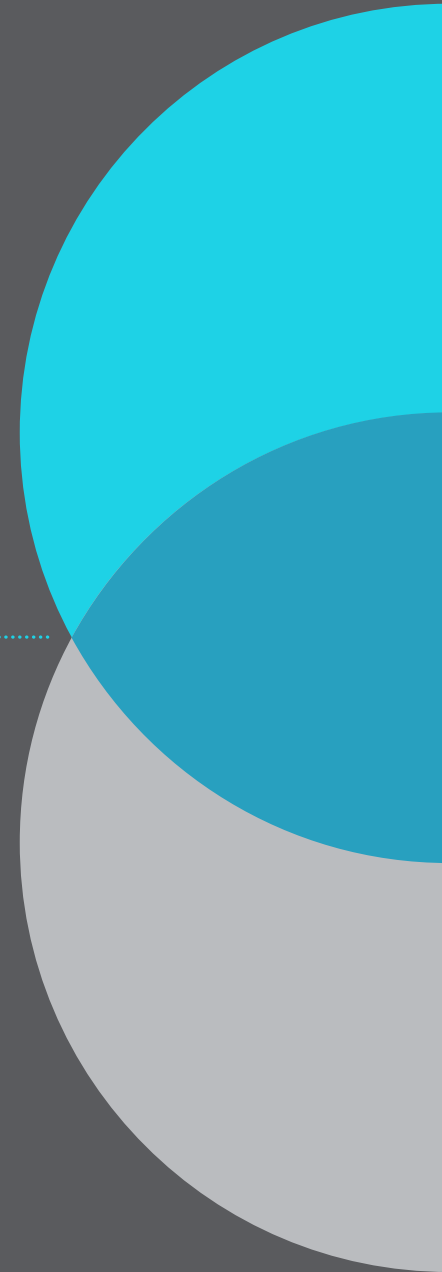




PRACTICE DEVELOPMENT PEER INSIGHTS

Simon Ponti, Regional Manager QLD

March 2023





OUR AIM FOR THIS SESSION

An opportunity to take time out to work on your business leveraging on the experience and ideas of your colleagues.

To leave motivated with some key plans to enhance your business, profit and lifestyle.



LEARNING OUTCOMES

By participating in this session, you will be able to:

- Explore business critical success factors to help with increasing profitability, value and overall business health.
- Explore current market statistics around business metrics, clients and book valuation drivers.
- Discover through peer collaboration:
 - pricing methodologies, positioning and ways to improve your current position.
 - client demographics, service offering, engagement and improvement ideas.

MAXIMISING YOUR BUSINESS VALUE

What are the **critical success factors** you can change to **enhance your book value**?

What are **buyers** looking for?


What are **sellers** doing to build their business and maximise their valuation?

Regardless of business life stage, this is an important exercise to **remain relevant and sustainable**.


How do you compare ?




YOUR FINANCIALS




FUM per adviser
\$53.8M




Profit per Principal
\$262,073




Salaries as a % of
revenue **48.3%**




26% of businesses
generating profit of 40%+




19% reported a
negative profit




8% reporting a profit of
0-10%



47% reporting profit of
11-39%



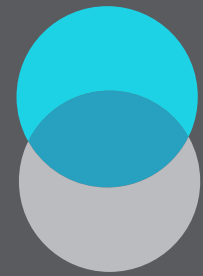
Average Revenue per
client **\$3558**










\$3256 median cost
of advice



How do you compare ?



YOUR CLIENTS

-  Advisers manage 221 Clients
-  5.7 Clients appointments per week
-  15% of advisers review their A clients quarterly
-  1 in 3 clients don't have a current will
-  50% of clients do not have a binding beneficiary nomination
-  Average Revenue per client \$3558
-  80% of kids will fire the parents' adviser



How do you compare ?



YOUR PEOPLE

37%

Only 37% of owners believe their staff would rate 'culture' as very good- a significant lower assessment than our 2019 results



03

70% of businesses are owned by a single principal

03

Support Staff per Adviser 1.4

03

Support staff service 210 clients

03

Average adviser age 51

03

Average adviser salary \$135,000



MARKET VALUATIONS

Practice sale transactions in the marketplace lead to a valuation outcome. In terms of price achieved this price has always been the result of the convergence of the following factors:

- Quality of assets for sale**
- Supply of assets for sale**
- Risk appetite of the acquirer**
- Incremental profit to the acquirer**
- Level of scale of the acquirer relative to the purchase**
- Ability to fund**

The dominant transaction is the “bolt on transaction,” buying a business and collocating it with the buyer’s current business, the most common transaction that takes place.

This has existed and been unchanged since the inception of the industry. The only real change is the metrics which are achieved.

MARKET VALUATIONS

Radar Results Price Guide to June 2022

July 15, 2022 / in Price Guide / by Radar Results

BASED ON REVENUE TYPE AND AGE

Multiples paid for risk books or insurance-revenue-based practices will depend on the client's occupation, age, premium size, policy type and the geographic location of the clients. The multiples displayed above are for high-quality risk clients with clients ages of between 35-55 years and where the policy owner is a small business owner or a professional based in a capital city.

Revenue Type and Age	Recurring Revenue Multiple
Investment and super clients (aged 80 yrs+)	0.8x to 1.0x
Investment and super clients (aged 65 -79 yrs)	1.7x to 2.3x
Investment and super clients (aged up to 64 yrs)	2.2x to 2.8x
Risk clients (under 55 yrs)	2.2x to 2.7x
Risk clients (aged 55 – 60 yrs)	2.0x to 2.3x
Risk clients (aged 61 yrs+)	1.0x to 1.5x
Mortgage clients – home loan trails	2.25x to 3.25x Previously 2.1x to 3.0x
Accounting fees – business clients	0.90 x to 1.25x
Accounting fees – individual returns	0.5x to 0.9x

Revenue Multiple Highlights – Revenue Type

Investment and super:

- 65-79 years 1.7 to 2.3x
- <64 years 2.2 to 2.8x

Risk Insurance:

- 55-60 years 2.0 to 2.3x
- <55 years 2.2 to 2.7x

Adding an “extension” to your business?

- Mortgage (*home loan trails*) 2.25 to 3.25x

MARKET VALUATIONS

BASED ON FEE SIZE PER CLIENT

Revenue Type	Recurring Revenue Multiple
Investment and super clients Average fee per client \$2,000 to \$4,000 per annum Average fee per client \$4,000 to \$10,000 per annum	2.2x to 2.5x 2.6x to 3.3x
Risk insurance clients Average fee per client \$2,000 to \$4,000 per annum Average fee per client \$4,000 to \$10,000 per annum	2.2x to 2.5x 2.6x to 3.3x
Accounting fees – business clients Average Fee per client \$2,000 to \$4,000 per annum Average fee per client \$4,000 to \$10,000 per annum	1.10x to 1.20x 1.25x to 1.35x
Accounting fees – individual returns	0.5x to 0.9x

The multiples above can vary depending on the terms the vendor offers to the purchaser when selling, the location of the vendor's clients, the client's ages and the investment products recommended. The account balances of each client are essential with the fee-for-service charge—average fees per client between \$4,000 to \$6,000 per annum command the higher multiple.

Revenue Multiple Highlights – Revenue Band

Investment and super:

- \$2,000 – 4,000 2.2 to 2.5x
- \$4,000 – 10,000 2.6 to 3.3x

Risk Insurance:

- \$2,000 – 4,000 2.2 to 2.5x
- \$4,000 – 10,000 2.6 to 3.3x

POLLING QUESTIONS

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What areas of your business do you need to renovate/enhance most?

ⓘ Start presenting to display the poll results on this slide.

slido



**How do you plan to grow your
profitability in the next 12 months?**

ⓘ Start presenting to display the poll results on this slide.

slido



What additional services do you think your clients or prospective clients would value?

① Start presenting to display the poll results on this slide.

slido



What's the most important change required to your current client base?

ⓘ Start presenting to display the poll results on this slide.

REVIEW AND ENHANCE YOUR BUSINESS

Renovating or enhancing your business to optimise its value regardless of what business stage you are in.

Now with a view of the market statistics what could you do to generate more return from your business?

Activity – 15 minutes then report back

What **services** could you enhance or introduce?

Are you better to **purchase** clients or **grow organically**?

What are you doing with **low value or non-profitable clients**?

How do you rejuvenate your book with **new clients**?



ACTION ITEMS

What **changes** do you need to make to your business?

Identify **next steps**?

What is your **timeframe**?

What **support tools** do you need, documentation, scripts, client communications?



Credit to *Visionary Design Partners Helsinki*

PRICING YOUR ADVICE – ENSURING PROFITABILITY

One of the key ways to drive your profitability is to know your **cost to service** and to **set your pricing**.

This is an **essential process** that **needs to be revisited regularly** and is often done in stages.

The **key obstacle** to increasing clients' fees is normally **the adviser and not the client**.

Many who have agreed on their pricing find it difficult to transition existing clients and still have various unprofitable legacy clients in their business.

Some find starting with new clients help build the confidence...

Some believe that justifying ongoing review/progress year on year can be hard...

The key is to get started and enhance your positioning, confidence, value proposition as you progress. START.

TABLE DISCUSSION

Objection handling: **What's in your head?** vs **What did your clients tell you?**

How will you **position** the fee review?

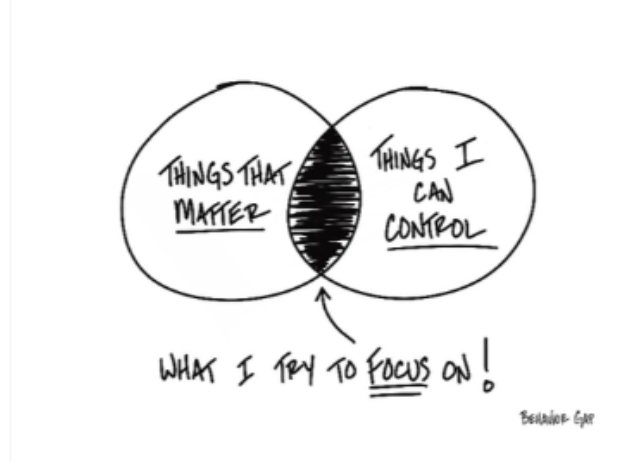
How do you **justify (tangible and intangible) values?**

What is the **experience** of those at the table who has done this?

What do you **currently** charge? Where do you think it **should be?**

What is your **potential revenue** increase from this exercise? What is your **potential loss?**

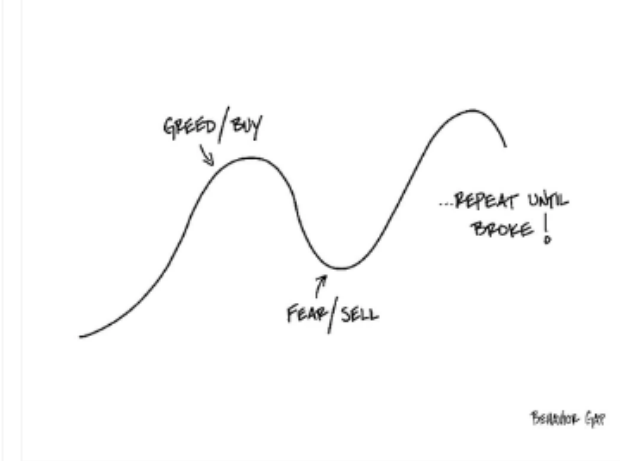
ILLUSTRATING ADVICE



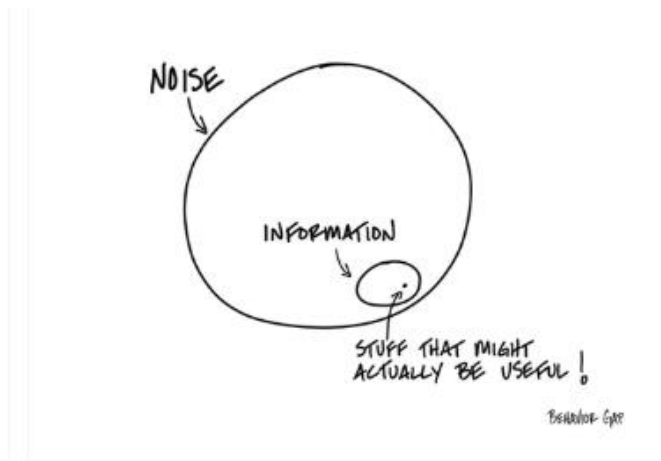
Focus
\$100.00 USD



Between You and The Big Mistake
\$100.00 USD



Fear and Greed
\$100.00 USD



Noise Info Wisdom
\$100.00 USD



Plans and Guesses
\$100.00 USD

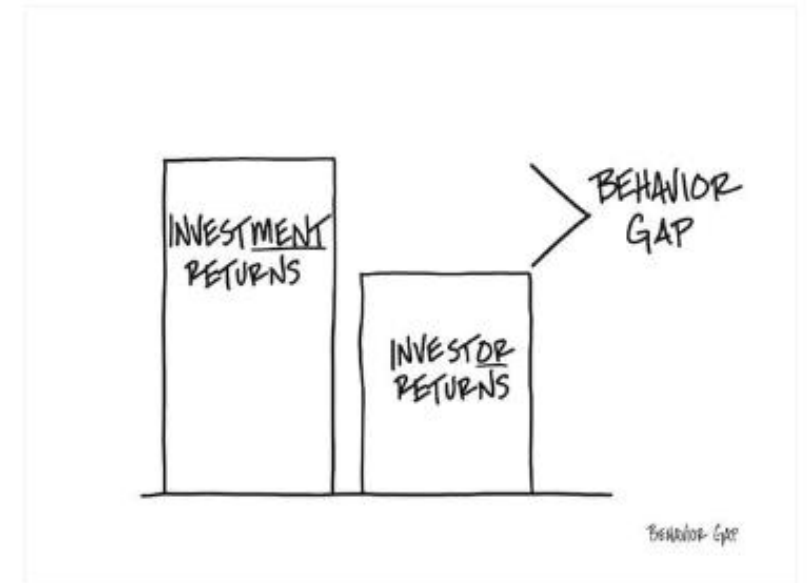
ACTION ITEMS

What **changes** do you need to make to your pricing?

Identify **next steps**?

What is your **timeframe**?

What **support tools** do you need, documentation, scripts, client communications?



Behavior Gap

\$100.00 USD

CENTREPOINT
ALLIANCE

THANK YOU

