

# HOW IT'S DONE



## Activity Goals and Setting PAR

### What is PAR?

In 1911 the US Golf Association (USGA) defined PAR as *“perfect play without flukes and under ordinary weather conditions, always allowing two strokes on each putting green.”*

For example, a par-3 hole is short enough that one shot is expected to put you on the green, with two putts to follow and a par-4 holes requires two shots to reach the green.

PAR, as stated in the definition above is based on perfect play, in other words, it is based on someone who is an expert at the game.

In the financial services business, there must be a standard as well. What measurements are appropriate to determine if an advisor is performing at the level of “expert?”

Al Granum, a Northwestern Mutual General Agent, has been keeping agent records for over for over 40 years. Based on Al’s extensive recording keeping, it is a proven fact that an advisor must talk with 10 prospects in order to generate 3 complete discovery meetings (fact-finders) which will ultimately lead to 1 new sale.

If you are willing to accept this ratio of prospects to sales, then it is simply a matter of setting a sales goal and applying the numbers. For example if your goal is to produce 50 new sales, then you need to talk with 500 people which will result in 150 discovery meetings.

10-3-1 applies universally regardless of your time in the business. An experienced advisor will not improve this ratio over time when applied to new prospects. An experienced advisor will generate more business than a new advisor because of repeat sales and relationship building. To establish PAR, we will use 10-3-1 as the foundation.

The next question is how much production would put someone at the “expert” level in the financial services business? In other words, what is the production level for PAR?

David J Mullen, Jr., in his book *The Million Dollar Financial Services Practice*, sets \$1,000,000 of revenue as the goal for a top advisor. Based on about an 80% payout ratio, this means that an advisor would need to build a book to \$125,000,000 over time.

When you combine Al Granum’s 10-3-1 model with David Mullen’s \$1,000, 000 revenue objective, we have the foundation for PAR in the financial services business.

Below is a summary of what it will take to grow into a \$1,000,000 practice. Keep in mind, just like PAR in golf, these numbers are what an “expert” should be able to accomplish as a Top-Performing Advisor.

One more thing to remember about PAR: it does not vary by experience. It makes no difference if you are new to golf or a veteran, PAR is the same for everyone. In the PAR model below, the activity numbers have been broken out by level of experience which will lead the advisor to the \$1,000,000 revenue level over a period of years.

## Understand the Terms

- **Advisor Experience (Years)**

**New**

A person who is new to the financial services business during their first six months of production.

**Emerging/Mature**

Over two years in the business.

**Developing**

A person under 2 years in the business.

**Prime Performer**

An advisor who is in the top 20% of all advisors or generating over \$1,000,000 of Revenue per year.

- **Minimum Prospect Qualification**

The required amount of assets that a prospect must have in order to become a client.

- **The Number of Prospects**

This number represents the number of people the advisor is working with who he/she plans to develop into clients.

- **Prospecting Phone Contacts Per Week**

The number of people the advisor should actually speak with each week.

- **Initial Meetings Per Week**

The number of new people the advisor meets with face to face during the week.

- **New Discovery Meetings**

Discovery meetings encourage a prospect to disclose personal and financial information to the advisor so suitable solutions for the prospect's situation can be determined.

- **Closes**

Times per week that the advisor specifically asks prospects or clients to take action on a solution to a problem.

- **Clients/Prospect Face Time Per Week**

The total number of hours per week in front of prospects and clients which includes the advisor's driving time to and from appointments.

- **Work Day**

The Total number of hours actually worked per day.

- ✓ **Revenue Producing Activities (RPA)** are defined as those activities that identify and attract prospects and clients who generate revenue for the sales associate and the company. RPAs include: dialing the phone, making appointments, closing sales, obtaining referrals, developing centers of Influence

# Target Goals and Activity

## Activity & Inventory:

			Revenue Producing Activities						
Advisor Experience (Years)	Minimum Prospect Qualification	Number of Active Prospects	Prospecting Phone Contacts Per Week	Client Calls / Meetings	Initial Meetings Per Week	New Discovery Meetings	Closes	Client / Prospect Face Time Per Week	Work Day
New (1 <sup>st</sup> Six Months)	\$25,000-\$100,000	100	40	5-10	8-10	5	5	15-20 Hours	10 Hours
Developing	\$25,000-\$100,000	100	40	5-10	5	4	5	15-20 Hours	10 Hours
Emerging / Mature	\$150,000	75	20	10-20	3	2	5	20-25 Hours	10 Hours
Prime Performer	\$250,000	50	10	20-25	1	1	5	25-30 Hours	8 Hours

## Annual Goals:

New FA	Developing-Mature FA	Top Performing FA
100 Active Qualified Prospects	75 Active Qualified Prospects	50 Active Qualified Prospects
50 New Clients Per Year	25 Net New Clients Per Year	12 Net New Clients Per Year
\$6,000,000 Net New AUM	\$12 Million Net New AUM Per Year	\$12 Million Net New AUM Per Years
5 - \$250,000 New Relationships	10 - \$250,000 New Relationships	10 - \$250,000 New Relationships

## Client Book of Business

New FA	Developing-Mature FA	Top Performing FA
1 – Million Dollar Client	(2-24) Total Million Dollar Clients	(25) – Total Million Dollar Clients
10 - \$100,000 Client Relationships	(6-74) -50,000 -999,999 Client Relationships	(75) - \$250,000 -999,999 Client Relationships
\$6,000,000 Total AUM	\$18-72,000,000 Total AUM	\$100,000,000+ Total AUM

AUM (Assets Under Management) includes Cash Value Insurance Products.

## New FA Daily Time Management

One-hour time-blocks	3 - 1 hour appointments (Includes Joint work)
3 - 1-hour time blocks for marketing before noon.	2 - 1-hour time blocks for marketing afternoon including appointments
1 hour follow-up work	1 hour for everything else
2 hours coaching/training Monday morning	2 hours training Friday morning