



# THE OBJECTIVE REVIEW

**STAGE**2  
**SOLUTION**  
HELPING BUSINESS CREATE EXTREME VALUE

# THE OBJECTIVE REVIEW

*The Objective Review is a discovery process that helps you learn what you want to do in your life and why it's important.* We believe that you probably already know what you would like to do. We also know that most people who own businesses haven't been thorough in asking *why* what they want to do is important.

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We find that focusing on the *why* will help you get a better answer about what will make your life better. We've seen that having a clear understanding of why a particular activity is important helps businesses become more valuable, both on an economic and a non-economic basis.

We've developed a system that takes about 12 hours during which we thoroughly examine major areas of your business and personal life. At the end of this period you'll have a clear understanding of the three or four most important activities you could pursue. More importantly, you'll understand why these activities can add value to your life.

This Ebook is designed to help you understand what the Objective Review is and how it might fit into your life. We'll explain who we are and what we do at Stage 2 Planning Partners, what is the Objective Review Process, our goals with the client experience, and review the focus areas of this process. We'll cover how the process works and what you can expect if you decide The Objective Review is right for creating great outcomes.

# OUR PURPOSE

Our corporate purpose is *to help make our clients' lives better*. We believe that those who go through our Objective Review Process will walk away with ideas that will *create value* in both their business and personal lives

When we complete the Objective Review, you will know how to answer the question, “did we help you create value and does this value make your life better?” If the answer is yes, we’ve done our job. If the answer is no, we have more work to do.

# THE ALIGNMENT PROCESS

Before we start on an Objective Review process we have a conversation with you we call the Alignment Process. This conversation is designed to help you discover a few basic things.

The Alignment Process will help you figure out where you are now and where you want to be in the future. You’ll then look at the gap between the two and spend some time understanding the value of filling that gap.

If the gap has enough value, we will recommend that you continue on and work with us doing our Objective Review process. On the other hand, if you find the gap doesn’t have a big payoff you’ll have gotten a few pieces of take home value that will more than compensate you for the time you’ve spent with us.

There is no charge for the Alignment Conversation. We find that potential clients who do this process with us can quickly and easily figure out whether we’re the type of firm you want to work with.

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# UNDERSTANDING YOUR VALUES

Too often advisors take you through a planning process and don't understand what values you hold dear and what values drive your decision making process. We believe that spending a couple of hours on discovering your values helps us make recommendations and present ideas that fit in with your worldview.

We use the AVI Values Metrics process to help you discover the values that drive you. As part of this process you'll learn which of your values provides energy and which drain energy. We'll spend time with you helping you discover ways of spending more time on energy producing activities and less on energy draining activities.

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We believe the start of any good engagement must start with a values process. We know that great companies are all values driven. We want you to have your company mirror your values. The first step in this process is to help you determine the values that should drive your life.

# WHAT, WHY, WHO AND HOW

All our engagements at Stage 2 are based on answering these four questions. We find that we often start with “what,” drill down on “why,” move back to “what” again to refine what you want to do and then move to “how.”

We believe that *you are the expert in this part of the engagement*. We know that when we’re talking about “what” and “why” it’s our job to ask good questions. As part of the process of drilling down, we often will offer some information that you may not have considered before. During this part of the process you’re the one who’s in control and setting the agenda.

The second part of this process is helping you define who you need to help you achieve your outcomes and then come up with a specific plan to help you figure out how you’re going to achieve the outcomes you want.

Once we’ve answered all four questions thoroughly you’ll have a clear idea of where you want your business and life go. You’re now in a position to start communicating this information to those who are going to help you achieve outcomes that make a great life for you.

## COMMUNICATION STYLES

Part of the Objective Review process is discovering the type of communication you prefer. We believe that effective communication is determined by what is “heard” by the listener and not what is “said” by the speaker. We find that when we work with you to understand how you want to be communicated with, we’re much clearer and as a result have better lines of communication between us.

You don’t want to spend a day and a half with us correcting a significant amount of what you are telling us. We don’t want you to feel that you’re being criticized or judged. When we know what your communication preferences are, we limit the chance of any communication breakdowns.

# OUR ROLES

## We play three roles with our customers:

- We are a consultant to help you find out what you want to do, why you want to get there, and to develop some ideas on how you can go about achieving your outcome.
- We are a coach to help you stay on track and focused on what you've discovered is important for you.
- We are a purchasing agent who can help you find who is needed, in addition to us, to help you achieve your outcomes. Once we identify the skills we need we help you put together a strategy for hiring the right outside help that will have a high probability of achieving a positive outcome.

In the Objective Review Process we are a thinking partner with you. The purpose of this process is to sift through many activities you could pursue to help you focus on two or three areas that can provide the most value with the least amount of effort. This is a discovery project and the scope of service with this project is to identify what you what to accomplish.

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If you decide to move forward to our **comprehensive wealth management** process, then we add our coaching process and purchasing agent to the mix of services we provide for you.

# THE ACTUAL OBJECTIVE REVIEW

## The Objective Review is broken into three sections:

- Examining value drivers, opportunities and risks that exist outside your business. These might be problems from competition, the market, or any factor that could provide an opportunity or pose a problem for your company.
- Examining opportunities and risks that exist inside your business. These are often operational, people, or system risks. As with external drivers, we want to evaluate internal issues both from an opportunistic point of view and as well as from one that will keep bad things from happening.
- Examining personal financial factors. We've found that most business owners aren't very good at separating their personal life from their business life. We realize this separation is not likely to happen, and we want to make sure your personal life is protected as much as possible from disasters that could happen either inside or outside of your business.

At the end of the time we spend together, you will have a clear picture of risks that you might be facing and, more importantly, what are the opportunities you have to create value that will make your life better. We know from honing this process that you will have a track to run on that has projects you've told us are important. Not only have you told us what the items are, but also why they're important.

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# TOOLS WE USE

The Objective Review creates high value in part by the tools we use with you. We call them our *client-facing tools*. This means that you are directly involved with making decisions while our computer-based tools are live and in use.

We find that when you are involved in the decision-making process about what you should do we can move much more quickly in helping you discover the truly important projects for you to work on. Our goal is for both of us to know what you want to accomplish by the end of the time we spend together.

## The computer-aided tools we use are:

1

**AVI ValueMetrics Process** - We believe this often the secret sauce in helping us have a great engagement. This tool will help you understand the values that drive your life.

We spend time going over the report and have conversations about how your values fit into the vision and mission statements in your company. We then expand the conversation to make sure that your values are reflected in how you spend your time and where your focus should be for a great life.

2

**Mind Maps** - *A mind map is a visual representation of an outline. We find that when we use mind maps, we have a higher level of recall and can more easily focus on what's important in a project.*

We build a mind map together for our agenda before we start the Objective Review. We also build mind maps together during the time we spend with each other. We use mind maps as our final report and review process after we've spent our time together.

After we set your agenda you'll receive a mind map that outlines what we'll cover during The Objective Review. Our goal is to build mind maps with you as we go through The Objective Review. This allows you to see the relationships between the different topics we cover.



The three mind maps that are created are easier to understand than the usual 20+ page report that you receive from a typical consultant. Typically, your final mind map will be no more than two pages long. Many clients will keep a copy of the one-page overview on their desk as a reminder of “big rock” projects they want to accomplish.



**CoreValue Interview Process** – CoreValue, one of our strategic partners has developed a web-based tool that allows us to systematically review 18 value drivers in your business. At the end of our 3-hour session we’ll have an approximate value for what an outsider would pay for your business and what’s preventing your company from having a value that’s even higher than the report shows.

We suggest that the CoreValue process should be done with your senior management team. We find that when you include your team, high quality conversations occur about opportunities and threats your business faces.

While you are running the computer for the CoreValue input, we will be building a mind map of the conversation. Often this mind map will provide conversation topics for us when we have private discussions about building value in your business and having that value translate to your personal life.



**Financial Logix Financial Planning Tool** – Financial Logix is the web-based tool we use for financial planning and financial planning scenario evaluation. Before we get together for our Objective Review we will ask you to provide us with basic information about yourself, your family and your finances.

We will have entered this information before we meet. This allows us to ask you questions about when you might want to leave your business, what retirement looks like for you, and test various exit scenarios from your business.

We can provide a look at various scenarios that might happen during your life between now and retirement or various scenarios that might happen after retirement. We believe that scenario planning is a useful tool to think about the worst case scenarios as well. If the worst is okay, then we know we have more options when the worst case causes real pain and harm in our life.

All three client-facing tools allow us to cut time out of the planning process, allow you to take control of what we’re talking about and speed reports to you. We find that when you receive information that quickly follows what you want, you’re likely to get more value from the Objective Review Process.

# CONCLUSION

We believe the Objective Review Process is a first step in helping you unlock value in both your business and life. It allows you to clearly understand what is important for you to focus your time and energy. When you understand what you want to do, how you're going to get there becomes relatively easy to understand.

This process is intended to give you a road map, but not the coaching or purchasing advice to get you to your desired outcome. If you're interested in that service, you will want consider our **Comprehensive Wealth Management Process**.

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If you're interested in more information on our Objective Review Process, please contact us at your convenience.

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## Appendix – Potential Areas to Cover in The Objective Review

The following items are areas that we might cover during the Objective Review. We find that we can usually thoroughly cover about 10-15 items during the day and a half we spend together. During our agenda meetings, you will choose which areas you want to focus on. We make sure we help you focus on what's important to you first before we start a discussion about any other potential issues.

### Internal Business Issues

**Corporate Mission and Vision** – We believe this is the most important first step in creating enterprise value in a business. We strongly suggest that a conversation and review of what makes your company unique as part of every Objective Review we do.

**Asset ownership issues** – Who should own assets, how assets should be titled and how assets should be financed in the business.

**Business Capital Structure** – How much debt should be used in the business. Where financing should come from for the business and how much cash should be retained for growth. How to work with banks and other lenders.

**Tactical Excellence Review** – All businesses need to be tactically excellent to retain customers and have them doing repeat business. A review of where your business stands as it relates to what we call Stage 1 issues. Does your business have systems in place that allow it to repeatedly provide great products and service?

**Hiring and Training** – Does your business have a systematic method for recruiting, hiring and training new people? Does everyone in your company use this system?

**Key Performance Indicators** – We want to help you review what you believe are the most important measurements in your company. We believe that your business should have a needle we call the key performance indicator and measurements and activities that move the needle. The activities that move the needle are called drivers. This review looks at what you do for measurements.

**Strategic Financial Management** – We review your financial statements and look at what you’re measuring that you believe is important. Our focus in this area is cash flow review and financial ratios in the company. We often recommend that comparisons are made with Robert Morris Associates surveys.

**Passive Ownership** – Many clients are interested in what it takes to change their relationship with their business and become passive owners. We review the activities in which you presently engage and make suggestions on activities that could be pursued to move toward passive ownership.

**Compensation Design** – We are a fan of open book management. We believe that many companies could benefit from using open book management along with a variable compensation plan for their company. We believe excellent compensations should come from great company results. A compensation plan review starts you down this road.

**CoreValue Process** – 50% of the CoreValue analysis we do deals with internal business issues. We evaluate this part of the planning process to see if there are any obvious issues you might want to pay attention to.

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## External Business Issues

**The competitive landscape** – It's important that you understand who your competitors are, what their strengths and weaknesses are and how you stack up against the competition. We help you evaluate your market segment and niche to determine how much competition you have. If the competitive landscape is weak, we help you think about ways that you can dominate your market segment.

**Innovation Processes** – What new products do you have in the pipeline? What processes do you use to develop new products and services? What percentage of your business comes from new products and customers each year? Do you have a formalized innovation process? These are questions we help you answer. We also encourage you to understand why your answers are important when you're creating enterprise value in your company.

**Strategic Marketing Process** – We help you evaluate your customer base to see if you have a clearly identified your A customer. We want you to know whether your sales force calls only on A customers and helps your company follow the 80/20 rule of most companies.. We help you look at your marketing process and evaluate whether it is, in fact, marketing or just sales management. We help you understand the difference between marketing and sales and why both are discrete activities within your business.

**Niche Development** – Is your business a generalist or do you service a specific niche? If you service a general market, what can you do to develop a niche? We help you understand whether your niche is fragmented or if there is a dominant player with the niche. If you are that dominant player, we help you develop strategies where you can include additional niches to your marketing plans.

**CoreValue Process** – As with internal business issues, CoreValue helps us evaluate your external business issues such as recurring revenue, brand and market dominance. We use the CoreValue process to help you identify areas of your business where you believe more value can be added.

## Personal Planning Issues

**AVI ValueMetrics Process** - Our engagements always start with your values. We've found that when you are clear about your values you have a better understanding of what will make your business great. You'll build a business that reflects who you are and what's important to you. We find that private businesses work best when they reflect the values of their owners. This allows you to integrate your personal values into your business, making both your business and personal life more satisfying.

**Harvesting Business Values** - Too many times we see business owners with too much cash left in the business. We're often told that the extra cash is for expansion or "just in case." We find that when you leave too much cash in your business, that cash often disappears after bad decisions are made. We help you examine what your true capital needs are and to make wise decisions based on that information.

**Succession Planning** - You've worked hard to build a successful business. You might even be planning that your business will be the main driver in providing you with funds needed for retirement. This process will help you examine the value of your business today, what you can do to improve the value and how a buyer might look at your business. We then move to what are the likely exit strategies you can use when it's time to leave your business.

**Personal Tax Planning** - No one wants to pay more taxes than they have to. If you believe you're paying too much in taxes you might want to do a quick review of what you're paying, what your corporate structures are and what the ultimate tax will be when you leave your business. If it appears opportunities are there for you, we'll suggest types of advisors you can use to take advantage of opportunities you may have.

**Personal Wealth Creation** - Too many businesses operate at a level that does not cover its cost of capital. Too many business owners have all of their eggs in one basket. Taking a look at both of those areas can help you understand whether you should be concerned about your business return and/or whether you'll be able to leave your business and retire when its time to move on.

**Asset Protection Strategies** - Many business owners feel as though they have a target on their back. You may have personal risks that can be easily controlled. If you believe you might be open to lawsuits or other legal actions, a discussion on asset protection might be appropriate.

**Business Legacy Planning** – Are you concerned about what happens with your business or the stakeholders in the business after you leave? If so, then business legacy planning might be a good conversation to have.

**Personal Risk Planning** – What is your appetite for personal and financial risk? If this is an issue you're concerned about, we can discuss whether you are using assets appropriately in your business, and if you are protecting your net worth for the future.

**Estate Planning** – Have you thought about to whom you want to leave your assets, and in the manner you want to leave them? Estate planning is about distribution of assets when you're gone. It also covers how you plan to leave a legacy and what you want that legacy to mean.

**What's Next In Life?** – If you're thinking about selling your business in the near future, you should think about what's next in life. We believe that answering the "what's next" question is often just as important as knowing whether your business will provide enough cash for you. If you don't answer this question well you're likely to experience sellers remorse. Planning and experimenting with the next chapter in your life can help you leave your business and be happy with the result you get.

**Personal Financial Planning** – There are about 6,000,000 private businesses in the U.S. We believe that the vast majority (more than 95%) will not be able to retire on the value of their business alone. We use scenario planning in our financial planning process. This allows us to test various situations to see if you are on the right path to leave your business and be able to retire.

**Business Exit Planning** – If you're interested in leaving your business within the next three to five years, you will want to review best practices for leaving your business. We have a seven-step process that we've been using for more than 15 years to help our clients understand the exit process as well as what they should do to ready themselves for this event.

**Pre-Retirement Planning** – We help you understand what's important, as you get ready to eventually leave your business. This process is for you if you have more than five years before you're ready to retire. The pre-retirement process is where we help you diversify your investments and assets, making it more likely that you'll have assets available when its time for you leave your business.

**Charitable Planning** – Many of our clients are interested in charitable planning. We help you understand that charitable planning can be used for more than just supporting charities in your life. We help you examine other uses that charitable planning can provide such as helping your children learn money skills.

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We believe that personal mission is every bit as important as business mission.

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**Personal Mission and Vision** – We believe that personal mission is every bit as important as business mission. We also believe that it's important for you to tie the two together and even include family mission. We find that when personal and business missions are integrated you will have a more congruent life where you can enthusiastically work on what's important in your life. When business and personal mission are combined you start living a life that's integrated....leaving you with less stress and more joy in your life.



## About The Stage 2 Solution:

The Stage 2 Solution is a group who focuses on helping their clients create extreme value in their business. The focus of our help is on Registered Investment Advisory firms that do over \$2,000,000 in gross revenue per year.

We help our clients manage revenue, create a memorable reputation and work with owners on strategies that will create sustainable value in their firms as well as for the owners of the firms.

### **For more information please contact:**

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