

## Virtual Office Focus: Malcolm Greenhill, Sterling Futures

by *David J. Drucker*



Some people are just destined to be sole practitioners, and it would appear that Malcolm Greenhill is one of them.

Starting out in the financial services industry in 1988, he built and maintained a solo practice until meeting Marcee Yager and Kent Norad in the late 90s and forming the three-partner firm of Sterling Wood Financial LLC in San Mateo, CA. “We had ten or eleven employees, with commercial offices in San Mateo and San Jose,” explains Greenhill but, by the end of 2002, the three partners dissolved the firm and Greenhill went back to being a sole practitioner...

...which, with his wife, Rima, and five-year-old daughter, Maya, is how he likes it. No longer on sabbatical, Rima is back teaching at Stanford, and Malcolm is back working at home. “I use an executive office suite in San Francisco for meeting clients, but the work gets done [and Greenhill’s technological components are kept] in my home office.”

This works just fine, as attested to by the loyalty of Greenhill’s 45 high-net-worth asset management clients and 65 insurance and/or business clients. Greenhill started in the business on the insurance side marketing benefit plans (401Ks, insurance, pensions) to business owners, and later began offering asset management as a service. Many of his business owners have been technology firms with employees needing stock option planning and tax services.

Greenhill’s present firm — Sterling Futures — is an RIA and, while he no longer maintains a securities license, he keeps his insurance license. However, “My income comes primarily from asset management and hourly planning fees,” he says. Greenhill charges 1.1 percent up to \$1 million with declining percentages thereafter, and \$200 an hour for planning work.

When I first contacted Greenhill, he emailed to say “I owe you a great deal for your excellent book and your newsletter, one of the few that I look forward to receiving each month.” It became clear, as we talked, that his debt of gratitude stems from the fact that he’s able to work the way he prefers using virtual office tools and technology. First, Greenhill outsources everything: planning, investing and reporting, administrative, and bookkeeping. Some of his resources are already known to readers, and others will be new. Let’s see exactly what Greenhill’s doing.

For financial planning, Greenhill relies on Pat Jennerjohn at Planning Partners [www.planning-partners.com](http://www.planning-partners.com), a name that’s long been on our Virtual Resources List, and a former guest columnist to this newsletter. His association with Jennerjohn, who runs Naviplan Extended for him, illustrates how the outsourcing of financial planning should, ideally, work.

“My clients are used to getting detailed cash flow projections, so Pat and I work closely together [to make sure I get the output I need]. First, I meet with my client and I do the foundation-building, or goal setting. Then I collect the client’s information which all gets scanned and uploaded to Pat, and

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then shredded. Over the last year, she's learned how I like to work. Pat does the initial plan, we discuss it back and forth, she finalizes it, and then posts it on her intranet [at [www.intranets.com](http://www.intranets.com)].” Before Jennerjohn began using an intranets site for sharing documents and plans with her clients, she and Greenhill used Zixmail ([www.zixcorp.com](http://www.zixcorp.com)) to encrypt and send secure email, but she finds the intranets site a better option.

How does this compare with his previous method of planning? “In the past, I used paraplanners to help with my planning, but the big advantage of using Pat is that she’s not just an input person, she’s an experienced planner, so I get a planner’s perspective when she’s involved. My plans are now better than they used to be, and I’m very happy with that,” says Greenhill. His former firm — Sterling Wood — used a Lotus Notes platform but they weren’t leveraging technology, he says. “The more clients we got, the more employees we needed. We weren’t using technology to improve the bottom line. I’ve now turned my business into a high-margin practice.” Fortunately, they *were* scanning some documents at Sterling Wood so, with the exception of some conversion problems with old client files, Greenhill was able to absorb his clients’ data relatively easily when he returned to a solo practice.

Sherry Carnahan at Total Office, Inc. in Akron, OH (this newsletter’s support operation at [www.totaloffice.cc](http://www.totaloffice.cc)) handles Greenhill’s administrative functions, but he didn’t find the need for a virtual assistant as intuitive as he did the need for planning support. “Outsourcing administrative work was new to me. Gradually, I’ve learned what Sherry can do for me and I give her more and more work. For example, she does the account administration work for my clients’ accounts with my custodian, SEI, she confirms attendance at seminars I put on, she sends out holiday cards... I’m still learning all the things she can do.”

As I’m fond of saying when I speak on the subject of outsourcing, the hourly fees Virtual Work Partners (VWPs) charge will necessarily be higher than those of an administrative employee since a VA’s fees must cover his or her business overhead. This didn’t escape Greenhill’s attention. “I can get administrative help through my executive office suite cheaper than I can with Sherry, however, Sherry understands my client data [which Greenhill keeps in ACT!4Advisors — [www.act.com](http://www.act.com)]. She can do things my office suite personnel can’t do, so I’m getting more than an admin person.”

One thing Carnahan’s done for Greenhill that he doubted at first was his account administration functions. Several years ago, wishing to expand her services, Carnahan learned how to use the major account forms at Charles Schwab & Company in order to help her advisor clients with account activities. Since she’d confined herself primarily to the Schwab organization, Greenhill wasn’t certain how much she could do with SEI’s systems. “I said ‘help this client roll over money to his IRA’ [at SEI] and, based on my instructions, Sherry downloaded and completed the correct form for the client.”

In fact, Carnahan has become an active enough member of Greenhill’s team that he’s included her in his voicemail system. “She does the phones for me too. My voicemail system gives a caller my name and Sherry’s name. If someone leaves a message for Sherry, she gets an email with the voicemail attached as a .wav file. This process makes my company look bigger than it is,” he says.

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The phone system that does all this is GotVMail ([www.gotvmail.com](http://www.gotvmail.com)) through which Greenhill has a toll-free number set up at his office which forwards to his phone at home or to his cell phone, as necessary. Greenhill prefers GotVMail to some of the other phone systems we've profiled in this newsletter because, for as little as \$9.95 a month, it makes the sole practitioner look like a big company by setting up typical corporate-style voicemail boxes. A caller dials an 800 number, gets whatever type of phone-tree you wish to create (e.g., "dial 1 for planning, dial 2 for investing, dial 3 for my dog, Rufus...), and — here's the beautiful part — gets transferred anywhere. If your admin assistant is in England, your portfolio manager's in Minnesota, and your dog's in Australia, that's where the caller's call is transferred. The caller hears music while on hold and, of course, you can accept or reject any call.



Greenhill also uses GoToMyPC ([www.gotomypc.com](http://www.gotomypc.com)), particularly while on vacation. "I recently spent two and a half weeks in Hawaii, taking about one hour a

day to tend to business. I used GoToMyPC to check my email, or visit Pat's [Jennerjohn] intranet site. I don't even tell people I'm going away now because they don't know the difference," says Greenhill.

In addition to the above VWPs, he uses an associate of Carnahan's — Tracy Soulsby ([www.soulsbyaccounting.com](http://www.soulsbyaccounting.com)) — for bookkeeping. (Tracy is also on this newsletter's Virtual Resources List). A CPA, Soulsby prefers bookkeeping over tax return preparation. "I have online banking, so Tracy goes online, gets my transactions, enters them in QuickBooks, and does my monthly bank reconciliation." Greenhill uses a local CPA for his company's tax return.

In the past, when listing the various outsourcing possibilities for a financial advisory practice, we've discussed investing and reporting as separate items. That is starting to change. With systems like Investigo, being used by Shareholders Service Group (see Joel's article this month), the two are finally becoming one.

Likewise, Greenhill uses the combined systems of SEI Investments Company ([www.seic.com](http://www.seic.com)). With its new back office system "Granite," SEI is getting closer to an all-in-one trading and reporting custodian. Says Greenhill of SEI, "they do my performance reporting, my quarterly invoicing and my tax lot reporting for Schedule D of my clients' tax returns. I have no need for portfolio management software." Greenhill outsources his investment operation by using SEI's separate accounts and model portfolios. If a client has some of both, SEI is able to give the client a consolidated report.

Other utilities in Greenhill's portfolio include [www.mailwasher.net](http://www.mailwasher.net) (anti-spam), Xdrive ([www.xdrive.com](http://www.xdrive.com)) for online storage of passwords and large data transfers (Xdrive is actually a secure online storage site), and [www.connected.com](http://www.connected.com) for online backups (profiled in the August 2003 issue of this newsletter). And he scans client documents into PaperPort ([www.scansoft.com](http://www.scansoft.com)).

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What are the benefits of all of this? Says Greenhill, "I remember being a sole practitioner before joining Sterling Wood. I was spending so much time on back office stuff, weekends reconciling Schwab downloads, and employing a full time assistant who was having problems with the downloads that required my help. Now I have three times the revenue and a lot more time for my family." And that *is* the bottom line, isn't it?



*"Would it be too much to ask to get a DSL in here?"*



*"We do a lot of video conferencing at this company."*