I consider this article one of the most important I've written for Research magazine since I came on board in May 1990.

In it, you will learn how you have to modify your time allocation as you progress from one level to the next. Based on new research, I have now overhauled “The Model Day Worksheet,” which is posted for you at billgood.com/timemanagement. There you will also learn how to measure your time allocation, which is the first step to control.

**How I Determined an Advisor Is Worth $1,000 per Hour**

In 1985 and 1986, I did a series of time studies that led me to the startling conclusion that a financial advisor’s time was worth about $1,000 an hour meeting with and talking to clients and prospects. To do the study, I found a programmer who programmed one of the first handheld computers to hit the market. In short, he made it time and count activities.

When I got my first results, I was so stunned that I repeated the study. I could not believe the results. In 1991, we programmed a portable barcode reader. Using better technology, I repeated the study again in the former Prudential office in Rancho Mirage, Calif. The branch manager allowed me to spend a week in the office. All I did was observe and verify that time was being tracked correctly. Within a relatively narrow margin of error, I again came up with my $1,000/hour figure.

But I have never seen an independent study that in any way verifies my primary finding and the conclusions I drew from it.

I was given access to some critical findings from a survey of RIAs conducted by Cerulli Associates. All of the people surveyed were RIAs, meaning they have established their own investment advisory firms, registered with the SEC. Some were dually licensed — affiliated with an independent broker-dealer in addition to maintaining their own RIA firm. The survey did not disclose the percentages. But I don't think it matters. The conclusions of that study apply to you whether you are in the RIA, independent, bank or wirehouse channel.

Cerulli Associates conducts studies across financial services. You probably have seen some of the headlines of articles reporting on these studies:

*Clients Seek Second Opinions and Additional Advisor Relationships*
How Are Firms Steering Social Media to Optimize Opportunities and Mitigate Risks?

Top Ways to Lose your HNW Clients to Other Providers

I would put it this way: They discover some of the truths about this industry.

RIA Time Allocation by Firm AUM

With the kind permission of Cerulli Associates, I have reproduced a table from their time allocation study for you.

The rows highlighted come closest to activities that a financial advisor should be doing. Most of the other stuff they should not be doing and should be delegated.

Just eyeballing these, you can see that the larger the asset base the more time spent with clients.

I did a bit of mathematics on this table. I assumed a 40-hour work week. I converted the Cerulli percentages to hours. Then I calculated some subtotals.

As you move past $100M to the $250M-$500M category, time spent with clients and prospects increases about 50%. But gross revenue, based on a percentage of AUM, would go up anywhere from 100% to 250%. It’s called leverage. The principle of the $1,000 hour is true. It just grows exponentially.

My primary conclusion was and is: Gross revenue is increased by spending more time meeting with more and better clients and prospects. Time is the critical variable.

The conclusion I draw from the Cerulli Associates study is most certainly not that as your business grows you have to spend more time with clients and prospects.

It is precisely the opposite: You get there from here by spending more time.

The $500M to $1B Anomaly

I’m fascinated with the numbers for the $500M to $1B category. My guess is that as a financial advisor grows from $500M toward $1B, the entire structure of the organization has to change. By the time the practice moves past $500M, there should undoubtedly be several relationship managers. So the primary FA spends less time with clients. But they’re spending more time in preparation.

As the practice moves on to $1B, time spent in “client meeting and plan preparation” drops. That’s probably because team members have been added for meeting preparation.

Time Allocation

The Cerulli study provides some tremendously interesting insight on how one’s “model day” might evolve. Let’s assume you have less than $100M in assets. Using the “Model Day Worksheet,” I would try to configure my model day as if I had $100M. Build the model day for your next level. This is all based upon that profound philosophical principle, “build it and they will come.”

I first got an inkling of the idea that you have to “build it first” when a client of mine — Keith Vanderveen, then with Merrill Lynch, now a regional president with Wells Fargo, was on an incredible roll in the early 1990s. He sailed past $1M in gross revenue and immediately built the team that would support $2M.

But the team is only one of the many drivers that will take you from one level to the next. It is clear from the Cerulli Associates study that time allocation changes one level to the next. As part of your planning for 2012, my very strongest recommendation is: Figure out how to make your model day match that of your next level.

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<table>
<thead>
<tr>
<th>Activities</th>
<th>Firm AUM</th>
<th>Firm AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$&lt;100M$</td>
<td>$100M$ to $250M$</td>
</tr>
<tr>
<td>Client facing Activities</td>
<td>48.40%</td>
<td>55.70%</td>
</tr>
<tr>
<td>Meeting with Current Clients</td>
<td>17.30%</td>
<td>24.80%</td>
</tr>
<tr>
<td>Client Meeting and Preparation</td>
<td>13.80%</td>
<td>15.10%</td>
</tr>
<tr>
<td>Client Service Problems</td>
<td>6.60%</td>
<td>9.00%</td>
</tr>
<tr>
<td>New Client Acquisition</td>
<td>10.80%</td>
<td>6.70%</td>
</tr>
<tr>
<td>Administrative</td>
<td>23.60%</td>
<td>18.30%</td>
</tr>
<tr>
<td>Office Administration and Management</td>
<td>9.50%</td>
<td>5.20%</td>
</tr>
<tr>
<td>Compliance</td>
<td>7.70%</td>
<td>6.30%</td>
</tr>
<tr>
<td>Dealing with Operations/Back office</td>
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<td>3.40%</td>
</tr>
<tr>
<td>Other</td>
<td>0.80%</td>
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</tr>
<tr>
<td>Investment Management</td>
<td>20.30%</td>
<td>19.70%</td>
</tr>
<tr>
<td>Research/Due Diligence</td>
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<tr>
<td>Trading and Asset Management</td>
<td>8.20%</td>
<td>10.20%</td>
</tr>
<tr>
<td>Training and Professional Development</td>
<td>7.70%</td>
<td>6.30%</td>
</tr>
<tr>
<td></td>
<td>100.00%</td>
<td>100.00%</td>
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</table>

### Contact and Meeting/Plan Prep

<table>
<thead>
<tr>
<th>Activities</th>
<th>Hours per Week (based on 40-hour work week)</th>
<th>Hours per Week (based on 40-hour work week)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Firm AUM $&lt;100M$</td>
<td>Firm AUM $100M$ to $250M$</td>
</tr>
<tr>
<td>Contact with Clients and Prospects</td>
<td>11.2%</td>
<td>12.6%</td>
</tr>
<tr>
<td>Contact and Meeting/Plan Prep</td>
<td>16.8%</td>
<td>18.6%</td>
</tr>
</tbody>
</table>
Without any doubt, your most valuable resource is your time. I will not repeat here my arguments that a financial advisor who has survived the first few years in the business is worth $1,000 an hour meeting with and talking to interested qualified clients and prospects. This is a given.

Instead, let's answer the question: How do I get more time for clients and prospects? There are two principal tools: The first is your team, which buys selling time by taking over the prospecting, service and computer operations that can otherwise consume your day.

The second is your Model Day, which optimizes the time purchased by your team.

To create a Model Day, you need some resources. You need some samples, a worksheet, a "Daily Planning Checklist" and a list of model days that you can tweak to your own business style. I have created these resources and put them at www.billgood.com/modelday, along with a copy of my February Research magazine article, “Time Management: The Key to Boosting Revenue.” All resources are free.

What Is a Model Day?

It is a chart expressing your plan to perform certain kinds of actions at certain times. No chart? Your plan is just a wish.

By performing similar activities in their own frame of time, and then prioritizing within the activity, you can create a "roll." A "roll" results from doing the same thing over and over.

I call the time blocks that make up your Model Day “mini-days.” Like any 24-hour day, a mini-day must end. If you say, "My call mini-day is from 8 a.m. to 10 a.m.,” at 10 a.m. that mini-day is over. The next day starts.

Mini-days are success factors. Each success factor is necessary to success; all taken together are sufficient.

Let's say you decide to make a big push to get new clients. You spend six hours a day cold calling. What about investment research? That's clearly a success factor. What about service? Returning client calls? Writing financial plans? You could win the new accounts battle and lose the business war.

What you need most is a roll in sales and prospecting. But in order to have this, all the other activities that tend to consume our lives have to be done. To get them done, they need to be prioritized and contained. If you don't set aside time for them, they won't get done. And if you don't prioritize them you'll wind up doing less important things while leaving something that can come back and bite. By isolating all necessary types of actions into their own mini-days, you can create a roll throughout your business life.

The Model Day has three purposes that are constantly at war. Find the right balance, and your career will zoom: (1) Maximize
sales contacts in the time available for work. (2) Develop a momentum in every area of business by grouping similar activities into their own mini-day. (3) Complete the most important tasks in each mini-day.

**Preparing Your Day**

The Model Day starts (or ends) with a planning mini-day. At the end of your planning mini-day, you are ready for all meetings and calls scheduled for today. You have delegated or scheduled any service issues. Urgent emails are done. Tasks assigned to each of your mini-days are prioritized.

The rest of the day is execution of the prioritized tasks in each of your mini-days.

What about exceptions? The better job you have done planning, the fewer there will be. Will it ever be perfect? Absolutely not. But as you develop, revise and tweak your Model Day, somewhere along the line you will feel a shift from a reactive day to a proactive day. It’s working.

To develop a Model Day, you need to identify all the factors you believe are necessary for your success. Each of these factors becomes a mini-day.

At a minimum, these could include planning, meetings, client and prospect calls, cold calling (if required), training and professional development, promotion planning, networking, team coordination and client service.

Then you need to position each mini-day.

As you position your mini-days on My Model Week worksheet, here are some guidelines.

Remember: *Sales is a numbers game!*

Your calling mini-day should start at 8:00 because 8-10 a.m. is the single best time in the day for making telephone contact. By afternoon, you are less than half as likely to make phone contact.

Your meeting mini-day should come in the afternoon, with three to five in-person appointments, preferably in your office. For each meeting, have a folder with all documents required by your appointment preparation checklist. (You do have one, right?)

Now fill in around your calling mini-day and meeting mini-day.

When you have a paper copy you are happy with, make it look good by adapting one of the Model Week worksheets we have created.

This now becomes a key document for your team. It tells them what you will be doing so they can develop their own model days around you.

Note to “teamless” FAs: Because you don’t have help, you will have many more mini-days than an established FA. Early in your career, you need to spend at least four hours/day cold calling and another two hours/day making prospecting calls. You also have client calls, meetings with clients and prospects, not to mention time required to learn investment skills.

Is there a solution? You bet. It’s called a 60-hour week. If someone recruited you into the industry and told you that a rookie can work 40 hours a week, they lied.