



Results-Driven Solutions June 2007 Newsletter

by Krista S. Sheets, President

Happy Summer!

In the last couple of months, life at Paragon Resources has been exciting, to say the least, with a full travel schedule and the release of our new book, *Know Service*, co-authored with Sarah Dale, President of Know No Bounds. I have enjoyed hearing about all the results you have been seeing while implementing our ideas and advice as evidenced in the testimonial below.

"Sarah and Krista's process to building long-term, successful client relationships is the most innovative and comprehensive solution I have seen. It is easy to implement and executing these ideas is a sure way to take your business to new heights!" - Financial Advisor, North Carolina

If you haven't yet had a chance to purchase the book or would like more information, please visit www.BoundlessPublishing.com.

We've been so busy, that I haven't sent out a newsletter since March. Please accept my apologies. For this reason, I have included a few extras in this month's newsletter. Enjoy!

In This Issue:

- Virtual Online Communities Lead to Relationship Opportunities
- Time to Retire?
- Bridging the Trust Divide: The Financial Advisor-Client Relationship

Virtual Online Communities Lead to Relationship Opportunities

I know I have reached another phase of my life when I start criticizing the younger generations. I've always had pretty strong views, but now I'm outright concerned about our future. Against conventional wisdom, my own generation and older are becoming the fastest population affected by this epidemic. What is the virus that is plaguing so many? An addiction to Webkinz, MySpace, and Second Life and a misperception that these sites will fill a void in a person's life.

As a society, I see we are on a track to an epidemic of "Relationship Disconnect" because so many are spending too many hours in front of their computers. Why am I mentioning this to successful investment advisory professionals? Because I see a great opportunity for you to provide something more than financial advice - an opportunity to forge actual relationships where you care about people and build rapport that has everlasting value. Shouldn't one of your points of distinction be that you build the best relationships in town?

I am the first to embrace the wonders of technology and the internet. For me, technology has a purpose to increase productivity and efficiency so that we can spend more time WITH people. The internet is an incredible invention that can distribute information and provide access to "things" we never imagined. It should be an introduction to who you are so that people will want to really get to know you, in person. Unfortunately, I think we are taking a turn in the wrong direction with many people having a difficult time balancing their virtual, plugged-in time with real, unplugged time.

Kids are spending more and more hours playing internet games to "buy" another pool for their stuffed dog turned virtual star in their Webkinz World home. They even get annoyed when an "online buddy" interrupts a game to ask if they can play along. Employers are now googling a job candidate's name to see what online presence a future employee has on MySpace or other social sites to help them understand who they're

really hiring. As I write this newsletter, over 7 million "virtual lives" have been created on the Second Life website – a form of online escapism for people who enjoy living different personas. You can be anything you want to be on the site – younger, slimmer, or even part animal if that is your interest, and your entire digital world is in 3D. Yes, there's "real" money (Lindens) being made on Second Life and companies like Dell and Nike are developing their own islands to test their products. But, I ask, is this new economy stable and sustainable for the long haul? I'm betting the answer is an emphatic "no". People need real lives, not virtual ones. People need more face-to-face time, not more mouse clicks. The reason society is spending more and more time on the internet is because of an addiction to something that allows them to run away from their problems and reality. Eventually people will realize that these sites give them so little fulfillment. No digital device can replace the feeling of going out with a group of friends to talk about life or enjoying time with the real dog in your actual home.

If you want relationships and clients for life, you must actually be in their presence and be real with them. Part of your job as an investment professional is to be their reality check – letting them know that the path they are on will not lead to enough money for retirement, or that their investments at other firms did not earn as much as they should, or that they really shouldn't buy that third house on the lake. It's your job to have these kinds of conversations and many more during your "Truth Meetings." To take on this advisory responsibility, you need to stay in front of your clients. Replacing a client meeting with an emailed performance report can have a huge cost. How can you find out about what is really going on in your clients' lives without this conversation time? You are missing out on an opportunity to add value when you overuse technology. HNW clients stay with those advisors whom they trust (see link to the Wharton Special Report below) and trust can only be built by spending more time with your clients, not less. When asking your clients about their contact preferences, don't be afraid to tell people who prefer email correspondence that you insist on personal meetings and phone calls because it is how you do a better job for your clients. I bet they'll be surprised that you actually WANT to spend more time with them.

If you look at the online dating scene like Match.com, people don't marry someone based just on electronic chatting; they eventually meet with the intentions of building a real relationship. In some regards, isn't your relationship with your clients similar to a marriage? Don't you want them to be committed to you on a similar level? To develop loyal relationships, you have to meet people face-to-face and get to know them. I have to believe that the universe will take care of this virtual-reality imbalance that our society is creating. Will we turn into Jetson-like people relying on electronic devices and emoticons such as :(or :) to communicate our feelings to co-workers because we forgot how to interact with real people? With our business, focused on helping people better understand themselves and communicate with one another, currently at an all-time high, I have to believe old-fashioned, unplugged conversations will prevail. Use technology and the internet for what it was originally designed for – information gathering and increasing efficiencies. If you want to differentiate yourself and build lifelong successful client relationships, you must engage in personal face-to-face relationship-building activities as often as possible. Show a sincere interest in your clients' lives and they will be interested in continuing to do business with you. :-)

The Managing For Success Assessments that we use with all of our clients are invaluable tools to understanding how to effectively communicate with others. In addition, our Know Service book provides a 5-step process to developing a service menu to help take your client relationships to the next level. It is a complete "how-to" manual for designing the proper internal systems so that you can spend more face-to-face time with your clients. For more details, please visit our website at www.ParagonResources.com.

For added value in this month's newsletter, we have asked a respected professional, friend, and strategic partner to Paragon to contribute his thoughts on retirement for the investment advisory professional. We know this is of growing interest to the industry, because we hear your concerns during consulting and training sessions. We see the topic of succession planning on the agendas of conferences and hear of more and more family members joining practices. We hope this piece provides you with some insight to use in your own business today or in the future.

Time to Retire? By Hardy Hasenfuss

Have you been debating with yourself for a while over questions like: When should I retire? When is the right time for me to step down and turn the business over to the younger team?

These are the wrong questions! You should be addressing these issues instead:

1. Am I still having fun at *work*, AND am I enjoying *life* to the fullest?
2. Can I have *both*?
3. Can I have *more* of both?

Chances are that as your career progresses, you could be becoming bored with the technical side of the business or the management and operations aspects of it. With this disinterest, I bet you still love serving and advising your best life-long clients and their families. They respect you, they appreciate you, and over the years they have turned into your best friends. You know you contribute a great deal to their success and happiness. Why would you leave your best friends and turn them over to some junior who has no relationship with them? *You don't have to.*

So What's the Solution?

First, take a good look at your practice. Do you have the best talent in place to run the day-to-day operations, while maintaining outstanding and flawless client service and relationship management? If not, resolve immediately to put the right team in place. It's time to develop your people to continue the legacy of your business and take care of your clients' needs. As the leader of a team it is important to groom your people to take over many of the core functions of your business (especially those areas that you no longer enjoy!) You have a responsibility to your clients to develop an environment that will lead to a smooth and stress-free transition when you do decide to retire. They want to know that you are putting a plan together to keep their goals and objectives on track. It may also be a time to completely transition segments of your book to other associates so that you are freed up to do what you want. When asked, most advisors would like to continue their careers into their golden years if they could just focus their efforts on the areas they love and have the flexibility to spend time elsewhere. This leads to the other half of this solution – What do you truly value in your life?

Take a thorough inventory of your current life and contemplate what your ideal life would look like in the next 5, 10, or 30 years. To do so, develop answers to the following questions:

1. Do I have and take **time for fun and hobbies**? Which ones would I want to devote *more* time to? Would I play more golf or tennis? Which new ones would I want to develop (ones that I have always dreamed about, but never took the time for)?

2. Do I currently **travel for pleasure** and take restful vacations that truly re-charge me? Do I long to do more of this but do not feel like I have the time?
3. Am I pro-active about my **health and wellness**? Do I engage in appropriate healthy practices? Could I do more? Learn more? Devote more time and attention to taking care of myself? Practice more discipline?
4. Am I giving enough time and paying enough attention to my **relationships**, especially the closest ones with family and friends?
5. Am I **engaging my mind and my spirit** with activities that promote self-discovery, personal transformation, learning, and personal growth? Which areas would I explore more?
6. Do I take time for **service to others**, the community, and the World, and go beyond those activities which serve to promote and grow the business? Do I work for and give my time/talent/finances to causes that are important to me and that I feel passionate about? Would I like to give more of "self-less" service if I had the time? What kind service would I give?
7. Do I feel my *life* has **meaning**? Am I on target with my life? Is most of my life's meaning tied to my job, or am I part of a bigger picture? Am I concerned that my life will have less meaning when I work less? What will replace the meaning derived from work?
8. Is there **balance**? Do I have balance between my work and my life? Do I have balance between the various components within my Life? During much of our career, most of us do not have the luxury of life balance. It is time to change that, and the time is NOW. The more we postpone this task, the harder it will become to learn and to change our habits and patterns.

Is it also time for you to take on a new role of teacher or mentor? Have you considered how important this role is, and how much you could contribute to the growth and development of the next generation? Consider the history you have accumulated and the wisdom you have gained in your business, in your industry, and in your life. Think about the perspective you have on business cycles and life cycles, and the vast accumulation of valuable lessons you have learned from your own mistakes and those of others. No price tag would be high enough to put on this wisdom. Would you want to let this all go to waste?

It's Your Choice

You can keep working, doing the same thing you've been doing for many years. Then one day, when you've had enough, you *retire*. You stop work all at once. You say "Good-Bye." You look toward winding down your activities, your energy, your relationships, your health, and your enjoyment of life.

Or

You plan for a transition toward new opportunities, explore options for unfolding a new, vital third stage of your life. *You* decide how long the transition stage will be. You have the free choice to make the transition as long and as gradual as you wish. But you must decide proactively when and how you want to begin. Life Planning is not all that different from Financial Planning; you must put focus and attention into each of them.

There are many valuable resources available to assist you such as books, seminars, classes, and life planners. The author of this article, Hardy Hasenfuss, is one such professional life planner. He is a Certified



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Retirement Coach. He usually begins his work with a Life Options Profile which provides you both input that establishes a base line of where you are and where you wish to go.

Hardy is a former international banker with Citibank, the former corporate treasurer with The Sheraton Hotel chain, a successful serial entrepreneur, and long-time business consultant. He has been an executive and life coach since 1997, with heavy emphasis on the Financial Services Industry. He holds an MBA in Finance.

Hardy offers clients of Paragon Resources a complimentary interview. To have Hardy contact you, please email him at hardy@ParagonResources.com.

If you need assistance with capitalizing on the talents of your team members, please visit the Library in the Newsworthy section on our website at www.ParagonResources.com or contact Krista Sheets or Amanda Brooks at 770.319.0310 to learn more about our services.

State Street Global Advisors and Wharton have recently released a Special Report – Bridging the Trust Divide: The Financial Advisor-Client Relationship. The piece does a great job defining the three levels of trust every client looks for in a financial advisor – 1. Trust in technical competence & know how, 2. Trust in ethical conduct and character, and 3. Trust in empathetic skills and maturity a.k.a. “relationship competence.” The report goes on to build the case that relationship competence may be the most critical element to a successful advisor-client relationship.

You can download this report at:

http://knowledge.wharton.upenn.edu/papers/download/ssga_advisor_trust_Report.pdf

If you have any comments or suggestions for how we can better assist you and your practice, please know that we welcome your input.

Warmest regards,

Krista

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