

The Hidden Business Driver: Human Capital

What do you think are the biggest drivers of success for your business? Vision? Marketing? Investing skills? Community connections? All these and other factors are likely contributors, but you may be surprised to find out that one of the biggest drivers of success for most business owners is human capital—your staff members.

Why? They're the ones ensuring you have the time to do things like marketing, investing and connecting with your clients and community. If they have skill sets that match your needs and are supporters of you and your business vision, you are much more likely to be accomplishing your goals.

On the other hand, the wrong staff can be extremely detrimental to your business. Time can be lost, mistakes made and clients upset. At the very least, you may have to spend time handling processes that would be better delegated. Therefore, it's important to continually evaluate and re-evaluate if you have the right team members on board at the right time in your business.

The ROI of the Right Staff Members

Most business owners know having good staff members is important, but don't truly understand just how big of an impact employees can make on their bottom line. And as human capital can often be the biggest expense in a business, it's easy for owners to simply want to keep costs down and hire staff who can help them get by for now. But hiring the right person for the right time in your business can provide you a huge return on your investment.

Assess Your Current Staff

Through our time in the financial services industry, one of the key things we have learned is that no two advisor offices are the same. There are advisors with \$100 million in assets under management who run their business alone and others with the same amount of assets who have a five-person team. We've seen almost every imaginable staffing situation when working with advisor offices.

The staff you have is personal to you, your clients and your profits. And because of that, there is no off-the-shelf hiring solution. You have to thoroughly examine your business needs, both now and in the future, to determine what type of employees you require. There may be a time when you simply need a nice person to answer phones and do some data entry—and then you may need to help them progress or let them go. As your business grows, there may come a time when you need someone to visit with clients, do research and put financial plans together—and then you may need to help them progress or let them go.

The point is that the staff you hired five years ago may not be the staff you need today. Whether you are a one-person office or have a staff of 15, examining where you are today can help you determine where you need to go from here.

Take time to think about your staff and whether or not they are serving your business' needs. Here are some questions to ask yourself:

- What skills do my staff members have?
- Do my staff members' strengths complement my weaknesses?
- Do my staff members have my clients' best interests in mind?
- Are they supporting my vision for the business and making it better?
- Are they worth what I am paying them, or are they worth more (or less)?
- Can I keep them long term and offer them career paths? Do I even want to?

It can be difficult to be honest with yourself about your staff members, but not doing so could be holding back your business. Often, by the time you have recognized there is a problem, everyone around you is wondering if you are afraid to act. And by the time you do act, the bad penny may have already done more damage to your company than you can imagine. Don't make the optimist's mistake of hoping to fix the unfixable.

The ultimate goal of this staff assessment is to determine if your staff is supporting your business in line with your vision and objectives, or if you need to make changes with your staffing situation.

Consider Your Requirements

Once you've decided to move ahead with staffing changes, take a good, long, hard look at your business and its potential staffing needs in the *long term*. As recruiting can be expensive and time-consuming, you want to plan your staffing needs as far ahead as possible. Don't simply consider what your business needs now in the way of employees, but rather plan for where you want your business to be five, 10 or even 15 years down the line.

For example, if you want to gain more clients, perhaps you need individuals who are talented at marketing. Or, maybe you want to add new product types to your business or take on more fee-based accounts and need someone with differing areas of expertise than you. Perhaps you simply need someone to handle every last bit of administrative duties so you can focus 100 percent on client relationships.

You also want to be thinking about an eventual succession plan—even if you are a young advisor—and how you could potentially involve staff members in your future exit. As business owners ourselves, we would love to hire an intern who will one day learn recruiting, eventually learn account management and the sales side of the business and, many years down the line, be the person to whom we sell our business when we're ready to leave.

We view your businesses in the same way. You should want to hire someone who you can bring on at a low level and teach them operations, financial planning, marketing, managing client relationships, closing deals, etc., with the idea that the employee could eventually become your succession plan. That's in a perfect world, of course.

Have a Human Capital Strategy

You need to decide if you want to hire staff simply to get by or as part of a strategy to grow your business. Neither decision is wrong, as long as it's the right one for you and your business. Problems arise when you simply continue doing what you've always done because it's the easiest path, or because you don't know how to do anything differently. Just like with the rest of your business, you need a strategy. If you take the time to carefully assess your staff and business needs and make well-thought-out hiring decisions, you may find that your business reaches new levels of growth.