FINANCIAL MANAGEMENT STRATEGIES
Solutions Today for a Prosperous Tomorrow

February 2010

Foresight

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Greetings!

To the inaugural edition of my monthly online publication. Each month I'll share thoughts on various topics in the world of personal finance, investing, economics, and business through my writings below. May you find my musings informative, thought provoking and enjoyable.

Thoughtfully,

Walid Petiri
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Business Owner Insights

Run Your Business on the Facts and Stop Guessing

Too many companies shoot from the hip in running their business, marketing and selling. The result is a business that requires too many hours and an insufficient level of income. Rather than apply a scientific systematic approach, they continually guess at the best way to operate, guess at what customers and clients want, guess where to advertise, guess where the market's headed, etc, etc. Here's how to change the tide and use facts in running your business, work less and earn more.

Get Professional Sales Training
Too many business's wing their sales presentation. They guess what to say. That is idiotic. You've done all this work to get them to an appointment and then you wing the presentation and lose half of the prospects who should become clients. There are many winning, scientifically proven models to close more sales. But rather than use a formula, most business's wing it and give up half of their lifetime income. Would Tiger Woods wing it rather than get video-taped, go to a lab and evaluate his stroke over and over? Then why do you wing it? Are you committed to mediocrity rather than greatness? You can adopt a scientific approach from many sources and here are three very successful trainers:

Brian Tracy International

The Dale Carnegie Sales Course
The Formula from Neil Rackham's Spin Selling

Any of these will make a difference in your income. So look at your to-do list next week and add an item to pursue one of these programs. If you claim you don't have time. Then answer this question are all the members of your sales team busy closing 80%, 70%... MAKE THE TIME FOR EXCELLENCE.

Marketing / Advertising
Have you ever sent direct mail or ran an ad? How many books did you study on writing ads or sales letters? Many business's wing this also. They have an idea, they make up some direct mail piece (or they use the boilerplate one the firm selling the ad space made up also without any science behind it) and they waste $4000 or more and get 3 responses.

There is a science to using words. You can learn how to use words to get people to act. Or better yet hire a marketing consultant that knows what their doing and has a proven track record if your going to spend money on an ongoing advertising campaign. By the way you should have a set percentage of your revenues that is earmarked for MARKETING including ADVERTISING. And stick to your numbers unless a truly once in a lifetime ad opportunity comes (remember most "once in a lifetime opportunities" are sales pitches). Here are a few people (and their books) who have mastered the science of words for those who insist on doing it themselves or have extremely limited resources:

Dan Kennedy - The Ultimate Sales Letter
Ted Nicholas - Words that Bring You Riches
Jeffrey Lant - Cash Copy

Customer Satisfaction
I could fill this entire newsletter with a discussion on how to and not to provide good customer service. In fact many articles last year and I suspect others this year will touch on this critical component of successful business. So to start the year just think about the following for your business and please STOP GUESSING:

- Do you guess what customers want, or have you done some research or sent a survey? How about your employees?
- Do you ASK what your clients want from you, or do you guess (are you sooo smart that you don't need to ask them)?
- Do you guess that the mailing lists you use are good or do you get five lists and test them against each other to find the best (directory of all mailing lists can be had from www.srds.com)?
- Does that magazine, journal, newspaper etc. you advertise in, really the best place to reach your market?
- Have you tested the competitors and documented the results?
- Is print, internet, direct mail, seminar, or relationship

marketing the best return on investment?

Add some science to your business, make better decisions, spend your money in a more profitable laser-like way and watch your profits rise.

How to Get Good Investment Advice

A good investment advisor can make financial decision making a hassle-free experience-and help you develop the peace-of-mind to sleep well at night regardless of what happened in the stock market during the day. Since investment advice comes in many flavors, the challenge is to find the one that is right for you.

The Trouble With Titles
Do you need a broker, a financial planner, or an investment advisor? While these titles are often used interchangeably, the services provided by each of these professionals are often quite different. Brokers' help investors buy and sell securities. Financial planners help investors prepare strategies for specific goals, such as retirement, and investment advisors provide advice for a fee. Of course, it is a bit more complicated than it first appears. Many of the investment professionals who you might think of as brokers are actually financial planners, just as some planners are actually brokers in disguise. To further complicate matters, most investment advisors are also financial planners, but only some financial planners are investment advisors. Investment advisors, of course, are available in numerous makes and models-some provide advice on just a single topic, such as tax-aware investing, while others offer complete financial planning services. Confused yet?

It's a Lot Simpler Than it Seems
Forget the titles and their definitions for a minute and think about what it is that you want from a financial services professional. To find someone who can help guide your investment decisions, begin the search with a strict focus on your needs. Are you seeking advice about a single topic such as buying or selling a security? Are you planning your estate, planning for retirement or purchasing insurance? Are you in a high-tax bracket and looking to minimize the impact of taxes on your portfolio? Do you need guidance in creating a financial plan that encompasses all of these issues and more? Once you have a good idea of the types of services you need, you will be much better prepared to find an advisor who offers those services. If you are not exactly sure what you need, find an advisor who offers a full-range of services and let the advisor help you review your situation.

Ask the Right Questions
Once you have found an investment professional that can meet your needs, be sure to ask the following questions before you invest:

What are your qualifications? While there are no uniform credentials for financial services professionals, experience counts. In addition to experience, professional designations are often a good sign that the advisor takes his or her career seriously.

Have you ever been disciplined by any government regulator for unethical or improper conduct? Although disciplinary action does not necessarily mean that this advisor will steer you wrong, there are just too many honest advisors out there to risk your money by taking unnecessary chances. Ask to see a copy of the advisor's "Form ADV" before you invest. The ADV will show you whether the advisor has been disciplined.

Whom do you work for? An increasing number of investors are making the decision to invest with independent advisors-that is, advisors who do not work for a big company, but instead founded their own small businesses. Independent professionals are not constrained by the need to support corporate business decisions, so they often have access to a much broader array of investment options than can be found at a big brokerage firm. Furthermore, because independent shops don't have the name recognition and marketing muscle of a national brokerage, odds are that they have to provide good service if they want to develop a solid reputation in the community and stay in business for any length of time.

How are you paid? For investment professionals, compensation can come in many forms. Common compensation methods include: Fee: Fee-based advisors either charge a percentage based on the value of the assets they manage for you, an hourly consulting fee or a fixed fee. Commission: Commission-based advisors earn a commission on securities they sell. Fee and Commission: Fee and commission-based advisors receive a combination of fees and commission for their services. Before you sign any papers, ask your advisor how he or she is compensated and how that method of compensation benefits investors.

The Bottom Line
Selecting a good advisor is not difficult; it just requires a little thought and patience. The right financial advisor can help you make investment decisions that have a lasting and meaningful impact on your life. Therefore, before you rush out and make an investment, take the time to choose your advisor carefully-after all, it is your money and your future.

The Great Investor Rip Off

As we start this New Year 2010 full of optimism I want to encourage investors to take one final hard look at their prior financial plan, investment policy and investment statements (ouch!). First examine your financial plan and investment policy to make sure that the reason(s) you did what you did last year and the year before (yes look back at 2008) are still consistent with what your striving to accomplish longterm. Second open those statements from last year and be honest about the performance of your investments. The fact that your investments did worst than planned does not mean that your advisor should be fired, or to immediately sell the investment, however the true costs of the investment may be rapidly increasing the lack of performance with no end in sight.

Many times investors have purchased mutual funds, stocks, or annuities (the worst offender) that promise low or no up-front costs yet they make it up with high fees and penalties. (Remember if the person who sold the investment does not charge a fee for service, then the purchase of the investment is the only way they and the investment company can be compensated).

Here are 4 ways that YOUR fund company may be ripping you off and what you can do about it.

1) They're Forcing You to Buy-N-KEEP.
How are they doing it? They raised their early redemption time frames from 90 days to 180 days or there is a lengthy surrender period. For instance, some very popular investment custodians and brokers hiked their penalty period from three months to six months, making it emotionally and financially tougher for people to trade, upgrade or even properly reallocate their mutual fund investments. Prominent annuity companies (that you see touted daily for their safety) have 10-12 year surrender periods with hefty penalties. What else do they do? Misleading marketing pitches. They only want you to buy...they never want you to hold or sell. And yet, they'll tout a meaningless Morningstar rating for a select time period. For instance, funds have hit every star on the map...1, 2, 3, 4, and 5 over the last 5 years. And yet, nearly all who have been involved in that time frame HAVE LOST MONEY!

What can you do to counteract penalties that force you to hold? Recognize that we still have plenty of well-managed, low-expense, no-load, no surrender charge investments to choose from. You also have the option of private money management even if you're not a multi-millionaire.

2) They're NOT Performing Now and Have NOT been for Years!
Every manager and fund family is entitled to a bad year or two and in a bear market you expect to have some loss. Yet some managers have done poorly relative to the S&P 500 or other benchmarks for the entire decade. Consider the billions and billions of dollars that sit in chronic underachievers on the "hope" that they will improve. What should you do about funds that can't even make it as "mediocre? One, don't reward a firm for their losers of your money. Two, screen a fund's style, sector weightings andexpenses to make certain that you pay for well-diversified, well-managed, investments with a well defined risk-management process.

3) They're Charging TOO Much.
The mutual fund industry is a well-oiled growth machine,

growing at 18% over nearly 3 decades. And yet, they'd have you believe they've been "hard-hit" by the recent bear. (Not as hard hit as the individual investor!) More than half of all investors still use load fund families, despite all of the evidence demonstrating no benefit for the commission you pay. Think you don't pay a commission when you buy a B or C share? Think again. The annual expenses are adjusted much higher, so that over a 5-year time frame you pay as much or more as you would have paid for the load (up-front commission) fund.

Even worse if these funds are in a variable annuity, then you can potentially add another 2-3% of additional fees. So you potential get terrible performance and pay a premium for it! What can you do? Find out about the annual fees on an investment. Never buy or hold a high fee investment!

4) They're Too Aggressive With Your Money!
If there's one area that may be most disturbing, it's something that the media will occasionally refer to as "style drift." In truth, this is the herd mentality where investment mangers begin to mimic each other. In fact, in some ways, the media bears some responsibility for the crisis. For example, starting in the super-bull market of the late 90's, fund managers were constantly being compared to the S&P 500 and Nasdaq 100. So they started taking huge risks with investor dollars. They stayed fully 100% invested in (risky) stock assets ...with your money...straight through the bull market in order to try and outperform the S&P 500 and/or Nasdaq and never sold anything to secure your gains. So now...not only did they alter their investment style during a bull market, they suffered even bigger losses than the indexes during the bear.

Just because a fund has the word "growth", or "value" in its name does not mean its manger is maintaining a strict growth or value investment process. How do you avoid style drifters? The best way is to make sure you thoroughly understand all of your choices in your investment portfolio and your 401(k). Then check if the type of fund is it supposed to be and matches the type of stocks that should be in that fund. Your "Blue Chip" Growth fund should not have a high concentration of its assets in technology stocks, banks, or any other single sector unless these risk are clearly disclosed and explained to you. Then if you decide to keep this type of fund be certain that your other funds are not similarly invested in the same type of stocks.

Ultimately, there are ample independent resources and tools available to you that can assist you in making sure you know exactly what you own and how much you are paying to own it!

Financial Management Strategies, LLC (FMS) is a Registered Investment Advisory firm in the State of Maryland. We specialize in comprehensive wealth management and wealth preservation for individuals and small businesses, providing premium services in financial planning, business consulting, financial analysis and research, wealth management and real estate development.