



Palisade Business Press

Publisher/Mark Fadiman • 47 Cutler St • Watertown, CT 06795 • ph: 860-945-6713 • fx: 860-945-6718 • www.palbizpress.com • markf@palbizpress.com • mtfad@aol.com

SPECIAL PRESS RELEASE

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THE DIVORCE CONVERSATION

Daniel Taylor

SPECIAL TO FINANCIAL ADVISOR MAGAZINE. THE RELEASE
BELOW PROFILES DAY TAYLOR, AUTHOR OF THE DIVORCE
CONVERSATION (PALISADE BUSINESS PRESS, 2003).
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head: DAN TAYLOR WANTS TO ROCK YOUR WORLD.

deck: *Dan Taylor believes that the financial industry is depleted — its growth choked, its innovation stymied forever. Walk away, says Taylor: Find your Unique Process™, refine it, market it and create your own financial services mini-empire without regulatory interference or time-consuming, home-office oversight.*

Dan Taylor intends to change the investment world, one professional program at a time.

Who is Dan Taylor?

His latest — actually first — industry-shaking effort is called the Divorce Mediation Program™ (DMP) and it grows out of his “desire to escape the stifling regulation and increased commoditization of the financial services industry.” Also: “A deep desire to bring an alternative structure to the family law system in the United States and Canada.”

What the DMP does is give the advisor a blueprint for how to go about charging the client for an entirely new suite of services that he or she will render. According to Taylor’s marketing material, “The DMP — structured via seminar, workbook, book (divorceconversation.com, Palisade Business Press, CT, NJ, 2003, \$24.95) and website — provides a viable, new capability for individuals who specialize in financial planning, law, or other counseling industries. This process provides a profitable new capability for these individuals that may be of great value in today’s economic times. In addition, it affords an economical and efficient divorce option that has industry-transforming potential.”

Explains Taylor, “Most advisors might not think there is anything new under the sun. But that only means they are thinking inside of the box. And we learned long ago not to do that.”

Taylor himself has used portions of his DMP program with great success, receiving large, up-front payments for his services that are not in any way associated with financial services fees or other compensation. He attributes his financial creativity in large part to his participation in the Canadian-based Strategic Coach program, a three-year “focusing” program for entrepreneurs. “It focused my attention, increased my income and expanded my freedom in the important



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areas of my life,” Taylor recalls. “It also encouraged me to create a business that reflected my intellectual interests and knowledge base. This approach is called ‘finding my Unique Ability™’ and in my case it led directly, over time, to divorce mediation.”

Even before he developed the DMP, Taylor had found his stride, thanks to a combination of hard work, discipline and increased ability to build a business centered on his talents and professional skills. The result: Taylor began to develop customized legal and financial services for highly affluent clients. These services eventually lifted the firm into the top one percent of all financial consulting in the United States — generating up to \$1 million in revenue per year.

AN UNUSUAL ADVISOR

Dan Taylor is an unusual kind of financial advisor. He’s not exceptionally numbers oriented; he came to financial advisory work via a law degree from West Virginia School of Law, and he has deep and longheld interest in U.S. constitutional law — especially the First Amendment right to free speech and the rights of privacy.

Many financial advisors fit a different profile — an interest in financial markets from an early age; an easy interaction with numbers and higher mathematics; and often a background in accounting or at least sales and marketing. “I never looked on this business as a numbers game,” Taylor says. “I never thought the goal was to be the most efficient processor of information and purveyor of national and local financial rules and regs. Even when I was starting out, I knew I had other strengths. It just took me some time to realize them.”

For Taylor, coming into the business from a law career, there was a kind of culture shock that he eventually confronted by becoming increasingly focused on his own talents and interests. Starting in 1986, when he first opened the doors of his own firm, he began to use his writing talent to gain a name for himself as a cutting edge advisor — eventually, writing over 60 articles on finance and business and publishing three books — including the *Divorce Conversation*. (His newest book, *The Parent Care Solution* is to be published by Palisade Business Press in February 2004.) He also began to speak nationally to a diverse number of groups on topics of creating and managing personal wealth.

But it was his interest in family law and in helping to reconfigure the financial advisory landscape that set him off on a

journey to “change the world as we know it — the financial services world — and rearrange to the mutual benefit of clients, advisors and the firms they work with.”

As an advisor himself, Taylor is “privy to all of the tensions and secret conflicts of interest that beset this industry. I see what works and what doesn’t work, and it’s my intention to help myself by helping others.”

The way he intends to do this is to build a new paradigm when it comes to financial advisory work, one in which the advisor will continue to charge fees for assets under management but will eventually minimize or entirely do away with commissions in favor of fees generated through “knowledge work.”

What is knowledge work? Financial advisors are among the purest and most energetic of entrepreneurs, according to Taylor, and over time their knowledge base of financial services becomes both broad and deep. Couple this with a series of professional programs that that financial advisor can implement with appropriate clients and you have the beginnings of a new industry, or at least a reinvention of an old one.

Taylor himself is not stopping with the Divorce Mediation Process. He has three other programs in the works that financial advisors can use: *The Future-Child Project* dealing with a Unique Process to resolve custody disputes and bypass the normal litigious process; *The Personal Privacy Program*, a Unique Process offering asset protection and increased privacy for affluent individuals; and *The Parent-Care Solution*, a Unique Process supporting the long-term care relationship between baby-boomers and their parents.

Taylor hopes to market these systems to other advisors as he intends to market his DMP. “Everything I am developing is based on the idea that the advisor himself or herself is the possessor of a unique process, service or speciality,” he says, “or can master the skills involved in a useful program and then charge a fairly weighty fee for the application of that information.”

And he adds, “Advisors are still persuaded to believe that it is their relationship with a firm, preferably a very large securities or insurance firm, that gives them the ability to generate income. This may have been true once, but it’s certainly not true now. The microchip has allowed financial advisors to place all of the resources that they need at their fingertips. Now we’re adding to those resources with turnkey systems that show advisors how to provide our lucrative Unique Processes to their client base.”

For Taylor, the financial services industry is a pressure cooker that keeps the lid painfully shut on a broad group of competing agendas. Government bureaucrats, including securities regulators, have pushed the envelope of what is in their power to oversee; financial firms, squeezed by increasingly onerous regulation, attempt to discipline the financial advisors in their network; financial advisers view much of the regulatory agenda aimed at them as unworkable and even counterproductive. Each group involved is suspicious of the other — and the result is a fairly dysfunctional industry, a wary waltz among power brokers that goes round and round but never makes progress.

Taylor believes the central issue is control. “For the last century, or ever since the profile of our modern investment industry became clearer, the name of the game has been control. And those that have needed to be controlled are those with the client relationships, where the money is. Those are the brokers, planners and agents on the front lines.”

It is this group that has suffered the most from a steadily encroaching regulatory regime that has structured everything from the way services are delivered to how they can be paid for.

Of course, what the industry finds valuable is inevitably product related. That’s no accident, according to Taylor. By playing up products and downplaying advisor expertise, the financial industry attempts to maintain control over its entrepreneurial sales force.

“Why should it be this way?” Taylor asks. “Say you want to learn to paint, so you pay a visit to a local artist who does that sort of thing. You talk and agree you will pay a visit once a week for several hours at a time. Wouldn’t you be surprised if the artist sat you down and told you that he wouldn’t charge for his or her expertise, just for the paint and brushes provided to you. That’s how it is right now in the financial industry. No matter how much the individual advisor or agent knows, when he sits down with a client, the chances are he’s locked into a payment schedule that is product- not knowledge-based.”

In return for a steady, if occasionally diminished, stream of profits, the advisor has, over the years, received a steady stream of vilification and distrust. designed to mold public opinion toward acceptance of even more financial rules and regulations. “Regulation is a way of concentrating power,” Taylor observes. “Powerful people and powerful institutions seek regulation because it is a great competition eliminator. As the complexity of doing

business goes up, more and more individuals and small business simply don’t have the time, money or energy to compete. They get out, or in some cases, they get wise and join the very system that has done them in, and the cycle repeats itself.”

For Taylor, the current orgy of apparent criminality on Wall Street — and how it is being reported — is a fascinating study in illogic. “I don’t know so much about other countries and markets, but I do know a good deal about the regulatory structure in the U.S. Today, in the 21st century, we have more rules and regulations concerning the financial industry and investing than ever before. But read the news and watch TV, and you’ll come to the conclusion that Wall Street is a lot like the Wild West — no rules, little supervision — in need of a tough sheriff to enforce law and order.”

The industry needs less regulation, not more. Taylor is far from persuaded that regulation is a driving force behind dynamic markets and the creative application of capital. “When people want to get something done,” he explains, “they talk about how to fund the project. And they certainly don’t say, ‘let’s bring in the regulators.’ They’ll discuss a visit to the bank, or to some of the town’s wealthier citizens in the hopes of raising money privately.”

Taylor points out that Nasdaq — subject to rules and regulations that fill dozens of volumes — continues to lose trading volume to private order-routing and matching systems. “Last I looked, the Nasdaq system itself was routing less than 25 percent of the order flow on NASD instruments. And that’s with the backing of a government and regulatory monopoly.”

Private enterprise works. Public-private partnerships — of the kind that Wall Street is often so fond — usually freeze innovation and encourage the status quo. Those who believe that participating in the status quo is not healthy should find ways to abrogate their relationships with their firms and with the larger industry. “Give up your license,” Taylor urges. “Concentrate on finding methods to present financial programs to clients or families that will pay you without commissions and trails.”

Indeed, brokers and planners have been doing this sort of thing in varying numbers throughout the late 1980s, dropping NASD-related businesses and reconfiguring themselves as Registered Investment Advisors (RIAs). The result: a less intrusive regulatory regime as well as less documentation.

Yes, it can be done. Taylor himself generates his \$1 million-plus in gross revenues without either RIA status or brokerage

license. “The ‘small investor’ is to the brokerage industry what the child is to political strategists,” he points out. “Whenever you want to pass a controversial bill in Congress, you’ll begin to hear that its for the benefit of children — unborn generations yet to come. Whenever securities regulators want to tighten the screws, you’ll start to hear that the particular regulation in question is being considered because clients need protection. They’ve been protecting the small investor since just after the Roaring 20s, and every few years we seem to have more problems than ever.”

Taylor is well aware that his message is radical sounding, especially in this day and age when Wall Street’s increased regulatory burden and commoditization garners much less comment than it might have 25 years ago. But he also believes that his DMP and other programs are only the opening salvo in a draw out war with a failing industry. “Other industry transformers are coming right behind me,” he says. “And as we have success, others will start to see that our analysis of the industry is correct and that we have responded to market with new and appropriate solutions.”

Taylor also believes that he may be investigated, criticized, even audited, based on his message and approach to creating success in the financial services industry. “I’d like to believe our message will be welcomed,” he says. “But I’m not afraid. This is too important. I’m so confident we’re doing the right thing and that what we’ve created is the logical outgrowth of modern technology and a depleted financial industry. If I’m stopped, and I won’t be there are plenty of others behind me.”

Taylor anticipates “push back” not just because his advisor-oriented paradigm removes power from advisors and regulators but because his solution strikes at the heart of Modern Western government’s control over the financial advisor. “The main reason for seeking to regulate financial advisors is not to alleviate criminality or corruption,” he says, “but to control and track small investors’ money through the financial advisor. Ultimately, that may be what’s at stake, and governments will either have to fight back or find other ways of monitoring investors money.”

Either way, Taylor figures, advisors will cease to be “utility tools” for more powerful forces in the financial services industry. Change always makes people uncomfortable, he knows. But he has a message for firms who understand his point of view but don’t accept it out of fear or mistrust. “Right now it’s easy to dismiss what we’ve analyzed because the paradigm has not yet shifted. But

once it does, those firms which do not adapt will be left behind.”

First-adapter firms, says Taylor, will have the most to gain and will grow substantially, much as the independent sector of financial services grew at the expense of Wall Street which refused to accept an independent approach to planning until the independents began garnering billions in money management.

“Change is inevitable,” Taylor says. “And I’m proud to be a change agent. I believe it was what I was born to do.”

SIDEBAR #1

INNOVATIVE KEY TO SELF DETERMINATION

By Dan Sullivan, The Strategic Coach

From the Introduction to The Divorce Conversation by Dan Sullivan, Palisade Business Press, 2003 copyright Dan Taylor.

In analyzing industry-transforming breakthroughs in the field of applied technology, I have discerned “The 7(10x) Formula” at work. What is this? In order for venture capitalists, private investors and then the stock market to support a technological innovation, the new concept, tool, and system must offer the possibility of a 10 times multiplication of results in seven areas:

- 10x time saving
- 10x money saving
- 10x communication increase
- 10x cooperation increase
- 10x confidence increase
- 10x competitive advantage
- 10x societal contribution

When an innovation offers these potential payoffs, magic occurs. Money, talent and other innovations rush toward it. When enough support propels the innovation forward, a new industry can be born, attracting widespread public attention and interest.

Dan Taylor, in developing The Divorce Mediation Program, has created an industry-transforming innovation that satisfies each of the criteria of “The 7(10x) Formula” in the following ways:

Time saving: In a comprehensive industry (divorce counseling, mediation and litigation) where settlements can take years to finalize, The Divorce Mediation Program™ offers a dramatic shortcut, usually within six months regardless of the complexity of the case.

Money saving: In an industry where the conventional process

can drain the assets out of divorcing couple's estate, The Divorce Mediation Program™ retains dramatically larger amounts of capital for each individual to begin a new life.

Communication increase: In an industry that seems designed to minimize communication between the divorcing parties, The Divorce Mediation Program™ frequently has them achieve dramatically better communication than they experienced during their marriage.

Cooperation increase: In an industry where the conventional structures tend to transform the estranged parties into adversaries defending rigid positions, The Divorce Mediation Program transforms them into cooperative participants who create a new vision and structure for their individual and joint futures.

Confidence increase: In an industry where divorcees are frequently damaged both emotionally and psychologically, The Divorce Mediation Program provides both individuals with a more solid foundation for personal confidence.

Competitive advantage: In an industry where professionals (lawyers, counselors, mediators and financial advisors) are increasingly commoditized and demeaned by their efforts and activities, The Divorce Mediation Program provides a dramatic jump in career satisfaction and competitive advantage.

Societal contribution: In an industry that is often seen as wasting time and money, The Divorce Mediation Program dramatically decreases the impact of divorce and in many cases transforms the potential losses and damage into positive gains for society as a whole.

SIDEBAR TWO

ESCAPE FROM COMMODITIZATION, BUREAUCRACY AND REGULATION

From the brochure "Creative Destruction" by Dan Sullivan, and featuring Industry Transformer Dan Taylor. Strategic Coach (Dan Sullivan, along with Dan Taylor and other trusted Industry Transformers, believe that industries go through life cycles — driven by entrepreneurship and then eventually weakened — depleted — by bureaucracy, regulation and commoditization. This viewpoint purposefully harkens back to the free-market economist Joseph A. Schumpeter who is referenced in some of Sullivan's material.)

1) The Depleted Industry.™ Many parts of the legal industry have reached the Depleted stage of The Industry LifeCycle. Technology, especially, has eliminated much of the profitable

boilerplate billings that provided industry profits. Law firms are searching everywhere for new sources of large billings and contingency fees. Lawsuits, both individual and class action, are a promising solution. The two biggest targets in the tort industry's gunights for the foreseeable future are food and financial services.

2) Marketing policies, practices, and activities of financial services organizations will be increasingly governed by lawyers. Lawyers always work both sides of the street. If greater numbers of the profession are representing plaintiffs, greater numbers will also be working for the defendants. To protect themselves, the executives of financial services companies and organizations are increasingly doing the bidding of the their in-house. counsel and hired guns, Remember, this is what always happens in a Depleted Industry — The first strategy is to reduce legal exposure by doing nothing innovative. The second is to prevent financial advisors from doing anything outside of strictly prescribed guidelines. Financial advisors are reporting a quantum leap in legal warnings and prohibitions coming from head offices. All marketing ideas, materials, methods, and activities are subjected to batteries of legal scrutiny, approvals, and controls.

3) Every product and service of financial services organizations will become increasingly commoditized. The lawyers are forcing a "safety first" conformity on all product and service development, as well as on all packaging and delivery. This conformity means that every product, service, and system quickly becomes a low-margin commodity. Financial advisors, as well as the companies themselves, lose their ability to differentiate themselves. In essence, the companies begin to look like strictly controlled utilities, and the advisors like tightly-managed bureaucratic representatives, all offering the same thing.

4) Because of commoditization, fees and commissions paid for product and service sales will steadily decline. Commissions and fees to advisors have steadily declined over the past ten years, and most of that was during a bull market! The reason: commoditization of all products and services. The advisors themselves are becoming commodities, increasingly dictated to by gun-shy corporations and regulators. Many advisors, in attempts to soften the blow of falling commissions, have switched their compensation entirely to asset management fees, not realizing that these are also commoditized. It's estimated that when these fees drop from their current average of 100 basis points to 60 (which they will), 40 percent of fee-based advisors will be forced out of

business within 12 months.

5) The complexity and cost of being a commoditized financial advisor will steadily increase. As compensation has dropped for advisors, the complexity and cost of being in business is increasing. The biggest reason is that financial services companies are continually cutting costs by reducing and withdrawing support both for advisors and consumers. In order to create value for their clientele as a commoditized advisor, individuals must increasingly assume rising overhead costs. Unable to compete on the basis of commoditized products or services, more value-added services must be provided to retain client and customer loyalty in a highly technological industry; this also requires continued investments in new equipment, training, and support personnel. While these costs are escalating, there are also increased expenses involved in compliance issues, both in terms of nonproductive time, liability insurance premiums, and of course, personal lawsuits. So far, trends indicate that when individual advisors are sued, their affiliate organizations protect themselves first, frequently abandoning the individual.

6) Financial advisors will increasingly be forced to make a career decision: Leave the industry, become a salaried employee, or become a privately-branded entrepreneur. Many financial advisors facing these pressures and dangers have become paralyzed. Their only strategy is one of hope: that things can't get worse, that the companies will always need and protect them. The most innovative and enterprising advisors will increasingly capitalize on their experiences, skills, and existing resources and opportunities by opting out of the current system in favor of entrepreneurship and private branding.

7) The most innovative and independent advisors will transform their practices into a Unique Process in which they are able to charge for their packaged wisdom. Taking this career path requires special investment, work, and change on the part of an advisor. The investment and work will involve creating a "Unique Process" that incorporates the advisor's unique approach to value creation into a multi-stage thinking system that is privately branded. Clients and customers will pay an upfront fee to go through this system, during which they are able to transform their sense of direction, confidence, and capability related to their futures. Invariably, commoditized products and services will be required to implement strategies developed within The Unique Process. The change that financial advisors need to undergo to

develop a successful Unique Process entails no longer seeing themselves as sellers of commodities, but rather as creators of intellectual capital. Hundreds of financial advisors have already developed successful Unique Processes, and thousands more will do so.

8) The financial services bureaucracies and regulatory bodies will try, but fail, to prevent entrepreneurial advisors from developing their own privately-branded Unique Processes. The best, brightest, and bravest financial advisors in all sectors will increasingly decide to develop their own Unique Processes. Most head office bureaucracies, sensing a dramatic loss of talent and control, will use financial and legal means to prevent this exodus from their standardized structures and processes. Regulatory and political bodies will be asked to intervene to protect "the integrity of the industry." Advisors will be threatened with lawsuits and loss of accreditation, but, in the end, these efforts will be to no avail. Over time, the most entrepreneurial individuals will opt for greater value creation, opportunity, success, and freedom. At the same time, some adaptable companies will transform themselves by developing strategic alliances with Unique Process advisors.

9) Those financial advisors with successful Unique Processes will increasingly become immune to the forces of competition and commoditization. A Unique Process by its very nature — and with copyright and trademark protection — cannot be copied or duplicated by anyone else. The advisors who develop their own Unique Processes will, with one investment and one strategy, bypass all of the obstacles and frustrations caused by commoditization of the financial services industry. They will find, as they communicate with existing clientele and prospects, that they have little or no competition: Everyone else will still be trying to peddle commodities. Regardless of how the marketplace and industry change in the future, their Unique Processes, once established, will continually grow in depth, scope, value creation, reputation, and profitability.

10) The advisors with the most successful Unique Processes will be able if they choose - to relinquish their licenses and escape from regulation. A growing number of advisors are discovering that their Unique Processes are in great demand in the marketplace. The reason is obvious: To an increasing degree, consumers are frustrated with the reduced value creation that is taking place in a Depleted Industry. increased numbers of clients and customers are demanding what Shoshana Zuboff and James

Maxmin call “psychological self-determination.” That is, the ability to feel that they have greater ownership of their personal and financial futures. This is the last thing that any commoditized industry can provide. On the other hand, psychological self-determination is exactly what is provided to a growing number of consumers within the Unique Processes being developed by financial advisors. The demand for this kind of value creation is so high throughout the financial services marketplace that revenues from Unique Processes will convince many advisors to relinquish their industry licenses. They will have the best of both worlds: increased client satisfaction and loyalty, and no regulatory or bureaucratic obligations.

11) Financial advisors, through their Unique Processes, will innovate more and more fundamental solutions to economic, political, and social issues. The value creation that takes place inside of a Unique Process leads to surprising new opportunities and markets. Entrepreneurial financial advisors with Unique Processes are innovating fundamental solutions to economic, political, and social issues in all sectors of society.

12) The entire financial services industry in all sectors will be continually transformed and improved by the Unique Processes of innovative financial advisors. Over the next 25 years, increasing numbers of advisors with Unique Processes will create a general bypass of the reactive bureaucracies that make up a Depleted Industry. As these Industry Bypasses proliferate, many of them will provide the foundation for an entirely new global financial services industry, in which the psychological self-determination of consumers is the single most important organizational focus.