

25 Secrets to Sustainable Success

A Master Firm Builder Book

By Phillip C. Richards

Chapter 4

*Cop, Coach, Community
From Autocracy to Interdependence*

Success is rarely possible without discipline. During the cop stage, management must observe the self-discipline level of the new advisor. Discipline can come from within a person or from without — and both sources work.

John Lefferts, a very successful manager from AXA Equitable, delivered a general session presentation at LAMP 1994 where, for the first time, I learned the "Cop, Coach, Consultant" concept of working with advisors. I have had many compelling presentations at LAMP, but this was one of the very best.

In 2004, North Star revised this strategy by replacing "consultant" with "community." This is more in line with our philosophy of "You are in business *for* yourself but not *by* yourself." Further, it better represents our familial atmosphere of caring and our collective efforts of giving back to our neighborhoods, communities and the North Star family.

These three words, placed in the right order — cop, coach, community — provide field leaders with a simple game plan, not only for understanding the process of growing advisors, but also for enhancing the selection process. Our business is difficult enough to succeed in; those uncoachable individuals who fight the system simply stack the odds further against themselves. On the other hand, people who have faith in the system increase their probability of success.

We have always known that we must interact with seasoned, successful advisors differently from how we interact with new advisors. The cop, coach, community approach to management helps field leaders understand this progression of career development and describes the type of support that we, as managers, should be providing at each point during our advisors' careers.

The Cop Stage

Success is rarely possible without discipline. During the cop stage, management must observe the self-discipline level of the new advisor. Discipline can come from within a person or from without — and both sources work.

The U.S. Marine Corps is proof that external discipline works. Marines don't always come to the table with discipline, but you can bet it will be provided once they enlist. Our training program is similar. We provide the discipline to hold advisors accountable for as long as it is needed, typically for a minimum of 90 days.

We have found that the following concepts are critical to success during the cop stage of advisor development. You will find more detail about each concept in the chapter noted.

Concept

Chapter

Critical Number	8
Habits	14
20,000 Rejections	15
High-Performance, No-Excuse Culture	21
Expect What You Inspect	23

The discipline and structure that you administer during the cop phase is absolutely critical to a new advisor's success. But equally critical is letting the advisor advance to the coach phase at the appropriate time. This is easier said than done and is quite similar to the challenge that most parents face in gradually "letting go" as our children mature.

This is a very delicate issue. Many managers continue to keep people in the cop stage, and that can be a prescription for disaster and for losing them. We have lost people that way ourselves. At some point, you must let them go. You have to show them the loyalty and respect that says that you trust them to exercise the self-discipline to do the right things. Most will give the loyalty and respect right back to you by doing the right things.

Sometimes we are able to let advisors leave the cop phase before their initial 90-day training period is over because they're exercising all kinds of self-discipline, doing everything that we ask them to do and more. We don't ask people to come into the office on Saturdays and Sundays. But here they are. If somebody is giving you that kind of effort, you don't have to be their cop anymore. But they do still need coaching, direction, support and nurturing. You will provide that to them during the coach stage.

The Coach Stage

Wrestlers and other athletes start out doing a lot of physical conditioning and learning the basics of their sport. But as they advance, they need a coach to help them build and refine their individual skills and talents. Advisors are much the same. Once they learn the fundamentals of the career and begin to demonstrate discipline, they no longer need a cop. At that point in their development, they need a coach to help them build their skills, and that is what members of management must be prepared to become. Coaches dictate the rules of engagement for advisors — meetings, reports, compliance, drills, presentations and the like.

We have found that the following concepts are critical to success during the coach stage of advisor development. You will find more detail about each concept in the chapter noted.

Concept	Chapter
Life Insurance Focus	10
Written Goals	13
Mentoring Culture	18
Study Groups	19
Coach, Don't Coax	20

This second stage lasts until advisors hit our minimum level of acceptable production, Million Dollar Round Table (MDRT). Then, although they may no longer need a coach, we will act in that capacity if that is their choice. The usual transition, however, is for advisors to move from the coach stage into the community stage.

The Community Stage

Before advisors qualify for MDRT, which is our firm's break-even revenue point, they are our customers and our dependents, and they operate under our autocracy. Then, once they hit MDRT, they become our partners — consultants who function interdependently with our firm.

This is a critical turning point. If our attitude toward that person does not recognize his or her contributions to the firm, then the firm is vulnerable to that successful advisor seeking alternatives elsewhere. Reaching the MDRT milestone represents the point when the very autocratic system that successfully guided that advisor from novice to accomplished practitioner must evolve also.

We have found that the following concepts are critical to success during the community stage of advisor development. You will find more detail about each concept in the chapter noted.

Concept	Chapter
Do What You're Best At, Delegate the Rest	5
Leaders Are Teachers	6
Servant Leadership	7
Creativity and Relationships	9
Specialize	11
Blended, Not Balanced	12
Your Worst Deal Is Your Only Deal	16
The 80–20 Rule	17
Live Where You Want, With Those You Love, Doing the Right Work, On Purpose	24
Live your Legacy	25

This is a healthy outcome, with all parties operating in an adult, mutually respectful, growing relationship. No parents, no children. Love, respect and a sense of community replace a directive and nurturing, parent-knows-best environment.

A Guide for Managers

In the book *Leadership and the One-Minute Manager*¹ the authors outline four basic leadership styles that mirror the cop, coach, community approach. Their directing style corresponds with

our cop phase, their coaching and supporting styles correspond with our coach phase, and their delegating style corresponds with our community phase.

The authors explain that there is no one best leadership style. Rather, managers should match their leadership style with the appropriate developmental level of the person they are working with on a situational basis.

The authors describe the leader's role in each of the leadership styles, as follows.

Directing Style (corresponds with cop phase)

In this phase, the leader provides specific direction and closely monitors task accomplishment.

Coaching Style (corresponds with coach phase)

In this phase, the leader continues to direct and closely monitor task accomplishment but also explains decisions, solicits suggestions and supports progress.

Supporting Style (also corresponds with coach phase)

In this phase, the leader facilitates and supports efforts toward task accomplishment and shares responsibility for decision making.

Delegating Style (corresponds with community phase)

In this phase, the leader turns over responsibility for decision making and problem solving to the individual.

Cop, Coach, Community as a Selection Tool

The cop, coach, community process is an excellent selection tool. It serves as one of the best pain killers a firm can deploy. We've all hired that promising recruit who we soon discovered thought he had all the answers and was simply uncoachable. And the compassionate leader privately sighs, "Here we go again." It has happened to us, too. It is a punishing experience, both emotionally and financially, for a field leader to hire someone who is not coachable.

Make Your Interviews Structured but Flexible

The failure of advisors with that kind of attitude is predictable. If you hammer on the cop, coach, community approach in the interview process, you can weed out those who find that approach unacceptable. As you repeat the process over and over during your selection interviews, you'll find out quickly which recruits consider the cop phase to be offensive because they know it will require them to subordinate their egos and accept authority. It becomes a self-selection device with the candidates disqualifying us for their own reasons.

A good example of how this interview process works occurred with one of our perennial Court of the Table qualifiers, Marshall W. Gifford, CLU ChFC. During our interview with Marshall in 1993, I learned that he had played varsity basketball on a full scholarship for three years. When I asked him what happened in his senior year, he answered that he had quit the team and given his scholarship back after his junior year.

Did I have an authority-resentment issue on my hands? That question became the main focus for the remainder of the interview. I proceeded to ask questions such as, "What adjectives would you use to describe your high school football coach? What adjectives would you use to describe your high school teachers?" I asked the same about additional authority figures from his past. Fortunately, every single one of them elicited positive descriptions from Marshall. His basketball coach turned out to be the only authority figure that had ever been a problem for him. Later I learned that others had had similar experiences with the same coach. And it

turned out that Marshall was such an outstanding athlete that he went on to his college track team the next year without a scholarship and finished seventh in the nation in the decathlon!

Marshall was extremely coachable and today is not only a valuable senior advisor, but one of the finest mentors I have been privileged to know. He has since co-written a financial planning book for dentists with another of our advisors, Todd Bramson.

A highly structured interview that lacked flexibility could have cost us an unbelievable candidate who is now an extremely valuable part of North Star's culture and team. This next story demonstrates just how valuable Marshall is to us and to his clients.

In May 2003, Marshall met with a young couple who were his clients; they were both dentists in their late 20s. During his review with them, Marshall discussed life insurance, and they applied to increase their coverage to \$2 million. Because the husband had had some minor health issues, underwriting resulted in a standard rating rather than the preferred offer they were expecting. This caused the premium to be significantly more expensive than they had hoped it would be. After some discussions between Marshall and the couple, it was decided that, for the short-term, the policy would be issued at \$1 million until the husband was settled in his dental practice. The couple hesitated about writing the check because the premium was higher, but Marshall emphasized the importance of getting the coverage in place. In July 2003, the couple submitted the check to bind the \$1 million of coverage.

Only five weeks later, just before the husband was to begin practice, he found out that he had Stage IV lung cancer. He and his wife had a two-year-old child and a second child on the way. He was only 29 years old and had never smoked. Of course it was devastating news.

Throughout the next seven months, Marshall's client underwent treatments, went on disability and then died in May 2004. He had paid the life insurance company a total of \$83, which resulted in a death claim of more than \$1 million. Marshall has commented numerous times about how difficult it was for him to deal with this heartbreaking situation, but also how thankful he was to be able to help this family.

Before the client passed away, he mentioned to Marshall how thankful he was that Marshall had made sure that his policy was in place. He told Marshall how much easier it was for him, even though he was dying, to know that he had done what a husband and father should do by taking care of his family's finances.

After the client died, the man's widow contacted Marshall and thanked him several times for making sure that they were covered. The most profound and touching note that Marshall received from the widow came with a picture of her one- and three-year-old sons with a note that said, "Marshall, I wanted you to have a picture of my boys. Thank you for making their future comfortable and secure."

Imagine what our firm and this family would have lost if I had not delved more deeply in our initial interview into the reasons why Marshall appeared to have a resentment of authority. It's important enough to say again: Conduct highly structured interviews, but be sure to build in enough flexibility to let the interview go where the ebb and flow take you. If something doesn't sound right, ask a lot of questions.

Because of the importance of the coachability issue, we now require new recruits to sign a statement that outlines these requirements before we hire them. (This statement is included in the Appendix.) So if a recruit says he agrees to abide by the principles outlined in the cop, coach, community process but later has a change of heart about the cop phase, we have a point of reference to guide him back to.

The Three I's

During the recruiting process, we're looking for people who are malleable. We've found that people who understand and respond to what we call "the three I's" — impact, independence and income — tend to be coachable. We're looking for young people who want to come into this business because they want to have an *impact* on the lives of their fellow man. Impact is the most important of the three I's. Number two is that they will serve their fellow man in an *independent* manner, once they've advanced out of the "cop" and "coach" phases. They won't have to ask us when they can play golf once they're successful. The third concept we go through in the interview is that their *income* potential will be similar to that of a physician if they follow our guidance in the beginning and succeed in this business.

We had one young advisor who almost didn't make it but who finally pulled through. He had been a football captain in college and came from extremely humble beginnings. When he entered our program, he was highly suspicious of everything — our system, our management's motives — because he had never been in a warm, familial relationship outside of his home. After six months, we considered asking him to leave. He just wasn't part of the culture.

Then he had an epiphany: "The reason they are being so hard on me is that they want to help me, and they told me that at the beginning." He began responding to the support and concern of the people who were in charge of his career and success. In his second calendar year here, he qualified as an MDRT aspirant. The transformation was simply amazing, and thereafter he was aligned with our values 100 percent. Fortunately he had the maturity and wisdom to recognize the truth.

In Chapter 22, we talk about the "big why" that motivates people to achieve their goals. When I asked this young man what his "big why" was — why he reached his goal of becoming an MDRT aspirant — he answered, "My parents have always lived in a trailer. I wanted to buy them a house." That personal goal motivated him to succeed and helped him realize that the discipline we provided to him early in his career was actually helping him achieve his goal and become successful in this business.

From Autocracy to Interdependence

Author Stephen Covey describes a "maturity continuum" that spans from dependence to independence to interdependence. He says that interdependence is the paradigm of "we" and is the most mature, advanced concept of the three. He explains that interdependent people have the opportunity to share themselves deeply and meaningfully with others and have access to the vast resources and potential of other human beings. But he also says that interdependence is a choice that only *independent* people can make. *Dependent* people cannot choose to become *interdependent*. They don't have the character to do it, and they don't own enough of themselves.² I would add that they don't have the self-confidence to become interdependent either, since interdependence requires you to place your future in another's hands, even if only temporarily.

Covey's explanation illustrates the cop, coach, community theory well. Advisors start out by depending on those who are guiding their growth. Then they assume more responsibility and become more independent. Finally, they advance to the stage where they make optimal use of their personal resources and the resources of the firm that originally guided them. But they cannot become interdependent until they first progress through the other two phases. The continuum is the key to advisors becoming partners in our collective success.

It is the field leader's role and privilege to guide them through that process.

**Discipline without freedom is tyranny.
Freedom without discipline is chaos.**

Cullen Hightower

You Take the Helm

Hire Coachable Advisors — Use the “cop, coach, community” concept as a selection tool. Explain to candidates that new advisors will be subject to an autocratic environment characterized by strict accountability and discipline during their first 90 days. If they have concerns about this arrangement, they probably are not coachable and should look elsewhere.

Let Advisors Advance — Once advisors have mastered the requirements of a given stage, let them advance to the next stage. Be prepared to assume a different role with them.

Be a Cop in the Beginning — Direct all aspects of your advisors’ activities during their first 90 days. Show, teach and require them to perform the activities that are necessary to succeed in the business.

Become a Coach — Coach your advisors in the use of the tools that will move them to the next level in their development. Everyone needs a coach.

In the Final Stage, Treat Them Like Partners — When advisors have reached the standards you have established for them to be considered partners, grant them the freedom that only the community stage permits. They will demonstrate respect and loyalty to you and will come to be partners in your collective success.

Author’s Note

In recent years, many advisors have acknowledged the need for accountability and help by hiring, at great expense, personal coaches. Emerson said it best: “What I need is someone who will make me do what I can.”

The quarterly review, which we discuss in Chapter 22, is a firm’s value-added way of helping advisors avoid paying for outside consultants or coaches. It is a key tactic for adding value for your advisors. It is an important element in demonstrating your understanding that your advisors are your customers and that this is a critical “deliverable” to them.

I am often asked whether personal coaches are good or bad. Surely there are times when coaches can be effective. Nonetheless, I have always viewed it as somewhat of a personal failure when an advisor retains an outside coach. Coaching is my job. That’s what I do.

Granted, coaching does not come naturally to some managers. There are many resources to draw on for help, however. For example, a recently published book, *The Power of Coaching ... Engaging in Excellence* (ProBrilliance Leadership Institute, 2007), is one. This is a collaborative effort of top field leaders and executive coaches in the industry. It describes what it takes to affect others profoundly and inspire lasting growth and change. Books such as *The Power of Coaching* can take your coaching game to the next level.

Although I do believe that using an outside coach can sometimes be of value, the coach-manager model is more effective simply because of the differences between the end goals of the advisor and the external coach. Typically, advisors want to fix a problem — accelerate their growth curve, catapult their career or otherwise accomplish a quantum leap forward in their practice and be done with it. Many times the external coach is looking for an annuity. At the end of each engagement, the coach needs to prospect again to replace that client.



As internal coaches, we have the same goals as our advisors. We want to help them grow and move on to a new level. That is why we now use “community” instead of “consultant” in our three Cs. It places the focus on the bigger picture — the collective good of the North Star family — instead of on the individual.

¹Kenneth Blanchard, Ph.D.; Patricia Zigarmi, Ed.D.; and Drea Zitzgarmi, Ed.D., *Leadership and the One-Minute Manager: Increasing Effectiveness Through Situational Leadership*, William Morrow and Company, Inc., New York, 1985.

²Stephen R. Covey, *The 7 Habits of Highly Effective People: Powerful Lessons in Personal Change*, Simon & Schuster, New York, 1989, pp. 48-49, 51.