PacificCPE

COURSE
40852A

# Structuring and Building Your Advisory Practice

How you set up your practice matters as much as the advice you give. This course covers practical strategies for structuring an effective financial planning office environment, from workflow and client-facing systems to the operational decisions that influence long-term success. Ideal for CPAs and tax professionals who are building, refining, or expanding their advisory practices, this course offers actionable insights for creating a professional environment that supports both productivity and client satisfaction.

CREDIT HOURS 2 | FIELD OF STUDY BUSINESS | EXAM QUESTIONS 10

Start Course ↓ | Final Exam Copy ↓

## LEARNING ASSIGNMENTS AND OBJECTIVES

## Assignment

- Study the full course materials included here.
- Complete the review questions after each chapter.
- Answer 10 final exam questions.
- Final exam is scored immediately, 70% or better passes.
- Certificate of completion is available in your account.
- Failed exams can be retaken free of charge.

## Course Objectives

- Identify the categories of SWOT analysis.

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Publication Date: May 2026

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# Chapter 1: HOW TO STRUCTURE YOUR PRACTICE

*Chapter Objective*

**After completing this chapter, you should be able to:**

- Identify the categories of SWOT analysis.

Now that we have determined some of the major infrastructure issues that may affect the way we practice financial planning, and have gained an understanding as to the potential macro-level changes expected for the balance of this decade, let's switch to the tactical approach of how to develop your firm going forward.

There are many ways to structure your financial planning practice. The first question you need to address is, what market do you wish to serve? You can't be all things to all people. There are so many variations that many planners get lost starting in one market and then drift off to another, only to realize afterwards that they are not set up properly or do not possess the proper infrastructure for maximum effectiveness to develop their chosen market.

Vincent Rossi, CFP®, Founder, President, and Chief Investment Officer, Intelligent Capitalworks, Scottsdale, AZ, says it is important for planners to "pick your lane and work hard to own it." Know what lane you are in because you cannot be too many things to too many people. Focus on the depth and breadth of your lane and do it well. If you say you are going to do it, then do it! Many younger planners are not taught to do this. To quote noted asset allocation expert Roger Gibson, "The beginning stage is the most important part of the work. Either way you are going to do the work. If more is focused on the back end, the client will become angry."

Structuring your practice in an appropriate manner is critical for maximum effectiveness. Many advisors I have shared this with ask for total employee involvement in how to grow or what changes to make. Give everyone a stake in the success of the business. If employees stand to gain from what is being created and they feel a sense of ownership and pride, they will be on board and are more likely to become an integral part of the process in building the proper infrastructure. It will also allow you to remove some of the staff learning curve and get things done quicker and more efficiently. It's the old adage, "As a manager, you are only as good as the players you have playing for you."

The first thing the firm needs to address is making sure the planners and others comply with the rules. Assuming you have the licensing, regulatory, and other compliance requirements at hand, make sure you adhere to your appropriate Code of Ethics. (For a more complete guide to regulation, please see Chapter 1 of course 40851A.) For CFP® certificants, the CFP Board's Code of Ethics is a

strong reference for planners operating in our field. The cornerstone of the Code and Standards is centered around fiduciary duty. At all times when providing financial advice to a client, a CFP® professional must act as a fiduciary and therefore act in the "best interests" of the client. For planners, I would hope and assume that is the norm. Again, that is your default – always. A full copy of the resources on the CFP Board's new Code and Standards can be found on the CFP Board website at CFP.net/code.

The Making of the Office Environment has been broken into my most important concepts within our profession. Once you have the infrastructure in place and know how you wish to proceed, you can go out and gain the specifics for working through the process and identifying the issues, exposures, and recommendations at hand for each of the technical disciplines.

***Rattiner's Secrets on "The Making" of the Office Environment***

1. Office Procedures Manual
2. Office Expectations Strategies
3. Accountability and Monitoring Client Progress
4. Determining the Type of Practice You Are Looking to Run
5. Operational Thoughts
6. The Setup: Establishing Your Business Entity
7. Development and Follow-through of Your Business Plan
8. Development of a Marketing Plan
9. Life Coaching and Changing Behavior
10. Intellectual Capital/Structuring the Model Firm for the 2020s
11. Marketing

The strongest businesses have the best infrastructure setup. That means corporative initiatives are well thought out before they are put into action. Accountability is noted and staff members know how to handle day-to-day activities and problems before they erupt and possibly explode. Everyone understands their responsibilities to the firm, in relating with their peers, and in servicing their clients.

All the office players essentially are playing a part – almost like a movie role – to allow for the smoothest sailing, consistency, and continuity. This is easiest when each of the employees knows their specific responsibilities. The best way for that to happen is to provide each employee with the opportunity to contribute to the creation of a universal office publication. In business terms, that is the development of an office procedures manual.

**OFFICE PROCEDURES MANUAL**

To me, an office procedures manual is the key to maintaining the ultimate organized and orderly business environment. The manual describes the role of each individual in whatever capacity in the practice. It specifies what each employee's functions are. It ties the employee to a department and appropriate oversight and shows how it all connects. It contains protocol on how to act internally with other staff regarding division of responsibilities, the importance of operating on the same page, and the teamwork involved in working together.

In a financial planning firm, based on the structure of the firm, there could be many different divisions, all with multiple responsibilities. Enabling everyone to agree on the way the office should be run is critical for the practice's long-term success and possible expansion. It also provides guidance to prospects and clients as to how the firm runs, what they can expect, and the process(es) conducted by the firm.

To me, everyone has to have "buy-in" to the process. Firms I have consulted with have had the partners and senior management start with an outline or table of contents of the initial draft. This allows each item to be placed appropriately. Organizational charts of departments and positions within the company should be included to make sure manual readers can connect the dots.

Describe the specific responsibilities for each department and each staff person assigned. Ensure what the protocol procedure should be. Positions as well as names should be incorporated throughout. The manual should include contact information for the person who owns the process. This helps facilitate questions, and direct comments or concerns, if need be. It shows the chain of command. It provides guidance on the responsibilities of core members by assigning their job responsibilities and outlines how to do that particular function. In a pinch, it could temporarily enable one staff member to fulfill the responsibilities of another.

Key elements should be stated in bold, followed by bullet points and then descriptions. Bullet points help with organization and ensure staff can follow the essential details. If the manual has links for searchable PDFs, those will enable employees to get more information if necessary. There should be continual updating to perhaps change certain procedures if no longer applicable. Also, if there are some specific or technical procedures that need to be followed, defining them throughout would make sense. If aspects need to be changed, there should be a process in place to gain approval by running those changes by others.

Once the document contains the core elements, it should be circulated to the managers and then to support staff for their input. This enables everyone to see how things are supposed to run and the functions for each particular staff person. Any client issues that may arise have specific solutions on how they should be addressed and by whom. The procedures manual should always be updated to reflect changes in process, new divisions, and new delineations or spans of *control* that have been

changed or formed over time. The manual should be updated at least annually, or whenever business procedures, significant responsibilities, or other updates occur.

Bill Carter cross-trains all staff in order to ensure that all client responses and expectations are the same. He wants his clients and staff to internalize their experiences at the firm by going over the issues to always provide the best solutions.

A shortened version of the office manual in an executive summary format should be provided in advance to each prospect thinking of doing business with the firm as well as to those clients already associated with the firm. This enables clients to know what the next procedural step should be when issues come up. It all helps to set and manage your clients' expectations,which as we said earlier is the main reason for disagreements among planners and clients.

To keep the staff on track and make sure all important office issues are spelled out, another important document that should be circulated just for staff is the Corporate Engagement Standards.

**OFFICE EXPECTATIONS STRATEGIES**

For your office to run well and to make the client experience enjoyable, there are many ways to ensure that everyone is on the same page in the office. The team has to act in unison to make what the firm is communicating viable and attractive for clients who join the firm. These actions should not be glossed over by the powers that be but should be learned and incorporated into the culture of the firm.

There are certain basics, what I would call nonnegotiable items, that always need to be present. Displaying a positive and respectful attitude, working with honesty and integrity, reliability, and accountability, flexibility in responsibilities, and representing the organization in a responsible manner, both on the job and off the job – these are what I would call givens. Managing staff expectations is all about being on the same page. It is important to know what is expected from the employees and teams, and to set realistic, reasonable tasks and deadlines to make it happen. A "next player up" mentality needs to surface, which as explained earlier provides homegrown team players to help out where necessary. Performance expectations should be clear from the day that someone accepts a position with the company. Specificity and clarity as to expectations and how you will measure them help manage the expectations. The overall purpose of performance expectations is to move toward a specific company goal and to create workplace accountability from one employee to another.

Employees should ask for help when they need it and should never be accused of stating "It's not my job." The chain of command needs to ensure "everyone gets it." Employees should be encouraged to ask questions and clarify unnecessary confusion and answers that seem vague or redundant.

A positive way to communicate this is for the supervisors to step into the staff's shoes to ensure they understand the process. Promote dialogue and communication. Focus on the company's core

mission and values. In fact, many companies have new staff start at the bottom, learn the basics, and then grow into positions of authority and supervision.

This mental preparation will go a long way in helping to set firmwide expectations, making employees feel valuable, and ultimately inspiring and rewarding them. Most employees want to climb up the corporate ladder and get promoted, which could lead to earning more money, taking on more responsibility, and ensuring the firm's values are being carried out. Sharing ideas for improvements and presenting new opportunities helps the morale of team members. All employees want to feel good about what and how they are doing things to promote the public good, especially at the office.

In a perfect world, most employees opt for a work/life balance. That's a tough one. Employees who get the sense that the firm cares are more likely to put their heart and soul into the position and do a better job. *Avoid*ing unnecessary stress and aggravation goes a long way toward a civilized approach to the role assigned by the firm.

Decisions need to be made about where to set expectations, with an understanding as to why. The firm's employees need to recognize and agree to accept what is required by them in this capacity. This should be done first in writing. They can agree to meet and discuss the process, with general thoughts being presented and then each person chiming in as to what they like and don't like, in order to get buy-in on the same page when staff members are ready to put it all into operation and take it into the work environment. To streamline the process, perhaps software can be used to provide uniformity and eliminate mistakes in the approach of the staff.

Everyone at the firm should sign off that they understand, agree, and will abide by the office expectations. They need to be motivated by thriving on the internal dynamics of the firm. The persons discussing rules, procedures, client mishaps, and other aspects that can arise need to make it clear for everyone who has a vested interest in the firm. Rewarding employees for exceeding expectations will make for a strong and positive environment where everyone is rooting for the success of the other staff members.

Supervisors should meet with employees on a regular basis to discuss ongoing and new projects that are scheduled to arise and hold one-on-one meetings to display caring and professional leadership. As someone who is a big one-on-one person, which is my approach, I believe this gives the team member the opportunity to express in confidence whatever ongoing issues they may be experiencing, and it allows for direct resolution of issues to help pave the way for an even more productive work environment. Since employees are all different, tact and discipline need to be factored into the ongoing communication.

The approach used should stem from a positive outlook rather than a negative one. Don't start with what is wrong or failing; rather, focus on what is right, how things can be tweaked to make them even better, and how those experiences can be taken to the next level. People want to learn and

strive to do better. Constant feedback and evaluations from superiors would help reinforce the actions of the staff member.

All of the above issues can also be summarized in an employee handbook, which should be updated at least annually. Another approach is to go over these items with employees through corporate engagement standards so that everyone is fully aware of what is expected of them.

This Corporate Engagement Standards program is provided with permission from Carolyn McClanahan, M.D., CFP®, Life Planning Partners, Inc., Jacksonville, FL.




**Life Planning Partners, Inc.**
**Corporate Engagement Standards**

Our purpose is to provide practical financial life planning that enhances and simplifies our client's financial life. A great work environment is important to achieve this goal. Engagement standards provide clear directives on how we operate as a company and how our team is expected to interact with each other.

**What we expect from each other:**

_____ PLEASANT WORK ENVIRONMENT – We like to have fun at work and strive to maintain a pleasant working environment. We enjoy laughing, jokes, and anything else that brightens the day.

_____ PASSION FOR EXCELLENCE – We have a passion for excellence in all that we do.

_____ COMMUNICATION – We have an open door policy with honest, direct, and clear communication. If something bothers or offends a team member, they need to share that information. If there is a criticism of another team member or the way things are done, we listen to each other from a place of learning, empathy, and goodness and work to resolve the situation through consensus.

_____ UNCERTAINTY – All questions are good questions. If you are uncertain, ask. When you don't know the answer for a client, say "That's a good question and let me get back to you."

_____ LIFETIME LEARNING – Continuing education is valued and expected. We agree to mentor each other in our areas of strength to allow us to learn and grow as a team.

_____ TEAMWORK – We encourage collaboration of ideas and actions. We also share in the work that has to be done. Everyone pitches in when needed.

_____ A BALANCED LIFE – Balance is important when creating a great life. Taking care of us first helps us take care of others better. We are encouraged to take time off for fun and family matters. We provide $250 per year for participation in athletic events or classes. We also like to give back to the community – we allow two days off per year for community service or other charitable work.

_____ RESPECT FOR OTHERS – We are all valuable. Our relationship needs to be reevaluated if we ever stop enjoying or respecting one another.

_____ ERRORS – Mistakes are human. We take full responsibility for any errors made and we learn from them. We agree to make each other aware of errors as soon as they are discovered. We do our best to minimize errors and immediately remedy errors that occur. Our goal is to make the client "whole."

_____ RELIABILITY – We rely on each other to do what we say and say what we do.

_____ INTEGRITY – We follow high ethical standards. We are a fiduciary for our clients and we will do what is best for the client even if it is hard.

_____ VERIFICATION – We trust and verify. We have checks and balances to make certain crucial tasks are completed.

_____ DELIVERABLES – We are consistent with the services we deliver to clients. We develop and refine client service procedures to maintain efficiency and quality. It is expected that all employees will follow the same procedures.

_____ HOURS OF OPERATION – Life Planning Partners, Inc. keeps flexible hours for clients as well as for our staff. Deviations from the normal schedule are communicated through voicemail or email messages.

_____ DRESS CODE - Life Planning Partners, Inc. dress code is casual on days we do not have client meetings and on weekends. Clients are welcome to visit the office unannounced and are informed that we may be in casual attire. When we have client meetings we will dress in proper business casual attire.

_____ CELEBRATIONS – A job well done should be rewarded and celebrated.

I understand and agree with these awesome engagement standards. Any questions have been answered to my satisfaction.

Agreed to and accepted by:

Team Member: _____

Signature: _____ Date: _____

Life Planning Partners, Inc., Carolyn McClanahan, President