

LIMITLESS Coaching Call Transcript

April 1st, 2024
Lifestyle Coaching Call
Peak Practice

WEBVTT

93

00:17:21.859 --> 00:17:34.819

Stephanie Bogan: It is really hard to believe that we are 25% of the way through the year. I don't know about you all, but I swear I was just letting firecrackers across this, you know, in the in the driveway, and it's April.

94

00:17:34.870 --> 00:17:53.380

Stephanie Bogan: and I think the older I get the faster time goes, especially when we're having fun. With kids. Now, immature this weekend and Parker. 16, I can remember. Oh, I can remember when they were little babies, and I thought it was going to be forever, and here we are, wherever you are

95

00:17:53.620 --> 00:18:18.779

Stephanie Bogan: it can feel like you're stuck in it. It can feel permanent. It doesn't have to. That's really what Q. One is about is shifting learning about your mindset and your momentum right, that you own your stories and you own your state, and if you own your mindset and you own your momentum, your stories in your state, and they're positive your strategy is the balance of this year are much more likely to be positive.

96

00:18:18.950 --> 00:18:29.540

Stephanie Bogan: So I was doing some research this morning. Yeah, this is what I do when I get up at 5 30, I geek out on neuroscience. So here's an experiment. We're gonna talk about this at the end of the call.

97

00:18:29.963 --> 00:18:35.469

Stephanie Bogan: but we're gonna talk about the power pose experiment. So there's some really cool research around posture.

98

00:18:35.860 --> 00:18:39.339

Stephanie Bogan: Did you know that if you stand

99

00:18:40.120 --> 00:18:49.690

Stephanie Bogan: guys see my cute outfit? No, whatever does in my little house up by myself, if you stand, and you can even see, because my big sleeves, if you stand in a superman or a superwoman pose



100
00:18:49.740 --> 00:18:51.340
Stephanie Bogan: for 2 min

101
00:18:51.560 --> 00:18:52.610
Stephanie Bogan: solid.

102
00:18:52.710 --> 00:18:55.840
Stephanie Bogan: your brain naturally

103
00:18:55.910 --> 00:19:07.130
Stephanie Bogan: reduces the level of cortisol. It thinks you're confident and safe. So we don't need to be in that posture. There's a lot of really cool things. But here's the one as we frame today's conversation.

104
00:19:07.620 --> 00:19:14.610
Stephanie Bogan: If you stand in the superman or woman pose for 2 min, you are 33% more likely

105
00:19:14.710 --> 00:19:16.849
Stephanie Bogan: to make a bold decision.

106
00:19:17.930 --> 00:19:22.849
Stephanie Bogan: What is it that you will make every single time that you choose to up level your success?

107
00:19:24.940 --> 00:19:26.110
Stephanie Bogan: Any guesses

108
00:19:29.790 --> 00:19:31.170
Stephanie Bogan: out loud guesses.

109
00:19:35.170 --> 00:19:36.490
Stephanie Bogan: What do we have to make.

110
00:19:38.730 --> 00:19:40.040
Matthew Benson: Bold decisions.

111
00:19:40.040 --> 00:19:44.229
Stephanie Bogan: Thank you, Matt, so appreciate that. Yes, Matt, it's a whoop! Whoop!

112
00:19:45.850 --> 00:19:55.840
Stephanie Bogan: We have to be willing to unmute and speak up. We have to be willing to raise our hand. We have to be willing to look at our client base and ask ourselves with a really honest inventory.



113

00:19:56.120 --> 00:19:58.840

Stephanie Bogan: how is my client base performing.

114

00:19:59.720 --> 00:20:03.880

Stephanie Bogan: not relative to rent and ramen for those of you who were past it.

115

00:20:03.970 --> 00:20:06.150

Stephanie Bogan: because we get stuck in that mode.

116

00:20:06.600 --> 00:20:11.999

Stephanie Bogan: Now, right, that was the bar rent and ramen, and then we hit that bar.

117

00:20:12.080 --> 00:20:38.119

Stephanie Bogan: and it stays the bar instead of right setting a new bar and a new bar. And that's what this quarter is all about. It is about defining and delivering your value proposition. That means you have to get clear on who the client is what the differentiators are, what services ideally, what specialized services, right as you develop that mastery, right? Start with model meetings and surges or surges and vicer service phones right? Go deeper.

118

00:20:38.330 --> 00:20:47.900

Stephanie Bogan: The goal is really to put yourself in a position to align your decisions with your desired reality. I've been talking a lot on social

119

00:20:48.463 --> 00:20:59.440

Stephanie Bogan: particularly with our larger clients. Right? Those firms scaling into the, you know, billions and beyond the conversation I'm having with all of them right now is really the thesis of this call today is

120

00:20:59.730 --> 00:21:14.850

Stephanie Bogan: success at the next level means that we have to uplabel right up, label our operating system and our decision making system, and it ultimately means that success at the next level is more about making hard decisions than it is about making hard work.

121

00:21:15.650 --> 00:21:25.270

Stephanie Bogan: And as we go through the client, some of the client profit about profitability. Today, you're going to start to see how that shows up in a client base. And the impact that it has.

122

00:21:25.973 --> 00:21:39.319

Stephanie Bogan: So this quarter we're shifting from setting you up from success to really define and delivering the value proposition in a way that aligns with your desired reality. So we're gonna make sure that you clarify your ideal client base.

123

00:21:39.450 --> 00:22:03.759



Stephanie Bogan: You're gonna clearly define and deliver deeper value. And you're gonna build a hyper, efficient delivery system again. The level or the lessons that you use to do this will vary right. If you're in year one. It's getting clear on your client or your differentiator, right? Sizing your client base. And then right? Really positioning yourself to tell that story, update the website update the service model. Make sure staffings in line, right? But year one.

124

00:22:03.960 --> 00:22:22.820

Stephanie Bogan: Get those core nuggets clearly defining and delivering value. Right? That is telling your story. That is the website that is, model meetings and surges like. And then the delivery system is things like surges and service model. How do we consistently and reliably deliver services.

125

00:22:23.150 --> 00:22:52.779

Stephanie Bogan: even though this self in a smaller practice, you, as the advisor, are huge part of the value. How do we start to build a delivery system that can deliver that value far less dependent on us, and if, like Adam, we were to bring in another service advisor, it would be built in such a way that we could plug someone else in not right scramble and start from 0. So those are our focuses this quarter again, if you're in year 3, or you're a leader and right, or a leader's team. And you're in this call. You might be doing client base at a deeper level.

126

00:22:52.780 --> 00:23:03.049

Stephanie Bogan: You might be really targeting some specialized service models right? And scaling that really efficiently. If you're in year one, you might be picking your niche and figuring out how to tell that story to the marketplace.

127

00:23:03.420 --> 00:23:05.510

Stephanie Bogan: So that's our focus this quarter

128

00:23:05.740 --> 00:23:10.140

Stephanie Bogan: as we go through, we want to curate a profitable client base.

129

00:23:10.940 --> 00:23:26.080

Stephanie Bogan: So here are the 4 growth inhibitors when I talk about, I just did some keynotes at Orion on scaling from millions to billions and from billions to 10 billions right? So larger firms. Here are the 4 growth inhibitors of all firms, according to the research right now.

130

00:23:26.210 --> 00:23:44.170

Stephanie Bogan: strategy and leadership. So all that stuff that we talk about right. We're kind of stumbling around in the dark. And there's a lot of complexity, dilution and inefficiency, right? We're really diluting both margins and quality of life. We're also diluting value to clients 2, which is really the theme today is advisor capacity.

131

00:23:44.600 --> 00:24:00.700

Stephanie Bogan: If you look at high growth, high, happy firms, you're gonna see that they're maximizing capacity as firms grow that well, being score, Max is at 1.5 million drops from there, and never recovers, not because it has to, because we choose to, because we compound that problem

132



00:24:00.910 --> 00:24:10.620

Stephanie Bogan: right? If we have an advisor at 70% of capacity, and then we hire the next advisor, and we hire the next advisor. We now have given up 90 like, literally a full time person.

133

00:24:10.810 --> 00:24:38.700

Stephanie Bogan: That's gonna be a massive hit to productivity, right? And margin. So it's really about optimizing the income engine for those of you where you're the only advisor, you are the income engine. So people process and platform become critical along with right productivity and positioning for those of you with an advisor or advisors. This is where the compounding, the complexity and the dilution kick in right? So you wanna make sure you have a model for each advisor, maximizing and optimizing capacity.

134

00:24:38.870 --> 00:25:00.300

Stephanie Bogan: and then, of course, lead Gen. And closing rates right. The reason that that Adam's growth engine works so well is, not only does he have the inputs right, but he can get them through the process right. He can generate the leads, and he's got an exceptionally right and above average closing rate because of the strategies that he uses. So that just goes back to right. The best way to make money is to not lose big chunks of it.

135

00:25:01.000 --> 00:25:07.350

Stephanie Bogan: So today we're going to talk about the one that's going to be most impactful when we come to that value proposition.

136

00:25:08.270 --> 00:25:11.720

Stephanie Bogan: And here are the 3 things that we talk about a lot this quarter.

137

00:25:15.460 --> 00:25:16.449

Adam Cmejla, CFP®: Oh, there's my name!

138

00:25:16.450 --> 00:25:18.052

Stephanie Bogan: There's your name. I'm sorry.

139

00:25:19.930 --> 00:25:21.530

Stephanie Bogan: usually in chat, so I just get questions.

140

00:25:21.530 --> 00:25:23.340

Adam Cmejla, CFP®: I that's where I was. Yes.

141

00:25:23.340 --> 00:25:24.324

Stephanie Bogan: Yeah.

142

00:25:26.290 --> 00:25:53.869

Adam Cmejla, CFP®: So one of my favorite conversations that I always have with advisors is when they're having you know th they're they're early on in their journey towards kind of waking up and realize, and and first of all been there done that got the T-shirt, or, I should say, been there done that?



Have the crappy pn out to prove it? We look at our client base. We we figure out that I'm not where I want to be right now, because I'm spending in a short amount of time with lower, profitable clients that don't meet my client profile.

143

00:25:54.110 --> 00:26:09.849

Adam Cmejla, CFP®: and I've already given them a decent amount of service up to this point, and they're not charging for it. So rather than raise their fees up to where they should be. Here's what I'm gonna do. I'm gonna go out and hire a service advisor for 90 grand a year and make an already really crappy P. And L. Even worse.

144

00:26:11.780 --> 00:26:23.540

Adam Cmejla, CFP®: What makes sense in that equation? And when I, when I lay it out that succinctly and directly we all were like, Well, of course, that why would someone do that?

145

00:26:23.590 --> 00:26:36.089

Adam Cmejla, CFP®: But advisor after advisor after advisor will go through that decision making matrix? Because what Steph talk about earlier, the fear that we have of raising fees and or taking away levels of service.

146

00:26:36.310 --> 00:26:43.610

Adam Cmejla, CFP®: to be more in alignment with, where we want to spend our time as advisors is harder than just.

147

00:26:43.690 --> 00:26:50.570

Adam Cmejla, CFP®: Oh, that little guy! Pay attention! Pay no attention to that little guy. I'll just hire, an I'll just hire a service advisor to handle those little guys or little clients.

148

00:26:50.820 --> 00:26:55.680

Adam Cmejla, CFP®: and the challenges that right if you do A and B

149

00:26:55.940 --> 00:27:08.290

Adam Cmejla, CFP®: right here, right if you have your ideal client profile. But then you've got this hodgepodge of accidental success in the form of either not profitable clients, or maybe less profitable than what your ideal client profile is.

150

00:27:08.930 --> 00:27:22.309

Adam Cmejla, CFP®: The easier solution at the time is, I don't wanna tell them. No, I still wanna keep them. But I don't wanna work with them. So I'm gonna go hire someone else. But when I run the math on like, where on a profit loss, does that make sense?

151

00:27:22.510 --> 00:27:35.539

Adam Cmejla, CFP®: It doesn't. And so now we have to ask ourselves the Cl. Ask ourselves the question of Well, what are the options there and the options? Really, if we're just being very true, like, I'm not saying that you can't hire that service advisor to do that.

152



00:27:35.580 --> 00:27:54.249

Adam Cmejla, CFP®: We just have to know that in order it for for us to protect the profitability that we want as business owners. Right? Forget the term advisor. Forget forget calling ourselves as advisors. Let's just all agree that we are business owners. If we want to protect the profit margin that we have set for ourselves as business owners.

153

00:27:54.500 --> 00:28:03.100

Adam Cmejla, CFP®: and we're going to make the cognizant decision to go. Add, just pick a round number a hundred \$1,000 of expense to our business.

154

00:28:04.330 --> 00:28:13.599

Adam Cmejla, CFP®: We gotta do something on the revenue side as well. You can't make up profit and volume, so we can't continue to work with low, profitable clients, thinking that if I just get more of them.

155

00:28:13.600 --> 00:28:15.030

Stephanie Bogan: You're going to grow your way out of it. Yeah.

156

00:28:15.030 --> 00:28:16.959

Adam Cmejla, CFP®: Increase. Yeah, you can like.

157

00:28:17.270 --> 00:28:28.329

Adam Cmejla, CFP®: we're not private. Equ, we don't have a bunch of Vc dollars behind us where we're trying to get our month, our our Mmr. Up to the point that someone will buy us and help bail us out of our of our of our unprofitable problems.

158

00:28:28.400 --> 00:28:30.419

Adam Cmejla, CFP®: So we don't have that luxury.

159

00:28:30.430 --> 00:28:34.139

Adam Cmejla, CFP®: So we have to start from the beginning, understanding from a

160

00:28:34.330 --> 00:28:45.960

Adam Cmejla, CFP®: again all credit to Mike Mccallowitz. It's one of those like Captain. Obvious statements. When you read the book profit first and realize that. What a novel idea! How about we build a business that starts with our profitability first.

161

00:28:46.880 --> 00:28:55.879

Adam Cmejla, CFP®: right. If we're doing that from the very beginning we have to align both. We have to align the expenses and the revenue and create

162

00:28:56.020 --> 00:29:07.760

Adam Cmejla, CFP®: a business model where we meet the client profile. We're aligning the service with the fees, and then we collectively us as advisors, that we are going us as advisors with the clients that we still choose to serve.



163

00:29:07.920 --> 00:29:19.599

Adam Cmejla, CFP®: And if we are growing a firm and bringing in another advisor that that advisor is enjoying a profitable relationship with their clients, while maintaining profitability in the firm.

164

00:29:21.230 --> 00:29:31.179

Stephanie Bogan: Yeah, you can't do too much for too many for too little for too long without ultimately feeling the impacts of it. Even if you're bringing on good clients that are profitable.

165

00:29:31.180 --> 00:29:51.910

Stephanie Bogan: What you'll notice as Adam can talk attest to is, you can still grow yourself broke because the lifetime value of that client happens over a lifetime. But then you end up with an onboarding and we go. Let's hire another person, and we've got this growth. We gotta hire another person, and that's how you start to see margins, Erode. If like, if you look at the growth charts right, the breakpoints go from like

166

00:29:52.180 --> 00:30:21.970

Stephanie Bogan: 3 to 3, right? 300 is sort of that rent and ramen like threshold. Then it break points again. At about 7 50 it break points again at about 1.2 3.3 right? 5, 8, 13 million. Right? And you see, profitability go like this. It goes up, and then we make an investment, and it goes down. And but we tend to do like the go down. And then we make an investment and it goes down right. So we actually get declining margin as we grow. And it's really interesting, because most businesses, as they grow have improving margin, not declining margins.

167

00:30:21.970 --> 00:30:49.129

Stephanie Bogan: And it's because we work over the dilution by hiring the next advisor in the next. And now we got people to manage, and we don't know what they're doing, or we gotta stop and we gotta build spreadsheets to figure all that right like that. Then. Now, not only have we built in productivity dilution of our income engines. We've got management on top of it, right? Which tends to dilute us unless you're big enough to go hire a Co. Or an Ops manager, which, right, if you're do like. Therein lies the problem is, you get pulled into managing the business.

168

00:30:50.020 --> 00:30:59.079

Stephanie Bogan: So here those wagon wheels right. If you wanna be a Ferrari, you can use that right if you have revenue services, capacity and profitability, and they're not balanced.

169

00:30:59.240 --> 00:31:07.940

Stephanie Bogan: How's that ride going to feel right if they're all working together, coordinated and aligned. It's going to feel great. But what if they look like this?

170

00:31:08.290 --> 00:31:10.170

Stephanie Bogan: Who wants to ride in that car?

171

00:31:10.980 --> 00:31:30.609

Stephanie Bogan: I gets like like it's it is. It's a really bumpy ride, and that's what you're experiencing. You have some clients that are great in terms of revenue and profitability, and others that aren't right. So we put them all in the wagon, and ultimately the fees that we charge right, or the horses that pull that



carriage. So it's about bringing alignment

172

00:31:31.020 --> 00:31:46.340

Stephanie Bogan: right? Because if we don't, then things get out of whack. So in service model and in right sizing client base. You've heard us talk about this, but this month we really wanted to kind of unpack it a little bit more deeply, Adam. I don't know if you remember this, but I think at 1 point.

173

00:31:46.520 --> 00:31:58.729

Stephanie Bogan: I think it was not last year, the year before we were on a call, and you were like, this is probably the single most impactful thing that we do, and we do a lot of impactful stuff. But the issue is, if you multiply an inefficient

174

00:31:58.910 --> 00:32:08.580

Stephanie Bogan: product or system, you're getting multiply the inefficiency. So right sizing your client base in year one getting that clarity

175

00:32:08.730 --> 00:32:20.550

Stephanie Bogan: along with, who is the client going to be going forward? Are honestly your 2 biggest decisions. Right? What do I do like? How do I evaluate the client base that I have? And then, based on that learning? Who do I want my clients to be.

176

00:32:20.870 --> 00:32:49.210

Stephanie Bogan: and then that will tell you. Do you need a fee transition? Do you need service transition? Do you need to build your service model. Right? Do you have that container strategy for certain clients? You can do the baseline model and automate a lot of stuff right? So this tool will, really. And we'll we're going to go through a couple of today. Start to show you where. Right? If you look at, think about the dashboard lights where the indicator lights coming on in your practice. So we want to look at client fit relative to the ideal, not relative to all. Money is good money.

177

00:32:49.530 --> 00:32:55.159

Stephanie Bogan: We wanna look at revenue right? Like how much, general each is, each segment or tier creating

178

00:32:55.220 --> 00:33:03.550

Stephanie Bogan: what's capacity? What are the services? And how long does it. Take right? What's the labor cost and the the productivity cost of platforms, etc?

179

00:33:03.580 --> 00:33:12.500

Stephanie Bogan: And then ultimately, what's left is the profitability, how efficiently we went from retaining that client to delivering the services determines ultimately what's left.

180

00:33:12.590 --> 00:33:16.560

Stephanie Bogan: So the goal of this tool is to estimate profitability by segment

181

00:33:16.580 --> 00:33:31.069



Stephanie Bogan: because we want to treat all clients fairly, not necessarily equally. Kevin. Right? Just because grandma's been here for 27 years, or someone is the kid of a really wealthy client doesn't mean they need the same service model.

182

00:33:31.420 --> 00:33:54.840

Stephanie Bogan: Right? We wanna project cumulative client advisor time needs right, Matt, we're gonna talk about yours like, hey? Right now is good. But what about year 3 year 5 am I gonna need a service model? Matt can do those projections now, pencil in what someone's gonna cost him. And then at his current trajectory, really way in advance of someone going, for while this didn't work out so great he could be like, wow! I'm just not quite there yet.

183

00:33:54.840 --> 00:34:02.300

Stephanie Bogan: and, as you'll see in some of the examples he might define, there's 4 different ways. I actually define them for you. I'm very excited about this

184

00:34:02.300 --> 00:34:18.800

Stephanie Bogan: right? Because we talk about them all the time. Actually put them on a slide and put them in boxes so we can remember them right. There are 4 basic ways that you can right size your client base. And after that is really where you want to focus on who are the clients. What are the services? Right? How am I gonna grow

185

00:34:18.880 --> 00:34:35.070

Stephanie Bogan: if we don't do that first, we just call me and Adam later, right? And if you're calling me later, you're spending a lot more money to fix the problems. Trust me like this is the biggest bang for the buck versus right getting to 100 million or 300 million or a billion, and calling me up and saying,

186

00:34:35.460 --> 00:34:40.840

Stephanie Bogan: I have all these problems to fix, because that becomes the 6 figure problem to solve annually. Right?

187

00:34:41.175 --> 00:34:46.020

Stephanie Bogan: Not to mention all the money that you lose along the way, which in some cases an awful lot

188

00:34:47.087 --> 00:34:55.650

Stephanie Bogan: so here's an example Matt, we're gonna actually, we're gonna do a case study. So Adam and I are gonna talk through these, I wanna get you, everyone's feedback. And then we're gonna do. Matt's

189

00:34:56.134 --> 00:35:04.200

Stephanie Bogan: so we can all start to see right, Matt. You'll also start to see how to frame. You know. Kind of, how do we look at these? And how do we frame them?

190

00:35:04.310 --> 00:35:14.690

Stephanie Bogan: So when you look at this first client profitability analysis? Right, we just kinda I just framed it out a little bit. We have a basically a \$540,000 practice



191

00:35:14.920 --> 00:35:29.509

Stephanie Bogan: with about 80 clients. Average revenue per client is \$7,287. We're in the hallway at the conference, and I look awesome right? I get a gold star in my badge. You got an almost 1 million dollar practice. Average client is \$7,000. Go me?

192

00:35:30.360 --> 00:35:34.159

Stephanie Bogan: What? What? What do you not get from the gold star story.

193

00:35:34.340 --> 00:35:35.960

Stephanie Bogan: What's missing here?

194

00:35:38.880 --> 00:35:41.490

Stephanie Bogan: Couple of very high level observations? Right? We would.

195

00:35:41.490 --> 00:35:43.977

Matthew Benson: Dig in deeper, but.

196

00:35:44.970 --> 00:35:45.400

Stephanie Bogan: Yep.

197

00:35:45.400 --> 00:35:48.239

Matthew Benson: And your tier 3 and 4. Is

198

00:35:48.980 --> 00:35:50.412

Matthew Benson: not that great.

199

00:35:51.190 --> 00:36:06.130

Stephanie Bogan: So in the aggregate it looks great. But if you look at tier 3 and tier 4 I'm gonna go with, they're not profitable. And here's why at 1,000. So this is using an even waiting. So this is your standard cost accounting right? All expenses divided by all clients.

200

00:36:06.500 --> 00:36:17.272

Stephanie Bogan: If you divide that by revenue, it very likely looks a little bit different, right? And then that gives you right, baseline. You're basically gonna end up at like 0 or a little bit under.

201

00:36:17.860 --> 00:36:38.529

Stephanie Bogan: So your tier, 2 client, basically your your core minimum. Think of the think of that is like your floor in an ideal world. You have an ideal client, and some of them are just going to be bigger, right? If you have them. 10,000 minimum. And somebody comes with 25, you say, thank you. You don't go. You're not in there. So your floor rate is typically in an ideal model, going to be your tier 2,

202

00:36:39.260 --> 00:36:53.460



Stephanie Bogan: and then tier one is right at the next tranche up like right, the the 5, the double stars, if you will, and to Matt's point in this example, our tier 2 and tier 3, right. The lion share of our client base is either no profit or very low profit.

203

00:36:54.280 --> 00:36:55.930

Stephanie Bogan: It's also the bread and butter.

204

00:36:56.200 --> 00:37:00.740

Stephanie Bogan: so can we just instantly carve off? Can we just transition out those clients next week?

205

00:37:02.270 --> 00:37:06.719

Stephanie Bogan: No, we cannot do that, because Bob won't be getting paid in that scenario.

206

00:37:07.700 --> 00:37:18.479

Stephanie Bogan: Right that becomes a problem. So many of you will identify issues in your client base. And this is where we are very different than a lot of consultants. I have never said, Draw a line

207

00:37:18.510 --> 00:37:20.580

Stephanie Bogan: right. Send them all a letter. Too bad!

208

00:37:21.910 --> 00:37:45.100

Stephanie Bogan: That's just not like you at 1 point said, Hey, I wanna help and dot dot Dot, and you're entitled to learn. Grow and raise your fees. If you weren't a law firm or a planning firm, and you got better. They'd raise your fees over time in our space because A. As a percentage has been the revenue model. We've let the markets take care of it for us, which is cool in a lot of senses, but it's utterly lacking in business discipline.

209

00:37:45.660 --> 00:37:54.790

Stephanie Bogan: and we feel that in those years when the market takes it back. And all of a sudden it's like, Wow! Where did my margin go right? What the market give us the market take away over time, it tends to work out.

210

00:37:55.000 --> 00:38:07.199

Stephanie Bogan: but when your bread and butter, if you got rid of them, if they're if you could not operate without your unprofitable clients that tells you you have a major anchor on your practice, like one of those bills, is just broken off

211

00:38:08.650 --> 00:38:19.820

Stephanie Bogan: again. We can't fire them all, and we don't necessarily want to. But we do ultimately want to raise the bar to a minimum threshold for profitability and revenue. Right? So we know we need to look at that.

212

00:38:20.766 --> 00:38:39.940

Stephanie Bogan: No new. So what would. What might a decision from that be? No new tier. 3 and tier 4 clients. Right? So first thing, stop the damage. Don't make it worse. Just stop, make. And again, this is



where those Kpi worksheets, even the very basic revenue per client, right revenue per advisor. Metrics are very helpful

213

00:38:40.060 --> 00:38:51.100

Stephanie Bogan: because revenue goes up, but my revenue per client, if my right average is 72, 87, and I take on one of those 2 tier, 2 or tier, 3 clients, my average drops.

214

00:38:51.460 --> 00:38:56.430

Stephanie Bogan: That's where you draw in in a model world. That's where you draw the line for your minimum

215

00:38:56.650 --> 00:39:02.710

Stephanie Bogan: right? What your current average is, should it should be the new minimum or something around there.

216

00:39:02.750 --> 00:39:07.270

Stephanie Bogan: because anything below that is going to drop and dilute your average, not the goal.

217

00:39:09.020 --> 00:39:28.330

Stephanie Bogan: Right? So in this example, we might just say, Hey, we have to develop a strategy for those bread and butter clients. We're gonna talk about that in a little bit. But henceforth our new minimum, because we want to bring that average up. If their goal is 10, right? Our new minimum is 7, 50, or even a million, right? I'd probably push it to a million because it's at 72 87,

218

00:39:28.440 --> 00:39:33.879

Stephanie Bogan: right, I'd stand in a power pose for 2 min a couple of days, and then I would just make the decision

219

00:39:34.040 --> 00:39:35.130

Stephanie Bogan: genuinely.

220

00:39:35.538 --> 00:39:46.529

Stephanie Bogan: So what we have here is. You guys don't know this because you don't know who this is, but I happen to know that right cause. This is the power question. You will all ask yourself, is capacity reflective of reality?

221

00:39:47.910 --> 00:39:56.590

Stephanie Bogan: So this, says this advisor, is only spending right X percent of their time in year, one on clients, and that advisor will tell you I'm so crazy busy. I can't take it anymore.

222

00:39:58.310 --> 00:40:02.549

Stephanie Bogan: Right? Cause they're servicing what 70 80 clients inefficiently.

223

00:40:03.540 --> 00:40:08.020



Stephanie Bogan: unprofitably right? So the more of those clients take on. Does it get better? Does it get worse? Matt?

224

00:40:09.800 --> 00:40:13.299

Matthew Benson: On. If you take on threes and fours, it's worse. Yeah.

225

00:40:13.300 --> 00:40:22.440

Stephanie Bogan: Yeah. So we like to call that lipstick on the donkey. It looks good when you run around the conference hall. Going, hey, Mike? Average revenue per client is \$7,500,

226

00:40:22.440 --> 00:40:46.280

Stephanie Bogan: and I'm making it worse every day, cause I have no discipline, and I don't know how to say no, is what should be on the little asterisk. Footnote, on those name tags. When you have this conversations, it should be like a little pop up bubble of truth above your head. Can you imagine what those conferences would be like if, when someone said, Hey, what's your practice like? And they were like, Oh, I have a hundred 50 million bla, and then, if the truth Bubble was like and I miserable. My wife doesn't like me and my staff like

227

00:40:46.380 --> 00:40:47.130

Stephanie Bogan: like.

228

00:40:47.300 --> 00:40:59.589

Stephanie Bogan: We want the truth Bubble, to be good. We want to run a client profitability, analysis, and feel proud of the value that we're delivering in exchange for the value that we're receiving.

229

00:41:00.660 --> 00:41:11.740

Stephanie Bogan: Sometimes we don't know what our service model is, or we haven't defined the niche or the differentiator, and we haven't packaged the story when the brain doesn't know how, it'll stop you from making the what decision

230

00:41:12.830 --> 00:41:21.510

Stephanie Bogan: hopefully, what you guys are seeing now, right when you get that clarity. And then you get this information. It makes it a lot easier when the vision is clear. The decisions do get easier.

231

00:41:21.800 --> 00:41:23.890

Stephanie Bogan: Hey? So can you? Yeah, go ahead.

232

00:41:23.890 --> 00:41:27.799

Roshani Pandey: Alright, a quick question. How did you come up with the the minimum fee again?

233

00:41:28.654 --> 00:41:31.570

Stephanie Bogan: So I look at the average revenue per client.

234

00:41:32.190 --> 00:41:35.590



Stephanie Bogan: I've yet to have an advisor come to me and say, I want to do worse

235

00:41:36.610 --> 00:41:47.230

Stephanie Bogan: now if they were like, Hey, I'm shifting to a volume strategy. Right? I'm gonna then I would maybe right. That's a different say, but in most cases the average revenue right now is 72, 87,

236

00:41:47.530 --> 00:41:58.810

Stephanie Bogan: at 6,000 we are at 1,158, and profitability right? If we run that by revenue. It's going to be a little bit better or a little bit worse. But in general, if you have like a thousand dollars profitability.

237

00:41:58.860 --> 00:42:00.890

Stephanie Bogan: it's not awesome.

238

00:42:01.060 --> 00:42:05.030

Stephanie Bogan: and then we look at return on time. So what's our return on time?

239

00:42:05.560 --> 00:42:20.509

Stephanie Bogan: Right? If we have, if we, if our average revenue is \$6,700 on our average advisor hours or 8. That's assuming that the inputs are right, remember, the reality here suggests that they're not. Then my average return on time would be under \$1,000 an hour.

240

00:42:21.150 --> 00:42:31.199

Stephanie Bogan: Right? So that's how I always look at what's the current average? And then what would the rot at a thousand dollars minimum. Be right if it's 8 h, it should be 8,000,

241

00:42:31.310 --> 00:42:46.250

Stephanie Bogan: and I go. Yep. That. So notice how they all start to generally point you in a direction. Hey? My average is this, and my return on time should be will almost always get you in a direct like. It's gonna kind of put you at a certain number, whether or not you're comfortable with that number.

242

00:42:46.350 --> 00:42:51.579

Stephanie Bogan: Right? That's the real work is, I think, as Adam can tell you, having gone through that process.

243

00:42:51.870 --> 00:43:01.229

Stephanie Bogan: I always tell people to really manage the inputs like, Get honest with yourself. Ask your team because what happens invariably is when you don't like the outputs, you'll go back and be like the inputs were wrong.

244

00:43:01.370 --> 00:43:12.540

Stephanie Bogan: And I'm like, no, the inputs are about as good as we can get them. We just don't like that. The output is not aligned with our reality, but that surfaces. This is the hardest but best part. It surfaces

245



00:43:13.360 --> 00:43:26.059

Stephanie Bogan: where the opportunities in the practice are so that you don't have hard work is a tax for not being willing to make hard decisions. I want you to write that down somewhere, put it on a post. It

246

00:43:26.070 --> 00:43:31.909

Stephanie Bogan: hard work is the tax for not being willing to make the hard decisions.

247

00:43:32.370 --> 00:43:48.759

Stephanie Bogan: If you look at bigger firms, or if you look at mistakes right that you reflect on. And you're like, Oh, if I had done this, or if I had just been willing to do that. We can often look back and realize that 80% of the hard work, we decided we chose our way into it with our compromise choices.

248

00:43:48.840 --> 00:43:56.760

Stephanie Bogan: So the goal of the client profitability in this month's call is to really highlight why and how this is so informative

249

00:43:56.870 --> 00:44:01.089

Stephanie Bogan: to your setting up your ideal practice. So you set up your model practice

250

00:44:01.130 --> 00:44:25.009

Stephanie Bogan: in quarter one. What does that practice look like in the client? Profitability analysis? Right? That's what we're trying to move to. And you, Matt, will not have one iteration. Adam doesn't have one iteration. He right did that big fee raise got really clear niche niche, add an advisor, open the niche a little bit, went back to fees, so first thing he did when he hit capacity was what

251

00:44:25.520 --> 00:44:27.150

Stephanie Bogan: hire another advisor.

252

00:44:29.730 --> 00:44:38.800

Stephanie Bogan: They hired Kate to start on boarding right and get ahead of the curve. First thing you do when you get busy is you? Look at your client-based performance.

253

00:44:38.910 --> 00:44:45.310

Stephanie Bogan: because if you solve for under performance you can make the same or more money with no more clients.

254

00:44:45.650 --> 00:44:47.850

Stephanie Bogan: We'll talk about some of the yeah.

255

00:44:48.190 --> 00:45:06.659

Adam Cmejla, CFP®: Quick question. There's 2 comments in chat, and I, I responded to one of them. But just when you look at the expenses of 443,000. That's a manual entry that you put in there, based off of like a client. Do you know, in this example is this inclusive of replacement cost of an advisor.



256

00:45:06.660 --> 00:45:08.990

Stephanie Bogan: Yeah, this is everything in your P. And L,

257

00:45:09.180 --> 00:45:11.020

Stephanie Bogan: so this isn't just after over.

258

00:45:11.020 --> 00:45:20.340

Adam Cmejla, CFP®: There's a question. So for solo, for solo advisors out there, or like what we would consider, quote unquote lifestyle practices that maybe don't have themselves on payroll.

259

00:45:20.580 --> 00:45:23.760

Stephanie Bogan: Yes, you're gonna give yourself fair market count. So.

260

00:45:23.760 --> 00:45:24.090

Adam Cmejla, CFP®: And like.

261

00:45:24.316 --> 00:45:25.220

Stephanie Bogan: You! You do not.

262

00:45:25.220 --> 00:45:30.923

Adam Cmejla, CFP®: Yeah, we wanna make sure that we're we wanna make sure that we are level setting and having

263

00:45:31.270 --> 00:45:46.219

Adam Cmejla, CFP®: consistent conversation, or that we're talking about consistent variables in this equation to Steph's point. And this is what I put in chat. If you're solving for enterprise value of the firm, you have to include a replacement cost in the calculation of expenses. Because if you sell your business.

264

00:45:46.300 --> 00:45:52.529

Adam Cmejla, CFP®: someone's gonna have to get paid to do the work that you're doing in the business. This is a profitability calculator.

265

00:45:52.530 --> 00:45:58.629

Stephanie Bogan: I'm gonna raise the bar on that. This isn't even about enterprise value. This is about optimizing your income.

266

00:45:59.026 --> 00:46:12.859

Stephanie Bogan: If you don't, if you're like. Oh, I'll just put in 60 grand, because that's what I'm taking right now. You're not giving yourself an honest assessment of how the it would be like me putting half, you know, half of the octane in the car, and they'd be like, it's gonna be fine.

267

00:46:13.370 --> 00:46:39.010

Stephanie Bogan: right? We want that honest assessment that tells us how the client base is performing,



so that we can do what we need to do, which is solve for it, because the sooner we solve for it right the easier it is to grow it. So that's one example. And again, I could dig into 19 things. But we're really looking at right? What are the big ticket items? Here's another. This \$500,000 practice, probably pretty similar to a lot of yours. 59 clients.

268

00:46:39.558 --> 00:46:42.429

Stephanie Bogan: Right? If we? So we're roughly.

269

00:46:42.470 --> 00:46:47.760

Stephanie Bogan: what is that? Roughly, 7, \$6,000, 6,000 or so? 7,000 per client?

270

00:46:47.890 --> 00:46:49.030

Stephanie Bogan: So

271

00:46:49.490 --> 00:46:55.939

Stephanie Bogan: couple of things I noticed on this one. No advisor hours, none. Just didn't put any in. What is that? A sign of?

272

00:46:58.110 --> 00:46:58.920

Stephanie Bogan: Got no idea.

273

00:46:58.920 --> 00:46:59.840

Matthew Benson: Not aware.

274

00:46:59.840 --> 00:47:08.490

Stephanie Bogan: I got like I got I got I so have no idea there's so much uncertainty running around in my brain. I'm not even comfortable guessing.

275

00:47:08.770 --> 00:47:31.319

Stephanie Bogan: That's the like. Truly. Right, all of you who've done this kind of guess right? You're like 2 meeting right? Probably best guess like this tells me, this person's gonna have a value issue because they're not sure how they're spend. Right? There's just some hesitation there. So almost guarantees we have that too much for right? We're doing too much for too little problem like that all by itself. Says I'm gonna find stuff in here.

276

00:47:31.500 --> 00:47:34.870

Stephanie Bogan: right? So what are some of the. I didn't put the rest of them here right? So

277

00:47:35.180 --> 00:47:36.680

Stephanie Bogan: what do you all see?

278

00:47:37.420 --> 00:47:41.859

Stephanie Bogan: What do you notice? Where's return on time? Where's profitability?



279

00:47:42.210 --> 00:47:48.299

Stephanie Bogan: If you were consulting. What would you tell this firm, Rashan? Where's where's minimum fee from here?

280

00:47:53.040 --> 00:47:54.130

Stephanie Bogan: Best guess.

281

00:47:56.900 --> 00:47:59.060

Roshani Pandey: Minimum fee should be

282

00:48:01.090 --> 00:48:03.020

Roshani Pandey: the average revenue.

283

00:48:03.740 --> 00:48:31.820

Stephanie Bogan: Yeah, look at that. You can do average if it's below your tier, 2 average. So remember ideal practice, you don't need 4 tiers, 4 tiers, says, I have \$3,000 clients and \$8,000 clients, and \$12,000 clients and \$20,000 clients, and if you've been around a while, you might genuinely. And that's why you have 4 tiers. If you have more than 4 tiers, we should definitely talk because you do not need more than 4 tiers. That's why, intentionally, even though some of you have 6.

284

00:48:31.820 --> 00:48:36.889

Stephanie Bogan: Right? You can run 2 sheets. The goal is to get it down to 4, and ideally 2 or even 3.

285

00:48:37.470 --> 00:48:43.209

Stephanie Bogan: So what do you notice about those tier, those yeah, those tier ones? Right? It's ideal clients, and everybody better than that. Essentially.

286

00:48:43.210 --> 00:48:45.103

Adam Cmejla, CFP®: Pretty much.

287

00:48:46.050 --> 00:48:49.170

Stephanie Bogan: Cause. If it's your minimum and your ideal client, why would you.

288

00:48:49.170 --> 00:48:55.939

Adam Cmejla, CFP®: Which is the key you had like to Step's point. It's everybody else with the asterisk of assuming everybody else meets your minimum.

289

00:48:56.211 --> 00:49:00.390

Adam Cmejla, CFP®: which there opens up Pandora's box as well, so it will auto accept my minimum. Well.

290

00:49:00.660 --> 00:49:07.720

Stephanie Bogan: So here's a growth observation. Anyone notice anything about the tier one and the



tier 2 clients look at the profit per client.

291

00:49:08.130 --> 00:49:09.889

Stephanie Bogan: Look at how many there are.

292

00:49:10.900 --> 00:49:18.850

Stephanie Bogan: So there's 11 tier ones in 12 tier 2 is when someone has a lot of tier, one clients that are really really big. They usually have far fewer of them.

293

00:49:19.250 --> 00:49:25.010

Stephanie Bogan: This one doesn't. It's pretty evenly weighted. What does that tell me about the growth machine for this firm?

294

00:49:25.640 --> 00:49:30.479

Stephanie Bogan: Do they have the ability to operate in that tier one space effectively already.

295

00:49:31.360 --> 00:49:44.410

Stephanie Bogan: Matt. Absolutely right. If it were one I'd be like, all right. We got her toe in the pool. We can try and crack the door open. We got 1112 and 18 and 1816 my glasses and I'm like I got a fuzzy contact and no glasses. You have to bear with me.

296

00:49:44.450 --> 00:49:47.519

Stephanie Bogan: Truly, truly, I'm like operating in a handicap.

297

00:49:47.560 --> 00:49:51.480

Stephanie Bogan: So if 25% of my client base is already ideal.

298

00:49:52.510 --> 00:50:02.429

Stephanie Bogan: That tells me I can absolutely lean into that side of the client base like, I'm not going to have a problem growing here. I'm not breaking new ground. I'm just doing more of what works.

299

00:50:02.490 --> 00:50:19.930

Stephanie Bogan: So I always look at tier 2 and the average and return on time are the 3 variables I look at. So tier 2 is 7,000. If we look at the average, let's just right. It's going to be around there somewhere, and then like tier one. So I would set the rate the new minimum at rate 7, 50 or a million.

300

00:50:20.350 --> 00:50:30.580

Stephanie Bogan: and then I would. That would be my new right tier 2. And then everyone above that is gonna have. So I'd have my core awesome service model. And then I'd have my specialized service model for people who are larger.

301

00:50:30.700 --> 00:51:00.670

Stephanie Bogan: If you have a niche or a differentiator like Adam, that larger is really easy to plan out, hey? It's gonna be. They own a practice. And we're gonna do business stuff. If they're a retiree. Quite



honestly, it just means that you love them a little bit more, and you make more money like there is generally not a lot of extra work to go around. And that's one of the nice things about a retiree practice the upside of retiree practices. It's what I call skinny planning that is, not to take away from the substance and the value of it. There's just less to do because they've lived through all of it, handed you a bunch of money and said, Don't lose it

302

00:51:01.500 --> 00:51:08.369

Stephanie Bogan: the downside, and it's super scalable. The downside for some people is. It's just not super challenging. Some people love it

303

00:51:08.490 --> 00:51:27.350

Stephanie Bogan: meeting with nice people all the time, and some people are like, can't do it like, I need, right? I need co complexity and business. And that's okay, too. Right? Business owners. If you are not able to really drive into those fees. You're just gonna be less profitable than someone with an equivalent retiree. Practice doesn't have to be that way. But if you're typical.

304

00:51:27.350 --> 00:51:41.759

Stephanie Bogan: you will be because you'll charge the same. You'll do the typical stuff, and you don't know how to move into that value. Mode of right defining specialized value, which is absolutely what Adam will tell you, and Tiff and Jared will tell you is what people are willing to pay for.

305

00:51:42.220 --> 00:51:57.490

Stephanie Bogan: So I'm looking at this and going, hey? We can absolutely set that minimum at 7, 50, or a million, and that's not even hard. It just means saying no to the threes and fours which we're losing big money on. We're gonna grow ourselves broke. Stop doing that right. Every client

306

00:51:57.580 --> 00:52:02.350

Stephanie Bogan: in tier 3 and 4 is hurting us immediately. Stop that! Just stop.

307

00:52:02.750 --> 00:52:08.949

Stephanie Bogan: hey! There's this great quote I have in my bathroom, and it says the best way to remove darkness from a room is to simply turn on the light.

308

00:52:10.050 --> 00:52:18.909

Stephanie Bogan: Just stop taking unprofitable clients. Step 1, 2, right. This tells me that there's an opportunity to go grow more profitable clients.

309

00:52:19.520 --> 00:52:29.659

Stephanie Bogan: right? They didn't put in capacity, which tells me those tier 3 and Tier 4 is, I was absolutely spot on right when we dig deeper. They're gonna be probably even more unprofitable than what we see here.

310

00:52:30.280 --> 00:52:33.149

Stephanie Bogan: right? Because we're doing this at a super surface level.

311



00:52:34.260 --> 00:52:38.200

Stephanie Bogan: So what does this advisor need to focus on before anything else

312

00:52:38.990 --> 00:52:42.129

Stephanie Bogan: should we go double this? Do we want to double this practice?

313

00:52:43.960 --> 00:52:51.989

Stephanie Bogan: I want to double the top of this practice. I don't want to double the bottom of the practice. That's the that's where the marketing rate and the decision piece kicks in.

314

00:52:52.080 --> 00:53:00.960

Stephanie Bogan: So, Rashawn. Yeah, I like, if you look at return on time for \$7,000 a year. I can provide on average right? 7 h called 6 to 8 h per client.

315

00:53:01.940 --> 00:53:14.569

Stephanie Bogan: Right? So when I see right 10 right? If I had 12 or right. I don't have a numbers there, but that's going to be my Max right? And at that level you should absolutely be able to provide amazing service to a client with 8 advisor hours a year.

316

00:53:14.660 --> 00:53:16.870

Stephanie Bogan: Quite honestly, you don't need that

317

00:53:17.340 --> 00:53:27.210

Stephanie Bogan: right. And that's where you guys, as you start to build out your service models and create processes and automate things, you're gonna realize that for a 10,000 client you don't even need 8 advisor hours per year.

318

00:53:27.480 --> 00:53:35.520

Stephanie Bogan: right? Because the system is taking care of so much. You're showing up for meetings and answering questions. You could do that in 4 or 6 on the outside.

319

00:53:35.959 --> 00:53:40.599

Stephanie Bogan: So do you start to see how the data can surface some of those issues

320

00:53:41.622 --> 00:53:44.950

Stephanie Bogan: all rep. All revenue is not good revenue. Yes, Rishon.

321

00:53:44.950 --> 00:53:56.329

Roshani Pandey: Stephanie. So in this case you just look at Tier B, and you just say that that is the minimum revenue per client, or where? Where'd you get the 7 50 from.

322

00:53:57.130 --> 00:54:09.160

Stephanie Bogan: I did, because the average revenue is 7,000. So, assuming a one fee, that's going to be an average 700,000 account. If that's my average, some are higher, some are lower. It means I can



certainly do that, or better, we just stop doing lower.

323

00:54:09.980 --> 00:54:11.060

Roshani Pandey: Okay, right?

324

00:54:11.060 --> 00:54:17.199

Stephanie Bogan: Now, if we look at the revenue, if we look at the average revenue per client, it's probably

325

00:54:17.710 --> 00:54:19.740

Stephanie Bogan: it's going to be lower than that.

326

00:54:19.980 --> 00:54:29.880

Stephanie Bogan: And it's gonna be weighted down by those tier three's and fours right? Which is telling me like, first of all, 3 and 4 are not profitable. So that's clue for stop doing that period. Just stop.

327

00:54:30.630 --> 00:54:35.010

Stephanie Bogan: There is no business case for working with clients unprofitably.

328

00:54:36.060 --> 00:54:45.050

Stephanie Bogan: Maybe if you're just starting out in \$2,000. We'll get your rent paid right. But right? The shift is it retinomet? And you got to really shift that. And that's the problem. We don't tend to make the shift.

329

00:54:45.130 --> 00:54:47.260

Stephanie Bogan: So in this example.

330

00:54:47.280 --> 00:54:50.129

Stephanie Bogan: tier 2. So wherever your tier 2 is

331

00:54:50.340 --> 00:55:13.189

Stephanie Bogan: theoretically there are exceptions. So this is where right tribe coaching calls, etc. Theoretically, if you have more than 2 tiers, that tier 2 is, gonna be kind of your bread and butter at a good at a profitable level. So wherever you stop hitting profitability, draw the line, we have to figure out what to do with those clients. We gotta change services. We gotta change fees or we gotta change advisors. Those are the 3 options

332

00:55:13.770 --> 00:55:37.740

Stephanie Bogan: right over. And then I look at opportunity. In order to raise the revenue average. I have to have it get higher, right? So if it's at 7,000 now, I'm gonna set it at 7, 50, or even a million, because I I'm gonna set it in a million, and the client will listen to me because I already have 25% of my client base and at right a million 5 and up, because that's an average. So we know we can work in that we know we can play in that sandbox successfully.

333



00:55:38.860 --> 00:55:41.839

Stephanie Bogan: So I look at return on time. I look at

334

00:55:42.620 --> 00:55:51.119

Stephanie Bogan: tier 2, and I look at revenue per client average, and that will generally like you're looking for something where they all kind of line up in the Zip code.

335

00:55:52.980 --> 00:55:54.510

Stephanie Bogan: Alright. So let's look at.

336

00:55:54.650 --> 00:55:59.869

Roshani Pandey: Why would you look at revenue per client? Because that would include tier 3 and 4 as well, right.

337

00:55:59.870 --> 00:56:05.789

Stephanie Bogan: Because I'm trying to remember I'm trying to improve the metric. So if I set it, including them

338

00:56:05.900 --> 00:56:11.599

Stephanie Bogan: and it that becomes the minimum by definition. The revenue per client can only go up from here.

339

00:56:11.860 --> 00:56:12.619

Roshani Pandey: And if I.

340

00:56:12.620 --> 00:56:24.600

Stephanie Bogan: If I stop. If I stop taking them, it can only go up, and if I stop taking them and increase the minimum, we're not even talking about fees. Right? If I just increase the minimum, then I'm now double ahead.

341

00:56:24.980 --> 00:56:37.449

Stephanie Bogan: right? So my revenue per client metric is gonna go up consistently over time. And that's what you want to look at with your 3 year goal. Not is what your revenue per client. Now, what do you? What's your ideal practice. Need it to be

342

00:56:37.660 --> 00:56:53.830

Stephanie Bogan: so right, Rashani, if you're at 4,200 now, and your model practice is 8,000. This tool is incredibly valuable because you've got to figure out how to right. And you're not going to do that with clients that anything below your current average can only hurt you from a from a performance metric standpoint.

343

00:56:54.510 --> 00:56:58.410

Stephanie Bogan: And when we're protecting margin to Adam's Point, that's how we measure it.

344



00:56:58.649 --> 00:57:20.690

Adam Cmejla, CFP®: And I was just saying that that's the other part of this, that from the previous from the previous case study. That's what's that's what was missing, like the data gave. The advisor gave this case study a good snapshot as to where they're at right now, but it provides 0 value from a forecasting standpoint, because we don't have the capacity built into that spreadsheet. We don't have the number of hours that it takes to service those clients, both from a front office or from a front stage and backstage.

345

00:57:20.930 --> 00:57:29.079

Adam Cmejla, CFP®: right, the advisor facing time as well as the back office time. So which is usually where advisors, myself and in myself included. We just

346

00:57:29.891 --> 00:57:34.619

Adam Cmejla, CFP®: alison and Steph are probably wondering where I was prior to this call, because it's like

347

00:57:34.710 --> 00:57:55.159

Adam Cmejla, CFP®: we got a call, and I I was finishing up with our team because we're rolling out another time study in our firm. We're utilizing a time tracking app to start documenting where, where, and how much time we're spending with our clients, because we're starting to feel a little bit of the squeeze on what we think the amount of time that we're spending per client is versus what is happening in actuality. And there's a couple of

348

00:57:55.160 --> 00:58:10.150

Adam Cmejla, CFP®: reasons additional while we're doing while while we're doing this. But my point with that is, you have to be able to reconcile the dollars that the business is bringing in with the number of hours. It's taking the business, you, as the advisor and your support, to deliver that client, experience.

349

00:58:11.410 --> 00:58:30.760

Stephanie Bogan: So this is really where the discipline and notice right? Adam's making hard decisions. He's looking at right? Optimizing each income engine. He's looking at the client base for profitability. Right before we right before we increase costs, we raise fees right? If we lose a couple, that's okay, right? We've protected margins and quality of life.

350

00:58:30.900 --> 00:58:51.040

Stephanie Bogan: And then right step 2 is making sure that each income engine is optimized at capacity. It can't be a hundred percent right because they have to go to the bathroom and write, check email and have meetings. But in a service advisor role it can be easily 2 thirds of their time because they're not marketing. They're right. They're not managing. I mean, they are literally just doing client work and having team meetings.

351

00:58:51.110 --> 00:59:01.629

Stephanie Bogan: So you ultimately wanna do this for each in right for each advisor on your team. Which is where that team model tool comes in. If you've got multiple right, it does this across multiple teams.

352

00:59:01.700 --> 00:59:03.759

Stephanie Bogan: So, Matt, let's look at yours



353

00:59:04.750 --> 00:59:09.980

Stephanie Bogan: right? Not only has 2 tiers which makes it a lot easier, but you'll notice something really interesting.

354

00:59:10.050 --> 00:59:12.250

Stephanie Bogan: What? What do we notice about tier 2.

355

00:59:17.860 --> 00:59:18.550

Matthew Benson: Not

356

00:59:19.090 --> 00:59:21.961

Matthew Benson: sorry. Tier 2. You're talking about ideal clients

357

00:59:22.680 --> 00:59:25.840

Stephanie Bogan: Oh, sorry. Yeah, you did the you did them backwards in my head. So we typically.

358

00:59:25.840 --> 00:59:26.580

Matthew Benson: Got it. I'm sorry.

359

00:59:26.580 --> 00:59:33.839

Stephanie Bogan: But it's totally okay. It doesn't mean no, it doesn't matter. I just had to adjust. And I've got my glasses. Issues don't like squeeze it. Where's my glasses that are

360

00:59:34.900 --> 00:59:40.919

Stephanie Bogan: so tier? 2. Profitability is 1587, not 112. Why did I put 112

361

00:59:41.610 --> 00:59:45.949

Stephanie Bogan: right, and then tier 3, which is your ideal clients, is 5,800.

362

00:59:47.570 --> 00:59:57.220

Matthew Benson: Yes, and I should. I should note on on this, too, in in, in response to your or in in response to the comment you made earlier about advisor compensation.

363

00:59:58.780 --> 01:00:02.730

Matthew Benson: this, doesn't I? I adjusted my sheet here, so it's

364

01:00:02.980 --> 01:00:10.030

Matthew Benson: the numbers are probably a little rosier. Yes, and I adjusted on the sheet that I have in front of me over here.

365

01:00:10.060 --> 01:00:12.359



Matthew Benson: But yeah, like, when I look at this

366

01:00:12.420 --> 01:00:19.099

Matthew Benson: like if I just if I just work. I kind of think that all of my clients are the same profit of profit, you know.

367

01:00:19.160 --> 01:00:21.334

Matthew Benson: level of profitability.

368

01:00:22.100 --> 01:00:27.519

Matthew Benson: And then, when I do this like once or twice a year. I'm like, golly, like

369

01:00:28.688 --> 01:00:34.811

Matthew Benson: a third of my business is providing 70% of my revenue. This is crazy.

370

01:00:35.490 --> 01:00:48.480

Stephanie Bogan: Truly, and it's the 80 20. We often often often see that 80 20 role play out. So to Rashani's point, right? If we look at the profitability. Your best clients are 3 x profitable. Everybody else. Where does Matt want to focus.

371

01:00:50.830 --> 01:00:52.140

Matthew Benson: On the top ones right.

372

01:00:52.140 --> 01:00:57.089

Stephanie Bogan: So this is where this this is where we start to say, Okay, what's the strategy

373

01:00:57.150 --> 01:01:06.409

Stephanie Bogan: for? How we're going to grow? So in Matt's case right? He's got 2 profitable tiers. One is just a lot more profitable. So, Matt, if you look at your ideal practice

374

01:01:06.600 --> 01:01:13.699

Stephanie Bogan: with those tier 2 clients the less profitable ones. If you keep growing them. The odds are overwhelming. You don't hit your model practice.

375

01:01:14.760 --> 01:01:17.170

Matthew Benson: Oh, absolutely. Yeah. And Yup.

376

01:01:17.550 --> 01:01:21.920

Stephanie Bogan: So in this example, right, Rashani, we look at what his ideal clients are.

377

01:01:21.990 --> 01:01:29.749

Stephanie Bogan: which are 11, his in an average, and everyone else is at 5. And we start to go. Okay, where does that new minimum kick in for Matt? So



378

01:01:29.790 --> 01:01:33.059

Stephanie Bogan: right? Because what we're gonna see is it says we're using

379

01:01:33.080 --> 01:01:37.069

Stephanie Bogan: right? I did the math. And it's roughly 70% of Matt's 1,000 h.

380

01:01:37.240 --> 01:01:41.099

Stephanie Bogan: So if we take any more of those tier, 2 plans, it's going to get really full.

381

01:01:41.490 --> 01:01:56.359

Stephanie Bogan: and then he's gonna have some profitability. If he adds in his comp, quite honestly, Matt, right? You should be averaging in 200,000 right? A service advisors getting hired at 1 30 to 1 50, plus bonuses and comp and taxes. So minimum you should be putting in is 200,000.

382

01:01:56.700 --> 01:01:57.310

Matthew Benson: Yep.

383

01:01:57.490 --> 01:02:04.449

Stephanie Bogan: And that's gonna affect the the profitability on tier 2 pretty a bit. So I think that's where you're gonna see that number drop

384

01:02:04.590 --> 01:02:07.899

Stephanie Bogan: down to close to 0, which is code for stop doing that.

385

01:02:07.900 --> 01:02:10.560

Matthew Benson: Correct, it's negative. When I when I added in Yes.

386

01:02:10.560 --> 01:02:12.269

Stephanie Bogan: So it's code 4.

387

01:02:13.350 --> 01:02:15.079

Matthew Benson: We don't take any more of those on.

388

01:02:15.080 --> 01:02:21.590

Stephanie Bogan: Right? Right? So that's that's like the easy right at a minimum. Our new line is what's our first segment of profitable clients.

389

01:02:22.060 --> 01:02:40.370

Stephanie Bogan: Right? Then we look at rot. So for Matt, on tier 2, it's 6, 37 and on tier 3. It's 1167. One of those works, one of those is a little below the bar. Right? So again, tier 2 is raising a tan and saying, I'm the week link here. I'm the week link here, right? We look at capacity, hey? If we grow that



390

01:02:40.500 --> 01:02:48.199

Stephanie Bogan: tier, 2 client base, it doesn't hit our model practice goals. It raises its hand again and says, I'm the weak link here. Your tier. 3 clients are great.

391

01:02:48.690 --> 01:02:54.999

Stephanie Bogan: right? 5,000 plus like, that's wonderful profitability. So this says, Hey, Matt's gotta draw that line.

392

01:02:55.120 --> 01:03:02.989

Stephanie Bogan: Set that new, higher minimum because he's eating. He's made written ramen. This is now about optimizing the practice for growth.

393

01:03:03.680 --> 01:03:14.600

Stephanie Bogan: Right, Matt, you can use the segmentation and fee analysis, like all of you can to just roll like Monte Carlo. What would that look like? And then, Matt, you're gonna come to one of 4 strategies.

394

01:03:15.030 --> 01:03:16.809

Stephanie Bogan: These are the 4 strategies

395

01:03:16.850 --> 01:03:30.239

Stephanie Bogan: survival strategy. I need to keep doing this, Stephan Adam, because I'm not yet at rent and ramen, and that \$1,500, or that \$3,000 like just gets me to even. And I'll deal with it later. Okay, like Michael and I.

396

01:03:30.370 --> 01:03:40.070

Stephanie Bogan: Right, if you have Cap, if you have a spouse with income, if you have capital like, if you can avoid it, just go straight to the awesome right to the ideal and move forward. Yeah.

397

01:03:40.070 --> 01:03:52.440

Adam Cmejla, CFP®: Before we get into this, can we pause and just see if there? I wanna billy has his hand raise and apologize and miss that Billy. Sorry about that and then, after after Billy, we have one more question before we dive into this.

398

01:03:52.440 --> 01:03:54.099

Stephanie Bogan: Yeah, for sure, Billy. What you got.

399

01:03:54.500 --> 01:03:56.057

Billy A.D. Blase: Yeah, I'll be. I'll be very brief.

400

01:03:56.280 --> 01:03:56.720

Stephanie Bogan: No worries.

401



01:03:56.720 --> 01:04:09.091

Billy A.D. Blase: Yeah, I get stuck on the client, and profitability analysis is I got all the revenue makes total sense to me. I have that on a spreadsheet. The overhead is like, for example, as if I have a My firm, you know, comps the

402

01:04:09.390 --> 01:04:16.240

Billy A.D. Blase: 2 or 3 assistants we use. It's like, should I reach out to find out what that is? I just get lost on calculating the expense. I guess.

403

01:04:16.240 --> 01:04:17.100

Stephanie Bogan: Yeah, if you.

404

01:04:17.100 --> 01:04:19.019

Billy A.D. Blase: I don't think that's gonna stop me from not.

405

01:04:19.020 --> 01:04:40.270

Stephanie Bogan: Yeah, you might not get charged right? So it's not built into your profitability. But to Adam's point. If you were to leave and take that revenue and start a firm. It would be a cost. So in your case I would run to, I'd run your right, your baked in costs, and then I'd want to run a realized cost if I were out on my own. Because you don't want to be surprised by

406

01:04:40.570 --> 01:04:43.439

Stephanie Bogan: right those hidden economics. If you will.

407

01:04:43.780 --> 01:04:47.599

Adam Cmejla, CFP®: Sorry, Bill. Who who did you say, Billy? Who's paying for the the staff?

408

01:04:47.600 --> 01:04:53.039

Billy A.D. Blase: Our firm, our firm, and I know that we're affected by I just don't know the exact numbers to fill in the process.

409

01:04:53.040 --> 01:04:56.729

Stephanie Bogan: Yeah, is that part of the is that part of the payout that you're giving to the firm.

410

01:04:56.730 --> 01:04:59.459

Adam Cmejla, CFP®: That was my question. Yeah, yeah. So in.

411

01:04:59.720 --> 01:05:00.510

Stephanie Bogan: Go ahead.

412

01:05:01.430 --> 01:05:02.730

Stephanie Bogan: I think we're gonna say the same thing. So.

413



01:05:03.008 --> 01:05:12.480

Adam Cmejla, CFP®: The top line revenue what you think of as your for as your split is essentially a direct expense, it's a cost of goods sold if we're looking at a profit loss statement. So

414

01:05:12.630 --> 01:05:41.080

Adam Cmejla, CFP®: for those of you that are with a broker dealer, or where someone is taking an override, your gross revenue should be the dollars that are taken out of your clients accounts, not the dollars that hit your bank account. You have to take the rip into the consideration you have to take the the broker dealer your override, or whatever you're paying out, you have to take that into a cost of doing business, because to Steph's point, if you leave your broker dealer, whatever value that they're delivering in service platform.

415

01:05:41.080 --> 01:05:41.979

Stephanie Bogan: Yeah, you wanna know.

416

01:05:41.980 --> 01:06:00.781

Adam Cmejla, CFP®: Hey, Joe, you're gonna have to pay for that somehow. So the gross revenue is the dollars that leave the clients bank account. Excuse me the dollars that leave the clients checking account or brokerage account. However, they're paying you. If we're Ria's for those of us that are that are our own Ria's Jesus say that 10 times real fast.

417

01:06:01.400 --> 01:06:02.989

Adam Cmejla, CFP®: Those are the same thing

418

01:06:03.390 --> 01:06:12.786

Adam Cmejla, CFP®: for those of you that are either a sub advisor under a bigger Raa or a silo with it. Bd, again, that's where that's that's what's gonna equalize that question.

419

01:06:13.100 --> 01:06:31.169

Stephanie Bogan: And Billy, when you run the economics I will. Typically in private client engagements, I'll run them both ways, because if you run it right if the way you are. Now, you're not including the payout. But you're also not including the expenses. It does basically say, this payout covers this expense. So this is our net revenue.

420

01:06:31.170 --> 01:06:31.490

Adam Cmejla, CFP®: Yeah.

421

01:06:31.490 --> 01:06:51.130

Stephanie Bogan: That will give. But what it doesn't. Tan's point tell you is whether there's inflation or deflation in like the value that you're paying like, hey? Maybe you're paying 50 grand. But you're only getting \$20,000 with the services, or you're paying 50 grand, and you're getting \$200,000 worth of services. That's a really interesting comparison, just from a value prop

422

01:06:51.250 --> 01:06:58.250

Stephanie Bogan: relative to what it would cost you to run this business outside. It will help you understand the value prop of the firm that you're with.



423

01:06:58.525 --> 01:07:19.990

Adam Cmejla, CFP®: It's a it's a little bit of a I I realize that what I'm about to say sounds a little hypocritical from an advisor's perspective depending on which vantage point we're looking at it as but right. Broker dealers do this exact same math. They know that for those of us that have high revenue clients for those of us working with multi 1 million dollar clients. We are the golden geese to their profit loss.

424

01:07:20.340 --> 01:07:24.380

Adam Cmejla, CFP®: likely subsidizing a lot of their unprofitable clients. So

425

01:07:24.590 --> 01:07:31.360

Adam Cmejla, CFP®: right the cost, if they're providing administrative support to Steph's point. If you have a high revenue client.

426

01:07:31.540 --> 01:07:55.451

Adam Cmejla, CFP®: and it doesn't take a significant, more amount to serve them right. This forget about value. We're talking just about cost plus economics here. If it doesn't cost them a lot more to serve those high revenue clients. That's where to Steph's point, you will start seeing a delta. It's like God. I'm paying them a lot of money right here to provide marginal services that I would otherwise be able to hire internally, as as opposed to paying a percentage of revenue.

427

01:07:55.970 --> 01:07:56.530

Stephanie Bogan: And again he!

428

01:07:56.530 --> 01:07:57.770

Adam Cmejla, CFP®: So that makes sense.

429

01:07:57.770 --> 01:08:04.569

Stephanie Bogan: The business model. Yeah. So this is the thing with gross versus net payout on the Bd side that gets a little confusing. But it's right. Just

430

01:08:04.700 --> 01:08:16.659

Stephanie Bogan: you're getting expenses in exchange for that percentage. So you do it with and without. So that you actually see what it looks like in both of those scenarios. If you see a radical drop in profitability, right? We want to pay close attention.

431

01:08:17.870 --> 01:08:18.890

Billy A.D. Blase: Okay. Thank you.

432

01:08:18.899 --> 01:08:26.819

Stephanie Bogan: So, yeah, yeah, no worries. So and if there's any other questions, I really my, I can see the big stuff. I'm a little blurry today. So if you have other questions that I'm missing.

433



01:08:27.170 --> 01:08:27.770
Stephanie Bogan: It's just.

434

01:08:27.770 --> 01:08:33.810
Adam Cmejla, CFP®: Barbara asked. Go back to Barb? She asked. Is return on time gross or net expense, or gross net expenses.

435

01:08:33.819 --> 01:08:45.139
Stephanie Bogan: My return on time is so easy, because it's just a gross number hours divided by revenue. Right? So if I have a 20,000 client, and it takes me 10 HA year. My return on time is 2,000 an hour

436

01:08:46.119 --> 01:09:02.029
Stephanie Bogan: right, and you have clients. By the way, you just don't know it yet, typically in those tier ones where your return on time is 2 or \$3,000, because that retiree or that business owner, when you've got your model built, it just doesn't take that much more time. But the revenue is there because of the size of their account. So

437

01:09:02.029 --> 01:09:16.869
Stephanie Bogan: you can ultimately get that return on time into the 2 3 plus \$1,000 range, as your people process and platform get more efficient. And as your clients right going to this whole conversation as you start up leveling the average size of the client and optimizing

438

01:09:17.139 --> 01:09:26.669
Stephanie Bogan: operations, you get right double value in right? That's how we protect those margins. And that quality of life is we're not compounding all that complexity.

439

01:09:26.899 --> 01:09:49.799
Stephanie Bogan: So when you run the analysis, we've talked about this in, you should go watch right sizing client base if you have not done that, and we kind of go through the whole process right steps one through 5. This is the first step in the process of building out your service model because you don't want to build one a new one until you know right the impact of the current one. So survival strategy. Right? I'm working towards rent and Roman, Stephan Adam, like

440

01:09:49.999 --> 01:10:15.989
Stephanie Bogan: I'll raise my hand when I'm there, and then we could do the big shift. Okay, we can handle that honest assessment. 2. You hear me talk about the container strategy a lot. The container strategy is where we take those tier 3 and tier 4 is that that first advisory firm cannot get rid of the bread and butter because they won't get paid anymore. That doesn't work. But we're gonna draw a box around them. We're gonna give them an Mvp minimum viable plan service model.

441

01:10:15.989 --> 01:10:20.209
Stephanie Bogan: What's the minimum amount? Reasonable right? But nothing extra.

442

01:10:20.419 --> 01:10:30.009
Stephanie Bogan: And that's going to be the service model that they get. And then I'm going to focus



my growth as you've seen right draw that line on the new minimum typically tiers one and 2 in the ideal.

443

01:10:30.019 --> 01:10:37.159

Stephanie Bogan: Right? You're gonna focus all of your growth moving forward right? So the average can only go up

444

01:10:37.399 --> 01:11:05.989

Stephanie Bogan: making that container group less and less dilutive over time. Then when you get to a point where you're comfortable, right, Adam finds himself going through this cycle. Now you have an optimization strategy which is right as non ideal client. Right is ideal clients. Come on and you've met your thresholds, and everything's good. Right? You're getting there, the non ideal client. So you get a new \$10,000 client. You transition out 3 \$3,000 clients. So you stay revenue neutral.

445

01:11:06.689 --> 01:11:25.159

Stephanie Bogan: but your margins increase significantly. If you can learn how to protect margin at your stage, you will not be the 1 billion dollar firm, calling me for 6 figures a year to solve all these problems you'll want. You'll call people sooner, but you won't be building in the inefficiency

446

01:11:25.439 --> 01:11:39.609

Stephanie Bogan: because you learned how to build an optimized engine in the first place, and then this is where Adam ultimately went. I think he calls it the band aid or the right. You can pull the band aid slowly, and it hurts a bit, or you can just rip it off

447

01:11:39.609 --> 01:12:01.819

Stephanie Bogan: right. So we call it the shift strategy, which is, you draw that line, and then you exit or sell everyone below that line in a dignified way. You give them the option. We don't say you're fine, hey? Our new model is we wanna make sure we're providing a certain level of planning. This is the level we need to do it at right. Or here's another advice like there's absolutely going back to the right sizing your client base in the service model lessons, I promise you.

448

01:12:01.969 --> 01:12:03.049

Stephanie Bogan: Ask Adam

449

01:12:03.279 --> 01:12:13.689

Stephanie Bogan: he did like he did the hardest thing you can do. He went to clients and raised their fees, 10 x. On some of them from 600 to 6,000 that's harsh to.

450

01:12:14.019 --> 01:12:15.549

Stephanie Bogan: He did it all in person.

451

01:12:15.879 --> 01:12:20.069

Stephanie Bogan: denied buying any letters and 3. This is the killer.

452

01:12:20.159 --> 01:12:21.849

Stephanie Bogan: They wrote a check.



453

01:12:22.359 --> 01:12:35.989

Stephanie Bogan: He couldn't even hide behind the Au M. It was like, and you have to write me a bigger check. And not only did he not die, that was the catalyst for operate for growing a much more aligned practice for you, I would say.

454

01:12:35.990 --> 01:12:43.990

Adam Cmejla, CFP®: I didn't even give them any more service. That's the thing. It was almost embarrassing. It's like I. I've been a charity this entire time pony up, I mean, that's that was.

455

01:12:43.990 --> 01:13:04.510

Stephanie Bogan: So yeah, if you're 10 xing fees, you're giving them nothing else. You're just saying, oops. Sorry, and I need you to write a check for cold, hard cash that is as hard as it gets. Honestly. And, Adam, we ha! Remember we had the conversation, and it was like, it's gonna be fine. No one's gonna and and then, right, we all heard that right. The used car story.

456

01:13:04.580 --> 01:13:27.400

Stephanie Bogan: Nope. Nobody ran out of the building. No one's fat in his face. A couple of people like right? We're like, oh, what about that? Liz just went through a fee raise she? We reached out to Adam, and I cause she got some pushback into her credit. She was like that. I wanna make sure that I'm really clear and conscious and comfortable. So right Adam got on the phone like, and off she goes like when she met resistance that didn't feel good. She addressed it, and she moved on.

457

01:13:27.510 --> 01:13:45.010

Stephanie Bogan: So the shift strategy is where you just get really clear like this is the new client base, and I am over. It does not have to be tomorrow, but right over the next 6 12 months. I am shifting to right. I'm shifting fees. I'm shifting services, or I'm shifting advisors and or all 3

458

01:13:45.150 --> 01:13:59.330

Stephanie Bogan: that can be an internal shift if you are at that capacity threshold, and you do want to keep those clients like Adam did. 37. I remembered right. We long conversation right? Those 37 S rate subsidize John's Comp. Without it.

459

01:13:59.350 --> 01:14:13.039

Stephanie Bogan: We didn't ha right? So it made sense because it was leverage there that revenue could cover those right, 20% of his time or less. But he had 80% of his time to free up Adam right? The next question is, when John gets busy?

460

01:14:13.250 --> 01:14:23.890

Stephanie Bogan: Do we keep those 37 legacy clients? Or do we transition those? Right? Optimize that engine and that right? And those are choices. Where how much optimization or dilution do we want in each engine?

461

01:14:24.040 --> 01:14:31.700

Stephanie Bogan: So a shift strategy is just drawing the line and timelining out your shift right? 3 months, 6 months, 9 months, 12 months.



462

01:14:32.220 --> 01:14:34.130

Stephanie Bogan: Alright, you guys ready to practice.

463

01:14:35.830 --> 01:14:41.799

Stephanie Bogan: we're gonna do a breakout. We're gonna give you guys about we got 20 min left. So we'll give it about 15 min.

464

01:14:41.810 --> 01:14:44.469

Stephanie Bogan: We're going to break you into groups of 3.

465

01:14:45.130 --> 01:14:54.640

Stephanie Bogan: And you're gonna talk about where you are. I want you to get really clear. If you haven't done an analysis. That's okay, use your gut. Your gut checks, usually pretty good

466

01:14:54.870 --> 01:15:01.230

Stephanie Bogan: and then focus on. Are you clear on how your client base is performing. If you're not Bridget, what's step number one?

467

01:15:03.221 --> 01:15:05.078

Bridget Borel, The Pearl Financial Planning: Get your revenue per client.

468

01:15:05.450 --> 01:15:15.700

Stephanie Bogan: Yeah, run your analysis and see what it tells you. Right? Because that will help you figure out what comes next. What stage of client based building. If it bridges like, Hey, I'm in optimization.

469

01:15:15.700 --> 01:15:40.629

Stephanie Bogan: And right, I'm gonna transition clients out like now. She knows right? So she knows revenue is not gonna go up over the next 12 months. But we can now project that, hey? At the current run rate. If we think we're getting 3 of those new clients a year. We can project exactly what the next 3 years looks like without amping up the growth machine, and we can project that margin. So Bridget can fast forward and say, if I do this 3 years from now, here's what the

470

01:15:40.630 --> 01:15:50.300

Stephanie Bogan: client base looks like. Put those new numbers in, and she's gonna see a much better client base, and that's going to be motivation. Be like, yep, that's the direction I need to be going.

471

01:15:50.560 --> 01:16:08.180

Stephanie Bogan: And then, third, what's your next best step if you haven't run a client. Profitability analysis, especially if you're an alumni, I would absolutely do that. And for year one this is a staple. Let's get really clear on how that client base is performing and on what your next steps are. So with that

650

01:32:38.570 --> 01:32:43.000



Stephanie Bogan: What were your key? Takeaways? Somebody give me a good takeaway. Anyone figure something out.

651

01:32:44.750 --> 01:32:46.590

Stephanie Bogan: Harsh dose of reality.

652

01:32:46.940 --> 01:32:47.922

Christy Raines: Get better clients.

653

01:32:48.250 --> 01:32:49.120

Stephanie Bogan: Get better clients.

654

01:32:50.590 --> 01:32:51.240

Adam Cmejla, CFP®: Yeah.

655

01:32:51.240 --> 01:33:04.092

Stephanie Bogan: We were talking about that Seth Goden has a great post, Christy was saying. And the long and the short of it is like, hey? If you don't like the way things are going, there's just one simple secret like, just get better clients. Just get better clients.

656

01:33:04.350 --> 01:33:23.930

Stephanie Bogan: Now that leads to a whole growth thing. And then you're busy. And the reason you're busy is because right, it's that 80 20 rule, which is, you're really busy managing. Usually the 30, 40, 50% of your client base. It's producing 10 or 20% of your revenue instead of spending 80% of your time on the 20 or the 30% to generate most of your revenue.

657

01:33:24.780 --> 01:33:30.560

Stephanie Bogan: Let's see, Mark, I see you nodding. What? What? Where are you in your stage of development. And what's your next step?

658

01:33:32.730 --> 01:33:34.498

Mark Quirk: Thank you for asking

659

01:33:35.460 --> 01:33:38.799

Mark Quirk: total mind blowing exercise. So

660

01:33:38.880 --> 01:33:56.669

Mark Quirk: 2 weeks ago, realize that we actually have to go out there and charge clients fees for our planning work, which is really really good. Thanks for the therapy lesson. There was very, very good. The second thing is definitely raise our fees with the the money we manage.

661

01:33:56.780 --> 01:33:59.519

Mark Quirk: So an extra 25 beeps on that.



662

01:33:59.950 --> 01:34:02.370

Mark Quirk: Looking at that, that puts

663

01:34:03.093 --> 01:34:11.120

Mark Quirk: enough money in the pocket to be able to bring on a full time, planner, which is really really good, which fees up more time to go after the right type of clients.

664

01:34:11.507 --> 01:34:33.129

Mark Quirk: Adam, thank you very much. That was. You explained yourself very, very well 2 weeks ago. Didn't give me much leverage, or yeah, there was no wiggle room whatsoever. And then he wanted me to go call Turkey and phone everybody and do the whole thing way he's doing. I don't see an another option. So thank you. This has been good.

665

01:34:33.340 --> 01:34:33.750

Stephanie Bogan: Good, good.

666

01:34:34.085 --> 01:34:34.420

Adam Cmejla, CFP®: Good.

667

01:34:34.980 --> 01:34:53.239

Stephanie Bogan: Yeah, we were. You know this, the survival strategy, the container strategy, the optimization and the shit. Right. Those are just ways for you to think about. We were talking over the break with Christy as she joined in. She's done this a couple of years now. Do you know where your re average revenue was when you started. Christy, do you? Do you happen to remember.

668

01:34:53.240 --> 01:34:55.070

Christy Raines: I wanna. Say, it was probably like

669

01:34:55.140 --> 01:34:58.119

Christy Raines: 8 to 8,000, probably.

670

01:34:58.120 --> 01:34:59.440

Stephanie Bogan: And what is it now?

671

01:34:59.440 --> 01:35:00.510

Christy Raines: 14

672

01:35:01.310 --> 01:35:02.560

Christy Raines: South School.

673

01:35:02.640 --> 01:35:03.999

Christy Raines: and I had



674

01:35:04.780 --> 01:35:09.150

Christy Raines: 22 knee knocking conversations over the past

675

01:35:09.870 --> 01:35:15.520

Christy Raines: 18 months. That raised annual recurring revenue, \$91,000

676

01:35:16.740 --> 01:35:20.029

Christy Raines: by just putting change in cost structure on the agenda.

677

01:35:20.030 --> 01:35:20.930

Adam Cmejla, CFP®: Yeah, yeah, yeah.

678

01:35:20.930 --> 01:35:22.470

Christy Raines: Not a chicken out.

679

01:35:22.470 --> 01:35:34.560

Stephanie Bogan: Yeah, Le, literally, this is the equivalent of walking into the circus, walking into the lion tamers ring, opening the lion's mouth and sticking your head in on purpose.

680

01:35:34.730 --> 01:35:45.389

Adam Cmejla, CFP®: Well, there's there's even some psychology just what Christy said. And I think this is some. This is something that I change in our fee raising conversations. We're not increasing our pricing. We're not increasing fees. We're changing our fees.

681

01:35:45.840 --> 01:35:51.739

Adam Cmejla, CFP®: There's a different like. There's a little bit of subtle difference in that between changing your fees and raising your fees.

682

01:35:51.740 --> 01:35:56.489

Christy Raines: And, Adam, I would change you to eliminate the word fee from your vocabulary with clients we call.

683

01:35:56.490 --> 01:35:57.150

Adam Cmejla, CFP®: Yeah.

684

01:35:57.150 --> 01:36:02.559

Christy Raines: Cause. Fee implies penalty, fine, like something to be avoided.

685

01:36:03.100 --> 01:36:04.059

Adam Cmejla, CFP®: I mean, too. Yeah.

686

01:36:04.060 --> 01:36:09.525



Christy Raines: The cost implies I'm paying a cost for something, and it exchange for a value.

687

01:36:09.890 --> 01:36:14.039

Adam Cmejla, CFP®: It's good way. Good good way to think about it, too. Absolutely. Bridget.

688

01:36:14.040 --> 01:36:15.720

Christy Raines: But up, it's okay.

689

01:36:15.960 --> 01:36:17.300

Stephanie Bogan: You had a question.

690

01:36:18.560 --> 01:36:23.352

Bridget Borel, The Pearl Financial Planning: Yeah. So I was kind of looking for a reality check of my

691

01:36:24.100 --> 01:36:33.539

Bridget Borel, The Pearl Financial Planning: sort of style in that, you know, I am in reality in the written Roman stage, but willing to risk

692

01:36:33.650 --> 01:36:36.070

Bridget Borel, The Pearl Financial Planning: savings to

693

01:36:36.440 --> 01:36:37.790

Bridget Borel, The Pearl Financial Planning: fuel.

694

01:36:38.150 --> 01:36:45.330

Bridget Borel, The Pearl Financial Planning: fast and aggressive growth. So I'm leaning more toward the container strategy, and like

695

01:36:45.500 --> 01:36:50.017

Bridget Borel, The Pearl Financial Planning: having a bigger raise in my minimum. And I just kinda wanted to like.

696

01:36:50.690 --> 01:36:56.650

Bridget Borel, The Pearl Financial Planning: get thoughts from the group like, Am I crazy? Or and see what happens.

697

01:36:57.020 --> 01:37:05.230

Stephanie Bogan: Well, first thing I would do honestly is, just look at your client profitability analysis if you want to send it, and I'm happy to take a look at it right? Or you could put it on tribe

698

01:37:05.597 --> 01:37:20.049

Stephanie Bogan: but yeah, figure out where you want to draw that line. We were having a conversation with Christy during the break. It didn't used to be very, a very viable option it really is. Now. You know.



Can you package that group of clients off and sell them to someone

699

01:37:20.050 --> 01:37:38.739

Stephanie Bogan: right there at the limp like. So Christy's now average, you know. So an \$8,000 for client for Christy. We just raised her fees to 15,000 in the break, so that \$8,000 client Christy, needs to ref. She's got a few of them. She needs to send to somebody. So if anybody wants to buy 3, or to 6 or 9 really awesome clients from Christy, please reach out to her cause. She needs to figure that out

700

01:37:38.770 --> 01:37:47.430

Stephanie Bogan: truly, like in this community. Bridget, right? Someone has clients in your niche most unless it's really narrow.

701

01:37:47.500 --> 01:38:00.789

Stephanie Bogan: And so those are at like. So yes, you can. What we'll call that, you know, the optimization or the graduation right? Every new dollar that comes in you transition out a less optimal dollar. So right. Revenue and client, count

702

01:38:01.170 --> 01:38:14.379

Stephanie Bogan: client count will change a little bit right if you add one and exit 3. But you're right. Top line doesn't improve, but margin improves, which is a much more important measurement of performance and success than top line revenue.

703

01:38:14.510 --> 01:38:40.199

Stephanie Bogan: That's the underlying issue. So where's your line at Bridget? And then for anyone below that line? Which of those 4 strategies, if you're gonna capitalize it? And that's not a bad plan, Adam, and I will tell you. There's lots of decisions we would look back and be like, Wow! If we knew what we knew then. Now we knew then we would do the same thing. You just wanna make sure that those new right that you have the ability to. If you can monetize that cash flow so you can either keep it

704

01:38:40.200 --> 01:38:48.719

Stephanie Bogan: and use that graduation strategy, or you can potentially package up some of those clients and sell them which allows you to have a little bit more capital.

705

01:38:49.190 --> 01:38:53.350

Stephanie Bogan: right? So capital and time are really good for going out and finding more clients.

706

01:38:54.340 --> 01:39:01.289

Stephanie Bogan: So if you want to send that in. We're happy to take a look at it. We've got the office hours call next Monday. If you want to shoot it over, and what we can add to the coaching sheet.

707

01:39:02.050 --> 01:39:09.169

Stephanie Bogan: Matt, before we go. Did you get some clarity on your client? Profitability, and how your client base is doing.

708

01:39:10.570 --> 01:39:19.122



Matthew Benson: Yeah, yeah, I think my next act. I mean, I think my next actions. I've I've got a couple. I think. You know, today is fee day. So I was.

709

01:39:19.420 --> 01:39:24.479

Matthew Benson: I've got probably 4 or 5 that we just won't build this quarter, and then they'll get a letter this week.

710

01:39:25.338 --> 01:39:27.012

Matthew Benson: That says, Hey,

711

01:39:27.710 --> 01:39:31.379

Matthew Benson: Here's your options to move on in a much nicer way.

712

01:39:32.050 --> 01:39:33.840

Matthew Benson: and then, I think, moving.

713

01:39:34.400 --> 01:39:39.809

Stephanie Bogan: Jeff, would Jeff, was it you who just did the Jeff? You just did a letter right, Bernstein.

714

01:39:39.970 --> 01:39:42.678

Jeff J. Dunn-Bernstein, AIF®: I just did the brand change letter. So we

715

01:39:43.140 --> 01:39:51.517

Jeff J. Dunn-Bernstein, AIF®: we are increasing fees on the bottom tier, but then I think we have 5 tiers. And so I think, then next year we're going to.

716

01:39:52.280 --> 01:39:52.900

Jeff J. Dunn-Bernstein, AIF®: Yeah, we yeah.

717

01:39:52.900 --> 01:39:53.240

Stephanie Bogan: There's.

718

01:39:53.240 --> 01:40:04.986

Jeff J. Dunn-Bernstein, AIF®: Increase the price on the kind of the bottom one to kind of, maybe not get them in or make them a little more profitable. But I think next year we're just gonna eliminate that and and raise the increase up again. So.

719

01:40:05.510 --> 01:40:16.420

Stephanie Bogan: Yeah, so there's there's some good letters in the library for that. Matt Adams is in there. A couple of others are in there right our our Sam. So there's some good stuff. I think. Jeff used his for the brand

720

01:40:17.066 --> 01:40:33.470



Stephanie Bogan: announcement and came up with a really nice letter, so I would start there and then. I think we talked about this on tribe. Right? If you're going to change things on people, notice is a really nice way to do it, hey? You've been a value client. Blah! Blah! Blah! Starting next quarter, we're gonna raise your fees. Feels like a grace period.

721

01:40:33.600 --> 01:40:54.870

Stephanie Bogan: or if you're giving service away that you shouldn't be like, Hey, I'm happy to do this this time, but with the new service model going forward blah! Blah! Blah! So we wanna get really clear, all of you, as we kind of look at how we wanna wrap the quarter our goals this quarter are to clarify your ideal client base. This tool is critical to that. So whatever you have or working through picking

722

01:40:54.870 --> 01:41:08.569

Stephanie Bogan: right now, we can take that 3 year model practice, we can put it in the client profitability, analysis. We can see what those numbers look like, or metrics of revenue per client per advisor, etc. And now we know, Bridget.

723

01:41:08.570 --> 01:41:29.640

Stephanie Bogan: what we're moving towards over the next 2, 3, and right the next 1, 2 and 3 years, hey? I've got to get from 8,000 to 14,000. Right? So if Christie's goal was to go from an average of 5 to 15 right? She didn't do that all at once. She's continuously iterated, like Adam. Now she's at 14. Here she is in year 3 or 4. Christy. I can't remember 3. We're raising it again.

724

01:41:29.880 --> 01:41:48.870

Stephanie Bogan: Build it, break it, build it, break it, build it, break it that right. We're just giving you the best practices, how you iterate those practices changes as you grow. But the core practices. This is the wonderful thing about what you're learning is, they'll they'll go all the way with you into the billions. These are the same conversations I have with multi-billion dollar firms. I'm not kidding same conversations.

725

01:41:48.930 --> 01:42:01.590

Stephanie Bogan: They are just paying a lot more for them, cause they're one on one, and they're have a bigger budget like. Don't do that. Do this now, and you avoid all of that. That's what I love about. Limitless is, there's so much leverage here for you guys.

726

01:42:01.650 --> 01:42:18.440

Stephanie Bogan: So clarify your client, base, define, and deliver deeper value. Right? That's everything. We covered in summit. And then service models, model meeting surges, building a hyper, efficient delivery system that supports A, the delivery of value. But B, the realization of profitability.

727

01:42:18.550 --> 01:42:44.110

Stephanie Bogan: So there's summit action plans for each of those. I also put in a screenshot of the program guidebook. I just want to remind you, if you're looking for something, it's the number one question we get in inbox. Where is this thing? Understandably right, cause things have certain names. If you go to each lesson page. Right? Hey? I'm working on the prospect process where the service model. There's a page in the program guidebook. That shows you what the outcome for that lesson is.

728

01:42:44.430 --> 01:43:13.149



Stephanie Bogan: what the all the resources are related to that lesson. So if you're like, oh, cois, I wonder if any of these would be interesting. Now, if you go into the lesson on the website. All of the resources will also be in the resources Tab. But if you're just looking for something quick, or you're really trying to get grounded in a lesson before you do it, you can go to the pro program guidebook, and it will give you that step by step of everything right. What are the key actions. What are the resources? So just another way for you to find things if you need them?

729

01:43:13.520 --> 01:43:20.779

Stephanie Bogan: Alright was today's call helpful for all of you did anyone. Is anyone like, oh, I have to go do stuff. I really don't want to do

730

01:43:21.570 --> 01:43:25.589

Stephanie Bogan: anyone having that. Honest. Thank you, Misty. I love that honest Matt honest.

731

01:43:25.990 --> 01:43:36.270

Stephanie Bogan: The difference between successful people like really happy, high performing high, happy, high profit, high growth firms. The difference between them and everyone else is very simple.

732

01:43:36.380 --> 01:44:03.330

Stephanie Bogan: They are willing to do things that everyone else is simply not willing to do. They're willing to have the discipline to make the hard decisions to design a practice that creates the results they say they want, instead of sitting back and wishing and just waiting for whatever to materialize, and then working with that the best that we can. So hopefully, you really see how much agency you have to exercise

733

01:44:03.420 --> 01:44:32.460

Stephanie Bogan: over your client base performance and your profitability, and how you can use your current performance of your client base use the 3 year model. What does it look like in 3 years? Mark Sam Bridget misty right when your ideal practice, if it's 125 clients at 10,000, what's that look like now? We know what our revenue per advisor and client is, we see the gap. The gap is the roadmap for changing in, and then we can say, Hey, is this that like Adam? Do I just pull off the band aid.

734

01:44:32.560 --> 01:44:45.890

Stephanie Bogan: Do I like Bridget right? Implement more of a timed out strategy to make it a little bit more palatable, or, hey? Is what I'm doing awesome, and I can validate that. I'm on the right track, and I should go grow the heck out of that top tier or 2.

735

01:44:46.230 --> 01:44:56.920

Stephanie Bogan: It's really good to know. The CEO of Sarah Lee had a sign on his desk that I love it said, in God we trust all others bring data.

736

01:44:57.920 --> 01:45:11.430

Stephanie Bogan: We look at our practices in the aggregate and in the aggregate they're pretty good. But for a lot of you they were uncomfortably comfortable. That's why you join. So this is us lifting the hood. We've covered it in service model.

737



01:45:11.430 --> 01:45:34.109

Stephanie Bogan: We've covered it. And right sizing the client base. Because this is so important, and we had this call to literally crack it open. Go through a few of them, so you can start to look at them. The way that we start to look at them, and, as always, if you need help, drop them on tribe right, shoot them over with the request to be on the coaching sheet. Adam I, Liz Natalie, the coaching team. We're all here

738

01:45:34.110 --> 01:45:51.650

Stephanie Bogan: to help you create a really to curate a really profitable client. Base that lines with your vision and goals for your practice. So Adam, as always, thanks so much. Thank everyone for participating, and with that go forth make it a great week and make sure that you calendar your next step right now. So let's take 30 s.

739

01:45:52.980 --> 01:45:58.399

Stephanie Bogan: If you don't have time on your calendar for something limitless this week. This is your opportunity to make remedy.

740

01:45:59.450 --> 01:46:05.320

Stephanie Bogan: When are you working on your business this week? If you've got something scheduled great, throw a high 5 or a hand up.

741

01:46:05.670 --> 01:46:09.289

Stephanie Bogan: When you're done you can be excused. Until then

742

01:46:09.520 --> 01:46:11.290

Stephanie Bogan: I'm going to assume that you're working on it.

743

01:46:13.020 --> 01:46:15.509

Stephanie Bogan: Alright, Bridget, have a great day. Thanks everyone.

