

# The Way

A Guide to Our Why and How

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**LUKEN**  
INVESTMENT ANALYTICS

# The Way

*A guide to our why and how*

This document is intended for internal use. We use it to help perpetuate our culture of service. *The Way* reflects the standards we work to maintain. As such, there are references to absolutes such as “always” and “never.” These should not be construed as legal guarantees.

Please treat this document as confidential. While we cannot stop (nor would we try to stop) other organizations from using these concepts, much of the value and benefit came from hashing out the concepts and practices contained here. The stories and history behind each concept in an organization’s culture is something each firm must uniquely work through.

# The Luken Way

The Luken Way is why and how we do things at our firm. It represents the way we interact with our clients and co-workers. This guide has been prepared to help new/prospective associates understand our values and mission and how we behave as professionals.

Because we believe the world would be a better place if every person was living out their ideal life, *our mission—and our commitment—is to improve the financial lives of every family we touch by ensuring their relationship with money supports their purpose. We design, build and protect wealth on purpose so clients can live the life they want. We do that by meeting people where they are to move them forward toward their goals.*

## What are the Core Values of Luken?

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Core Values are the standards by which we measure our performance; our interactions with each other and with people outside the company; and they help define our attitudes and approach to the events of everyday life in our business. These are the things we value:

Values:

1. Ownership. We take ownership to resolve issues.
2. Expertise. We are experts. No one wants to work with amateurs.
3. Attention to Detail. Every detail matters.
4. Do Unto Others. Keep your word. Do what you say you'll do. Show respect. Act with grace. Right, not easy.

## So, how do we live out our mission?

Here is an overview of the ways we put "improving the financial lives of every family we touch" into practice. You'll learn more about these criteria in the coming days:

### Understand your clients.

In this country, there are three main reasons people fail financially:

1. The lack of a clear, compelling vision
2. The lack of a concrete plan of action
3. The lack of the discipline to execute

### **Provide the right solution.**

Giving our clients a Financial Roadmap serves as a solution to these failures because it helps to:

- Clarify values
- Create a compelling vision of the future
- Provide a clear plan of action
- Give accountability for following the plan

The financial and asset management plan is a **concrete plan of action**. An ongoing relationship with informative progress meetings **helps with the discipline to continue to execute the plan**.

### **Follow the proven process.**

Understanding our client process requires understanding "The 3 Components:"

- Compelling Vision
- Concrete Plan of Action
- Discipline to Execute

### **Provide exceptional service.**

We believe that great service is delivered to our clients by understanding and adhering to three criteria, which should be used as a filter for every client interaction:

1. Timing
2. Accuracy
3. Communicating

### **The Wealth Roadmap is a fundamental piece of who we are and what we do.**

It helps us gain clarity and alignment. The Wealth Roadmap Clarifies 4 Components:

1. Expectations
2. Values
3. Goals
4. Current Situation

## History of Our Investment Philosophy

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*In the early 1990s, I was called into the manager's office at a regional firm where I worked as a stockbroker and was asked if I knew what my job was. My response was some version of, "Analyze investment options to figure out what would be best for my clients." The manager promptly told me that I didn't understand my job at all. He told me that there was no analysis in my job description and that my only job was to get on the phone and sell the company's research and products.*

*My problem lay in the fact that I had spoken with several analysts at the firm where I was a stockbroker. And I realized that their compensation was a result of the trading in the stocks they recommended (or the investment banking business their research generated, which, truth be told, has always been related despite the "Chinese Wall" rules). Despite what that man or that firm believed was my duty, I believed my duty, morally and practically, was to serve the people who entrusted me with their hard-earned money.*

*I realized I needed a process and a methodology to filter investments, to do the right thing for my clients, and to manage my own money. Traditional analysis seemed to be skewed to the firm benefit and seemed fatally flawed. Listening to the latest market Guru who predicted the last major market event (which was a different Guru than the one who predicted the one before that), seemed crazy. There were too many things that can go wrong.*

*So I began to study, bought software and began to write code and to test. I developed a set of rules and indicators, an algorithm, to help me make investment decisions.*

*By 1993, that was my primary investment screening process. When I moved to PaineWebber in 1994, I plugged in the ticker symbols for all 946 companies that the firm followed in their research universe. It worked well and when I moved to Aintree Capital, that methodology allowed me to become the top producer. That methodology had us more than 32% in cash before the horrific events of 9/11/2001. That methodology allowed me to become one of the top producers at SII Investments.*

*That approach – what we call Smart Diversification – has worked well for our community of clients. It is a central part of helping people move forward toward their goals, objectives and living their ideal lives.*

- Greg Luken

## History of Our Firm

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Having worked at a regional firm (Morgan Keegan), a national Wirehouse (PaineWebber) and an independent firm (Aintree Capital), Greg Luken wanted to create a firm where he would want to be a client. While regulatory groundwork began in 1997, the company was officially founded in 1999 as a Broker/Dealer and Registered Investment Advisor. After the initial startup, the firm rapidly began staffing up for growth from two initial employees. The original structure was to provide a broker/dealer and RIA for independent-minded advisors.

By 2002, the firm had grown to 17 people and had made an equity investment in and was handling regulatory compliance for Optionvol.com, a pricing platform for non-standardized derivatives. Optionvol.com was an algorithmically driven platform, available via a web portal, that was used by institutional clients.

By the end of 2002, it was clear that growth was not sufficient enough to make the business model work. So in January 2003, the company notified all employees that there would be a right sizing.

By May 2003, Greg Luken had inked an affiliation with SII—a broker/dealer serving independent advisors—and most of the employees had found other employment. On December 8, 2003, Carri Sanford (our Chief Compliance Officer), the last remaining person affiliated with the broker/dealer officially finalized closure of the B/D. Fortunately, we were able to go through this iteration without a single person being let go or fired in that process. It's important to respect all of our partners and this is one way that we have been able to walk our talk.

In 2007, the firm moved to a location on General George Patton Drive in Franklin, the office where we served clients for more than 14 years.

In November of 2007, we signed a contract to sell a portion of our business to another seasoned advisor. At that point in time, we made a commitment to serve a limited community of clients and have never regretted this decision. This is an example of having a compelling vision of the future and having clarity on what's important (the Road mapping portion of Relentless Focus on Results). We created a plan and then took the steps necessary to execute—even when those steps were difficult. In order to get the results that we wanted, and that we believed our clients deserved, the firm reduced its client base dramatically and limited the size of the client community.

In November 2013, Luken Investment Analytics (a Registered Investment Advisor) was established as a completely separate company in order to provide proprietary investment research to other investment advisors. The industry term for our investment approach is: quantitative, tactical, global macro-economic—we call it being smart with our money. Or Smart Diversification, for short.

In August of 2017, SII Investments, our affiliated broker-dealer, announced the sale of its business to LPL Financial. At that point, Greg made the decision to move to RIA only and drop seven of his securities licenses. This is an example of simplification being the ultimate sophistication.

LIA then negotiated with TD Ameritrade to custody assets for clients and RIA clients moved from SII to Luken Investment Analytics, which now serves both private clients and other financial and investment advisors. All advisory assets held by our clients moved to a new custodian, TD Ameritrade.

In September 2019, Luken Investment Analytics partnered with Park Place Capital (Monteagle Funds) and launched a new mutual fund called The Smart Diversification Fund (SMDFX). This fund was a new way to reach our firm's goal of helping 150 Financial Advisors make Diversification smarter for their clients.

In July of 2020, after 14 years spent in our office in Franklin, the firm moved to the newly remodeled office building at 136 Frierson St. in Brentwood.

We look forward to serving our clients and advisors for many decades to come.

## Important Concepts

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### Clarity

Clarity is fundamental to success. We must be clear about our objective to reach our objectives with integrity. When our values are clear, our decisions are much easier. When our objectives are clear, we reach our objective more efficiently. Clarity precedes focus. Focus precedes results.

### Alignment

One of our key concepts is alignment. First, we must have clarity about a topic or issue then align things to accomplish the goal. The purpose of alignment is to be efficient and effective so that all things are working toward the desired outcome.

### Pearson's Law

Pearson's Law says that what gets measured gets results. Peter Drucker said that the best way to predict the future is to create it. Having clarity about objectives and measuring our results will help us move forward toward the future we'd like to create. Therefore, it is important to have clarity, alignment and count what really counts.

### Remove the Friction

Ultimately what we want to do is remove the friction from the equation—whether it is our clients' families dealing with each other, or it is inside our firm dealing with our clients or other team members. We want a friction-free environment where things are so well aligned, they move together in the right direction.

### Details Matter

Jim Rohn once said, "Everything matters." The way you do one thing affects the way you do another. Overcoming an obstacle or doing what you least want to do first and getting it done, impacts the way you approach everything else in your day.

We do the right job, the right way, the first time.

Having a sense of precision—a keen sense of attention to detail—shows faithfulness in small things. That gives a much higher probability of being entrusted with greater things. Showing a sense of slackness, sloppiness or a general lack of attention to details that seem unimportant is a reflection on how you view the big details. Details matter to professionals.



### **It is a privilege**

One key concept that every person that works here must understand is what a privilege it is to work with and for the families we serve. We are invited into one of the most intimate areas of their lives. Money is a very personal issue for most people. It is a store of value and of the fruits of their family's efforts. We often know information about clients before their spouses, before their children and before their parents do. It is imperative to be acutely aware of this honor. We must never lose sight of that.

### **Five Questions Deep**

Questions are really the key to getting clarity about what someone wants. There are two main types of questions. One type is called an expanding question; the other is a clarifying question. Expanding questions are questions like, "Tell me about your life. Tell me about your family." A clarifying question would be, "When you say that makes you happy, what does that mean to you?" or "What's important about that?" or "Tell me more about that."

When there are more complex situations and we try to get a handle on them, we go by the Five Questions Deep Principle. This Principle says you're not really to the root of the issue, you don't really understand, both parties are probably not at the same point, if you haven't gone at least five questions deep.

### **Own It**

The concept of owning it means that when we have a task, job or responsibility—it is ours. We take ownership of it and get it done. When obstacles get in the way, we may have to go five questions deep and keep asking clarifying questions until we can identify precisely what needs to be done and how it needs to be done. This is particularly true if it is something that is unique or unusual and we have to figure out how to manage that situation or project.

### **Be Where You Are**

Professionals know that they need to be fully present in whatever meeting, task or situation they find themselves. Everyone has multiple priorities at virtually every moment of their life. How you manage those priorities shows your co-workers and clients how much you appreciate and value their time.

### **Confidentiality**

Before becoming acquainted with any client information, all team members sign a *Confidentiality and Non-Solicitation Agreement*. Luken is like Vegas without the wedding chapels and slot machines. It all stays right here. No exceptions. Ever.

### **No one succeeds alone**

Change that lasts and results in amplified success (almost) always begins with a relationship. Success is a team effort. When we have clarity, count what counts and work together, we can achieve more than we can when working alone.

**“Simplicity is the Ultimate Sophistication.”** -- Michael Angelo. ‘Nuff said.

## **Professional vs Amateur**

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The extension .pro on our website stands for professional. We are a team of professionals. We have the mindset of professionals.

A professional has skill and experience. Professionalism describes a person's behavior, methods, character and standards. Professionals know what is important and work toward it with purpose; amateurs get pulled off course. Being a pro is about having the discipline to commit to what is important instead of merely saying what is important. It's about starting when you feel like stopping because your goal is important enough to you that you don't just work on it when it is convenient.

### **Differences between professional and amateur (adapted from [www.TipsForSuccess.org](http://www.TipsForSuccess.org))**

A professional learns every aspect of the job.

An amateur skips the learning process whenever possible.

A professional carefully discovers what is needed and wanted.

An amateur assumes what others need and want.

A professional looks, speaks and dresses like a professional.

An amateur is sloppy in appearance and speech.

A professional keeps his/her work area clean and orderly.

An amateur has a messy, confused or dirty work area.

A professional is focused and clear-headed.

An amateur is confused and distracted.

A professional does not let mistakes slide by.

An amateur ignores or hides mistakes.

A professional jumps into difficult assignments.

An amateur tries to get out of difficult work.

A professional completes projects as soon as possible.

An amateur is surrounded by unfinished work piled on top of unfinished work.

A professional remains level-headed and optimistic.

An amateur gets upset and assumes the worst.

A professional handles money and accounts very carefully.

An amateur is sloppy with money or accounts.

A professional faces up to other people's upsets and problems.

An amateur avoids others' problems.

A professional uses higher emotional tones: enthusiasm, cheerfulness, interest, contentment.

An amateur uses lower emotional tones: anger, hostility, resentment, fear.

# Operating Service Standards

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We define a great investment experience (and great service) as:

- 1) **24-Hour rule:** We respond to clients' requests, calls, or emails within 24 hours. If we do not have a resolution to a request, we respond with expectations instead.
- 2) **48-Hour rule:** We send any/all required paperwork to a client (either via DocuSign or mail) within 48 hours of the request/need.
- 3) **Accuracy:** We give attention to detail – every checkbox matters.
- 4) **Simplicity:** We make things simple for clients. Forms are always pre-filled, tabbed, and highlighted so that clients are clear on what to do.
- 5) **Efficiency:** We strive for efficiency in everything we do so that we are always making the best use of our time.
- 6) **Prioritization:** It's crucial that we prioritize our day and our tasks. Following up on money movement should always be first. Tasks/resolutions/expectations for clients should always be second so that we adhere to our 24-hour rule. Paperwork should be next so that we adhere to our 48-hour rule, and we process received paperwork promptly. Client calls and work on quarterly goals should follow paperwork. The last items completed in our day should be following-up on non-crucial tasks such as address/email changes, beneficiary changes, client record updating, etc.
- 7) **Processes:** We commit to following our processes to create consistency for our clients, the team, and the firm.
- 8) **Responsibility:** We're responsible for our client tasks. We stay on top of requests/tasks to ensure they're staying on track for completion in a timely manner.
- 9) **Recordkeeping:** We notate all client communication and activities. This is for the benefit of the clients, our team, and the firm.
- 10) **Communication:** We have good etiquette when communicating. We always greet clients with a smile, in-person and on the phone. We speak clearly and concisely. We never put a client on hold, and we always set their expectations.
- 11) **Proactive:** We see around the corner. We work to see problems before they come up to avoid them, fix them or communicate them. We look for all possible hurdles.
- 12) **Beyond:** We go past the finish line – we commit to get the job done. We see all tasks through to 100% completion.
- 13) **Close the Circuit:** We close the circuit. We commit to not only going past the finish line, but making certain the outcome is communicated and understood. No one is left wondering.

# Operating Principles and Practices

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## Operating Principles

- 1) I tell the truth, operate with integrity in all that I do, and I do what I say I will do.
- 2) I make certain every interaction is good for everyone involved.
- 3) I intend to have a positive impact through my attitude and through my work.
- 4) I meet people where they are and help them move forward toward their potential.
- 5) I communicate simply and directly.
- 6) We help people avoid the 3 main reasons people fail financially.
- 7) Success is a team effort. I am thankful for the people on my team.

## Operating Practices

- 1) I have a Roadmap to help me with clarity and focus on what is important to me and I help others do the same.
- 2) I show appreciation each day.
- 3) I ask for what I want, clearly and accurately.
- 4) I have a process to help me keep my promises – to make certain I will do what I say I will do.
- 5) I respond to people based on the urgency of their situation.
- 6) I complete my work accurately and timely.
- 7) I speak and write in language that my reader/listener will understand.

## Always and Never

| Always  | Never  |
|---|--|
| “Yes”, and even better is “Yes, Sir” and “Yes, Ma’am”. It shows respect for people at any age.  | Say “Yeah”<br>It sounds sloppy and unprofessional                          |
| “Absolutely” or “You’re Welcome”  | Say “No Problem” “No Worries”<br>Takes the focus off the client, minimizes |
| Complete all information that we have on file and make sure the form is “tabbed” and highlighted clearly denoting where signatures are required.                    | Send blank or incomplete forms to a client                                 |
| Remind them of only the things that they can do and follow up.  | Put all responsibility in the client’s hands                               |
| Make appropriate notes in the CRM. It may be a part of a task or just a note in the client’s record.  | Take a call/respond to an email without making a note                      |
| Research: check RT, client files or any other source that may have the information.   | Ask for information we already have  |
| Make sure you know the real question that is being asked and realize that you never know what has been going on in someone’s life. Remain calm, cool and collected. | Respond out of fear/annoyance  |
| Let them know what CAN be done. How can we make this happen?  | Never tell a client “No.” or come from a place of negativity.              |
| Make notes accordingly so progress is accurately documented.  | Complete or move a RT task forward without adding a note                   |
| Use <i>Arial</i> or <i>Calibri</i> .  | Use more than one font on a document                                       |
| Send all forms necessary the first time.  | Send paperwork more than once  |
| Ask clarifying questions.   | Assume what a client or co-worker wants                                    |
| Remember that <i>Details Matter</i> .   | Be sloppy  |
| Make sure communication is “wrapped with a bow” —like a gift.   | Send something to a client that is not pristine                            |

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