

SWIMMING AT THE DEEP END OF THE TALENT POOL

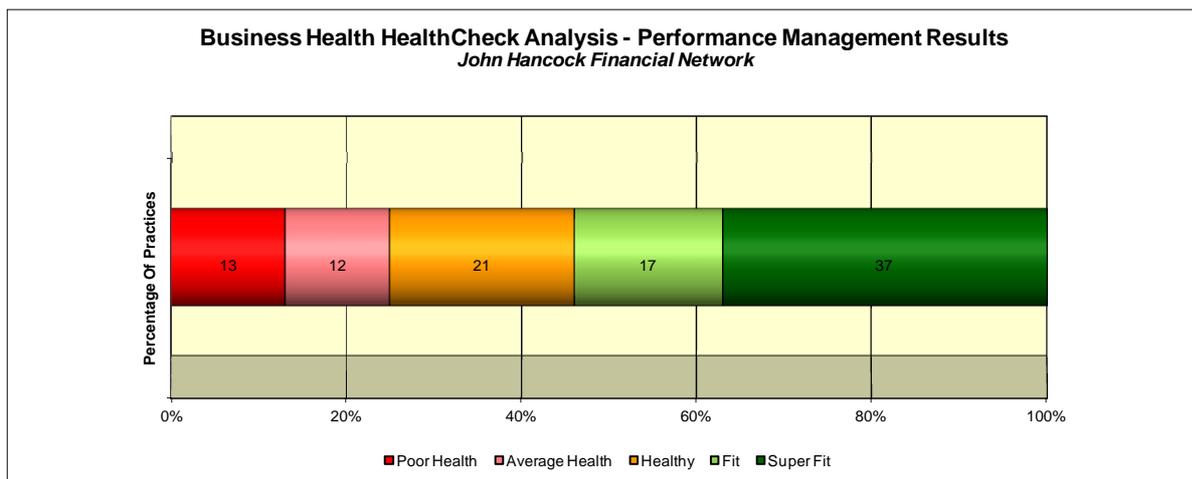
The competition for quality people in the financial services profession has probably never been tougher than it is right now. There is only a limited talent pool available and as more principals begin to fully appreciate the value key employees can add, the demand (especially for the very best people) has become intense.

The ability to attract and retain quality people in an advisory practice is now a crucial factor for sustained success.

To be able to compete for the best available talent, practices need to consider a number of different elements – on the financial side, a competitive salary alone is no longer enough. Flexible remuneration packages and structures are now highly sought after and younger, more entrepreneurial candidates will be interested in innovative incentive plans and the potential to acquire an ownership stake in the practice through longer term equity share programs.

Increasingly, the “feel” of the business is also becoming a key factor when candidates are determining employers of choice. The office location and presentation, mix of team members, internal culture, the makeup of the client base and the flexibility to stagger working hours or work remotely are all now important considerations.

Practices also need to demonstrate a strong commitment to their people and have an effective performance management process in place. As shown in the chart below, our recent Business Health *HealthCheck*^{*} analysis clearly shows that while Signator Investors, Inc. practices are improving in this area, there is still some way to go (almost half of the firms were rated less than “Fit”).



* The *HealthCheck* is an innovative web-based diagnostic tool designed to allow practice principals to effectively and efficiently benchmark the health of their businesses. The *HealthCheck* report combines a mix of both qualitative and quantitative measures and provides a comprehensive analysis of the key business areas of the practice. It also includes a host of practical ideas and actions designed to help further enhance the business and address any issues of concern.

The *HealthCheck* is exclusive to Business Health and through the *Top Producer Program* and *Best Practice Competition*, well over 100 Signator Investors, Inc. practices have availed themselves of the opportunity to *HealthCheck* their practice. These results have been derived from a detailed analysis of their aggregated *HealthCheck* results.

At a high level, the core of any robust performance management system is based around three central elements:-

1. **Position Descriptions – *what is my job?***
2. **Performance Objectives – *how will my performance be measured?***
3. **Staff Appraisals – *how am I going?***

Without a strong (and agreed) understanding of each of these elements, principals run the very real risk of undermining the significant investment of time, effort and money they are making in their people (and yes, your people are an investment, not a cost to your business).

And don't assume that each member of your team (no matter how long they may have been with you) has the same picture in their head as you have – the best place to start is often with your people themselves. Ask them to write down their role and key performance measures as they see them. You may be quite surprised!

In short, to fully leverage your investment, the message is simple - get good people, give them the leadership and tools they need and then provide them with enough space to do what you employed them to do!

As the table below shows, those Signator Investors, Inc. business owners that have done this are now enjoying a significant return on their investment.

KEY HEALTHCHECK* VALUE DRIVER	REVENUE PER PRINCIPAL	PERCENTAGE INCREASE
PEOPLE MANAGEMENT		
<i>Staff with job descriptions</i>		
<i>Less than 50%</i>	\$383,667	-
<i>More than 75%</i>	\$563,770	+ 47%
<i>Staff with personal objectives</i>		
<i>Less than 50%</i>	\$424,999	-
<i>More than 75%</i>	\$565,541	+ 33%
<i>Last performance reviews/appraisals</i>		
<i>More than 12 months</i>	\$402,917	-
<i>Within 12 months</i>	\$528,997	+ 31%

For your consideration.

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Rod Bertino is a partner and director of Business Health Pty Ltd. Business Health is a consulting firm specializing in the financial services industry. Business Health develop and market a suite of unique and exclusive business diagnostic tools which are supported by a range of specialized consultancy services.