25 Secrets to Sustainable Success
A Master Firm Builder Book
By Phillip C. Richards

Chapter 21

A High-Performance, No-Excuse Culture

One of the many reasons that the job of the financial advisor is among the most sought-after careers in the nation is the freedom that the unstructured environment allows. But unless the advisor is extremely disciplined, success is improbable. The opportunity for distraction, the office without walls and the absence of a time clock all contribute to the already difficult challenge presented by this rejection-filled career. In Chapter 4, we discussed the discipline and accountability that new advisors need from management to make it through their first 90 days in the career.

To increase the odds of successfully getting advisors beyond their first year in this business, we must establish metrics that track their activity, results and overall performance. To the extent that field management does this, our odds of growing successful advisors increase, along with our advisor retention rate.

That is why we established a high-performance culture in the early 1990s — to give advisors a better chance of making it through that tough first year. It worked well, but not well enough. We achieved a 25 percent four-year retention rate and remained there. Although this retention rate was about twice the industry average, it was unacceptable to our business model. So we explored ways to improve it.

We brainstormed the challenge in our Corporate Development Council meetings. In the no-holds-barred format of those meetings, people continued to throw out ideas. We discussed many possible strategies and concepts, but nothing was powerful enough to really make a difference. Then, somebody suggested the idea of a “no-excuse” culture. We probably thought of no fewer than 50 different ideas before someone came up with adding the no-excuse aspect to our high-performance culture.

It’s a high-performance culture, and there are no excuses for poor performance. Unforeseen distractions, no matter how sad, can and must be anticipated. When used as a reason for nonperformance, they are an excuse. Advisors must be taught to anticipate that bad things do happen, and they must still validate their contract in spite of those unfortunate circumstances. As managers, we must educate advisors about this expectation and be prepared to let advisors go if they don’t meet our standards. Requests for extensions on deadlines are generally the result of putting off until the last minute the fulfillment of the requirement. If this procrastination characteristic carries over to client service, there will be consequences from a compliance vantage point, so we cannot allow that to happen. Further, our “client comes first” mantra loses its force.

It was not until we added the no-excuse aspect to the equation that we began to notice significant differences. Previously, many of our newer advisors were barely validating their contracts, and we were accepting their excuses for poor performance. But once we adopted the no-excuse culture, many of our advisors were not only validating their contracts, they were max-validating them. Max-validation means that they were achieving the highest ranges of performance in the three-year subsidy program that Securian provides to new advisors at the beginning of their careers. Furthermore, almost a fifth of them were max-validating their contracts in every one of their 12 quarterly checkpoint periods over a three-year period. This was a remarkable transformation. Before we adopted the no-excuse culture, it was a rare occurrence for a new advisor to max-validate.

We have had similar experiences over the years with Securian and its part-time production requirements. Each time an old friend failed to meet the minimum production requirements and had to be terminated, there was both despair regarding the loss and genuine concern about the cumulative impact of this process on the overall future production of the firm. This latter concern has proved to be misplaced. The raising of the bar almost always causes those who remain to take the minimum levels seriously and to improve their performance. It has clearly helped them.

The number of new people who failed began to plummet, and a sense of eliteness began to emerge among those who were able to rise to the higher standards that we were setting. They felt like the few and the proud. The winning environment grew and began to feed on itself. What in the world had happened?

Why the No-Excuse Concept Works

Because of the enormous freedom inherent in an advisor's career, there were simply too many ways for us to rationalize mediocrity. In our familial environment, where family and personal obligations matter greatly, it was easy to explain away advisors who did not fulfill requirements because of what could be considered higher priorities. This proved to be a conundrum until we added the no-excuse component to the equation. When we did that, we essentially blended advisors' family and personal obligations with their commitment to this career. Meeting both types of obligations became table stakes. We expect our advisors to fulfill their career obligations within the realm of their personal obligations without using the latter as excuses for falling short on the former.

Placing obstacles in front of winners doesn't produce excuses; it defines who the winners are. Winners aren't necessarily the ones who win every time; they're the ones who never give up, who keep trying no matter what the odds are. Losers are potential winners who gave up. As Ernest Hemingway told his son, "You know what makes a good loser? Practice." Successful people are those who never stop trying, whether they're company CEOs, teachers, bread-truck drivers, physicians or ditch diggers. As long as they keep trying, without regard to monetary markers, they're winners.

So we married the no-excuse expectation to the high-performance expectation to create a sense of camaraderie, an eliteness, a gathering of eagles, a line of freight trains that plows through obstacles without excuses or rationalizations. Whether you're in a spelling bee or a bar fight, these are the people you want on your team. And that's exactly the kind of performance and can-do attitude that you'll get if you exemplify that same behavior as a manager. That's the culture that wins wars of any kind.

Turn a Spotlight on Your Culture

In his book *The People Principle: A Revolutionary Redefinition of Leadership,* Ron Willingham said, "People soon discover the level of performance that their managers will settle for and gravitate to that level."[1] As managers, we need to raise our standards, look carefully to see where excuses are endemic, and put processes in place so that underperformance is not accepted.

Underperformance comes in many different forms. Dr. Paul Stoltz categorizes underperformers as campers or quitters in his book *Adversity Quotient* and compares them with their successful counterparts — climbers.

Stoltz explains that *quitters* do just enough to get by. They demonstrate little ambition, minimal drive and sub-par quality. They take few risks and are rarely creative, except when it comes to avoiding big challenges. Quitters are the dead weight of any organization. In contrast, *campers* show some initiative and drive and put forth some effort. They will work hard on anything that helps them better secure what they already have. But they do only what is required. It is this baseline of satisfactory performance that keeps campers employed, and it frustrates the visionaries who are striving to create ultimate performance.[2]

Climbers are the people we want on our team. They embrace challenges and live with a sense of urgency. They are self-motivated and highly driven, and they strive to get the utmost out of life. They are catalysts for action and tend to make things happen. They will not settle for a career at base camp, but instead continue the climb to the top. Climbers do not settle for title or position alone. They constantly seek new ways to grow and contribute.[3]

We've had our share of quitters and campers, and we found two areas in particular where we were making excuses for people who were not performing in accordance with our standards. Once we realized our errors, we corrected them and put processes in place so that they wouldn't happen again.

Many of our advisors come through internship programs with universities throughout our 10-state area. One big mistake we had been making was that we were hiring interns and then saying, "If we like them, we'll give them our selection test later." Well, by the time we got around to testing them two summers later, some of them would fail the test, but by that time we were in love with them. We would make excuses for why the test results did not apply, and we would hire them anyway. We basically threw out our selection test, and that was not wise.

Today, before these young people even become interns, they must pass our selection test. We want to make sure that if we ever make them an offer, or if they ever want to become an advisor, that they have already taken and passed the selection test. Once you fall in love with them, it's too hard not to give them an opportunity.

A second big mistake we had been making was that we would hire young people after their internship and then ask them to pass the licensing tests that they need to become advisors. We paid their salaries and covered their overhead. They naturally thought that their job was to pass these licensing tests instead of getting on the phone. We finally realized that we couldn't do that anymore because no matter what we said to them, they still believed that their job was to pass the tests. Now we simply say, "The tests are table stakes. To get into the game — to get a contract — you have to pass all of your licensing tests first." Problem solved.

Today, candidates enter a pre-contract training period only after they pass all of the required licensing tests (e.g., Series 7, Series 63, life, accident), and even then they're still not on our payroll. Candidates who graduate from college on June 1, for example, would not start employment with us until September 1. During that summer, we will pay for all the tests that they have to take to become advisors, and they must pass their tests by September 1. If they don't pass, the contract remains in suspension until they do.

Scrutinizing our process in this manner helps us execute our high-performance, no-excuse culture, and we're always looking for new ideas to further improve and refine our processes.

There's a difference between interest and commitment. When you're interested in doing something, you do it only when circumstances permit. When you're committed to something, you accept no excuses, only results.
Art Turock

You Take the Helm

Don't Accept Excuses — Educate your advisors to anticipate that bad things will happen and they must still validate their contract in spite of those unfortunate circumstances.

Don't Make Excuses — No matter how sympathetic you may be to your advisors' situations or how much you like them, don't allow yourself to make excuses for their poor performance.

Inspect Your Systems and Processes — Look for areas where standards are not being met and determine why. Change your processes to support your no-excuse culture.

Seek Out the Climbers — Quitters give up and return to the base of the mountain, and campers find base camp and level off. Climbers want nothing less than the very top of the - mountain.

Set High Expectations — People will live up to your expectations, so set them high. Sustainable high performance is never accidental.