



Four Steps to a Top-Performing Team

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Last week I talked to an advisor who'd just hired his second full-time assistant.

Just five years into the business and with assets of \$85 million, he wanted to ensure he had the infrastructure to handle additional clients, and to have capacity before he needs it rather than scrambling to add staff when demands from new clients are stretching him thin.



He asked me about the keys to getting the most out of his team. Over the past 25 years, I've observed many high-performing teams and spent a lot of time talking to advisors and their support staff about what works and what doesn't. I shared four observations with this advisor about what it takes to have a well-functioning team.

Step one: The right staff

The first step is to make the right hiring decision – top performing advisors need staff who are bright, motivated, detail oriented, good with numbers, self-starters and can multi-task effectively. In addition you need staff who can operate effectively under pressure, are people-oriented and with whom you have good chemistry.

A common trap for advisors is settling for someone who's just okay. Starting with outstanding talent is the first key to a peak-performing team.

Step two: The right communication

When I talk to unhappy assistants and associates who've parted company advisors (bearing in mind that I'm only getting one side of the story), I hear all kinds of beefs – advisors are unreasonably demanding, have volatile personalities or simply aren't nice people. And sometimes they're cheap when it comes to what they pay (more about that in a moment).

But the number one complaint I hear from support staff relates to poor communication. A number of things lead to effective communication:



- Clearly defined expectations and roles
- Frequent and short structured updates on priorities and what's going on – at least weekly, preferably at the start of each day
- Openness on the part of the advisor to his team's ideas and points of view
- Ability to provide input into the advisor's plans for his or her business
- Regular feedback on performance and how team members are doing

Step Three: The right upside

Most advisors would say that they want support staff who are bright and highly motivated. The downside to these qualities is that your staff tends to be ambitious – and want to feel that they have a future beyond the job they're currently doing.

This isn't always the case – some people are happy to earn a good income at a job they enjoy and aren't looking for career advancement. But those people are the minority – especially if your support staff are relatively young.

As a general rule, to keep talented people you need to give them a sense of what the future holds – if your business is in the building stage, this could be assuming more responsibility as your client base grows. Or if your business is mature, it could be taking on a more prominent role as you focus on larger clients. The key is to have open and explicit conversations about the aspirations of each member of your support team and then to talk about how these goals could be realized within your business.

Step four: The right compensation structure

Many advisors make the mistake of believing that compensation is the primary determinant of job satisfaction. There's definitive research that while inadequate compensation or working conditions will lead to dissatisfaction, once you're at an acceptable threshold, what motivates most people is the work itself – a sense of achievement, recognition, responsibility, promotion and growth. (This research was pioneered by psychologist Frederick Herzberg, who summarized his findings in a 1968 Harvard Business Review article that remains among HBR's all time top sellers.)

That said, paying a bit above market can help attract superior talent – and then once on board the other things you offer will kick in. One of the best investments many advisors can make is an extra \$3,000 to \$5,000 in a team member's starting salary – this can make the difference between attracting someone who's outstanding versus someone who's just average.

Advisors also go wrong when structuring the variable component of team member's compensation. Conventionally, staff bonuses are a percent of gross or net revenue. There are at least two problems here:



1. For virtually all advisors, the real profitability comes from the last \$100,000 of revenue, after all the other expenses have been paid.

All of that drives the bottom line ... and yet for your team member, the incremental income from that last \$100,000 is often no different than from the first \$100,000. If you want pay a bonus to your team as a percent of gross or net revenue, consider putting in place a sliding scale where the variable compensation starts lower but increases as revenue goes up.

2. Better still, tie the variable compensation directly to things your team members can control. I've talked to support staff frustrated because they felt that they had limited impact on the size of their bonus. Sit down with your assistant or associate and talk about exactly what they could do to advance your business – and then agree to clear goals for them. Having done that, put in place a plan to measure performance against those goals, linking at least part of their bonus to performance against those goals. For this direct-drive approach to work you should have quarterly conversations about their progress.

When it comes to building a peak-performing team, there is no sure-fire template that will guarantee success. That said, there are some time-tested principles that will maximize the chances of getting the top performance from your team.

[Dan Richards](#) conducts programs to help advisors gain and retain clients and is an award winning faculty member in the MBA program at the University of Toronto. To see more of his written and video commentaries, go to www.clientinsights.ca. Use A555A for the rep and dealer code to register for website access.

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