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The Irresistible Seduction of Process

by Hoon Kang, 7/17/17

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If your firm's assets are growing and you are scrambling to add staff to service your ever-growing client base, congratulations. That's a good "problem." As your firm grows, to provide an exceptional yet uniform client experience, maximize efficiency and minimize errors, you should build and implement a tightly-run process. Who wouldn't want to perform at a high level, get more work done and make fewer mistakes?

But process is only a means, and nothing more, to delivering an outstanding client experience. It's not strategy. And it's not a product. Disregard this simple truth and you will lose self-starters and future leaders who want to contribute by doing far more than what they are told.

This is how obsessive adherence to process typically unfolds into irrelevance.

Your propensity to always "be better" causes your firm to grow. With growth comes complexity. You add more people from different walks of life, with varied personalities and temperaments. In your quest to be better, you strive to improve client experience. But with more people involved, chaos ensues. It is no longer optimal to run your firm informally.

What do you do to "fix" the chaos? You implement process. If there was already some semblance of process, you improve it and tighten it up.

Now that you have well-executed process in place, the chaos has been pacified, and your firm is running like a well-oiled machine, you pat yourself on the back and tell yourself, "I've built a 'real' business."

So far so good.

But on your way to building a "real" business by implementing process, what have you done to your employees' motivation and engagement? Do they think more or less independently? Did you expand, or curtail, their freedom? Did your firm become more, or less, bureaucratic?

Now go back to the job descriptions of your employees. Chances are, they include words and phrases like, "self-starter," "initiative," "can-do attitude," "flexible," "creative," "problem-solver," "curiosity," "leadership" and some variations thereof.



Paradoxically, the problem with perfectly executed processes and procedures is that they stand in direct opposition to the very attributes that you desire from your employees. Further, it diminishes their freedom as your firm becomes more bureaucratic. Worse, the seduction of process becomes irresistible to you as you experience near-term results that are visibly positive: greater output with less movements and less thinking, with minimal errors.

But your intellectually curious, self-starting go-getter types are stifled. Some of them joined a small business to escape secure but bureaucratic employers. Now they feel as though your firm suffers with many of the negatives of a big business with none of the benefits. One by one, they move on to more challenging work elsewhere where their contributions are more impactful and better appreciated.

Those who feel secure in routine and structure stay put as you label them, "loyal employees." They don't like changes or surprises; they wait to be told what to do; and they find comfort in predictability.

So long as the financial service industry remains unchanged, this model works superbly well because your process is optimized for your business *today*.

Until it doesn't.

What happens when new technology disrupts your industry, when a new generation of customers wants your services delivered in radically different ways, or new types of competitors surface? Will you be able to adapt quickly and remain competitive? What would happen if there is a major change in the business model of your business – and it happens suddenly and quickly? Will you be nimble enough to react, adapt and survive – and emerge victorious on the other side?

Or, will you steadfastly put your trust in your process that has worked so brilliantly thus far, forgetting that it is only your servant, not your master? Will you, to paraphrase Peter Drucker, keep doing useless things that should not be done at all, but with great efficiency? Will you slowly (or suddenly) become irrelevant?

There is a real dilemma here. Do you do away with rules and process so you can stay nimble, but learn to live with chaos? Or, do you execute tight process and procedures to create efficiency, but lose good people in the process, and get left behind when your process is no longer relevant?

There is a better way. Hire high-performance people. Even if you had no process, no procedures and no rules, but you had high-performance people, they will figure out a way to get enormous amounts of work done efficiently while minimizing errors. Give them autonomy – because they are “worthy” of autonomy – and let process serve them rather than them serving process.



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I personally worked closely with one of those high-performance people. When she was first hired as a client service associate by one of my clients, she didn't receive any training. It was truly a “trial by fire.” But the challenge didn't hold back this single mom with no spare time and without any background in the financial services industry. Being a resourceful person, she took the initiative to visit the websites of the firm's custodian and CRM provider, and made time to watch all of their training videos online. After several months, she was better acquainted than those with much longer tenure with the ins and outs of most client service tasks. She would regularly find new and better ways to do things, often using free or inexpensive software, and coach her superiors. She was also instrumental in “cleaning up” and optimizing the firm's CRM – and continues to find ways to optimize it.

She follows process. But she's at once disrespectful of process, and is constantly reinventing it. Why? Because she knows that process exists to serve her not the other way around.

Author's Note: The concept discussed in this article was borrowed from a slide deck, “Netflix Culture: Freedom & Responsibility.”

Hoon Kang, CPA, CFP®, ChFC, CLU is a practice management consultant with Elliott Bay Advisors. His practice focuses on helping founder-centric advisory firms transform from practices to enduring businesses with transferable enterprise values. His articles have appeared in AICPA PFP Planner, Leimberg Information Services and Journal of Financial Service Professionals. He can be reached at hoon@elliottbayadvisors.com.

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