

The Parallel Paths

-Business Owner-

The Parallel Paths

Preamble:

Nice to meet you: This should be whatever is socially appropriate. If you are going to say anything about your organization remember it is still a narrative and so it must include:

Description

Meaning

Relevance

Value

Purpose

The Two Questions:

What is your experience of Financial Planning or Financial Planners?

The key to this question is that it is the first time with this prospect we have a chance to show that we can be great with them. The idea is to be generous in our listening...not add to or subtract from their communication. To have them 'get' that we 'get' them.

After they speak this the next thing we do is say, "Got it. Thank you for sharing that." It doesn't matter whether they say something good or bad. If it's bad, it's not about you. If it's good, it is not an impediment to moving forward.

We want to make sure we don't create a comparison that we may regret later (or even in that moment.

What are three things that you would like to accomplish financially?

Again, the objective here is to let them speak. We are not trying to 'solve' their problems. And we are not trying to fix or change them. While the temptation is great, and we know we have the products and services to make a difference, we do not want to show up as every other salesperson has shown up in their lives.

The response to each one is "Got it". We don't want to force out more. If they come that's fine. If the fall short, that is fine too. You may say after the last one, "Anything else?"

Think about it this way: we want to be in the space of acknowledgement. They are making statements. You can ask a question but be sure it doesn't occur as a manipulation.

The Talk:

Everyone we meet has to be on two parallel paths.

Draw two parallel lines with arrow heads to the right:



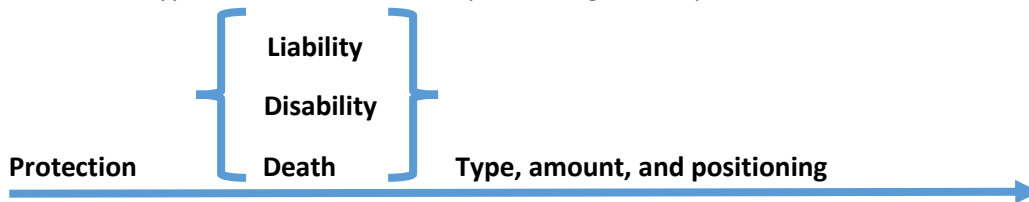
The first path is the **Protection Path**



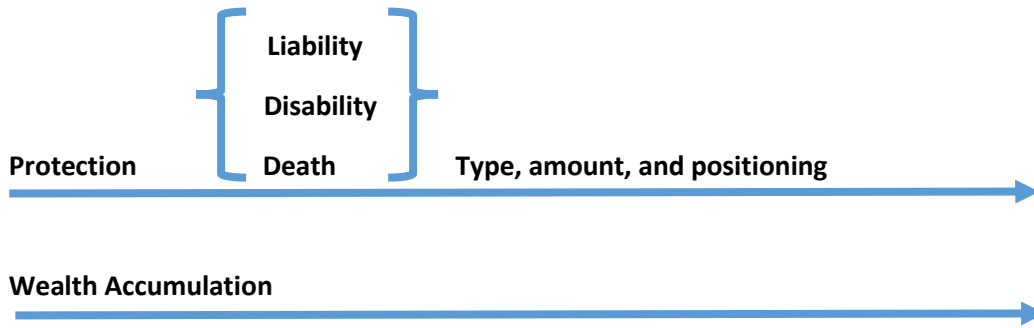
and what I mean by that is protection from liability disability and death.



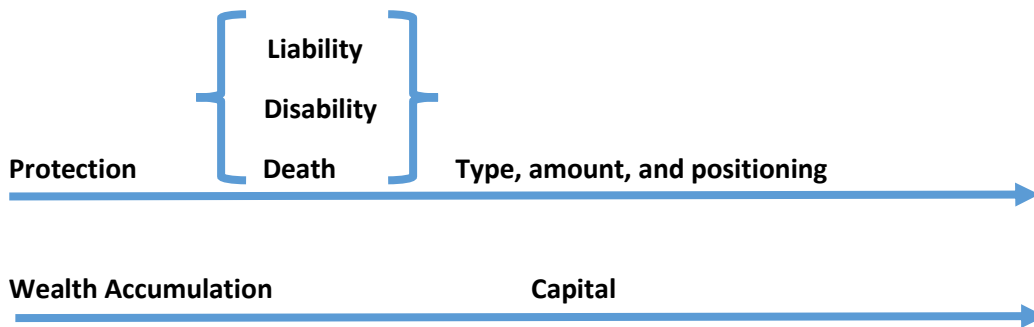
And that's about the type, the amount, and the positioning of that protection



The second path is the **Wealth Accumulation Path**

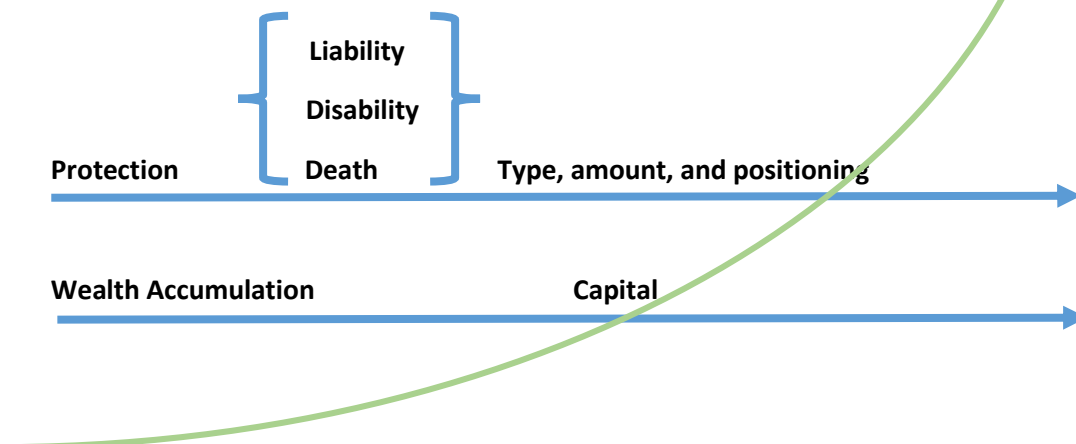


and that's about capital.

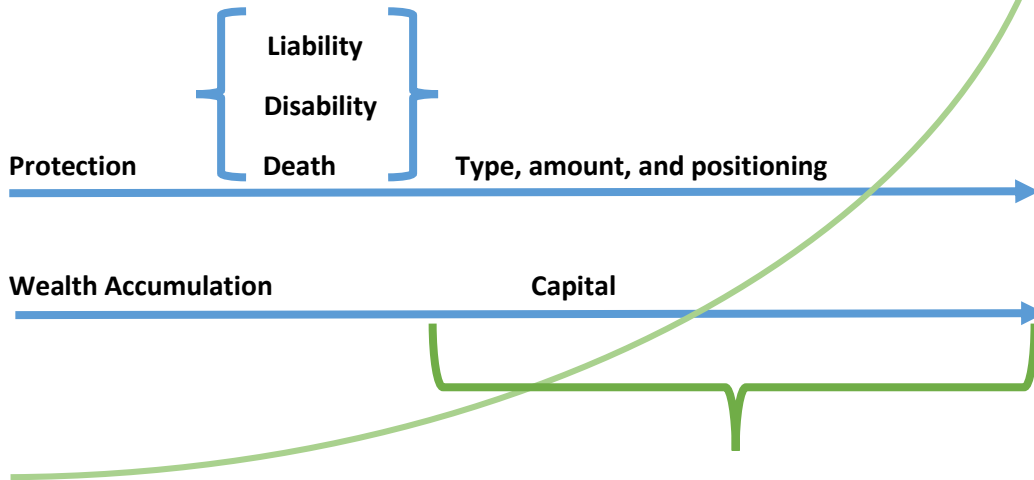


...Capital for your long-term and short-term capital needs...like funding a college education, buying a new home and most especially retirement.

And the reason why you have to do both is because of the way wealth grows over time



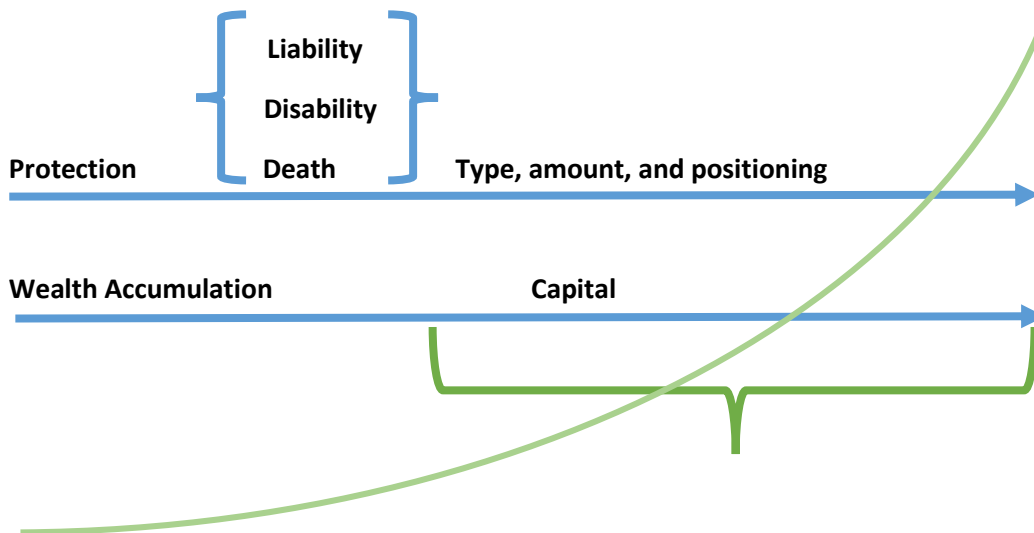
You see when you put your first \$15,000 into a 401(k) plan it didn't suddenly become \$1 million (or whatever seems appropriate given the context). It took time. You had to deposit money over time and get a return; so what we say is that wealth accumulation is most effective later.



You have to start it today. But the effect, the big impact of saving happens later.

Now you don't own the curve. You don't have a right to have the curve. There are all sorts of things that can interfere with having that curve. What are some of those?

Job Loss Disability Lawsuit Divorce Death Health Market Drops

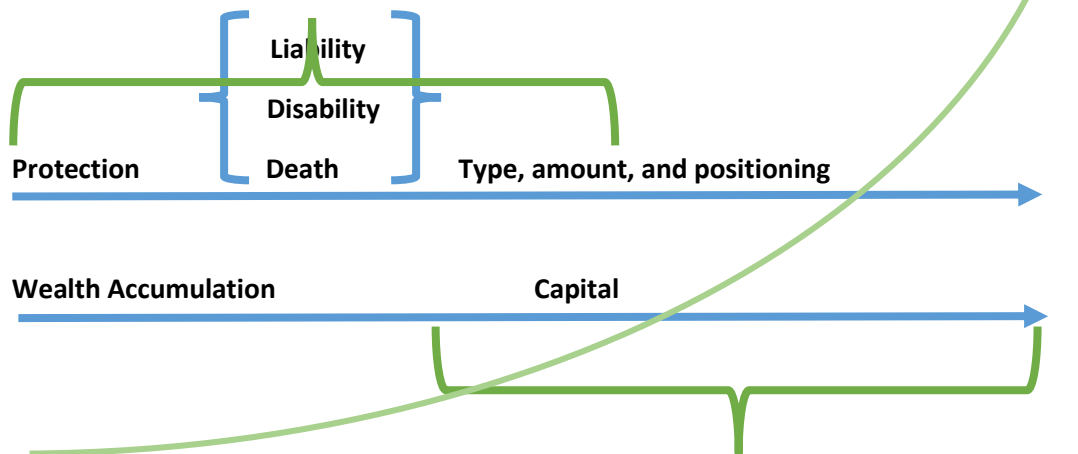


The client typically says job loss, disability, lawsuit, divorce, death, market fluctuation. It is unwise to jump on any of these or engage in a conversation about them. Again, the goal is to allow the prospect to be heard. As the client speaks these things you must write them down. It is a good idea to ask INTELLIGENT clarifying questions. Say a prospect says, "Health". That can mean different things. You may ask if it is an expenditure due to poor medical coverage or a disability and the resulting loss of income. Ultimately, you want the prospect to dwell in the truth that growing wealth or having wealth is subject to a lot of elements working in their favor.

Got it...thank you for sharing. You see the reason why we protect first is so that we assure ourselves of the probability of having that curve materialize with certainty. Some advisors insert, "How many things have to go right to have that curve work out? Prospect typically says, All of it" or "Everything". "How many of these threats have to happen for the curve to fail"? Prospect says, "Just one".

And that's why we protect. The Protection Path is protection against those things that would stop that curve from occurring.

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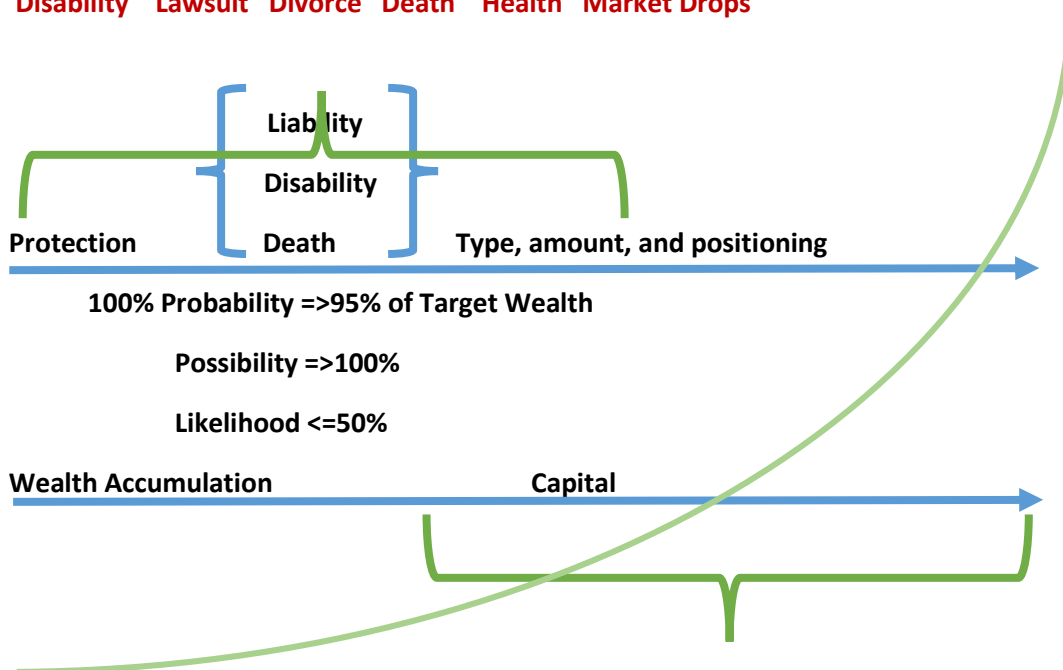
Protection is necessary to assure the probability of that curve happening. That what all the empirical evidence shows us

Social Proof Component

And if I could put all my clients in this room they would tell you that they would rather have a 100% probability of getting to 95% of their target wealth rather than the possibility of getting to 100% and the likelihood of getting significantly less maybe even less than 50%.

This is what we've learned after hundreds of thousands of man hours on tens of thousands of cases over the last 30 years.

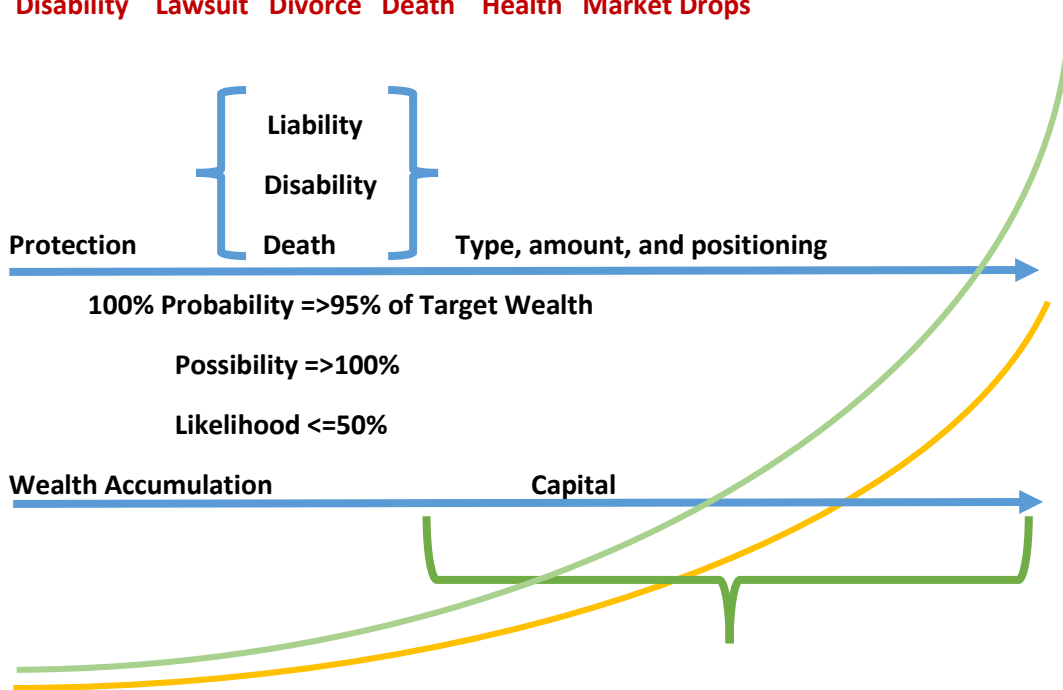
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The Business Owner Conversation

Given that you're a business owner there are other important considerations that are unique to keeping, growing and transferring a closely held business. There is an addition to the Parallel Paths. For many of the business owners that we work with, their business represents 90% of their non-housing wealth.

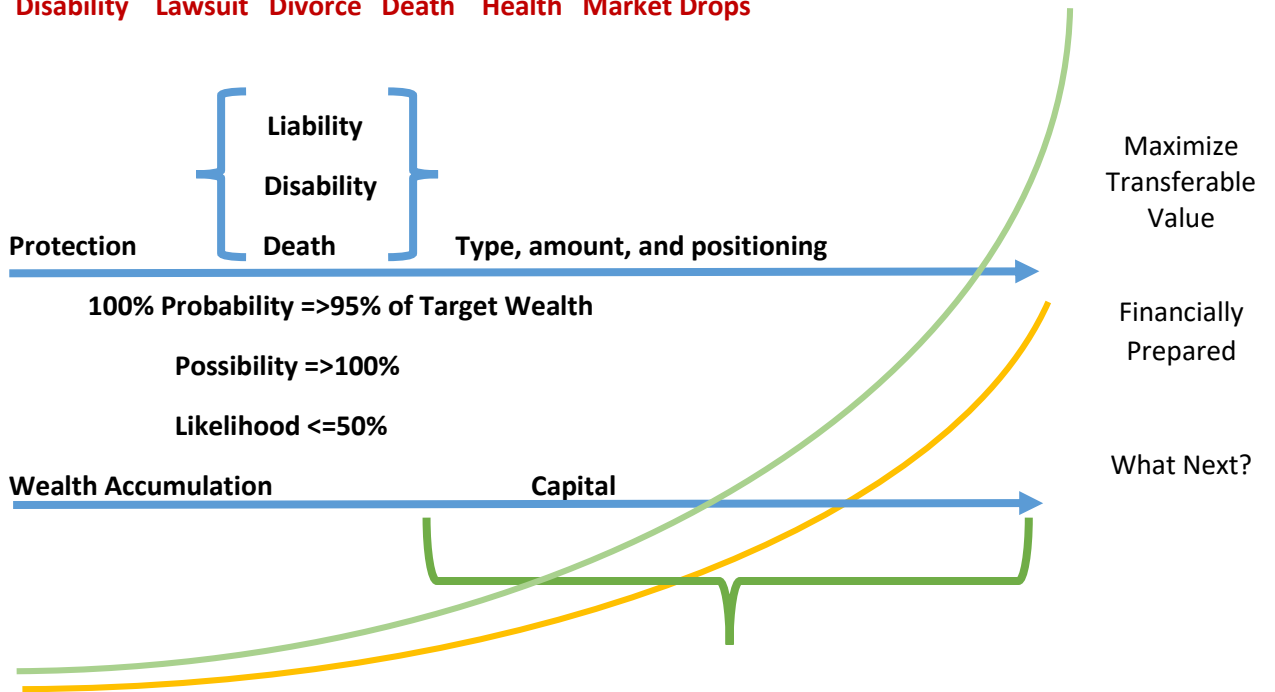
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For many of the business owners that we work with, their business represents 90% of their non-housing wealth.

Draw the yellow line.

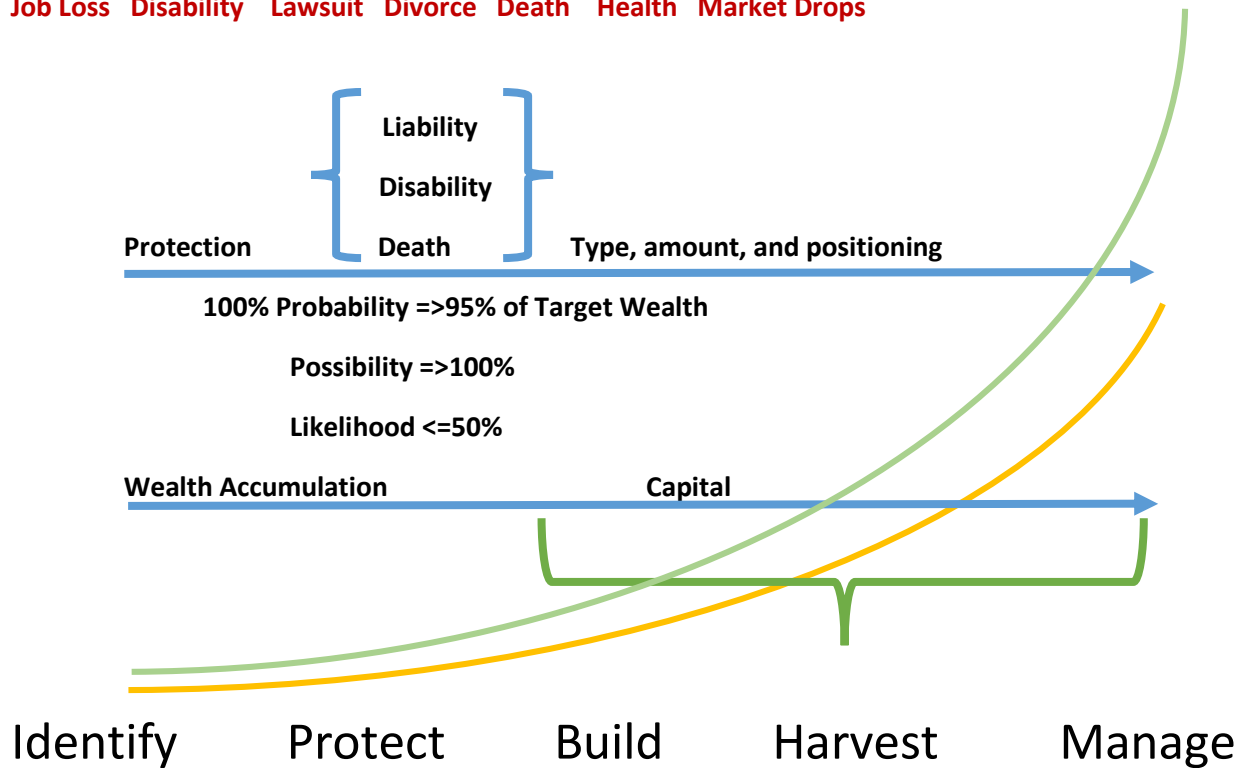
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And given that one day, you will voluntarily or involuntarily leave your business, it is important that we help you focus on three things: Maximize Transferable Business Value, Ensure that you are financially prepared and ensure that you have a plan for “What Next?”

There are 5 stages to help with your business wealth:

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We use various tools to help understand your business.

We **IDENTIFY** areas where you have exposures that might impact transferable value. They we help you think through how you can **PROTECT** the position that you currently have. De-risking your business is a critical foundation for growth. This is always an ongoing process as you grow so the business doesn't run backwards. All along the way, the goal is to **BUILD** value. Building value depends on the 4 C's: Human Capital, Structural Capital, Social Capital, and Customer Capital. When these pieces are put together well your business can be **HARVEST**ed tax efficiently. Ultimately, upon exit, there will be value that needs to be **MANAGED** to last a lifetime.

The Bridge

What do you think of all this?

Prospect will typically say any one of the following:

That makes sense to me!

How come I haven't heard of this before? In which case the response is "I can't speak to that. All I know is this is what all the empirical evidence supports"

What do we do next?

My advisors have never told me this!

I've done a very poor job on the Protection Path

Would you like to see where you fall on these Paths?

Typically, "Yes".

We have a diagnostic tool that we use to make these assessments. It's called [Insert Appropriate Planning Platform]. I just need to ask you a few questions....