The vision doesn't have to stay the same over time; it should be flexible and can be fine-tuned. The most important factor is that there is a team vision with specific short and long term goals. Our experience has shown that advisors that have specific goals do better than those who don't.

Accountability: Once the vision and values have been established and communicated every member of the team must be held accountable for their role in reaching the goals and achieving the vision of the team. A job description should be written for each team member, including what they are responsible for. There should be a member of the team assigned as a "controller" to track results against each team member's job description. Compensation and recognition should be based on the contributions each team member makes in their area of responsibility. During each team meeting each member should provide a short summary of what they have accomplished since the last meeting. A high level of accountability serves as a powerful motivator and will increase the focus and productivity of every team member.

Fair Compensation: Compensation must be fair to all parties for a team to be effective. Compensation should be based on the goals and results each team member has committed to through their job description. As the team grows those responsible for the growth must be compensated for their contributions. This is particularly true with the junior partners. These partners want to participate in the growth of the team with the hope of achieving parity in the future. To be limited to only a small percentage of the practice will frustrate a successful, high potential advisor, causing them to leave the team prematurely. In the long run it's much easier and less expensive to maintain good team members rather than constantly recruit new ones.

Accountability and compensation must go hand and hand. Recognition can be as important as compensation, especially for the client associates. One of the positive aspects of a team is that members are working for a higher cause than just themselves. Recognition reinforces and motivates people to give the team extra effort.

Succession Plan: At some point team members may depart for a variety of reasons, including the retirement of a senior partner. A succession plan needs to be developed and communicated to all members of the team so everyone knows where they stand during the transition. Many senior advisors are uncomfortable with a succession plan because they worry that circumstances might change in the future. However, by not communicating a succession strategy, the other partners don't know where they stand and what their stake in the partnership will be. This uncertainty becomes an ongoing distraction and can affect morale and loyalty. The succession plan can be changed and refined over time with the team's input, but there should always be one in place. The gives all team member a clear view of their roles in the team's future and can serve as a positive motivator in ensuring every team member is committed to the long term success of the team.

If the elements of a successful team are put in place it will greatly increase the probability that the results of the team as a whole will be greater than the sum of the parts.