



Business Planning to Thrive in All Market Conditions

Episode 6 / Wealth & Life Podcast with Tony D'Amico

Welcome to Wealth and Life, where you'll learn with financial planner, consultant, speaker, and business owner, Tony D'Amico. You'll hear stories from successful business owners and individuals about how they navigated the inevitable challenges that arose as they achieved each new level of success, and you'll get insights and strategies from leading wealth planning professionals on how to achieve your next level of success. Now here's your host, Tony D'Amico.

Tony D'Amico: Well, John Furey, thanks for joining us today. Really excited to have this conversation with you. And I want to take a minute to introduce John Furey. Some of his clients include BlackRock, the Bank of New York, TD Ameritrade, amongst many others. And John is the managing partner of Advisor Growth Strategies, which is one of the leading management consulting firms serving the wealth management industry. And they provide custom business management solutions for independent advisory firms seeking to grow their business make a big impact with their clients, as well. And they've consulted with 250 plus firms across the country, as well, that represent over 300 billion in investable assets. So, again, happy to touch base with you today.

Tony D'Amico: My thought for this podcast is, obviously with the COVID-19 crisis that we're facing in 2020. Just I look back at all the things that you've helped us with, from a business planning standpoint, going back to almost 10 years ago that we first met each other and worked together, for about three to four different major engagements that you've helped us with. And I really took stock of all the different business planning things that you've helped us with, that we've implemented as well, and how it's positioned us to not only, I guess, survive or stabilize, but also to thrive in these times.

Tony D'Amico: So, yeah, I look forward to touching base with you and getting your thoughts on what businesses can do to, again, not only make their way through this situation, but also thrive through it.

John Furey: Yeah. Thanks, Tony. It's a pleasure to be here. And I appreciate the partnership. Yes, I think it's a great topic today because some of the things that we're helping advisors like you in the wealth management industry, still apply to businesses really in any sector. So I hope some of the knowledge we've learned over the years can be imparted to your audience. This is not my first rodeo, not yours either. This is the fourth crisis we've been through, my career, financial crises. So this is a medical driven financial crisis we're in right now. It impacts businesses large and small. So I'm looking forward to providing some best practices and actionable ideas.

Tony D'Amico: Awesome. So John, what would you say are maybe some of the cornerstones that a business should have in place to again, really excel through this crisis?

John Furey: I think there's a couple of things. And then of course, we can drill into it. The first one, will sound very simple, is of course a business plan. The plan that we like to design when we're working with financial advisors, is forward looking for us, where are you going as a firm, think 10 year vision Northstar, directionally where are we want to go, and then try to

work backwards into maybe a tight three year plan, and then inevitably a one year plan. So that's a way to maybe think about it. So it's, where are we going as an entity and then working backwards to see what you need to do tactically, versus maybe just in the weeds all the time tactically. Because if you have that framework in an environment like this, it provides you the opportunity to make short-term adjustments while still being forward-looking.

John Furey: So some of the conversations we've had, Tony, for example, sitting around the team, which is the number one course in services company, the people, when you have a long-term vision and where you want to go, it'll help you tactically think about, if for example, if you have a business that your revenue model is under duress, how should you work with your team, think about your team, their compensation to get you through the crisis so you can still meet your objective. That's one, business planning. But maybe I said it in a way that maybe was less clear to the group.

John Furey: And then the other thing, where Tony, you've done an amazing job with Fidato over the years is building a financial system, think pro forma, profit and loss that insulates you in an environment where there's revenue declines. So in a growing economy, fantastic economy, managing your financials is much easier. But then when you get to a crisis, if you don't have that financial acumen and the discipline to run your business profitably, you'll be in trouble versus installing the discipline that'll help your company survive and thrive any market. So those are the two main pillars.

Tony D'Amico: Yeah, I would agree 100%. I think going back to the first pillar that you mentioned, which is almost starting with the end in mind.

John Furey: Right.

Tony D'Amico: Where, again, if not, you're just operating based upon the weather today or this week. Just what's happening now, versus knowing what decisions you need to make that support your long term vision in mind. And so I just want to re-emphasize that point, because I think that's really important. You have to have that Northstar, that's guiding you, if not, you're chasing your tail. And really, that I think that mirrors our first engagement together, which was really identifying that long term goal, but also identifying what you're... In regardless what business you're in, you have to know what your value proposition is. If you're in a service industry or whatever industry, you're providing a service or a good and providing value to someone. So really aligning your entire focus, on that value proposition and staying true to it. So I think that to me, in my mind fits into that long term view bucket.

John Furey: Especially in this market, business planning and the ability to adjust and the ability for it to compass is really important. Most firms in financial services, maybe unlike the Fidato Group, construct a business plan, then they put it away. When you start a company as a new entrepreneur, virtually every entrepreneur starts with a business plan. But most of the time that gets shelved, put in a drawer, and then you're just tactically chasing your tail, "Let's just set an annual budget. Let's try to get new clients." But there's no longer term talk or why to do it.

John Furey: So I would say for your audience, if business is down, or maybe you're impaired, you just can't work in your business because of restriction, this is the great opportunity to work on your business. And that's what we're doing with a lot of our clients now, is how you better prepare yourself to exit the crisis. What will the future look like for, like you were saying, for your clients, should your value proposition, should that be different? So take the opportunity. It seems really hard because you might be all hands on deck, just trying to keep

the lights on, but you must carve out some time in this environment to think about, “When we do get some sense of normalcy,” maybe a new normal, what changes will there be to your clients. Will their needs be different? And maybe how do you need to change your value proposition like you were saying.

Tony D’Amico: Absolutely. And it’s also, there’s some businesses right now that they are still closed. They’re in crisis mode. So obviously, their game plan is going to be different than a company that’s up and running. So thankfully, we’re up and running, we’re working remotely. We’re fully operational. That’s a plus for our industry, but there’s others that aren’t in that boat. So their game plan and how they approach it’s going to... Vary widely based upon the circumstances that they’re in. But like you said, nonetheless, what’s the opportunity at hand? Right now we’re given a bunch of lemons. So we just have to make lemonade as best as we can. But you were talking about having that financial system, and I think that’s just a huge piece of this for us to have that foundation, as a business. And then something that I even help other business owners that we work with, either on consulting or advisory basis.

Tony D’Amico: But having that ability to have a P&L that you’re familiar with, that you know how to interpret it. You know what the margins should be. I’d love for you to talk about that. And then as you mentioned too, you have that P&L management, but then tying in your number one expense for most businesses is labor. And having a compensation system that is consistent with the value proposition for the client and also works economically through various cycles.

John Furey: Yeah, I think that’s right. And the themes I’m about to go through really work in any business. A way to think about your P&L, and of course, there’s revenue, you might want to define the sources of your revenue for some businesses, revenue comes from different places, maybe just not one segment or one product. But really understanding your top line one. Then the second piece is thinking about your profit and loss in two ways. One is a direct expense or cost of goods sold, depending on your business, and then the second is overhead, which is usually more of the fixed cost element of your firm. So overhead is much easier to define. That would be things like your office space, your technology, your physical plan, if you’re building something.

John Furey: So that is the overhead piece. And usually that’s more fixed in nature. There might be some discretionary spends like sales budget, think entertainment budget, things like that. Marketing would fall in that category, that you can pull back and contract. But the overhead is something which is harder to get away from in its totality. Then more on the cost, goods sold or a direct expense, would be what you were saying, Tony, that could be your team, your professional team of financial advisors, or if you have accountants or lawyers, that would be that team. Or if you’re building something, that would be your input costs, if you’re building a widget, it doesn’t matter, the cost of the material to actually build your product. That’s the cost of goods sold and your team to build a product. Whatever that means.

John Furey: And what we like to do in the world of financial services, but it works anywhere, is to think about your performer more strategically top down, how do we want the direct cost, cost of goods sold to work as a percentage of the revenue dollar versus the overhead to drive a profit number? So if you build your system in that way, and you know what’s ideal, from there, what you can do is forecast the future. Well, what happens if we have a great year and the business grows year over year? What happens if we don’t do well, we hit a crisis, or our business is not where it needs to be? Then you can recast your revenue and see how it impacts your financials.

John Furey: So the theme is to, or the idea is we have a pro forma, how do we think about the future in good times and in bad? And how would we react? So if an event hits us, like it just did, how do we maneuver the P&L to stay afloat? So that is the big, big theme. And then of course, what's happening to some businesses now, it's unprecedented. Some businesses may have their revenue model go to zero. So then you're just hanging on at that point, and then more thinking about how do we build back up?

Tony D'Amico: I think, too, that's one of the major foundations of a business, is, like you said, that pro forma, looking at things as a percentage of revenue. And I guess, just maybe use that generic concept that maybe your cost of goods is 40% of revenue, overhead's 40% and that leaves a 20% net margin. But really, I think more importantly, is knowing what your industry looks like. And so that's what you did with us. You educated on us, what does a solid P&L look like for an independent registered investment advisory firm like us? But for our listeners out there, the question really is, is in your industry, what does that ideal pro forma look like? What does your ideal margins look like for cost of goods, overhead, and then net.

Tony D'Amico: And then, like you said, modeling out good case scenarios, but also bad case scenarios. So with us in the industry that we're in, if we go through a recession and portfolios are down, let's just say hypothetically 15%, our revenue is down 15%. So because we have that type of industry, that's one thing that we've worked on together, thankfully, is to model our financial picture is to know exactly what would happen if we entered into a recession. So I think part of this too, is maintaining that healthy margin. For me too, a big part of that is that when you're on a mission to make a huge impact in your clients' lives, and you have, employees and their families, depending upon you, that to me was just a necessary thing. To know, if we did have a recession, how would that impact us. And then to know that we can just maintain operations as is, with those assumptions was valuable.

Tony D'Amico: But yeah, just to re-emphasize, knowing what your margin should be for your specific industry and then modeling out, both sunny days and rainy days, is a very helpful exercise to do.

John Furey: Yeah. And just to emphasize that point too, Tony, by doing that exercise, it's more of a predictive indicator of what will happen. Of course, it's easy to say that more profitable businesses can weather the storm. I think that's obvious to the audience. But even if you're running a low margin business, and you have no other choice but to run it that way, who knows? Like restaurants, things like that. If you model it, something goes down, you will know right away what decisions you'll need to make, to get through it in a proactive way, versus being in the moment, "Now what are we going to do?"

John Furey: One other thought I wanted to just share with the audience and of course, we're a management consulting firm, we work with advisors. But really in any industry, it's something that should be considered. It's helpful, whether you have a small business, a coach, a consulting firm like ours in your industry, or some governance like a board, just to help you with blind spotting, because even in my business, we think we're pretty good advisors to a firm like Fidato, a financial advisory firm, but we have our own coach and consulting firm that holds us accountable to our goals, works with me, as the founder of a company to say, "Hey, you know what? Have you thought about this? Did you ever consider this could happen?" So having outside perspective, I think is useful. Just to help you with blind spotting. What owners can't see, what a management team can't see.

Tony D'Amico: Yeah, John, that is so valuable. So what you basically said, and correct me if

I'm wrong, is that you're a consulting firm. So you're an advisor to other businesses, but you have your own advisor.

John Furey: Correct. Yep.

Tony D'Amico: And I'm sensing that there's a lot of value that you place in that.

John Furey: Yeah, absolutely, 100%. For me, it's eating our own cooking. But it's also, just because we're in the trenches so much with our clients doing all those things. And we think we know a lot about what we're talking about business planning. Because we're building business plans for our clients. And financials because we all are doing financial modeling. But the premise is, in our own business, we still need the help we give to our clients because we can't see it all. So we pay for that advice.

Tony D'Amico: Yeah, that's awesome. So I mean, you know how I feel about that. And I've had conversations with business-owner clients or other clients too, and part of my peace of mind that I have now is that I surrounded myself with some top quality advisors. And obviously you're a big part of that. So I value advice.

John Furey: Right. Yeah.

Tony D'Amico: As an advisor, I value advice. And I've been able to have conversations with you. Which were pretty short. You were like, "Yeah, Tony, we did the modeling, you're right, you're good to go." But it's times like this where... I mean, that advice, I mean, it's been indispensable all along, but in a time like this to know that you have an advisory team that you can fall back on, to answer questions, can be there for you for support, whether it's business planning, financial management, legal tax, is incredible. And that, I think, this recent event, it really brought that to the surface. That's one of the things that we try to do with our business-owner clients is, if they don't have that right infrastructure around them, we try to supplement it.

Tony D'Amico: And I can tell you right now, we had some clients like dentists or orthodontists that were shut down. And they needed that, the payroll protection program loan. And their business bankers were nowhere to be found, a couple of them. So to be frank, once we get through this crisis, I mean, not to sound harsh, but obviously if you can't come through, they're going to be replaced. But you have to make sure that you have that right infrastructure of advisors around yourself. And that's really just really refreshing to hear you talk about that. I don't think I knew that you had your own advisor. I'm not surprised. But that's awesome.

John Furey: Sometimes we talk about it with clients, but it's one of those things, I think, for the audience too. Even some of the largest companies in the world, hire management consulting firms. They may not tell the public about it, but trust me, huge firms hire McKinsey, Bain, these firms to help them with business strategy, and everything else. And I think it's useful for a business in any sector, any size, is just getting that perspective because... Look if founders of an entity or a management team or an ownership team think they got it and they know it all, that's probably when you're in trouble. Because that's more like groupthink, thinking you got it nailed. That's usually a path that likely spirals down at some point.

Tony D'Amico: 100%, yeah, I would agree with you. I really do believe that, the top notch businesses, or the top notch firms, they always have their own advisor. It's a necessary ingredient. Well, cool. Well, that's awesome. And I guess, in your opinion, what else comes

to mind as a really important pillar to have in place to make sure that your business plan can handle both good times and bad?

John Furey: Really important in our business like, in other sector is, so I guess it's true in any sector, sometimes it's harder to execute but having a really good emergency contingency plan can be really, really important. Especially firms like ours, financial services firms, consulting firms, because we're not building widgets and we don't have a storefront either. So just the ability to pivot from what you've done in the past and how you've worked to a more remote state. There's tons and tons of creativity out there, I know. In your area, I know, Ohio, Tony, but by us, even just a good example would be restaurants. I've seen some amazingly creative restaurants that have done things like, "Hey, we'll instantly start home delivery." They're super creative with their specials or just one restaurant we love here Tarbell, they just threw in a dessert with a note that said thank you, that type of thing to make you comeback or just remember when times get better.

John Furey: So I think that piece is super important. Crises come, how are we going to react to keep the lights on? That should be in your plan, and you should know exactly how to do it. The best firms actually rehearse it. Probably one of the more impressive rehearsals, even before lockdown, Fidelity tested it, you mentioned clients, earlier Fidelity, then also the Bank of New York. These firms have hundreds of thousands of contributors. They were able to move to a remote environment in a matter of days, which is very impressive. But again, that piece is really important, good times and bad. And then maybe another one, and Tony, you probably want to drill on this one too. I think it's really, really important you all know how your culture performs when it's under stress. The culture is really important, and then how your team comes together. So that's people management, which is critical.

John Furey: So for firms that aren't great at that, are weak with culture, in a time like this, very difficult to keep everything humming versus if you have a great culture and maybe you practice, what would happen in the crisis, you'll perform a lot better. With your plan, especially if your company is really dependent on people, you have to have a great culture and you have to have the ability to have the team function well.

Tony D'Amico: Yeah, that's great, to I guess, talk a little bit about that contingency plan. Yes. That's obviously industry-specific. But in our industry, we took a lot of measures. We have a hosted IT environment, so we could work anywhere. We had other policies in place. So we, basically on a Monday, when it was clear the path that this was heading, we transitioned to working from home that day. And basically my to-do list was to get a handful more of Zoom accounts because we had a couple of them because we have remote clients as well. But we needed more video conferencing accounts and I had a couple of team members that didn't have a printer at home. So I just went to Best Buy and bought a couple of printers.

Tony D'Amico: And then off we went. So it was, yeah, I think that emergency plan, that contingency plan is really important. I will say we've had a plan, we've had it mapped out really well. We didn't physically try it. But we were up and running the same day, on that Monday. And basically by Wednesday, the chief issue was that having dual monitors. That was our primary focus, which, for people that do trading and things like that, that's important. So I had dual monitors at my house, so we got them to a team member that needed them more than me and so that was the focus.

Tony D'Amico: But I think that's really, really, really key, is based upon a crisis, what does that contingency plan look like? Have you mapped it out? And have you role played it? I like that idea of role play. You know what I mean? And then you're right, though, the culture is

really, really important. Because it's not as... My guess is, if you're used to working in an office, or whatever it might be, and then you're working from home, that is going to put some level of stress on things. And you're dealing with a business situation, but it's also a personal situation. I think people's families, schools have been closed, things like that.

Tony D'Amico: But it does make, even though you're able to work from home, there's still slight adjustments that come up. Maybe it's an audit checklist that used to be in somebody's inbox. But now we maybe need to have a digital process for it or other different things, just little things. Just ways of communicating. So it's a wholesale change, to go to working remotely. And that does create a little bit of stress. I think, no matter how well prepared you are, and it does test culture. How are people going to react? Do they know... Is there a culture? What is the culture of the company? What are those values, that the company has? Is there already an existing relationship between all the team members? Is there already a sense of trust? That sense of purpose, that all those things that I think relationships are important. And if you didn't have a solid relationship to begin with, boy is it going to be tested now.

John Furey: For sure.

Tony D'Amico: I think, at least in our industry. So those initial weeks were extremely busy, where there's a lot that we were doing. There was a lot of communication that we were sending out to our clients, whether it's emails, videos, rebalancing to take advantage of the volatility, then you throw in tax law changes, where you can suspend required minimum distributions and all that. So it's all of this stuff, all at once and then a whole host of other planning opportunities that surface due to the volatility. Maybe it's Legacy Securities that might make sense to be repositioned, tax benefits or Roth Conversions. There's so much that can be done to try to take advantage of the situation. So that creates a lot more work.

John Furey: Yeah.

Tony D'Amico: But without that, I think without that teamwork, that sense of purpose, knowing where people are coming from, I think that can create a lot of stress. And I would imagine, and I'd love to hear what you think, but I would imagine, even for a very good team, there's probably still going to be some level of stress. I mean, I think put-

John Furey: Absolutely. Yeah, and just to give you a thought there, well, one thing to keep in mind for the listeners, most people act differently in a normal state versus a stressful state. Their personality changes, their work style changes. So for example, when I get stressed, I get very focused on implementation. I want to get things done, and I get very, with my team, very direct, like, "Okay, we're at this, we're at that," patience factor goes down. So I got to be mindful of that.

John Furey: But the interesting thing, and there's regional biases. In Ohio, it's different than New York or it's different than San Francisco, New York City or San Francisco. Think about a world if you have young professionals in an office, and then you say, "Go work at home." Well, you know what? In New York, there might be three, 25, 30 year olds in a 1000, square foot apartment. They're all doing that. And they're all together and they can't leave. So there's different kinds of stress for different people in this crisis based on your business, where you live, how bad the virus is in whatever stage.

John Furey: So there's all different factors that go into it, so I think it's mindful of that. The best managers in the world are trying to understand what their team needs. This is maybe a

little bit for those of you that manage people out there, a little bit of advice, I'm constantly trying to understand, not what I want to tell them, my team, but how they need to hear it. That's more important. Not what I want to say, how they need to hear it.

John Furey: So it's that and that's so important in a crisis, especially when you're working remotely and you can't read someone's nonverbal, because it's really hard. Even though we're on Zoom right now looking at each other, it's really hard, there's a delay, there's Zoom exhaustion out there right now, I'm getting Zoom exhaustion. I think that piece is so critical in a remote environment, it'll test your culture. But you have to remember, you working together in a normal environment, working at home or not working at all, you have to understand that environment they've also been thrust into and communicate with them in a way that they need to hear it.

John Furey: Another example, what about... I'm sure people have contributors they know, they work with that are at risk. Think health at risk, there's a lot of people that are pretty scared out there. I'm pretty healthy person maybe less worried, but some people are very worried.

Tony D'Amico: Yeah. That is awesome stuff there John, really helpful. A lot there that we could talk about. I think you never know what somebody's situation is. I'm like you, so many throw that on the table, so I'm not surprised. So my personality is like, "Hey, what can I control and go for it? What can I do for us as a firm to crush it for our clients, not only financially but to help them with this non-financial piece of it?" And that's really important. But then also for our business and our team, we can make some of these changes here. We can do this here, and then thrive.

Tony D'Amico: And I'm the same way, I'm an implementer, I'm a doer. I look at, "What can we control?" And that's not everyone's work personality or not work personality, their personality in a crisis. So I think, really, you have to throw away the personality assessments that a team has maybe done for them and start with, what's their personality like now? And just having open conversations is a good way to do this. Being transparent, letting people know, "Hey, what's on your mind?" If there is something that you're trying to address, why you're doing it. Because the things that business owners do, it's either to make a difference for their clients or customers or to make a difference for their team members. Because if you don't have a good team, you can't take care of your clients. But I think that's just some really, really helpful twist there that you threw in.

Tony D'Amico: So I want to talk about one thing that relates to P&L management of a business. And it has to do with that modeling of... Let's just say in our scenario, we model that, what would happen to our firm if our revenues dropped because we had a recession. And when we went through that process several years ago, what that did for me is it highlighted the importance of having emergency reserves and that cash flow too, that cash flow management. And every business has receivables in a different manner, different frequency. With us that's we have revenue quarterly because of how we bill. For me what that highlighted was, for our business we have the goal of establishing, and this isn't feasible for... I mean, there's some businesses that are very capital intensive.

John Furey: Right.

Tony D'Amico: Where you need to have maybe, instead of cash reserves, you have a line of credit or something like that.

John Furey: Right.

Tony D'Amico: You could still skin that cat. But for me, what that highlighted was, is, hey, we wanted to have six months of operating expenses, just in cash, as an emergency situation. So that way I didn't have to rely upon anything else or things like that. But I just think that having a process to manage cash flow is critical. And it's the little things I sometimes are challenging for certain businesses, where they get the difficult things right, but maybe it's like, hey, having a separate account to set aside monies that you're going to have to pay in taxes later. Having a separate emergency account. And managing that cash in and out on an ongoing basis. But then also identifying, what should your emergency account be? And should you maybe have a line of credit if you have a capital intensive business? But I guess from your area, what are your thoughts on those two things? Because for me, they've been another huge pillar as far as that financial management system we have in place.

John Furey: Yeah. And that's such a good point Tony, because our businesses, yours and mine are not capital intensive, per se, but businesses that are, or where revenue models can be a bit more volatile, we think of the financial world in managing to a profit number and then Tony, you're right, maybe you need to keep three, six months of expenses on your balance sheet, versus maybe a restaurant or a manufacturing company, a store. You may want to hold a lot more and then have a line of credit or a capital source. That's why as soon as the crisis started, there was worry in the system that everyone would just pull all their lines of credit even though they didn't need it, just to shore up cash flow, shore up the balance sheet.

John Furey: But I think, thinking through that it goes back to, "Well, what's my worst case," maybe in a financial services firm, we hit a recession and your revenue drops 40%. Will you survive? Will you be okay? And I think that's true of any business, thinking about how long you can weather a storm that could last three months, six months, even a year, assuming you're confident and you're able to come through it versus simply just shuttering it.

John Furey: So I think that piece is so critical. And I also think understanding sensitivity to cost. In financial services it's the team cost compensation. So you can structure compensation in a way that when the market goes down, so does your compensation. But if you're at in a manufacturer company, if you're a restaurant, whatever it is, understanding how your cost model interacts with revenue, is unbelievably critical because you can do the math. If you understand that piece, then you will understand your need for capital if your business goes against.

John Furey: So that to me is just simply not getting caught with your pants down in a crisis. And you know what? That's the reality. You look at our national media, and you hear all these things about businesses closing, this and that. But the simple reality is, Tony knows me, I'm very direct and very realistic, is poorly run businesses will just go out of business.

Tony D'Amico: John, that's true. I mean, I do know of, not clients, but I know of some folks that had a business that was marginal, and they probably aren't going to survive this. And that stinks, it's not obviously, what I want. But this highlights something that I think is really important. It's one of the things, the way that we frame these conversations with businesses that we work with, there's three phases, there's foundation, there's acceleration, and then there's realization. And everyone has different realization goals, sometimes it's selling the business, sometimes it's not. But the point of this is that, why do you have a foundation? Is it fun to model out what would happen if there's a recession? No, it's not. I'd rather do other things. That's just not me. I'm the eternal optimist, but by having these foundational elements, it allows me to accelerate.

Tony D'Amico: So I think that's hopefully a helpful takeaway for our listeners is, this stuff may not be fun to do, but it can give you peace of mind. It can give you that foundation so that way you can accelerate. And maybe it's not a full acceleration now, but it could be in the future.

John Furey: Yeah, it's a great point, doing planning like this, and hindsight, of course, it's 2020, if you didn't do it, but again, it still works now, even now. You've already, think first 30 days of the crisis, you reacted, if you hadn't planned. But then now's the opportunity to think about how you come through it. And I think that the single biggest benefit is, one, action plan, like you're saying, and then also just simply peace of mind. You know what to do. You're not caught out.

Tony D'Amico: Yeah, absolutely. So John, what else comes to mind as far as an important pillar of business planning?

John Furey: We talked about the team. The other piece in business planning is accountability mechanisms. That would probably be the one final large pillar, there's always nuances to it. What I mean by accountability is once you've built your plan, plans are executed by team members, how you structure your team, that's the organizational chart. But more importantly, what each team member, the management team, that ultimately work contributors, what they do and how they're held accountable to it.

John Furey: And again, it works in any business, financial advisors, very straightforward. It's are you great at financial planning. Are you great at keeping clients? Are great at keeping clients happy? And you can measure those things and hold people accountable. Same thing at a restaurant. If you're a restaurant, you're a server, you got to keep clients happy or they don't come back, you don't get tipped. You can see it if you're not cooking food in the kitchen, things like that. So it works in every business. Then with the accountability, is the organizational structure and then getting the right person in the role in the structure.

John Furey: So we talked to you about it this way Tony, is defining the chair and then getting the right person in the right chair. So the team set up to win. And then the accountability goals are in place and people hit the goals. That's one of the biggest trap that entities get into, if they may not have a great plan. But if they get even a great person in the wrong chair, they're not the right person for it.

John Furey: So for example, you put someone as head of sales, but they can't sell anything. Even though they're a great person, they may be a great relationship person, everyone loves them, but they can't close the deal. They're a great person in the wrong chair. You got to identify that, and crises make it acute. If it's not the right person for the chair, it's acute. Because if your business is going against you, you don't have the right person in the right chair, you're really in trouble. So I think it's the accountability mechanisms, what success looks like and then making sure you have the right team members in your organizational structure.

Tony D'Amico: Yeah, I think that is also a really, really important point. Like you said, the right person in the right chair, and these extenuating circumstances will highlight any mismatches. And again, that's an opportunity. How do you right-size, that person to their role? What opportunities are there? Yeah, I think that's just a really, really important takeaway. But I guess, what would be some examples of accountability mechanisms in your mind, I'm curious there?

John Furey: Yeah. Accountability mechanisms are really, for me, top down. So the company has goals, your role in achieving the goal, then individually, you're in this position within a firm, what are the things for a year, for three months that are going to define success? So that to me, is simply goal setting, Tony, that you need to do. And then it's quantitative in nature. A lot of people call it this notion of a SMART goal, specific, measurable, hold you accountable, it's results-driven and time bound. Having those ingredients together.

John Furey: And the other piece with accountability is the interaction directly with the manager. I'm big on flat organizations, that things that get written down, get done. There always has to be a two-way relationship contributor with a manager. You must have that. It doesn't mean you need this big hierarchy. I'm not big on hierarchies. But it has to be known and transparent and measurable. So that's, to me the thing about accountability. What gets written gets done, relationship with the manager, and then having goals specific to a role that are essentially tied to where the company wants to go.

John Furey: The other thing Tony, real quick, is also frequency. If you set an annual goal, and here we are, we're coming into May, if you haven't checked in with your team on your goals, especially now, you probably had to modify goals. The frequency is important. So many firms do that. It's like, "Hey, let's set annual plans, and, "Oh, here we are, we're in September, and we've done nothing for the goal." So the best firms in the industry have mechanisms to do that. In my company we have a weekly meeting, where we're just talking about everyone's goals. It's not our consulting engagements, how are we doing with the Fidato Group or any clients, nothing to do with that. It's more on our business, improving our consulting process, how we're doing marketing, whatever it is. So I think it's really critical to have frequency in place.

Tony D'Amico: And what I hear you saying too, is that whatever it is that you're working on, whether it's the financial management system, the human capital system that you're talking about, the structure, your clients, whatever it is, you can't have a plan and just put it on a shelf. You can't come up with a plan and then not adjust it. It's not something that's static. It's it is dynamic to an extent. So keeping it alive, keeping it fresh, communicating it, executing it, tracking results, all those things. It's something that's ongoing, and something that you have to have ownership of, on a daily basis.

John Furey: Yeah, to give you an example, Tony, well, we'll do one last thought, in our company, we have a quarterly one-day meeting, where we recalibrate. We had our goals set, we did it in December, I think it was even late November, and then when we came up to March, we had a recalibration. How did we do? Do we need to recalibrate. So we're constantly keeping true to the annual goal and far from even three-year goal, and then recalibrating, how are we doing? Are we on track, off track? What do we need to do to adjust?

Tony D'Amico: That's awesome. Well, I think we covered a lot here. So is there anything else on your end that comes to mind as far as an important pillar?

John Furey: Yeah, the only thing, maybe one last thought is, when you're thinking about business planning and how you come through, it's very easy, no one likes layoffs. We're hearing about that. I mean, it's normal in a crisis. But don't cut through the bone of your business. You got to understand, "Hey, when times get better, how are we going to come out of it?" Don't cut so deep, that it's actually harder to come out of it than it was to cut to begin with.

Tony D'Amico: That's awesome. This has been fun. I'm not surprised, I've been looking forward to this. And-

John Furey: Yeah. Thanks for having me.

Tony D'Amico: Yeah, it's been a great conversation. But, John, as we wrap up, the name of the podcast is Wealth & Life, and it's about achieving success, where wealth and life intersect. And each person has their own definition of what it means to be wealthy, or even what it means to be successful, and you've built a very successful business, but when you think about the intersection of wealth and life, at this stage for you, what does success look like for you, moving forward?

John Furey: Yeah, I think that's interesting. My business, why I started, was to essentially help financial advisors become better operators of their firm, better business managers, which ultimately benefits families across the United States. That's why I started the company, better financial outcomes. So that's that. And I think that still holds true. I mean, the intersection for me is the ability to make a difference in my professional life that actually improves the community. And I don't think anything has really changed there, to be honest.

Tony D'Amico: That's awesome. So you're sticking with your plan.

John Furey: You can say that. Yeah.

Tony D'Amico: That's awesome. Well, John, thanks so much again, I enjoyed the conversation. Thanks for being a guest.

John Furey: Thanks Tony, thanks for having me.

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