

LIMITLESS Coaching Call Transcript

MARCH 8TH, 2023
FINDING FEE MODEL

WEBVTT

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Here is when I hear advisors in the same situation that I was back in 2018 where there's a significant disconnect between what they envision their firm growing into versus where they are at and the common denominator in that is in their fee schedule because as we'll talk about and this is

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the exercise in the workbook. When we start talking about your profitability, analysis, and how much money you want to make.

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This is why it's talking at dinner last night. I could not imagine ever being an employee.

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I cannot imagine ever being in a situation where my income was capped, or I knew what my income was going to be every single year oh, I got my 3 and a half percent raise yay like I could never imagine myself being in that situation I love the control of I love being able to control, my income the downside

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to that pre. 2018 is that in the absence of clarity and conviction around your process, you can also be your worst enemy.

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And so, through this conversation, that I wanna have here today, through the first part, me kinda sharing the story, the process in changing and setting your fee schedule, having that communication with clients the exercise that I want you to all go through to essentially create this is going to be a variation

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of creating a one page business plan, and then reconciling the numbers that you put on your plan with the fees that you need to charge in order to have concurrency right to not have what I had where there was a divergence of what I wanted my business to look like versus how it

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was showing up, not only on my Pnl. But the emotional result of how it was showing up on my P.

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And and what that meant for myself and my family. So as we're talking here, come on, click, Nope, wrong one.



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There we go! Open it, mess it up right. Why do we do this?

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We do this because we're not clear what we don't.

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We don't understand the worth that we provide. We don't understand the value that we deliver.

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We don't understand the relationships that are involved in this whole process.

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And so like. I said, There is. This is not. I'm not I'm not judging jury.

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If you wanna do, aum and do aum, only that's fine.

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Know your numbers. If you wanna charge separately for financial planning.

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If you want to do a flat fee model percent of revenue per cent of revenue or percent of net worth plus income, I don't care.

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I am agnostic in Switzerland as it pertains to feet to fee models.

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What I will say is that there's 2 2.

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There's a couple let me just kind of cover my bases and say, couple number one, find a fee model.

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That's a couple number one find a fee model that fits the mode or the that fits the avatar of your client.

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So to put that through my filter for the optometry clients that I work with for the practice owners.

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They're they're liquidity, and their net worth is tied up in 2 very big assets.

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The practice itself, and usually they're 401 K.

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Or retirement plan that they have in the business. And yes, we have some clients that will have 300, 400, 500, a 1 million dollars in a brokerage account, maybe an Ira raw.

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Ira's a smattering of accounts here, there, but what I don't like about that is the is the the unpredictability of what that person is gonna be bringing.

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But I know through the numbers that if I charge a financial planning fee, regardless of whether they have a \$100,000 in a Brokerage account or 1.5 million in a brokerage account, I'm profitable on the financial planning fee that I charge period, full stop so in my firm

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the aum is essentially profit. That was the cognizant decision that I made because of the unpredictability of our client.

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If, on the other hand, you you work with retirees, and you're setting your firm minimum at wheat.

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Only work with people that have portfolios of \$750,000 in the reason that you're doing that is because you've run the profitability analysis to know that your profit margins need that you need to charge at least \$7,500 per client great that's

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the garba that you've put around your business for our clients.

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I didn't want that unpredictability, which is why I charge separately for financial planning.

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I will say as well, just to kind of give you a peek behind the curtain as to how I operate and think, and this goes back to the conviction and financial planning.

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My personal belief is that we provide 2 distinct services to clients.

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We provide financial planning and we provide investment management. And we charge 6 for those services. I'm not saying you have to do that. I'm just giving you the why behind the how of how we do it in our firm.

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So, like. I said this feedback, and I'm just.

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I could probably do this without a Powerpoint just because of it's just so much of a fabric of who I am.



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So I'm gonna try and keep on point here.

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This feedback loop. Right? How I charge, how much to charge, quoting your fees, overcoming objections.

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This is a feedback loop that can either work for or against you, and this goes back to again, making sure that you have that conviction of when you will say no, and when you can say Yes, in the absence of that clarity, and that conviction that's where we compromise there's some

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illiteration for us, right? In the absence of having that that's where we will just say, Oh, when someone asks for discount if you don't have that log in the sand, if you don't, if you're not convicted and this is my profitability like this is a

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business, run it like one. You can't make up profit and volume, and so in the absence of having that line in the sand that's where it's very easy in the Darwinism moment, I should say the Darwin is a moment.

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But in that caveman moment, that flight or fight reaction, when a prospect asks for a discount on their fee schedule, that's when it's very easy for us to compromise rather than saying Mr.

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Prospect, and I can appreciate you asking for a discount I don't give a discount for 2 reasons. Number one.

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We believe that the value that we deliver is fair for the fee that we charge, and number 2.

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I couldn't be good conscience. Deliver the same planning experience to you at a discount that I am to clients that are paying full freight, if for no other reason that they didn't ask for distance.

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There's also a joke, is there any? Is there any negotiation in your fee?

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Yeah, you can pay me more. Alright. I actually had that happen once.

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I didn't know how to answer. It's like kind of threw away money.

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It was a prospective client. This was early on, by the way, kind of in the progressive raising of fees for the standard fee schedule that we have right now, which is in the first year of financial planning.

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It's basically a little over \$10,000 for financial planning, and then asset center management start at 75 basis points in the first 1 million and breakpoint down from there or tiered.

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Excuse me from that point down, and so I had a perspective client is into this day one of our like.

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He was one of the clients that our website developer interviewed when we're doing our website redesign and our rebranding right now because he was that client that we said collectively as a firm.

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If we could replicate him 50 times he'd be the happiest client in the world, and we'd be the happiest advisor in the world.

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So in the, in the prospective client call, we go through the one page, plan.

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We do the presentation, we do the we quote the fees and like I'm still getting my at-bats at this new fee schedule, and he says something along in the lines of Okay, that makes sense.

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We're ready to get started, but just to clarify and then, when he says that, like Mike oh, what's in you get that defensive like he's gonna ask for discount or say, like what happens next year?

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Does Fee go away now? He says, okay, so I understand this is the fee for everything that we're doing right now.

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But if I bring something new I would expect you to charge me for that as well.

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Right like if I want to buy building, or there's extra work involved that we don't know of right now, just I'm okay doing that.

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I? Just what's the what's your fee?

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Gonna be for more work that we're gonna do down the road down the road.

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Essentially shut up. Take my money, and I didn't have a fee.

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I didn't have an answer to that, and I said, I appreciate you wanting to pay us more money but in all honesty the fee schedule is what it is right now, and that's it.

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So I essentially, if I maybe would have been quicker on my feet, or had a way to answer a prospect wanting to give us more money for work down the road.

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Maybe I would have been a a little bit more prepared for that, but I didn't, so.

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But again, yeah, you have to have that line in the sand to know how you're gonna overcome those objections so that you are profitable.

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Right, we talked about this.

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Yeah.

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So lost the client because you charge 20. But he wanted to pay 40.

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It is weird. How that happens, isn't it? It's very interesting.

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How, how? And again, it's that story, my story. There are all kinds of those stories that are the numerator in the equation where the common denominator is.

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It's not our job to place value on what we deliver.

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It's our job to quote the Fee confidently, and unapologetically, and let them make the decision as to whether or not they see value in it.

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Right in the absence. And this is why we talk.

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This is again, it's not by accident. The progression of our presentations and of our sessions here at limitless.

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It's why we talk about the Says prospect process.

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It's why we then talk about the one-to-page plan and the value of that.

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It's now why we're talking about fees, because in the absence of value in the absence of communicating that value, what does everything come down to price right in the absence of value?

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Everything is about price, or the derivative of that. If we don't have a way, or if we are commodity, and we're just like everybody else, and they can't discern why we're different same thing.

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Everybody your shopping price. And this is I don't think any of us want to be in that type of situation.

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I shared this quick story just as another Testament to the disconnect in in fee schedules, when I was going through this process right?

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I said, I kinda earlier I created the kind of perfect storm where I was already doing all of financial planning I wasn't gonna be adding anything new.

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I was just going to be charging appropriately, and accordingly, for the service that we were delivering, and the way in which I did that was, I went through my existing client base, and I identified those people that were essentially getting free financial planning and that were unprofitable at the

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current Aem only model that I had, and so I, doing the math that we're gonna do here.

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Shortly I came up with that this certain band of clients that I needed to charge \$3,300 for financial planning that 3,300 for financial planning annually, plus the Aum that they had would make me profitable for this tier for this band if you will of clients which

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using advice pay came up to 275 per month.

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So this is a client that I had, but they were with us for, and she was. She's a mortgage.

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She's a mortgage originator. She was in my B.

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And I group when I first started out. So she had been a client for 10 plus years already.



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Up into this point. So the amount of work that we've done a bottle to work.

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And, Brian, this is back to our conversation. That we were having just in the other session, like we were kind of on autopilot.

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At this point we had done a lot of work, and we had got the plan in motion.

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We were somewhat in shampoo bottle mode right now.

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Right lather rinse repeat little tweaks here and there, but by and large the plan was someone on autopilot.

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So I had this whole script planned out about how this client I, in working with my business coach, I've come to realize that I actually haven't been running the business the way that I should be running it, and from a pricing model standpoint I've realized that

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I've been giving away the value that we've been providing to clients and it's time for me to kind of reconcile that and make a change in our business because of the work that we've done together, and the assets that we have we are delineating between investment

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management and financial planning, the way in which we're going forward, charging for financial planning, is an annual fee.

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But we're using the software called Advice Pay to break that annual fee up into monthly payments for a client in your situation that that monthly payment is going to be 2 70.

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It's an annual fee of 3 \$300 broken up to 75, and we, Bill, in the fifteenth of every month again standardizing that fee schedule, standardizing the cash flow.

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And I basically just pitched it for lack of a better word.

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Not too far off. What I just shared with you, and she looked at her husband Bran, she's like 2 75.

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It's like a shitty car payment. Okay, it.



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It was a non issue. It was a not, it was a non-.

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It just didn't matter, and I have case after case after case of that happening.

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And that's again why I'm so convicted and helping empower advisors to charge what you're worth and charge for the value that you're delivering, because people will pay it.

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I laughed. Because she was one of the earlier clients that I was that I was pitching this to right.

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I kind of from a mental standpoint I had to Psyche myself up for this, because I, my mind you, at this time I didn't have the proof of concept and the confidence that I have in today.

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She was one of the first relationships. So I was going into this similar to the prospect that was at that was challenging.

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So sorry for the virtual people. The question was, how did I feel about that comment when she said that?

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So? That was the question.

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I was still in proof of concept, and so I was kind of that fighter flight, ready for the defensive and ready to answer an objection.

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So it was very I. Said I felt a very big sense of relief, and just moved on like I didn't have any like.

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Oh, maybe I should have charged more. Maybe I could have but based off the numbers, and that cohort of clients or that band of clients I was already solving.

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I I was already solving the problem at hand.

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Could I charge more? We'll never know. Their fee schedule is still the same.

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So so this client, just to clarify. She was already on an yes, this client was already on an model.

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Yes, yes, and absolutely, added the financial planning fee check, an account credit card.

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But yeah, yeah, correct. Correct. Yeah. So it it wasn't a substitution.

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I didn't say, Oh, I'm gonna reduce your am fee, or I'm gonna we're switching to a flat fee model and like it was an and it wasn't an or conversation or it wasn't in lieu of or a substitution.

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It was. And yeah, charging today, 1%. And I think they had 150 grand something like that 100 5,075 at the time.

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No, she's a mortgage broker. So she crushed it in 2021, made 450 grand in 2021, and so they added, I think they added about another 150, and they've been adding to it at that time.

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They're probably around 300,000 in assets. Something like that.

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At this point? Question, Christopher, like your fee model.

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Yes, no, no, not on, not on theirs. So yeah, this truth be told, there is.

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We have kind of old versus new. We have our old clients that are at that are at better.

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At that au m model, and a lower price at a lower price point at the end of the day.

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I don't care about creating a significant amount of parity between the cloud roster so much as they're getting value for the service at a lower price point at the end of the day. I don't care about creating a significant amount of parity between the client.

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So. Yes, we still have a little like. It is not like every single client is at the same aum structure, but they're getting the service that they that they're getting the experience that they want, the value that they want out of the relationship, and the firm is profitable, going forward it is standardized because we know what the profit

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margins are for those for those new clients. But as you're going through this fee, exercise, and this is a good, this is a good.

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Or that was a good question, Chris, about, you know, did we change the Aum model, or did I standardize that down to the 75 basis points?

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Don't create a solution looking for a problem. If your clients are profitable right now, if you have a subset of your clients, if you have bans and tiers of your clients that are profitable, I'm not suggesting to create a solution looking for a problem, or to create additional work that like

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the whole idea of fees is to solve the problem of time invested in your business.

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That is essentially charitable work. If you want to do charity work, the Financial Plan Association has a pro bono division, so you can do pro bono work.

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Carve that off and dedicate that time. Accordingly, the context of this conversation is to have a fee structure that is commiser with the value that you're delivering for the type of client that you're working, with and that it's profitable to the firm this is a

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pleable to the clients or to the firms that have 250 households, of which 75 are unprofitable, because you have a bunch of a-shares in American funds getting 25 dips and you're making \$800 on them per year, but

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yet you're still doing 2 reviews per year and they're getting phone calls and service from your team, etc.

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That is what we're talking about here if you've got your aum client 1.5 million, and you're charging 1%.

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So you got 15 grand in revenue, coming in, and you do the numbers that we're going to have you do in our worksheet here, coming up and you're profitable at that, like.

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If you want to charge for a financial planning fee.

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Okay. I guess you can have that conversation. But I'm not telling you that you have to do that.

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This is solving for profitability. Does that make sense?

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So that put that through the filter. Yes. Question, I know we said questions at the end.

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Whatever lessons role with it. Let's make this a dialogue more than a monologue.

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Yes. Yes. Yeah, thanks. I find it useful. To be able to ask questions in the middle of a presentation.

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So, yeah, I'm not that American funds kind of scenario.

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But yeah, I've got a handful of of smaller clients, and the questions that come to mind for me are on \$150,000 client, which I'm not sure I've got any, but if I did, maybe there's somebody who would pay to 75, months where you're actually

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given them that kind of value. But anybody. I've got a you know, under 500,000.

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Well, I guess. Can't imagine giving a \$150,000 a person.

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That kind of financial planning kind of stuff so and maybe you've got one that would do it, and one that's not the right fit right?

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And that's so. How do you navigate that?

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Okay, I can really give this mortgage broker lady the value of 275 a month, or you know, or other, Mr.

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A you know, you got real simple life. I can't really give you that planning value.

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So you know what? We got a part company, and to off.

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To what extent did you tell people we got a part company, or did they self select, and how did those conversations go?

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I got. You know my smallest client right now. She's really sick, and I can't imagine having this conversation with her.



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I. So our rule and limitless is, you can have up to 10% exceptions, 5 to 10%, ideally, like 5%.

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But 5% of your book could be exceptions. I still have an exception.

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Bev. She's a longstanding client.

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She was referred to me from an event that I did.

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She is 83, I think she has a 130 grand with me, something like that.

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She has dementia, or it's progressing, or it's all.

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I think it's technically Alzheimer's.

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I meet with her once per year. Her daughter, who is Poa, is interacting with Kathy.

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I know I'm losing money on her. What am I gonna do?

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Alright, so you can make those exceptions be cognizant of those exceptions, and don't let the emotion of those relationships trump good business decisions at some point you have at some point you have to draw a line to sand, because then right?

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We're back to that you can't make up profit and volume got it so good to hear and you're giving out.

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I'm in alignment with that. And just curious about those who said no to you.

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No, I yep. Yep. Okay. Tell us more about that. Yeah.

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So if that was the case, then we would we would send the accounts over to retail.

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We have team we use Td. Ameritrade as our custodian, and we would, and I had a couple of conversations with clients that honestly, I didn't want us



clients because they were taking up a seat on the bus this goes back into the ideal prospect or excuse me

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the ideal client base that we're building towards right now, and every relationship brings us brings different levels of relationship, capital to the practice.

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For me, working with optometrists. Every non-ideal client that I kept, and this was before I transitioned out to shipping clients over to John every non od relationship that I worked with took up a seat on the bus and essentially dollar for dollar they could be the same right if

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I have a 1 million dollar. Hey? Client! Non-optometry and an optometr practice owner that's paying me \$10,000 in financial planning fees, monetarily, it's the same client.

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The metaphorical example there is, if I eat a 100 calories, a sour patch kids, and 100 calories of a salad this they're both a 100 calories, which one is gonna be better for me long term exactly so the salad is the the optometric practice center.

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Right? Who do other optimism? Who does the optometric practice under hangout with other optometrics, practice owners?

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What is the long term value of that client going to be?

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How can they introduce me to someone like, and are they on the board at the State Associate like the secondary and tertiary relationship?

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Capital, that these ideal clients bring come with a call or absent of people, understanding that secondary int tertiary benefit it can be the excuse for keeping non-ideal clients on your roster, and there is a cost for that because every every person that you're keeping on is taking up

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a seat of what your ideal client could be, and what they could do for your practice long term, not just from a financial standpoint, but the promoting and positioning with other people like them right like hangs out with like so we did have some clients that i'm like you're in

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champoo bottle mode, keep funding your roth.

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Keep doing this. I don't in good, conscious feel really charging you for the work that we're doing, because they need that money.



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And I was essentially doing them a favor because they were making 85 grand a year, and I couldn't like they were struggling to fund their raw.

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I raised already, and they were struggling to do their 5 29 already.

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So now I'm gonna charge 2 75 a month and take that capital out again.

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This is the the you draw that line, and you just be honest with yourself about the compassionate aspect that we all have as advisors, and not lose sight of the business side, so in that sense, would they have paid it?

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Maybe, if I were to drink my own Kool-aid and said, it's not incumbent upon me to determine my value if I would, have pitched it, and said Here's the fee.

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And they would have said, Yes, okay, great. I'll never know that but I didn't want to do that in good again.

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That was just a business decision that I made, and it freed up a seat on the bus but you're still having like a hey, honey, we're getting divorced.

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Oh, yeah, I didn't just ship them to retail like it's not like they got a letter.

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I had conversations with people. I think we transitioned.

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I don't even 20. Some households that were initial like immediately.

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It wasn't even a question of. Should we? Should we pitch it?

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It wasn't my mortgage person. It wasn't let me pitch and make the decision theirs.

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It was this client doesn't fit. They're just not an ideal client for multiple different reasons.

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Let's have the conversation that we're no longer a fit, and our ways is friends, cause I just find that a really tough conversation.

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So advisors need to be comfortable with understanding that we're not as big a deal as we think we are.

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You're not as special as you think you are.

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I mean I'm calling a spade of spade, but it's a hard.

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It's a hard thing to reconcile, because, on one hand, we'd like to believe that we're the only one that can care about them as much as we do, and that's just not true.

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I can care about your clients just as much as you can, and I can build a relationship with them just like you can.

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Same with Michelle, same with Brian. Everybody else.

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Yeah, your c client to someone else's a client.

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Sure. That's what I gotta find is, yeah, yeah. And that's where making like, that's also what makes these conversations easier to do is when you have options for them.

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What gets advisors scared about doing this is when the only 2 options are, step up or step out when we say, Oh, the new fee is X.

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And if we don't, if they don't agree to that, then we reconcile and we fight in our own minds of saying, Well, then, we reconcile, and we fight in our own minds of saying, Well, then, I'm just shipping them off the Wol and they're gonna

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buy the Iu from the guy in Tiktok right?

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If you have options of where you can send them, and say I'm making a change in my business back to my conversation right?

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I'm making a change in my business, and we're changing the fee structure for the services that we're delivering.

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Our new fee for a client in your situation is \$3,300 per year.

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That's broken up into 12. We break that up into 12 monthly payments of 275.

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It's debited on the fifteenth of every month.

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If they would have pushed back. And I'm not gonna say, and if you don't like that, here's some other options like, let them dictate where the conversation is going.

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If they do say that's no. You see, if that's what they're saying, I can understand that we're not the right fit for everybody.

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With this new service model. We have options. One of those options is, we can just remove ourselves from advisor. A record.

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You would be a retail client of red. Td.

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Meritrade, nothing changes to your accounts, nothing changes to your investments.

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We just remove ourselves from advisor of record, and you'll have decisions from there if you're looking for another advisor.

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I have 2 other advisors that I've already vetted, and that I know would be in alignment with what you're looking for in the current fee structure that we're that that we're in right now, and I can make that introduction and then and that was an Xy

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advisor, next Ypn. Advisor. So thanks.

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Yeah. Oh, pass Mike. There, please.

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You just have the one fee model for financial planning.

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2,595. So for non-practice owners, it's 1,500 upfront, and then 3 95 a month but then, if you have someone who comes to you that like the guy that you had before that's like what happens if I buy building and all that

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stuff you still keep it. 6, 95 months. Yeah, we haven't changed that.

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It's still profitable at that number. With John and his comp structure, and how?

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The economics and the metrics of the practice work, because those clients are bringing a I don't think we have a single financial planning client that doesn't have some sort of a to M.

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So like that essentially hedges. The one thing that I don't wanna be if you're thinking about fee structure and fee models.

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I don't want to be someone's 30 year mortgage.

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And then that's why I don't like flat fee models as a standalone, because I don't wanna be someone's 30 year mortgage.

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I don't want my costs. Go up your costs go up! Everybody's cost.

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Go up absent. The inflationary rise that we've had right.

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Inflation is a thing, and it continues to happen. So I don't want to have that conversation.

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So at the very least, if you are a flat fee model, build some sort of inflation, metro inflation, hedge.

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In that au is essentially that inflation hedge not only on the additional little workload that might happen, but I mean, I think we're bringing in.

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I think 4, 500,000 a month in dollar cost, averaging just people depositing their brokerage account that's the hedge.

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So question from online yes, we have a question from Travis Adam from yesterday you shared some details on your 2020 membership so business, I assume people in this model pay a subscription price to have access to content office hours elements pathfinder how did you cost and

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what are margins? I don't know. Just being completely honest.

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I'm not that I'm so. What we're doing just for people that weren't in that session yesterday.

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We have that pricing model for clients that want one on one wealth management.

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We had a number of prospects that would reach out that weren't essentially ready for the one-on-one wealth management.

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At that fee structure but we didn't have some place else for them for us to send them so essentially, I want to get paid to nurture, and it's in alignment with what I want to do.

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I don't want people to end up like my parents ended up as business owners, never having financial guidance, never understanding how to build a business that has equity value, that to use cash.

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But, like Mike, my parents are not financially. But third they're not financially independent.

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My parents will always have to work, and social security will be it so.

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The membership model for me is a way to create some type of sandbox.

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To play these individuals so that they can become brilliant at the basics.

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Learn the Abcs. In 1, 2 threes of what good financial planning is for upstream, and then, as they build that foundation eventually, maybe, they would up level into wanting that one on one relationship.

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So we created a membership 2020 money membership. It's a standalone brand.

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It's not under the Ria. It's not.

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Therefore it's not subjected to compliance, etc. It's a separate dba, or it'll be an oba on my AD v.

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And so what we're gonna be doing is charging.

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I I envision that monthly fee somewhere, be probably being in the neighborhood of 79 to maybe \$119 per month.

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But the common language, or I should say, the app guard rail on.



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That is nothing that we are going to be delivering is nonsalable.

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No one on ones, no tribe or community like I.

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I love answering everybody on tribe here. I don't need another tribe to manage.

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Okay, so everything that we're doing in the 2020 membership is going to be at scale.

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And that's where it's Fp pathfinders.

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It's elements. It's the course that I'm developing or that I'm recording and building.

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And so the margins on that essentially the the marginal cost for every new member is next to 0, right?

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I had a decent lif upfront. I forget how many thousands to pay the Kajabi builder to build out the membership I don't wanna digress too far down this path, but there's a decent lift upfront.

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But going forward. It's very marginal cost, so again, we can have a deeper conversation about that at some point.

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I wanna make sure that we get through through content here, talked about this again.

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I don't care what your fee model is. Just have one, and going back to what I had mentioned about understanding your ideal client, if you're working with retirees and the au model works, I'm not saying to create a solution looking for a problem, if it's not broke don't

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fix it, just make sure it's profitable. If you're doing an au M.

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Model, and you're bringing on \$150,000 clients.

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But your metrics say that each client needs to be at least generating at least \$6,500 in revenue.

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That's what we're solving for here. That's why we're like.

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There's all kinds of different ways to create a fee schedule, create it in a way that serves the client that you're working with.

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Right, we talked about this. And you absence of value. Everything comes down to price.

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My point is that the point of this slide is that you can need to be really really cheap and be the commodity side. Note.

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I think Vanguard, just announced last week that they're shutting down the Financial Planning Division overseas the Uk Financial Planning Division of Vanguard is shutting down.

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You're also starting to see trickling out of the Vc.

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World, and the private equity world that robots are running out of capital like what I say.

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You can't make up profit and volume. And what these robots are learning is that the acquisition cost of clients is a heck of a lot higher than what they thought it was going to be, and if and as people are asking for more than quar-unquote just portfolio

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management, you're starting to see these rebels run on a capital, and I don't know what the future of that is going to look at.

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My point is this whole regression to that, this whole I need to discount my fees and my value is, gonna be I'm cheaper than the next advisor.

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Cost is only apparent in the absence of value. 100% believe that the value of a good advisor should never be expensive.

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It should be priceless. That's what we wanna deliver to our clients.

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You have other 1 billion plus dollar firms, right? Peter Malook and creative planning, which, by the way, if you have a case, study on how to.

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Being massively profitable, and still hang on to a 100% equity of of your business.



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Just follow what Peter did with creative planning like guys, a genius, Ken Fisher.

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Right? These guys aren't cheap. These firms aren't cheap.

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They're not discount brokered shops they're charging a healthy sum on an Au M model and building billion-plus dollar firms.

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So don't feel like oh, I need to discount my fees to 90 basis points, because I need to come in under 1% it's not your job to determine your value.

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Figure out your metrics charge accordingly, and back to the Oh, my God!

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Nick Murray, right one of my favorite Nick Murray books was the game of numbers, professional prospecting for financial advisors some will, some won't.

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So what someone else is waiting? Have the process, and that makes getting a know.

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If you get a know from a client either an existing client where you're raising their fee, and they decide to opt out, or you have a prospective client that's says no, you have that option to yeah, you know that you have the pipeline to

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fill it, to backfill it with another relationship. Kittens has done a lot of work on this in researching and showing what people are charging and the dollars and the time involved in that.

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Again. I'm not gonna get into the details on all this here.

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I think the take away from this like I said, people will pay for financial planning if you allow them to, and if you build that model so if you, if you're going through your business and realize, given the clients that you work with given the assets that you do need to charge, for planning

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the data is there, people are already doing it. So again, just run the numbers which we're gonna do here in a little bit.

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Again. I've already talked about this the common denominator here.



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Either one works. Question, Mike, please. Thank you. On that slide before.

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Was that a like a one time only cost? Or was that kind of like an upfront cost plus a monthly, or to bifurcate it broken up into just the different, the different desiles?

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Different quadrants. I don't think that there was.

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I don't think that this was any. I don't believe that this study broke up like this.

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This study broke up like this is the one this is the first year fee or the second year fee.

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This is just what do you charge for financial planning? And people answered, recording like so.

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Nope wrong. There we go!

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Again. This goes back to do. I charge for financial planning or not if you're profitable with your clients, you don't have to rock the boat.

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You don't have to charge planning. If you're not already checked.

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If you're not already charging, planning, and you're profitable on your aum clients.

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Great! That's fine. If you're not, that's where you can insert that planning, and whether you're and again, how you, how you do that, what I would encourage you to do is don't make it complicated.

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I've talked to advisors. I was talking with an advisor a couple of weeks ago when I was in Atlanta, and she does her.

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She does her planning or her fee structure, where it is an upfront.

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I think she charges \$7,500 for the financial planning, and then, if they move assets over up to a certain point, then she basically switches them from the Au or from a financial planning fee over into an Au.

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M but it's a graduated like it's like it sounds exhausting, just like it's a nightmare to try and execute.

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She builds through Ryan, and she has to build flight finance, and then reconcile it.

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It's like it's a nightmare. I am a kiss kind of advisor.

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I want to keep things as simple as possible and as scalable as possible and easy to understand.

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You get into these complicated? Well, it's a percent of net worth plus income or it's a percent of net worth plus half of your in, like, I'm like, the net worth model actually is a pretty decent model.

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If you're gonna be working, especially with business owners or people that have a liquid in liquid investments, a really big firm, a really big and successful firm in Indianapolis, just down the road from me Valleo advisors, they charge on a percentage of Net worth and they

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evaluate it on 1231 of every year, and clients get the new feature schedule in the beginning. In the first quarter of of the next year, that's part of the review Cycle.

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Your net worth change to this our fee structure? Is this, this is what the fee is going to be next year.

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Keep it simple, I know they're advisors that have these calculators online.

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And I just I'm beginning with the end in mind.

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I don't want to create a rats nest that I have to figure out how to manage going forward.

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A lot of these scripts that we have I'm not gonna go through them.

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I think this is this is just being intentional about the way in which you're having conversation.

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This goes back to what we talked about yesterday. Rehearse this out loud with your spouse, with your partner, with your assistant, with your practice manager, whoever that might be with Lauren.

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Right schedule a call with Lauren, pitch it to Lauren, and give her have her give you feedback on how you're coming across, and the message that you're having don't ring it like a please.

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I'm assuming everybody in here would not wing it.

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Please don't wing it. Script it out, and practice it, be convicted in what you're going to be doing for your clients.

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Again as we talk about for for our existing clients, our financial plan, our annual financial planning fee, is broken up into 2 point into 2 parts for the first year.

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It's a 2,500 onboarding fee.

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And then, in a month after engagement, it's 6, 95 per month.

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We bill in the fifteenth of every month as a practice owner, we do recommend that you run this through your business because we are doing the fair amount of consulting, so it is a tax-defitable expense to you as a business owner can throw that in there as well if you're doing that

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consult your Cpa. Right here's my disclaimer.

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Practice it and repeat it, and just it, just internalize that.

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Okay, right? Share your fees. I'm gonna make sure that we get to practice.

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Let's get into some of the work here.

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I touched on this a little bit, the way that I mentally had to go through.

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This was again the reason that I was in limitless. The reason that I started was because I wanted to there was a divergence in how I was showing up versus the practice that I had I needed to increase revenue as quickly as possible so I started with raising fees on existing clients what



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I also started to do was as I started to get more traction in the optometry space at a new, higher fee schedule that was profitable.

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That was also giving me the mental courage to say, Okay, I just brought in a new optometry client at the time it was \$8,300 per year.

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So now I can go down to my lower tier clients and look at okay, who's everybody that makes up \$8,300 in revenue?

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Is that 2, 3, 4 clients I know worst case scenario, right, lizard, brain.

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If every one of those clients leaves, I'm net revenue neutral. Now, the interesting thing that happened is outside of the proactive decisions that I made to have the conversation of graduating X numbers of clients out of the business.

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I'm trying to think of. I think we had 2 that actually like did not want to engage at the new Fee model.

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And so we transition them out. We had the conversation that it wasn't a good fit for them.

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I thought that they would have come on board. They didn't, and we transitioned them out.

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The what we see happen over and over with limitless advisors is that when you do go through this process, advisors are surprised at how much of a non-issue it actually is for your clients.

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We make it much more of an issue in our own mind than it actually is.

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So. And that's one way that you can cope with that.

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If you find yourself in that situation of gosh! I can't do this, because what if everybody leaves and says no one way to band aid that mentally is to say, Okay, with every new client that I bring on at my new fee schedule, i'm going to go have this conversation with 2

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3, 4, 5 would come over many clients, that is, knowing that if everyone of them decides to exit stage left I'm still revenue neutral but I'm more profitable from a time standpoint right because now I have 5 less people that I have to manage over the course of the



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year. I just have one right with more time. I can make more money with more money.

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I cannot make more time, or the derivative of that. I'd rather put more time on my watch than gold in my pocket.

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More scripts that are always available in a library.

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The last part here what? Quite if people do have questions?

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We did get. We did have a number of clients that were asking questions just more about the about the advise pay.

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How that worked. Could they use a bank account? Could they use a credit card not to get real tactical and in the weeds here I know there's different pricing models for advice?

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Pay whether it's Ach or credit card. Ach! Is cheaper from a processing standpoint versus credit card.

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I don't care. It's a cost of goods.

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It's a cost of doing business. I, personally don't like advisors that don't offer the credit card option to their clients, and only do checking accounts just to avoid the credit card processing fee of whatever 2% it is or 1 point.

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I don't know. I can't believe. I don't even know what advice pays.

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Processing fee, and I don't care. What is it it's really that high.

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Alright! I don't care like my margins are.

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Yeah. The simplicity of it to know. And this is the benefit side note from a business standpoint.

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When you get to the. If you're going down this path of charging for financial planning and breaking it up in the way that we've done one secondary benefit that I've really candidly enjoyed about the business is the incredible predictability of cash flow we're averaging I think we're



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right at about 43,000 a month right now.

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That's coming into the firm in through financial planning fees which covers base the operational costs of the business.

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So, Ted, to have that predictability a cash flow every single month. When I pull my, when I pull my statement, when I pull my projections and business plan.

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Cache, is there like? It's not I. Well, what if the market takes a 20% dump?

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It just makes managing cash flow a heck of a lot easier and predictable from a business standpoint.

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And then, as the aum comes in, we build a on a quarterly basis.

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I now have full discretion as to what to do with that cash flow.

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Do I reinvest that back into business? Do I harvest it out?

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Do I like you? Just have that optionality, the predictability cash flow with financial planning, doing something on advice, pay standardize, standardizing it on the fifteenth of every month.

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Candidly, you can run a really really lean business from a cash standpoint.

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Re, if you don't want to, you don't have to keep a significant amount of capital in a business to essentially hedge against any type of market decline or the fact that you won't build 4 times per year.

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Therefore you're having to leave a lot of money in the business that used to not be that big of a deal.

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But with interest. Rates now I mean how I just bought 4 week treasuries at 4, at 4 and a half.

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That's pretty cool, and what we can do not only as advisors, but what you can do for clients.



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Now with interest rates where they are not. The digress, too far off the topic here, but you can essentially provide Treasury management services for your clients if you can help them manage your cash flow.

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You're no different from that. Manage your business like a business.

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Prettyicability. Cash flow is one of the tenants of it.

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Again. Just lots of scripts that you can go into.

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I wanna be? Where are we on time, Jackie?

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Okay, okay, so I want to, because I'm so passionate about making sure that it advisers know their business and know their numbers again.

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I've talked about all of this, you can tell. I just get ahead of myself here a little bit in in the scripting.

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These are just different variations of the fee schedule.

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Again public, not to invoke this debate of whether you should publish your fees on your website or not.

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That's kind of the equivalent of the if anybody here barbecues or smokes, this is like do you put the fat cap up or down on your brisket?

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You'll find people dug in on both sides of the fence.

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Both think that they're right. Both think that the other side is wrong.

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Be convicted, and what you wanna do? We don't publish our fees on the website.

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And I'm okay with that, because again, we want to put context around the financial planning process and the value that we're going to deliver, the only time Steph mentioned this yesterday, which I think is very applicable.

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The only time where you might consider publishing your fees on your website is, if you have the high quality problem of too many qualified prospects coming to your website, putting your fees on your website is a very low-hanging fruit opportunity to filter out people that's one situation where you

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might consider putting your fees on your website. If you do want to have that transparency great, I would just advise that your the bar, or I should say your ability to communicate your story, and why someone should work with you.

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You've up leveled that bar. If you're publishing your fee on your website.

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So you've got to be much more polished, in how you're delivering the value of what it would mean to work with you digitally.

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If you're gonna publish your fees on your website, because for some people you're not going to get that opportunity to essentially sell them on, why, they would work with you.

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And then what that fee is, you've got to be really clear and concise on how you deliver that story online.

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If you're publishing.

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Alright! Let's have some fun.

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So one of the questions that advisors have is, well, what should my fee schedule be?

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And then my question is well, how intentional are you about building your business?

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So this is sometimes an extra that points out the cobbler's kids have no shoes right?

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Advisors do so much financial planning work for their clients that they neglect their own financial plan.

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So? The first question that we have to do is understand how we do.

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You want to make right. If anybody ever read profit first, Mike Mckowitz, right?

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Mike's an interesting author. The way in which he writes is pretty entertaining.

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It's pretty unfiltered, but it communicates of he the toilet paper business part of the toilet paper.

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I think it's the toilet paper business plan.

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The pumpkin plan. Profit first there's a couple of books in his series, but the whole profit first thesis and idea is the business should serve you, and this is, I'll kinda channel the inner advice that we give to our optometry clients.

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The goal of running an optometric practice is to work, to live.

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Not live to work. So what that means is work as much as you need in the business to provide for the quality of life that you want to.

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That you wanna have. But don't work excessively.

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In the absence of anything. It don't work excessively in service of nothing.

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So what does your business need to produce in income for you?

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How much money do you want to make? That's the first line. Item.

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Here? What is your per so eboc? Right earnings before owners?

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Compensation. How we calculate, that is essentially, how many dollars do you harvest out of the business for per personal gain?

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Distributions, salary retirement, savings. This includes taxes, right?

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So this is a pre tax number. How much money does the business need to provide to you?

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That's the first step. The second step is, what is your profit?

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What is your our general recommendation is?

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You bet you should be minimum. Gosh, 35 to 40%.

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If you're 35 to 40%, we have a different conversation most limitless advisors can be in that 45 to 60% range.

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We have some members that are in the seventies and eighties.

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We have a couple of really lean practices that are at 90% plus.

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But if you target a 50% e-boc, that is a pretty good starting point, and you should be able to get higher than that ideally.

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Again, more is better, for just from any fish, just from any efficiency state.

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Well, so the way I think about any business is like a game.

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Of plinko. So you put a dollar in the top of the slot, and every rung that it hits on the way down is shaving off Senses of that dollar. And what lands at the bottom is your net operating income your noi if we think of from a business owner

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perspective as an S corporation. We're paying ourselves in 2 ways.

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We're paying ourselves in the business for the work that we're doing and the the return on investment that we get for owning the business and taking it, taking the business risk, the total compensation that we get out of the business is adding up basically every dollar that we take out of

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the business. So yeah.

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Yeah, so basically the other way to think about that, every dollar that you don't take out of the business is operating in expenses.

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And we start that with what is debited from the clients, accounts.



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So if you're with a broker dealer, the cut, the rip that that is a direct expense, like from a technical accounting standpoint that would be cutting into your gross profit margin.

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That would be. That would be a cost of goods sold essentially so.

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Every expense, every dollar that is not paid to you it's going to someone broker, dealer, rent, employee, office expense.

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Orion tech virtual assistants. Every dollar that you're not paying is being paid to someone else.

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Give me Greg Mike, please.

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So for solo advisor, with one employee, like an associate planner.

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What should the ebog be for an associated? So what solo?

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3, people, so just 2 people, I mean me and a an advisor like a an associate advisor.

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Be hard pressed to see, probably not being at 70% 70, I mean, it depends on office space.

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It depends on be an Raa versus with a broker dealer.

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I mean it you've got a broker dealer, and taking 15 off the top.

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That could eat into that. Yeah.

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Thanks. I don't. Wanna okay. But you know, what about?

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I mean, I'm kinda more interested in growth than than what I get out of the business.

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So yeah, I spend. I'm willing to put a lot of money into into growth strategies.

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And yeah, obviously, so, my mind goes to well, I can think of what of my e-book before I spend stuff on the growth right?

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You're either spending it and reinvesting it back into the business, or you're harvesting it out and spending it on a boat or an airplane, or whatever it is.

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That you're spending, but you get discretion as to how you spend that money that doesn't change definition of e-boc.

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It just changes what you do with it, so that does that make sense?

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Yeah, yeah, it does. But I would have just thought, that my personal definition of it.

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I thought the strict definition is, I gotta include all that marketing costs.

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So my ebook might be really small cause. I choose to spend that money on marketing. Okay?

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Which is fine. You have discretion over that so you're just acknowledging that you're like my this year is going to be lower because I'm investing that into an employee.

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I'm hired another team member, so I'm but I also have a personal income goal that I want to make.

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Right. So if I don't want to compromise my personal income goal and I'm taking a hit by hiring another team member under my bottom line.

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That means that my revenue goal needs to be a lot higher which is why I'm thinking, or which is why I've been planning last year I was comfortable, adding 2 clients per month. This year.

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I wanted to be 3 clients per month, because I don't want to compromise too much on my personal income goal and solve for the bit for what the business needs.

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And this is the intentionality behind the planning. You get the the beautiful thing is you get to define where you deploy those cap where you deploy that capital right?



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Right. Got it. I like that mindset, but if the business grows, then my ebook can stay the same.

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Yeah, I'm thinking of Eboc here in the sense of what do you need to?

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What is your? What income do you want to harvest out of the business?

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Right, and not compromise on that, because what do we hear from advisors that are in limitless?

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I'd like to make more money like. Let's not apologize for that.

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Let's not forget guilty about that. There's nothing wrong with that.

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If we're doing right, if it's a rising tide, lifts all ships, client wins.

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I win the business wins. There's nothing wrong with making money.

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Money is simply the result of the input that we made into the business.

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It's a scorecard. Yeah, just be clear what that scorecard needs to be for you personally, and then do the math to figure out how you don't compromise on that condition right?

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It's when we discount fees and when we're not clear about our fee schedule, and then we wish I was making more money in my business.

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Well, you're not charging accordingly, so you can't. The number.

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Math doesn't line. It's unemotional.

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So I love the business, consulting side of this. Yeah, I guess I just wanna make it clear that having a high ebook is is not necessarily that big a deal like when I came in the business, these advisors working with you know, we're so proud that they were the most profitable. Business.

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At our Lpl. Will hold out 90% e-book or something.

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It's like to me that there was something wrong, that it wasn't something to be proud of.

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That's your choice. Yeah, it's just you can do a lot more things with that money.

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You can do a lot of cool things with that money. What if they gave it all to charity?

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Yeah, I'm saying you could give the class much better experience.

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You can get better technology in place.

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No, no, but that's what I'm saying. The point of this is not to say that a 70% E-ok is wrong in a 50%.

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E-book is right. The point is to be clear about what that number needs to be for your personal values, right?

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And then price it accordingly.

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So as we go through this exercise, right? I've long talked about. The business is very simple.

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It's a times B. Times, C. Number of clients. So number of.

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So as we go through here. So we see just to make the the math easy.

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If we want to make \$500,000 per year, and I am at a 60%.

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Even or let's just be. Make the math even easier.

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Right if I'm at a \$500,000. That's what I want.

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My personal Pre tax income to be. And I'm at a 50% Ebo. The revenue of the firm needs to be a 1 million dollars right?

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I think we all can all do that math in our head.

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So now, if I have step 2, okay, that means that my firm's gross revenue needs to be 1 million dollars.

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How many hours per week am I gonna work in the firm? Most advisors?

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What we try and challenge is that 1,000 to 1,200 h per year?

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In the firm. Right? That's the work that we're doing in the firm.

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And this is client-facing work, because what we're solving for is our unit cost.

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What does it cost me in Hr. Time to work with each client?

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Am I gonna give that client 5 h per year, 10 h per year, 15 h per year?

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What is that unit cost for me to serve that client because the revenue of an advisory practice comes down to a times B.

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Times, C. Revenue per widget so revenue per client hours worked per client.

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Number of hours that I'm gonna work in the year.

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That's those are the guardrails that we're gonna put around the business.

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It's when we don't get clear on that.

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That's where that's where you can find your time like, if you're you're spending more time working in the firm than you want.

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That's when it's okay. I don't wanna work that much.

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Okay, gotta have a high revenue per client. I can't charge that much because I work with teachers, and I can't charge \$7,500 or \$10,000 for financial planning.

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Okay, then you have to provide less hours per year service to the client and you have to scale special because you're not willing to compromise on your income goal.



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And you're not willing to compromise on the hours worked.

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Which means that you have to serve more clients. So how do you do that?

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Within the confines, in the guardrails of of the of those metrics.

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Yeah, just to clarify so ours per week, you're willing to work.

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This is like everything.

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So that ours per each got yup, and then billable hours.

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But what's different? 50% of ours willing to work?

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So ours per week, and then Billable hours. What's the difference?

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In there, detailed here.

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Yeah, this got a little bit more complicated than it needed to be.

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Actually, Uhhuh.

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I would think that of that as an opex expense I would think of that as operating expense.

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I would not factor within the time that I'm spending with the client, because there's only 2,000 like if you do 40 h a week, 52 weeks per year.

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That's 2,040 h per year. Right? That's time.

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Hat to go somewhere. You have to allocate that. Accordingly, and that's part of what we're trying to do here is to kind of distill down and filter through those different bands.

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But the limiting factor is 168 h per week.

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How much of that, how much? How do you wanna allocate that time working?



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I think of that working on versus in the business.

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I don't view that as client service work, though.

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I wanna how many hours am I gonna be in front of the client times number of clients that I can serve is going to dictate total revenue, or how many hours that I'm going to be working client facing times the number of clients that I can work with that's one

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part of how I'm spending time in the business that's working in the business.

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The on the business is the Ce. The traveling, rebalancing, financial planning data input which if we're thinking about what is the special sauce, what is the unique?

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To quote Dan Sullivan. Here, right was our unique ability as an advisor.

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What's the one thing that we can do that nobody else on our team can do it's serving clients.

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So those other things that I could outsource rebalancing trading data input into financial plan.

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That technically is a different expense in the business. We don't have to be the one doing that we can outsource that or hire.

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If we do that that's going to eat into our profitability.

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Change of dollars in time.

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When you were first doing this, and 2,018, how did you come up with like billable hours per clients like in segmentation, like?

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So this is where I, one of my first introductions to Dan Sullivan and strategic coach, was free focus in buffer days, and the idea the generic version of that is in on and out of the business.

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The easy way to solve, for that is to put guardrails of time out of the business.



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How many days off do you want per year? Start with that, and then reverse engineer from there, and you create.

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You essentially create a forcing mechanism to say, I only have this amount of time because I'm out of the office for limitless and vacation, and Fridays off.

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And I'm leaving the office every day by 3 Pm.

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So you create the constraints in the business by dictating to the business when you will not be working right.

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One of I heard this from Angie Herbert years ago, that the practices that we own will be the most selfish relationship we will ever have in our life.

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It will take as much of us as we give it without apology or recourse.

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So your business will always take more time. So to limitless, and that was the exercise that we did, and that's why we always talk about how much time out of the office.

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Do you want to have? That's the easy part to do, because the gray area can be in the data entry and the planning and the client service, etc.

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Most of users underestimate how much client service goes, how much time their team spends in client service.

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Almost my office manager only spends 30 min per client per year, like no, they typically will spend more time than that.

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And even as advisors, how many emails do you get from clients that either you or your team need to respond to all of that?

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Takes up time. Capital in the business but if you start with the free days first and backfill from there, and use that as the constraints that can be the limiting factor as to how much time you actually have to run the business does that make sense, yeah, follow ups like each client per hour you know the

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hours span on each client per year. Is there any studies out there I know cases has done some work on that. There's some study, or he's done so. I think the average one of his studies that came out said the average financial plan took 15 h to create start this is where so we did

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have got it in the other room. I'm old school.

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I wrote it out. I just wrote, okay, we our onboarding process, our first year plan.

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John and I are each on a 45 min call. That's an hour and a half.

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John does a one-page plan. That's another 45 min.

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Now we're at 2 15 we do an onboarding call. That's an hour.

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We do 4 planning meetings. Now we're up to 5 h.

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So 7 and a half hours, and then we'd add on some additional working between that our new client, on average, is about 17 h.

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By the time you figure everything in 17 advisor hours for the first year of financial planning for a client, Kathy spends.

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I forget what the numbers are, but we budgeted essentially as best we can, and you're not gonna get.

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I'm not sitting here pretending, or I'm not sitting here saying that I know down to the minute or the hour that every client takes 7.5 3 h.

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My point is that there's the other end of that of just blindly going at it is not a way to do it either.

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Let's got virtual, and then, so speaking of kittens, do you believe and or follow the kids, this one to 2% of household income in terms of a plan fee lim for direct fees anecdotally, we haven't found that to be true I look at it just

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because we're working with practice owners. Our annual fee is around 1% of their gross revenue is the average optometric practice that we work with is doing a little over a 1 million year in revenue.



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We're charging 10,004 financial planning. So we're right at about that 1% of gross revenue if we were to translate that from a plan from a personal income perspective.

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Yeah, we're right at about 2% ish, because the average I premed practice as a total of 30% optometric net.

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So they're bringing home roughly on a 1 million dollar practice.

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Roughly, \$300,000 in pre tax income. If we're charging \$10,000 for financial planning.

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Yeah, we're right at about 3% of income. So just kind of solve that on the fly there.

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So, yeah, question, yes, so actually coming. I've been time blocking for 3 years.

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And I actually do know, down pretty much to the minute how much time I've spent on clients so separate into planning action items and meetings, and on average, just spend about 45 h per year per client.

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45. Yeah, it's pretty intensive for my type of client, and about 12 of those are planning hours.

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I think maybe 6 to 8 h of meetings, and then the rest is action items.

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So I don't know if it's helpful for me but to share that.

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Thank you. That's a lot of work that's intense.

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Which is why I also charge, you know that's fairly high fee.

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But you know the numbers, you know. The guard rails around the business, and what it needs to be at the end of the day it comes again.

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I can't emphasize enough understanding how it just comes out to those 3 factors right?

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The number of clients that you wanna serve the number of hours that you're going to work in the business.

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And then, and when we think about kind of back to the question of How do you delineate between the work that you're doing in versus on the business?

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It's work that you're doing. Period full. Stop whether you have 30 clients or 50 clients, yes, or 30 or 300.

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The variable in that are the number reviews that you're going to have.

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But you still have to put guard rails around around the total amount of time that you're going to be spending in the business, and the 2 factors that are going to influence that irregardless of that are the revenue per client and the number of clients you have a certain amount

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of latitude as to whether you spend 40 h per client or 10 h per client.

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But it's revenue per client times. Number of clients that are going to be the most impactful in determining how much money you're how much money your businesses that are going to be the most impactful in determining how much money that's right stephanie mentioned

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a number of clients that are going to be the most impactful in determining how much money that's how it's going to be the most impactful in determining how much money your business makes.

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Yes, Stephanie mentioned a \$1,000 per hour. Yeah. How do you calculate that that kind of comes back to?

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And roughly spend a 1,000 h in the business per year.

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That's right. That's where you get that \$1,000 times a \$1,000 times a \$1,000 gives you a 1 million dollar practice it's not just client work.

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It's all your work that you're doing. Correct, correct.

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We could probably take 3 of those lines and condense that down into just all right.

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What is the number of hours spent per year in the business between everything?

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And that's again to make that math easy. That's where I say the non-negotiable part is, I'm taking 80 days off this year.

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I don't care how I feel the rest of the time I'm gonna take 80 days off, which means that I have X numbers of days left X numbers of days left times number of hours in the day that I'm gonna work.

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If I'm only gonna be in the office 6 days or 6 h per day.

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There's my total number of hours that I'm gonna be working in the firm, going forward.

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If I've got now. By the way, like being here at limitless, this is not days off for me.

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Promise you. This is not days off. I work harder here at limitless than I do in the firm, so when you take that into consideration, now, the next question is, what am I going to be doing in my business what is my best economic return on my time for me I made the decision?

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To say that my best and highest use time in the business is to essentially make it rain and promote and position, and basically close clients.

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And I'm not that special, and I can hire John as a phenomenal advisor, to take care of clients, pay him a percentage of the revenue that he serves, which frees me up the opportunity costs or the opportunity I should say the opportunity costs, but the return on investment that I get is that

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now that John is seeing clients, I don't have to spend those 17 h serving any one to one capacity for clients.

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I now have 17 h that I can go speak at optometry conferences, or I can write, or I can produce more podcasts or I can do a video series, or I can build an online course.

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That's that. But I have to do that math to realize this is the number of hours that I have to allocate and to essentially spend in the business with the non-negotiable part of okay, the constraint here is I still wanna make at least 475 thinking of my number was

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like I wanna still at least make for the work that I'm doing in the business.

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Roughly, half a 1 million dollars. That's the constraint that I put on it, which means that my return on investment from an hourly rate standpoint. I did that math.

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I'm 1,300 bucks an hour in the firm for a client that comes on board.

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My return on time is \$1,300 an hour, because I'm only spending on my margins where I'm at.

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I'm only spending a handful of hours, and that does include my client.

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Acquisition cost as well like for me, personally, the podcast yes, from a dollar standpoint, not the digress too far here, but from a dollar standpoint.

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The Podcast. Is fairly cheap to produce Lipson is 40 bucks a month for hosting, and my editor charges a 100 bucks, an episode.

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He's a steel hope he never sees this video for what he does.

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So the cost right. The explicit cost for the podcast to reach 11,000 ods on a monthly basis.

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We're averaging 11,000 downloads a month.

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That is an incredible return on investment. But I spend a lot of time in the podcast doing that.

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So when you factor my time into that, it's a little bit more expensive.

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Yeah, yeah, correct? Because when we look at where the where our thanks wait, I can't do it.

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I'm I will not. That will be her calling card.

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I don't know what mine will be, but it will not be.

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Yes, give a question, or Nope sorry.

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Virtual. Yes, yes, for Brooklyn, dealer, advisor.

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How would we calculate the e-boc? So the broker dealer cost is a direct expense of the business.

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We have to start that's so. Back to my game of plinko, right?

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You drop a dollar that dollar originated from a client account.

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So whatever you're billing that client account. If the broker dealers, taking a rip off of that, if you're getting if you're at an 92% payout, you technically have a direct expense of 8% so 88 cents of every dollar is essentially going to your

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top line. This is why, from an accounting standpoint, if you're running your books correctly, to get a true financial analysis of your practice, your rip that you're paying to your broker dealer should be a direct expense your gross profit would be essentially be what shows up on your 1,090

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9, right? If you get a 1099 from your broker dealer, that's after the rip that's after the haircut. The Rev.

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Share. If you want to keep your business like a business, your gross profit margin on your profit loss will equal your 1099, and then, if you want to really get surgical, then okay, whatever technology your broker dealer is paying, you technically, that's not a direct

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expense, because you could buy that elsewhere. So you should put that under opex.

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But the rip that the broker dealer is charging essentially is a cost of goods. So that would be, you know, gross revenue would be what is the total value that is deducted from client accounts, or paid by clients hopefully that answers the question.

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Question. Yep, where's the mic? Oh, there we go!

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So my calculation may be completely wrong here, but it looks like I spend about 12 h a year on each client.



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What do did you throw out a number obviously all depends on what one charges.

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But how much do you spend on each client?

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A year. This is a new client, so 17 h is the onboarding process for a new client going forward from there.

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Where? Let's see. What would we for review meetings per year?

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A little bit of prep. So I would imagine we're up somewhere in that 8 to 9 h per year of adviser time yeah, this is a but this is my time.

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Yeah, 12 h a year. Okay, so little high, I would bet that there's probably tasks in that 12 h that could be done by someone else in the firm.

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Yeah, we're moving in that direction. Like, what are you truly doing?

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You. And what are you doing that only you can do for 12 h per year.

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Yeah, I mean, I know the all honesty outside of case prep and meetings.

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Everything else can be delegated yeah, I have certain kind of expertise.

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But, like you were saying with the cash flow stuff that you get into, I've got certain knowledge that's really difficult, sure, to bring my and that might be the special sauce. Then yeah.

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But then it are there other things that like you said? I'm trying to get the team to hold the meetings, so I'm trying to get my way out of meetings.

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I should say good. That's the beautiful thing about business owners that we get to decide where we want to deploy our deploy.

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Our timeframe capital in the business. Right? So.

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Question virtual Adam, can you talk about how you structure John's compensation?



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Yes, it is back to that kiss method. It's simple. 30% of revenue served.

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So the way that is truly his compensation structure.

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Now the second layer to that onion when he first came on board to basically create the bridge because he was hired, and I added him to the team so that I could offload clients too.

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I haven't taken on. I haven't worked with a new client that's joined the firm since October of 20.

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One, and so he was hired in July of July of 21.

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So for that first year ramp up I paid him. He was a salary of a 100 grand, with a What do we do?

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Is it \$20,000 or \$30,000? I think it was a \$30,000 bonus paid quarterly, and then, as we transition revenue to him, basically his his quarterly bonus was the delta between 30% revenue served and \$100,000 so on a quarterly

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basis. His salary is \$25,000. If I do total revenue served over that 3 month period of time, and it comes out 30% of revenue served over that 3 month period of time is \$38,000 all right.

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John gets a bonus of \$13,000 right? The Delta between \$100,000 salary and 30% of revenue served, and that is 2 reports, one in device pay one in Orion.

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I add a plus B. I do know how to do that in excel.

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Sorry we had a conversation yesterday. I have a goal of being the most successful.

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Excel, illiterate, advisor, because I know nothing about excel, but I do know how to add 2 columns, so that's how we keep it.

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Simple? Is this just 30% of revenue served that aligns his economic interests with the firm, and it frees me up.

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Generally speaking, Moss, Adams, years and years marked a version with Pershing.

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The numbers were typically somewhere in that. They like the old version of it, was 88, 8 or 40 forty-twenty.

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So 40% of every dollar was OP was direct expense, ie.

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Advisor, compensation. 40% was opex, and then 20% profit margin.

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As we're seeing technology, replace some of that you're seeing those numbers be more in the 40, 30, 30 range.

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Or you could, even in my situation, were like, I'm at about a 30, 30, 40 range.

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So 30% advisor, 30% operating expense, 40% profit margin, which when I figure myself the salary that I pay, that's where my opt that's for my e-boc right now, back down this point about like the investment back into the business I met about a

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58% e-boc right now, which I'm fine with doing, because I'm making those investments back into the business.

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Question. A question, Ryan, how are is there a Mike?

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Somewhere. Thank you.

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How do you clients react when onboarding is done, and they're no longer working with you.

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And anyone ever working with me? In the first place? Okay, can you talk about that transition to John?

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Then so, clients come because of me. They stay because of us, and that's the philosophy and approach that we've had since I hired John.

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This is why all the communication we're extremely intentional about we don't use the word.

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I, or my! It's not my recommendation. It's not.



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I think we should do. It's we our us. So it's the team approach.

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Clients are clients of the firm. Back to again in the self-deprecating way.

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I'm not that big of a deal and I don't want to be.

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I want the business to live on beyond me, and I want us to have economic or I want us to have positive impact at scale in the optometry profession.

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I can't do that by myself. So we set the expectation upfront John's on the triage.

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Call with me so they came because of me. They heard me speak.

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They listened to the podcast they saw an article that I wrote.

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They saw a video on like whatever it was. Right I get, and I intentionally, I am the brand from an optometry standpoint for prospects.

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But from the first communication that they get when they book the triage call.

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Thank you so much. We are doing a little happy dance over here.

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We're so excited to talk like they know, right away.

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And then John's on the call, and Kathy sets the expectation.

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John and Adam are looking forward to talking with you during our triage.

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Call, and if they're not if they want the atom show, then they're not the right firm for us, and we'll politely decline.

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So I was surprised at how easy it was to transition relationships over to John.

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Even though even the quote, unquote, harder ones that did come and did get quote unquote the Adam show, because there was no other option before John.

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Right. I was the adviser. I was managing the relationships, and there's a whole communication strategy.

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And maybe that's a separate lesson that we create within limitless or maybe we do a tribe talk on how to transition clients to another advisor that you have spent your year serving.

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You know, one way that worked really well was again kind of in a self-deprecating and throwing myself under the bus way.

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You don't want me as your adviser anymore.

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The business has been demanding more of me, and I'm getting pulled in different directions, and I realize that I can have more impact in the optometric in the optometric profession.

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The good news is that I've learned through this process is that I'm not that special, and I've got a phenomenal advisor that is as qualified as I am.

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He is, I. I am him, we collaborate. I'm not going anywhere you're just gonna work directly with John on on your specific planning situations.

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200. It's they care about getting served and they care about their problems being solved.

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That's it. So.

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Questions. Pass the mic back, please.

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So the questions that come up for me with a John equivalent, yeah, could be, you know.

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First of all, I wonder at what point John will just want to leave, and, you know, create something here.

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But I'll answer that. Okay. And then the other one is, maybe John is not this guy?



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But this question I get, what if I bring, you know, a relationship in and how do I get compensated for that?

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What if you bring a really no, that's what if John? My, yes, my John said, yes.

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If your John brings a relationship in great, he gets 30% of the revenue. Here's the thing.

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When John is a smart dude, and any other adviser is a smart dude to realize that you know broker dealers will.

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Oh, we'll give you a payout. We'll give you this bonus, etc., as an ria versus a broker dealer.

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Your costs? Are your costs right? So this idea that I and John knows the numbers of the business I mean I'm transparent with him.

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We have pretty much open book. I mean he can do the math.

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He can see advice pay. He knows that we're bringing in 46,000 or 40 \$45,000 a month in financial planning fees.

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He knows what our aum is. He knows that our fee schedule is so.

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He knows the revenue, that the dollars are that the firm's bringing in, but he also knows that his comp structure basically gives him the potential to make as much as he wants to make, and there are some advisors out there just like there are some optometries out there that will never want to own a

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firm now, either. John's line in my face, or he is that advisor.

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Because he spent 10 years prior to working with me in another firm, doing what he's doing right now.

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He just loves financial planning, and he loves serving clients.

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Now how I'm solving for that logic and we haven't built this in yet. But we'll be working on some type of phantom stock plan, because the concern that advisors have long term is hey?

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You turn around and sell this thing for a 12 multiple. I'd like a little skin in that.

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Okay, let's create a phantom stock plan where you get X percent of next percent of the look at X percent of the of the sale price but it's phantom stock, right?

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It's not anything that I have to give away control.

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The company from a tax standpoint, etc.

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There's a number of different strategies to take into consideration with that.

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But you can take care of people long term, and essentially build that golden handcuff plan and build that competitive immunity, build that moat around the business so that you keep the best people.

