



RESILIENT  
ADVICE BUSINESS  
STRATEGY  
HANDBOOK 2023



ELIXIR CONSULTING  
EVOLVING THE BUSINESS OF ADVICE

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"We can usefully define resilience as a company's capacity to absorb stress, recover critical functionality, and thrive in altered circumstances."

Harvard Business Review July 2020 (authors Martin Reeves and Kevin Whitaker)





## INTRODUCTION

The financial advice profession in Australia has experienced significant upheaval in recent years, with many advice firms struggling amidst increasingly complex regulatory and legal obligations. Adviser numbers have reduced from 27,959<sup>1</sup> in 2018 and dipped below 16,000 in October 2022, and it is widely predicted that this number has further to fall in the years ahead. Many who are left are suffering from 'change fatigue' and in desperate need of inspiration and the confidence to implement different business strategies.

Yet there are also many firms that are growing from strength to strength, seizing the opportunity to innovate and achieve their business aspirations. There is tremendous commercial opportunity for those with a passion and ability to evolve, and Elixir Consulting is on a mission to share practical insights into the strategies that will build resilient businesses with a successful, sustainable future in advice.

<sup>1</sup> Source: Adviser Ratings





CoreData research<sup>2</sup> revealed in January 2022 that there are 660,000 clients in Australia who actively want a new adviser. The time has never been better for advice firms to achieve success, and yet there is little doubt that many of the techniques used to run advice practices in the past will not sustain tomorrow's firms. In this report, we summarise techniques and actions that will result in greater success, backed by statistical data gathered from our Business Analysis system and practice research, and market knowledge from our hands-on experience of coaching advice businesses around Australia since 2007.

We share the consistent elements of what we see in resilient businesses that are achieving healthy EBIT margins and personal satisfaction in the current environment, and how they're planning for tomorrow.

In addition to qualitative strategies, this report contains a range of benchmarking statistics to enable firms to reflect on what is possible and inspire them to evolve. Where you see a proof point for a strategy, that data has been sourced from Australian advice businesses that have completed our Business Success Wheel™ Analysis, and/or Pricing Advice, Adviser Pricing Models Research, or other surveys. For qualified stats on EBIT, staff and client numbers, we selected a small sample (48 firms) that were evenly spread between self-licensed and otherwise, ranged between turnover of \$450k to \$7.1 million, and were spread throughout Australia. Not all businesses in the data sets have been coached by an Elixir consultant.

Whilst the summary of business strategies in this paper is not exhaustive, this is an effective handbook for advice business leaders to follow in building their firm. How-to guides and templates for all of these strategies are regularly

updated and available for members in the Evolve Alliance portal. Our team of consultants are also available to assist firms to design and deploy the strategies that will lead to their greater success.

We chose to partner with BT to help us share these insights across their network of advisers, as we share their passion for enabling quality advice to thrive. It is our hope that by disseminating the knowledge in this report widely, we can contribute to a sustainable, robust advice profession with successful businesses delivering valuable, life-changing advice and services to their clients.



**Sue Viskovic,**  
**Founder and Managing Director,**  
**Elixir Consulting.**

<sup>2</sup> CoreData - State of Advice Research January 2022





# FOREWORD



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## **Presented by Jason Brown, Head of Platforms Distribution, BT**

The advice industry has been under pressure, with both a significant fall in adviser numbers and increased cost of advice – changing the landscape of the advice market in recent years. At the same time, a new wave of economic challenges and an emerging period of intergenerational wealth transfer is bringing unprecedented demand for advice and reaffirms the importance of the work financial advisers do to help people to achieve their wealth goals.

At BT, our purpose is to enable quality financial advice to thrive. Our focus is to support strong, vibrant and growing advice practices, now and into the future. Recently, we were proud to partner with Elixir Consulting on a three-part webinar series, created for advisers and their support staff, to help make the most of this growth opportunity. The aim of this webinar series is to help advice professionals to think strategically about sustainable growth, and I'm pleased to say, these invaluable insights have been used to form the foundation of this paper.

For advice practices looking to take advantage of the demand for advice, this paper aims to arm you with the strategies that may help lift the efficiency of your business and position you for success. In the chapters to follow, this paper will explore the key elements of business strategy through practical frameworks, templates and how-to instructions. We hope you find it valuable and use the insights and tools within it to grow your practice for a thriving future in advice.

We wish you well on your journey. We are with you every step of the way.

**Jason Brown.**

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If you would like to explore how BT Panorama can help you improve your efficiencies and client experience, please click [here](#).



# ABOUT ELIXIR CONSULTING



Elixir Consulting is a specialist consulting firm that has been helping financial advisers, risk specialists and accounting firms to evolve their business to thrive through resources, coaching and consulting since 2007.

With coaches located around the country, we all passionately share our purpose to help improve advice businesses, because we know what great advice can do for people. Our consulting philosophies are underpinned by a core belief that the definition of success varies from one business to the next, and our role when providing independent coaching support is to help them define their success and make great decisions to achieve it. We maintain a focus to ensure that firms achieve better outcomes for their staff, their clients and their stakeholders.

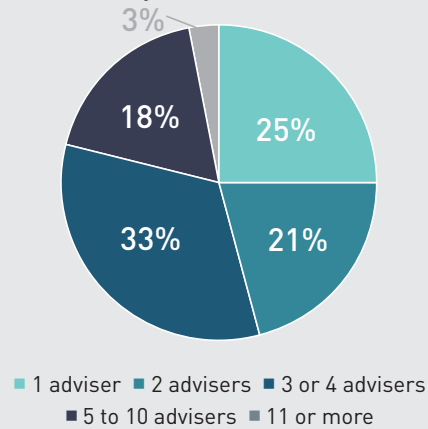
Some firms work with us to solve challenges in their business, (fix pricing, resourcing, capacity, profit etc) and many businesses bring us in to their already-successful firms to be their independent sounding board. To chair their strategic planning meetings, connect them to the best people and services, see things they're too close to see, keep their teams accountable and assist them to make their great businesses even better. If you'd like to explore what we could help you do in your business, reach out to [team@elixirconsulting.com.au](mailto:team@elixirconsulting.com.au) or book an enquiry call [here](#).



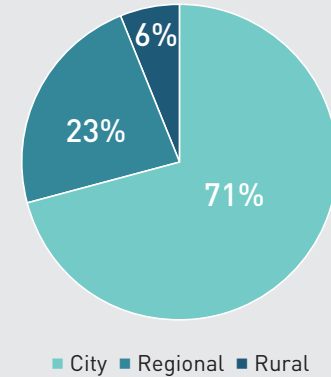
# ABOUT THE BENCHMARKING STATISTICS

The statistics quoted throughout this report are intended to enable firms to reflect on what is possible and inspire them to evolve, they are not quoted to be representative of the whole profession. For the statistics on EBIT, staff and client numbers we selected 48 firms for the sample set, representing a broad cross-section of firms with verified business information for the 2022 financial year as follows.

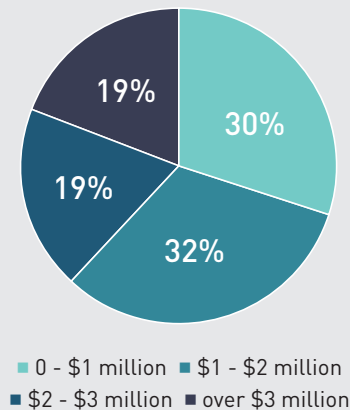
Firms by adviser numbers



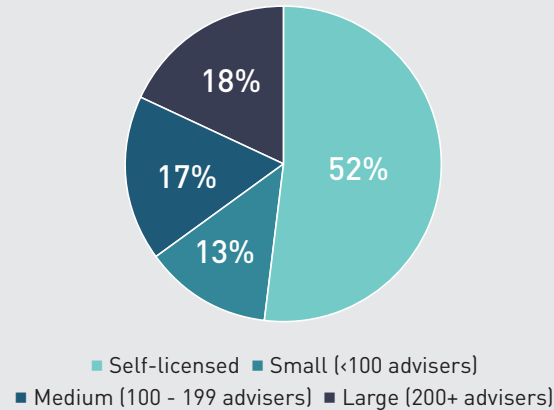
Firms by location



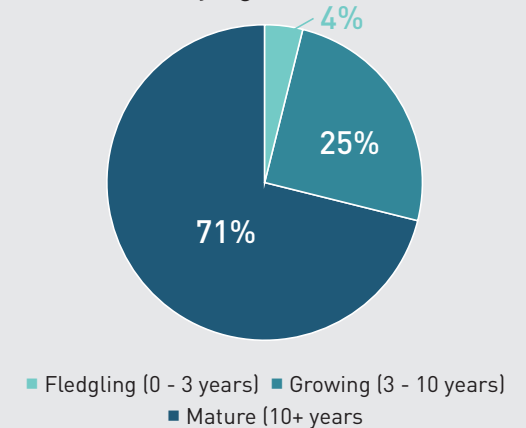
Firms by total revenue



Firms by licensee type

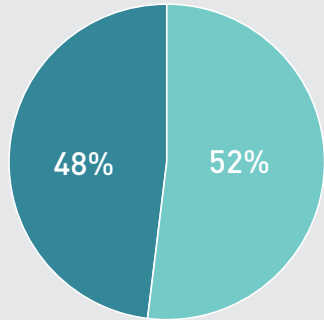


Firms by age of business



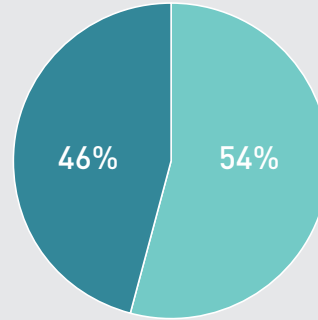


Firms by normalised EBIT\*



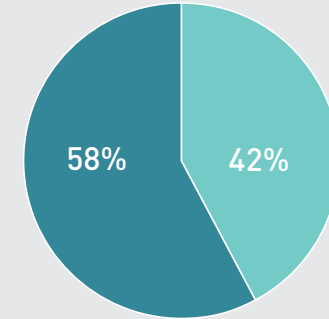
■ Up to 25% EBIT ■ 25% EBIT or more

Firms have a documented long-term Strategic Plan



■ 46% Yes ■ 54% No

Firms have a documented tactical Business Plan for the next 12 months



■ 58% Yes ■ 42% No



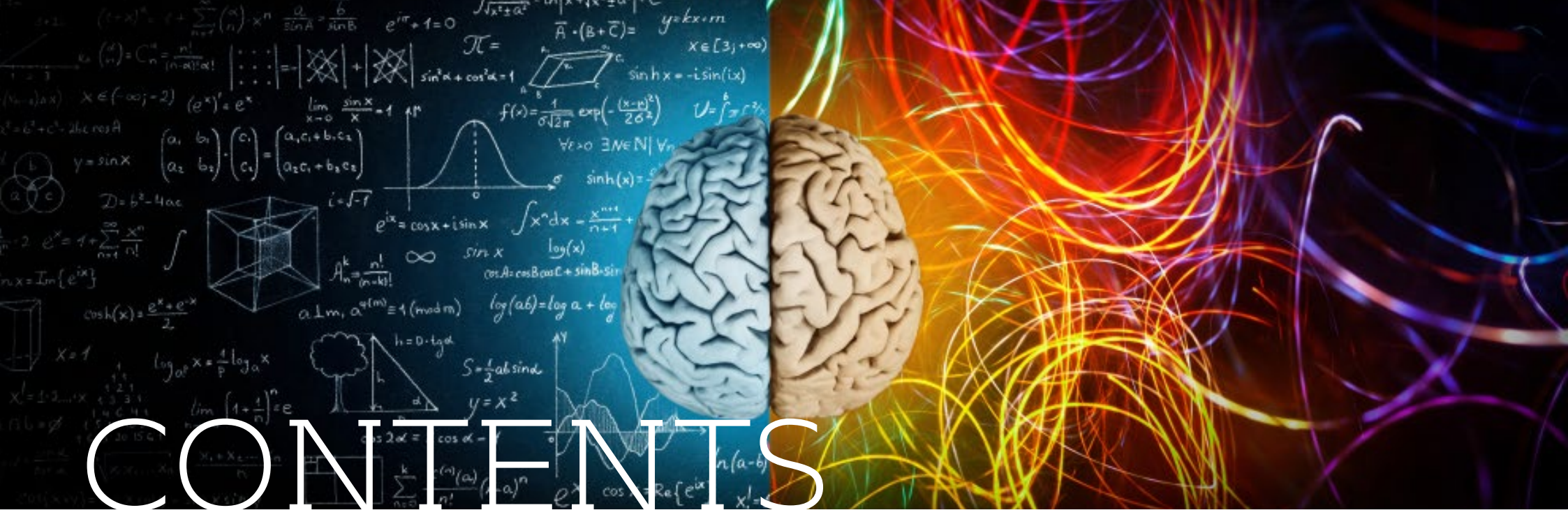
Across the data set, 88% stated that the staff, clients and owners all feel the business is a happy and enjoyable environment, and 88% had minimal turnover of valued staff.



Only 54% of the Principals were happy with the personal sense of satisfaction they get from the business AND their quality of life - their work/life balance, wellbeing, enjoyment and fulfilment.

\* We use normalised Earnings Before Interest and Tax (EBIT) rather than Net Profit figures to understand profitability. Whilst net profit represents a firm's net return after their interest and all other expenses were met, their EBIT figure is more easily compared against other businesses for benchmarking purposes, as it places all on a level playing field (i.e. the level of debt and interest repayments can vary wildly from one business to the next). To that end, we also normalise Principal's salary costs to \$150k plus super, to enable like-for-like comparisons.





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# 1. STRATEGIC PLANNING

True success rarely happens by accident. Regular, effective strategic planning is a core fundamental for firms looking to reach their full potential, and this is true for the micro business with a single owner through to mid- and large-sized firms. Rather than allowing themselves to stay caught up in the day-to-day intricacies of serving their clients, successful business owners set aside the time to do focused work on their business, in order to continually improve their outcomes, and the effectiveness of the work that is done in their business.

The most successful firms conduct both strategic, long-term planning activities to design their business as well as tactical planning to define the shorter-term, immediate actions and decisions that ensure their goals are reached. They continually evolve and improve, adapting to a changing environment, and those actions are taken by all members of a team, not just the Principals. This planning helps them to avoid short-termism, where reactionary decisions are made on the fly, and enables them to make longer term strategic decisions with confidence.





Effective **strategic planning** ensures that a firm has clearly defined their own unique:

**Purpose** – a well-considered definition of **why** the firm exists; your purpose statement creates the emotional glue that binds your team culture, reminds you all why you turn up to work, and provides a guiding light to inform all of the decisions made in your business. Your purpose should be unique and authentic to your firm, it is not something that can be provided by anyone other than your leadership team. Whilst there are guidelines on how a purpose statement is crafted, there are no rules as to what statement is 'best'. An example of a Purpose Statement of a financial advice firm is as follows.

*"To inform and empower our clients to make great financial decisions that enrich their lives."*

**Vision** – the anchor point of your plan is the Vision of what you're wanting to build, a clear picture of what you'd like your business to become. Whilst you may not be able to define precise specifics of client, staff and financial numbers in 10 years' time, you should be able to describe your vision in such a way that provides your whole team with a sense of direction and inspiration.

As an example, are you building a 100-year company, or purely a vehicle for your vocation? Do you intend to have a national or global footprint, or are you content to serve a smaller community? Each option is perfectly valid, and yet the decisions and strategies for these different paths will vary wildly.

Where there are multiple owners, it is imperative that there is a shared vision for the future of the business.

We know that change can be difficult, and many people struggle to embrace it. When a team understands the end destination and their core purpose, it is far easier to create a culture of continual change and improvement.

  
**No clearly defined vision = \$370,803 average normalised EBIT in 2022**



  
**Clearly defined vision = \$485,888 average normalised EBIT in 2022**

The average normalised EBIT of the firms who have a clearly defined vision for the future of their business was \$485,888 per firm, compared to \$370,803 for those without.

**Values** – are the guiding principles of how your people behave and 'show up' to serve your clients and the business. Your values should be deeply ingrained across your firm and provide a non-negotiable, indelible framework to guide behaviour, decision making and communication.

Great businesses share their Purpose, Vision and Values with their team. They make them part of the recruitment and induction process for new recruits and keep them front of mind, regularly 'lifting up', out of the day-to-day tasks of the business and reflecting on their bigger picture.



In order to achieve the longer-term vision, effective tactical **business plans** are designed each year and will specify:

- ▶ Financial targets, including expenses and revenue split between different sources
- ▶ Client activity targets, ensuring that firms track and measure the deliverables they must complete to meet their obligations and client service commitments
- ▶ Qualitative improvement targets/goals
- ▶ Projects and activities they will complete in order to achieve the improvements they seek

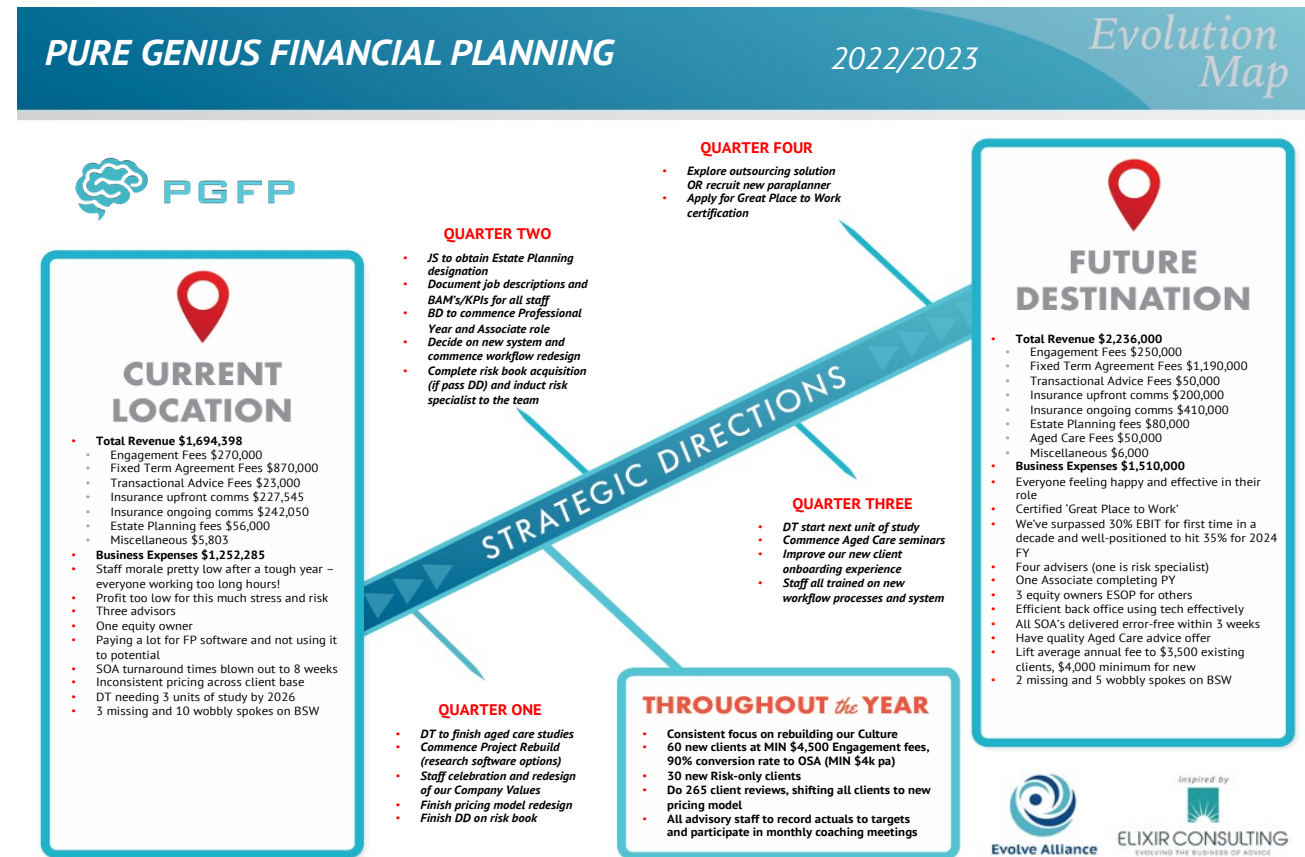
Plans are made to design the steps to achieve the vision, with an eye on the future and risk mitigation. Upcoming legislative change is planned for, along with sustainability measures, such as managing the age demographics of their client base, skill sets and capacity of the team (to handle the targeted growth).

Ideally, the plan will be succinct and shared with the team. Resilient firms don't just have ideas and strategies about how they might succeed, their great ideas get implemented! Projects and activities will be allocated to those responsible and have a reporting mechanism through which they can keep themselves accountable to the progress they seek. They factor in time on business projects when doing capacity planning for their

team and where they don't have the skills or capacity in-house, or for projects that don't require a permanent skillset on the payroll, they engage outsourced providers. Elixir's GSD Lab was established for this reason.

Successful firms track the performance against their plan on a regular basis, making adjustments if necessary – it is a dynamic plan rather than a static document that is designed and then forgotten until the following year.

Here is a sample of a mock 'Evolution Map' - this is the Elixir Consulting framework for tactical business plans. A how-to guide and template is available in the Evolve Alliance portal.

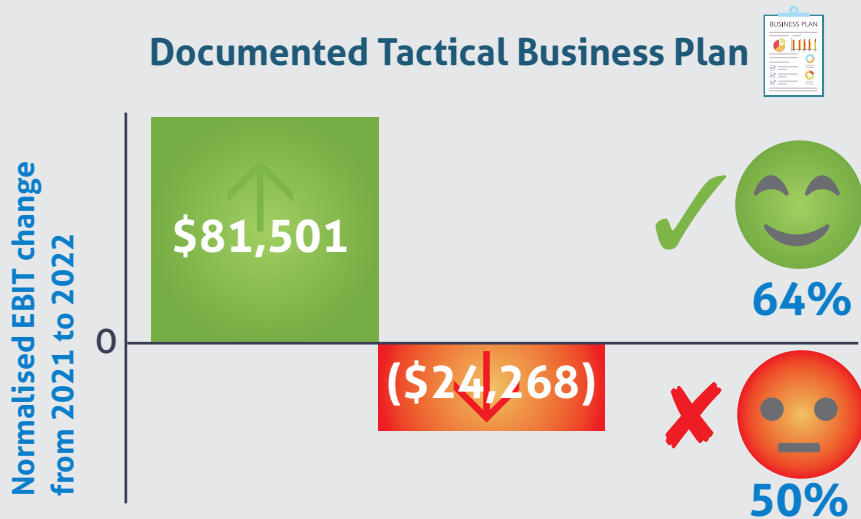




## Documented Tactical Business Plan

In the sample set analysed by Elixir, those with a documented tactical business plan grew their normalised EBIT from 2021 to 2022 by \$81,501. Those without a tactical plan averaged a \$24,268 **reduction** in normalised EBIT in the same period.

Normalised EBIT is a good measure of business success - and yet it is not the full story. The measure of success depends somewhat on timing and the individual aims of the business owners, nonetheless, those who had a documented business plan averaged 21.3% normalised EBIT vs 20% for those who didn't AND 64% of the Principals said they were happy with their personal satisfaction from the business and their quality of life (balance, fulfilment, etc) – as opposed to only 50% of those who did not have a business plan .



While this impact on EBIT looks minimal in percentage terms, larger firms certainly reaped the benefits of a Business Plan, as the actual figure for Normalised EBIT averaged \$527,171 as opposed to \$334,783 for those with no Business Plan.





Not always, but often, the firms who have applied this much focus **on** the business have engaged an independent business coach to assist them. It can be difficult for firms to take an arm's-length view of their business and harness all their opportunities without the assistance of an independent expert who can objectively assess the business, facilitate their 'on the business' meetings and help keep the team accountable, while also bringing suggestions/examples of what has worked for others.

Those in the group who engaged a business coach for the last two years averaged an uplift in normalised ebit from 2021 to 2022 of \$193,452. (That's net earnings uplift *after* coaching fees were paid!)

Great businesspeople rarely achieve significant success on their own. They seek assistance, read books and listen to podcasts to learn from the success of others, and keep their mind open to new ideas. They have their trusted sources of advice, inspiration and a sounding board that are 'outside their bubble'. They avoid listening to too many uninformed voices and yet maintain an eye on what is possible, how others are handling the same challenges they face, and seek counsel from peer groups, associations, external consultants (business coaches, hr specialists, asset consultants, etc) rather than within a limited circle, such as their licensee only.

You can see some examples of case studies on pages 46-47 of this handbook.

## 2+ years of business coaching

**+ \$193,452**  
normalised EBIT  
2021 to 2022



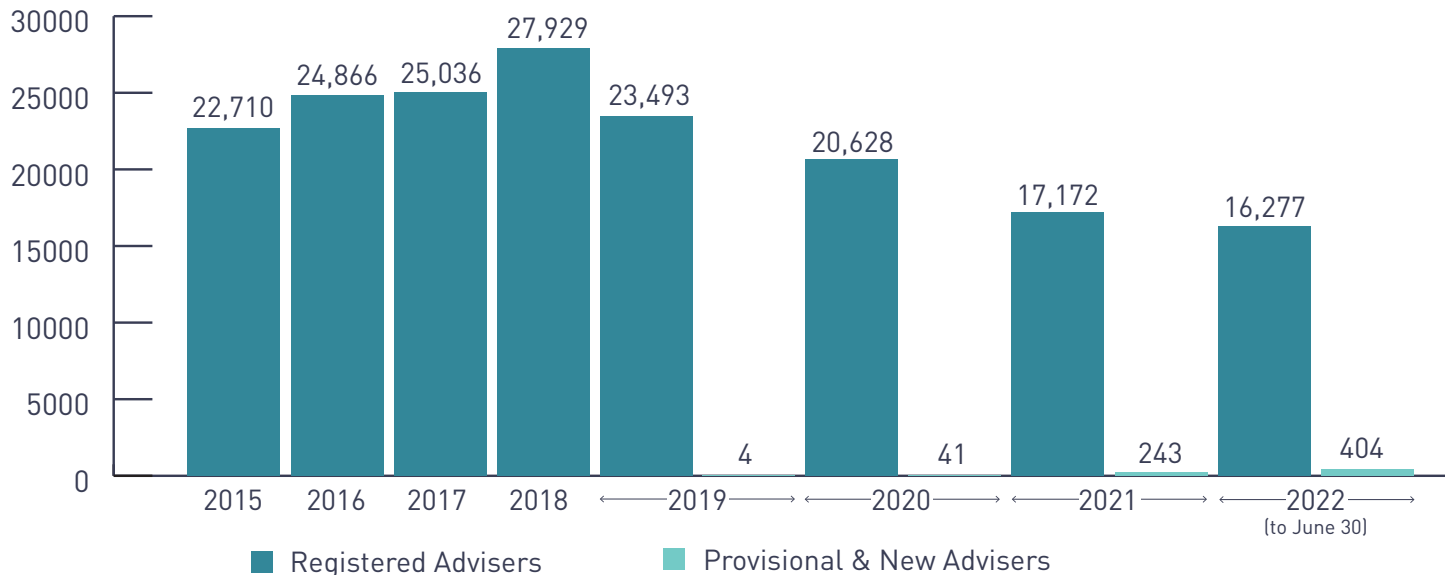


## 2. CAPACITY PLANNING AND MAXIMISING PRODUCTIVITY

### Future planning through a skills shortage

After many years of adviser numbers falling, we lost another 1,074<sup>2</sup> financial advisers off the Financial Adviser Register (FAR) in the 2022 financial year, finishing with only 16,277 and dipping well below 16,000 by the end the calendar year. Whilst this represents an opportunity for growing firms to capture market share of consumers seeking advice, it also represents a challenge in that the talent pool to recruit from is getting shallower. Given the education requirements for new entrants, and the fact that 2022 saw only 176 new advisers registered and only 136 Provisional<sup>3</sup> advisers registered, future-focused firms have recognised the need for a considered focus on capacity planning.

### Registered Advisers - Australia 2015 - 2022



**Financial Advisers aren't the only talent that is in demand - experienced (and exceptional) client service and paraplanning staff are not easy to find.**

<sup>2</sup> Source Wealth Data

<sup>3</sup> All new advisers must be registered as Provisional Advisers roughly halfway through their Professional Year, once they have successfully completed their adviser exam and their approved degree or equivalent qualification. Their provisional status (and direct supervision requirements) is removed upon successful completion of their final half of the Professional Year.



**Resilient firms are creating intentional plans for how to grow their future talent and increasing the capacity for each adviser, preparing for growth via staff acquisition, efficiency planning and workflow management.**

Those firms looking to grow in future have a variety of options to consider. Well-structured recruitment and induction processes are basic hygiene factors in growing a successful team. Recruiting on values and attitude as well as skills and experience is critical. Attracting and retaining quality staff is so important that it is one of the eight strategies in this paper (see People and Culture). Beyond this, there are a number of strategies you can explore to grow a high-performing team in a tight labour market.

▶ Home-grow your talent from within - creating a structured training plan for those who want to pursue careers in advice will enable you to grow with people who are familiar with your clients and fit your culture and values. This can include training admin support staff into paraplanning roles and supporting future advisers through their Professional Year. Ensuring you invest in external training and education will also ensure you keep growing with fresh ideas, rather than 'inbreeding' bad habits or outdated ideas.

- ▶ If you have significant growth plans, consider offering cadetships or graduate programs to attract talented students with a structured career path and learning journey. There are firms enjoying great success in securing the brightest talent with a documented path through client service and paraplanning roles to associate and qualified advisers. A vague promise of a future advice role pales in comparison to a well-structured, documented career path with accompanying training and skills checklists, particularly when that path might take 5-10 years.
- ▶ Forward-plan your talent pool. When you have a long-term Strategic Plan in mind, you can keep an eye out for quality team members that may suit your firm as your client base grows. You may also accelerate your growth if you meet like-minded advisers who prefer to merge their business with yours and be part of a bigger firm, rather than going solo.

*Do you know the future career plans of your current team?  
Tomorrow's award-winning adviser might already be right under your nose!*

*You can also play the long game and contribute to the longer-term success of the profession by volunteering in universities and schools to inspire students into future careers in financial planning. At the very least, subscribing to **Striver** will give you access to pre-vetted students and give you half a chance to attract the best of the talent pool of university graduates before they're snapped up.*



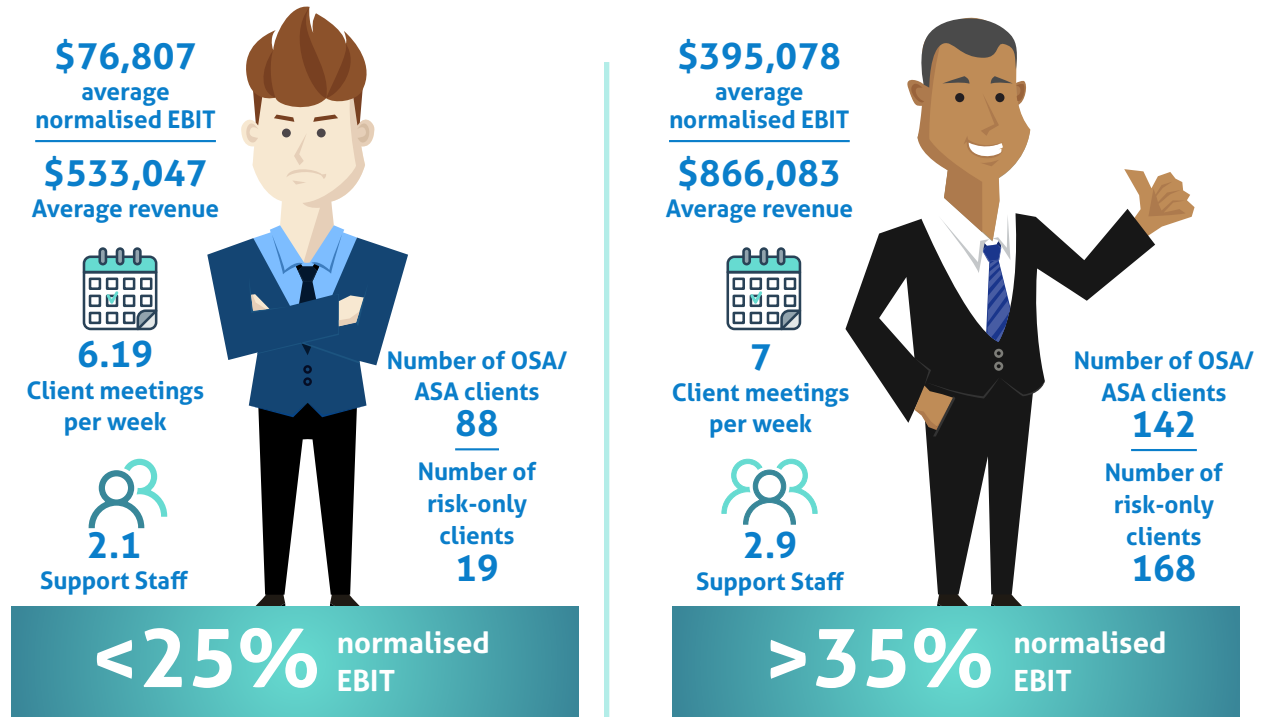


A final thought on growing your team. Hiring staff before you absolutely need them will not only enable you to grow your firm without your team suffering burnout, you'll also be able to train and upskill quality people who may come to you without deep experience in advice. A great rule of thumb is to hire your next team member when your current people are at 80% capacity. To do this successfully, you'll need to have your pricing right to include sufficient profit to cashflow-fund or have ready access to capital to invest in more staff and a structured marketing/growth plan to provide a steady stream of enquiries to allow you to plan your future cashflow to underwrite additional salary costs to train your future stars.

### Lifting capacity

*Not only do firms need to consider how they can attract future advisers to their firm, they need to consider how to increase capacity and maximise the number of clients each adviser can manage, and lift the efficiency of their business operations to serve more clients with finite resources.*

## Average statistics PER ADVISER



A word of warning. Advisers often ask us what is the 'right' number of clients that an adviser can manage. The answer will be dependent upon the type of clients you serve and the services you provide. Rather than comparing your client numbers to an arbitrary benchmark, we recommend that you reflect on your own numbers, asking questions such as;

- ▶ Are there some tasks our advisers do that can be completed by other means?
- ▶ On our current servicing model, how many available hours does each adviser have to serve more clients?
- ▶ What would have to occur in order to lift our clients-per-adviser by 25%?

Planning your capacity with a reflection on revenue per adviser is an effective lens through which to design your growth. Increasing the revenue per adviser will mean you can increase support resources, enabling more clients to be served per licensed adviser. There is a chicken-and-egg situation where the two are intertwined, and it may require an uplift in fees to existing clients before sufficient capacity is gained to pay for more resources to bring on more clients, and this should all be considered as part of a holistic business review (with a firm eye on ensuring that clients are paying fees commensurate with the value being delivered).

There are a range of strategies you can deploy to serve more clients with your current adviser numbers prior to employing more advisers, including (but by no means limited to):

- Merge with other firms to leverage scale
- Improve your processes to get more efficient – see the following section on *Maximising Productivity*
- Improve your processes to remove everything you can from your advisers so they purely do the tasks that can only be completed by a licensed adviser
- Use outsourcing solutions
- Deploy a true team serviced approach where non-authorized staff do the majority of the client servicing
- Access digital advice delivery tools and automate as many activities as possible
- Stay on the leading edge of SOA design ideas to reduce the time it takes to create your documentation



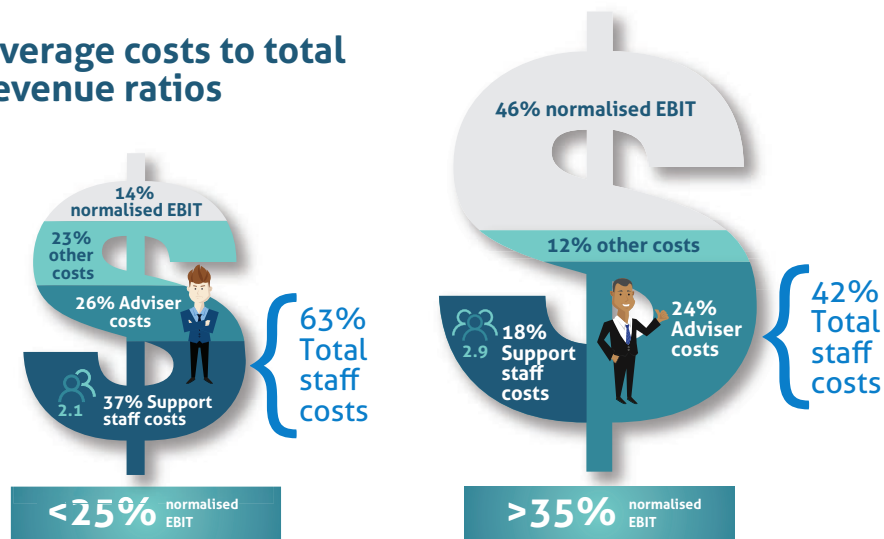
## Right people doing the right roles

Building the right mix of support staff per adviser is important in order to maximise their capacity and enable them to focus only on tasks that require a licensed adviser to complete. Not only are advisers the most expensive salary in an advice team, the personality profile of an excellent adviser with great communication and technical skills is often vastly different to that of a proficient support team member with a high attention to detail and passion for administrative tasks. Therefore, a firm may be able to increase the number of clients and revenue managed by an adviser by adding additional support resources around them, before they need to add another adviser to the team.

A measure of cost management often used in accounting circles is the ratio of wages to total revenue. While accountants previously used the rule of thumb of 'thirds' – where a third of the revenue generated by a firm is paid in wages, a third in fixed overheads and a third in profit, it is a clumsy measure when applied to advice firms. Considering the wage bills of most advice firms far exceed their fixed overheads, a better approach is to calculate the likely uplift in the number of serviceable clients and extrapolate the revenue figures when making a judgement call on increasing your wage bill. In a growth cycle of a firm who chooses to grow organically rather than by acquisition, there will often be a lag effect between adding new staff and lifting the EBIT.

When it comes to having the right people in the right roles, at some point in a growing firm there always comes a time for the need of a Practice or Operations Manager. When the team and workload get too big for the Senior Adviser or Principal to manage alongside a client book, a decision must be made as to whether the growth plans will be best achieved by said Principal transferring clients to other Advisers and focusing on a CEO role, and/or employing a Practice Manager to enable the Principal to focus on their clients. The right option will usually be determined by the desire and natural skillset of the Principal. Either, and both, options have worked well in successful firms.

### Average costs to total revenue ratios





**The key to maximising capacity is to have systemised processes, where each task is completed by the appropriate team member. Once your processes and tasks are documented, you can consider alternative ways for how they can be completed.**

Identifying the natural skillset and expertise of the current people on your team might give you an opportunity to realign roles to leverage their natural skillsets. If their attitude and personality are right for the culture you wish to build, realign their roles to suit, and then hire or deploy alternative resources to fill the gaps.

Outsourcing is an effective option that is being deployed more frequently.

In the current environment there are many providers with offerings designed specifically for financial advice firms. Paraplanning is perhaps the most mature outsourced market, and we now have an array of options to outsource administrative tasks, compliance, HR, marketing and communications. Achieving productivity gains from outsourcing requires three steps:

1. Selecting the appropriate tasks to outsource,
2. Identifying the appropriate provider to use, and most importantly,
3. Committing to the training and induction of the outsourced team members. Without having effective, documented, consistent processes that your team follow, your outsourcing relationship will be doomed from the outset!



## Maximising Productivity

When it comes to maximising the productivity of all team members, sustainable advice businesses take a dynamic approach to their use of technology and they understand that, used well, tech tools can enable their team to serve more clients, more effectively. They maintain a culture of continuous improvement and they're not fearful of technology. Whilst their less resilient peers are inclined to stick with an outdated, expensive system until the perfect alternative is available, they tend to have a different mindset. They regularly review their efficiencies, improving the way that their tools are used and stay up to date with potential solutions and enhancements.

Sustainable advice businesses ensure they have team members (or engage external experts) who understand tech and are able to assess their alternatives on a regular basis. Rather than moving to the 'latest and greatest' tool, they make considered decisions when presented with better alternatives than what they're using. These firms ensure that their staff are fully trained to take advantage of the efficiencies their systems can enable, and where improvements are possible, they're not afraid to make the best use of what is available at the time.

Rather than seeking 'one tool to rule them all', they build their tech stack to make best use of specialised solutions. The only time they accept a system that does not integrate with others and requires double data entry, is where the features and benefits far outweigh the time and error-risk of manually transferring data between systems.

When considering their sunk costs, they make rational decisions between what has been previously invested and what is now required to achieve the client experience and productivity gains they seek. Whether it be a small change to an app, or a complete system change, any deployment of new tools is project managed with precision.



## BT PANORAMA CLIENT STORY

# Strategy First Financial Planning

Strategy First is an independent advice firm on the Northern Beaches of Sydney. Having operated since 2005, they primarily look after private clients – both wealth accumulators and high net worth pre-retirees. With a team of 6 advisers, supported by 10 support staff (including an in-house paraplanning team), they pride themselves on helping their clients to create their big vision around their preferred future, and then building a financial plan to help them make smart financial choices.

Having used the BT Wrap and Super Wrap functionality for many years, Strategy First embarked upon a project in 2018 where they did significant due diligence across the market on different platforms, seeking to provide a more seamless and efficient client experience and investment experience in implementing their investment philosophy.

Strategy First don't believe in actively managed portfolios, citing academic research that shows little value being added in active stock picking. Rather, they focus on the structure of client portfolios, and ensure that the asset allocation of each client is well managed to meet their risk profile and objectives. That required a lot of time and effort being spent on manually implementing advice and rebalancing the asset allocation for client portfolios. Each client required an SOA for the initial advice, ROAs for

every change, requiring a client signature for acceptance, and with manual rebalancing, it also meant too much room for human error. With a well-documented investment philosophy and track record, they wanted to find a better way to implement their philosophy, to get clients a better outcome, without costing them more.

As Managing Director Patrick Anwandter said, "Fundamentally, for us, as an evolution of our investment philosophy, we wanted to look at ways that we can use technology to facilitate a better client experience from an investment management perspective. We didn't want to go down the MDA route, we just wanted to keep the independence to be able to provide a more seamless investment experience for our clients and to gain some back-office efficiencies."

They chose BT Panorama as their preferred technology provider and spent over a year conducting due diligence on the specific model portfolio technology within BT Panorama and other providers. Settling on the capabilities within BT Panorama, they spent a further twelve months transitioning their clients – wherever it was in their best interests to do so – into their model portfolios on BT Panorama. Patrick reflects, "The back-office efficiency for us and our paraplanning team was incredible; and from





a client delivery perspective, we could really shift our focus from having too much of a focus on investments, which is a key part of achieving the client outcomes, to allowing us to deliver a much more engaging comprehensive client service”.

Client portfolios are managed to the Strategy First house view, determined by the investment committee (including external asset consultants); where asset allocation and model portfolios using diversified ETFs and low-cost diversified managed funds are determined, and each client portfolio is designed to suit their needs within the model portfolios. When the account is established (or varied), they set the tolerance and frequency of auto-rebalancing across the asset classes, and can specify other features such as variations in cashflow reserves, or what to do with distributions.

The digital ROA feature with BT Panorama has also added excellent benefits for clients, for the implementation of both their model portfolios and other strategies. Historically, it took time to document the advice, get signatures from clients, (particularly when both signatures from a couple are required), and then manually implement the recommendations when the forms were returned. Even where there are three people with oversight on each client file as is the case at Strategy First, the margin for error was

still unacceptable. With the digital ROA feature, the advice is documented, the client gets an SMS or email to log into their portal, they view the ROA online, hit the consent button, and when all required signatories have consented from their own unique link, BT Panorama automatically implements the trades, the client and adviser are notified, and the record is stored automatically in Xplan.

Patrick believes that BT Panorama has saved on average, 13 hours per week per paraplanner. The firm is thrilled with their ability to integrate their tech stack to further enhance the client experience and redirect the efforts of their staff to continue to grow the firm and add value to their clients.

**Strategyfirst**  
FINANCIAL PLANNING

If you would like to discuss how BT Panorama can help you improve your efficiencies and client experience, please click [here](#).

### 3. A FOCUS ON PEOPLE AND CULTURE



Resilient advice firms recognise that their staff are not only their biggest cost in the business, they are also their biggest asset, **and** pose their biggest risk. Just as your Client Value Proposition (CVP) defines what your clients will pay you for, your Employee Value Proposition (EVP) is what will attract and retain quality people. In the midst of a global skills shortage, applying a conscious focus to invest in your biggest asset and build your EVP is imperative.

As discussed, with the contraction of the financial advice talent pool, **all** staff are in demand, not just advisers. Recruiters are actively looking at your people (on LinkedIn and by other means) and they're reaching out to them, especially if it is well known that you run a quality business. This is not a fact to be fearful of, rather to ensure that when (not if) your people are headhunted, they have no interest in exploring what is on offer. If they do, you can at least ensure they don't feel undervalued by earning a lot less than they're offered by a complete stranger.

#### The Basics

There are a few very basic elements to looking after your people.

- The most basic is to pay well. Successful firms regularly reassess salaries and benefits for all team members, understanding that the monetary - as well as opportunity and time cost - to recruit and train new replacements is significant. Paying at or above market rates to high performing staff is the preference to losing a team member over wages and bearing the loss of knowledge and expertise out of the business; only to have to pay the extra salary to recruit someone new and then incur all the cost and downtime to bring them up to speed.



- Conduct regular staff reviews, providing opportunities to discuss performance and career enhancement and quality training opportunities.
- Hold everyone to a high standard - resilient firms value their excellent staff by **not** enabling poor performance or behaviour by anyone. All staff have really clear expectations of them - clear KPI's, behaviours and values. Poor performance or attitudes are addressed swiftly.

Resilient firms go beyond the basics when it comes to looking after their people, recognising that culture and other benefits play a role in keeping staff happy and engaged.

### Management strategies for high performing, harmonious teams:

- ▶ Leaders ensure that trust and psychological safety are always present in their teams, and encourage their people to contribute to the continuous improvement of both the workplace and their client services
- ▶ Owners share their vision of what they're building in the business and get contribution to the design of the business plan
- ▶ A focus on Leadership - key people throughout the business play an active role in the leadership team (not just the owner)
- ▶ Culture is built with intention, they regularly and openly discuss their Values and expected behaviours. They conduct regular get-togethers (live or virtual) to build mutual trust and comfort, and they look after their people - customising their incentives, off-sites, social events to suit the personality

of the business as well as personalities and lifestyles of the team

- ▶ Staff morale and engagement is tracked and uplifted if necessary - in a structured way - seeking staff feedback in surveys and in discussion
- ▶ They genuinely enhance the health and wellbeing of their team (be that sharing self-care training, providing mental health support, providing healthy food and exercise options, etc.)
- ▶ Help **all** staff (not just advisers), understand the importance of the work they do and see the positive impact they have on your clients. Seeing proof that they do purposeful work will help alleviate the frustration that often comes with over-regulated, admin-heavy roles.
- ▶ As much as is possible, a flexible working environment is provided, i.e. hours, location, etc.
- ▶ Career opportunities - not only in expanding an individual's role to meet their career aspirations, but also providing training and development in every role.
- ▶ Bringing in new talent to the business is handled effectively and everyone benefits from bringing in fresh ideas, skills and capacity to the team. Personality, attitude and shared values are considered as important as skills and experience when recruiting new people, and systems and processes are well-documented so as to streamline their induction and training. Roles are structured and communicated well to best support and leverage the existing team.







## GSD LAB IS A PRACTICE MANAGEMENT PROJECT SERVICE TO HELP YOU **GET STUFF DONE** IN YOUR BUSINESS.

Designed for advice firms who lack capacity or capability in their current team to implement their business strategies, GSD Lab consultants roll their sleeves up and project-manage your big ideas.

Popular projects include:

- Process and Systems Diagnostic
- Sort out your WIP backlog
- Workflow supervision design
- Research (and/or prepare to move to) a new licensee
- Preparation for sale or succession
- Implementation of a new HR framework
- Marketing project implementation
- Project and change management support

The list above is only a sample of what we can help with and bespoke engagements are also welcome.

**Book an enquiry call today to see how we can help you **get stuff done** in your business.**

[www.gsdlab.com.au](http://www.gsdlab.com.au)



## 4. CLIENT EXPERIENCE AND QUALITY OF ADVICE FOR TARGETED CLIENTELE

Resilient firms know who they serve well, and they have a relentless focus on continually enhancing their entire offering to serve their needs. This strategy is, first and foremost, an acute focus on the quality of advice and client experience that is delivered. The most successful advice firms don't just rely on the ability of their advisers to have great conversations, they continue to improve their skills and technical expertise, and design their client experience with intention, blending the right mix of process, technology and skills to ensure that every client has an experience worth raving about.

They have systemised to deliver a personalised client experience - from the initial introduction through to 10 years into the relationship, and they have no fear that clients won't continue to renew their agreement annually (if that is the proposition they have built).

With the legislative requirement for explicit services provided to all clients, advice firms can no longer be all things to all people. Resilient firms have absolute clarity on the type of clients they choose to work with and they design their client experience, services, and technical expertise to serve their specific needs. In doing so, their marketing and growth efforts are more effective and they're better able to design efficient service methods and ensure the quality of their advice is high.

### Clarity on who to serve

One technique to identify their targeted clientele is to define client avatars, a description of the types of clients they choose to work with - identifying their demographics, psychographics, and needs and desires. Whilst some firms choose very narrow niches - such as specific professions - others define characteristics that are present across many people and take a broader

approach - such as people at a particular life stage. What is consistent in the most successful firms is their ability to stay focused on the clients who will get the most benefit from their services, and turn away or refer elsewhere, any clients who don't fit their target market.

Consider the engagement techniques and technical skills required to serve pre-retiree teachers with unique super entitlements, compared with self-employed medical specialists with a keen interest in philanthropy. By recognising the unique challenges and opportunities for specific client groups, advisers are able to better support them and increase the value of their advice.

While single adviser firms might have 1-2 client avatars, larger firms with multiple advisers are able to identify multiple client types and marry up technical expertise and natural affinity between different advisers in their team.

An example of a client avatar summary is pictured on the following page, and there is a structured framework with worksheets and templates to build your own in the [Evolve Alliance](#).

To best leverage the exercise of defining their client avatars, firms who wish to grow will share their definitions with their Centres of Influence and even their existing clients, to help refine the quality and quantity of client referrals they receive. They'll also create marketing material and strategies that attract their avatars and seek specific methods to communicate directly with that market.

There is an exception to the rule of resilient firms working only with their targeted clients, and that is those who are absolutely clear on their value proposition and only work with clients seeking that style of service. In this situation the style of client might vary considerably but if, for example, their



## DEMOGRAPHICS

- Pre-retiree - over 50
- Up to 10 years out from retirement
- Net investable assets/assessable assets - \$500k+
- Profession
  - PAYG Employees in White Collar Roles
  - Educated - likely in (but not restricted to) Allied Health or Education
- Joint income over \$120,000 pa
- Debt gone (or almost) and free cashflow now available
- Some complexity in their affairs

## PSYCHOGRAPHICS

- Emotionally connected - engaged in the process
- Want to help themselves and know they need help
- Keen to support the community
- Have capacity and desire to pay for advice and ongoing support
- Don't want to compromise quality of life now to enjoy life later
- Appreciate that life is not a rehearsal

## SERVICES

- Life Design - goal setting, clarification and tracking
- Cashflow Modelling
- Income, debt and tax reduction strategies
- Estate Planning
- Investment Management

## OUR CAPABILITIES

- Values Conversations
- Accountability Coaching
- Communication
- Tax Strategies
- Investment Management
- Modelling
- Super Strategies
- CGT Analysis



# PRE-RETIREEES

**TED & VALERIE**

## NEEDS/CHALLENGES

- Not quite on track to meet their goals
- Want to retire early or explore opportunities where they "don't have to work"
- Fear of not having enough or missing out on things - lifestyle desired versus reality
- Transitioning from busy to retired
- Lifestyle changes - more than money

## APPROACH TO ADVICE

- Seeking guidance and reassurance
- Want someone on-call to manage the strategy
- Wanting sound strategies - not risky returns

Pure Genius  
Financial  
Planning





proposition is holistic advice to help clients design and live a rich life (not die rich), they won't serve a client who is only looking for investment advice in their super fund or some insurance advice.

## Creating exceptional client experiences for every client, every time.

There are a number of elements to refining the service proposition. The actual propositions might vary greatly between different firms who are all successful and resilient, but the key is they know what they do, and do it well.

Consider the examples of

- ▶ Low-cost transactional advice for those with less complex needs (e.g., the Vanguard offering advertised on prime-time TV – high touch, low cost, digital engagement at scale).

OR ...

- ▶ Those moving toward a broader life coach style of role and not just financial strategist, having deep engagement on clients' behaviours and values around money as well as their technical money decisions.

OR....

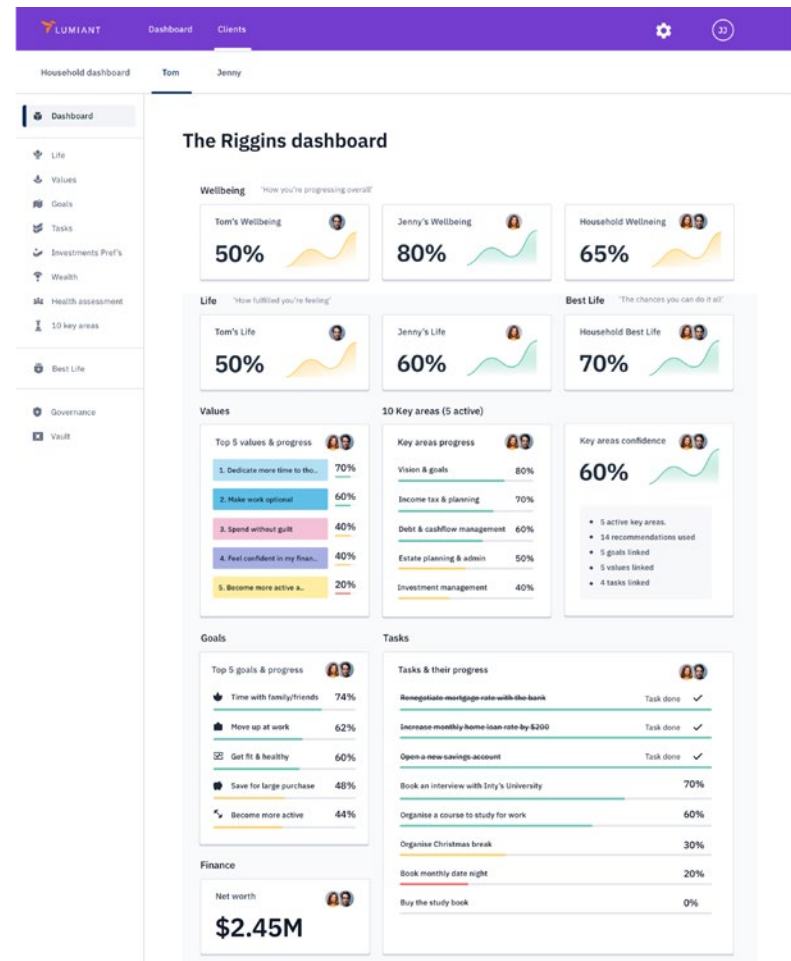
- ▶ The risk insurance specialist.

All very valid and important advisory roles that require a different skillset, product suite and process to serve the proposition.

Some techniques to deploy for this strategy include:

- ▶ Revisit the entire client experience, from the initial enquiry through to the ongoing experience 3, 5, 10 years later. Ensure it is consistent across your clients, regardless of who they see in the firm, and it is specifically designed to deliver both a great experience and great results.
- ▶ Explore new systems and technology tools to enhance the experience, like the end-to-end client experience tool, Lumiant.

**Lumiant** is an award-winning cloud-based advice and client engagement platform, that enables clients and their advisers to connect more deeply around their lives, values and finances.



- ▶ Ensure your advisers continue to develop their client engagement and communication skills, not just their compliance or technical training.
- ▶ Hold regular peer sessions in team meetings to continually upskill all relevant team members on advice strategies and technical knowledge. Discuss case studies of your actual clients and encourage your advisers and paraplanners to brainstorm technical strategies in a real-life situation, making sure that they're all broadening their knowledge and skills and your clients are getting the best of your team's talents. It is a great idea to extend this further to sharing client stories with your whole team, so even your receptionist gets an understanding of the life-changing work you all do.
- ▶ You may or may not include investment management as a key differentiator/value driver in your client proposition, but whatever you choose to do, be very clear about your philosophy with your clients and ensure you're delivering investment services efficiently and in a way that is perfectly suited to your client base.
- ▶ Ensure that you have ways to manage and measure the quality of advice that is delivered by your firm. Resilient firms employ a range of techniques, from ensuring that every piece of advice is peer-reviewed to regularly undertaking client feedback throughout their relationship.
- ▶ Ensure that all of your clients' needs are served in a way that you trust will deliver the best experience for them. For example, specialist aged care, lending, accounting or risk advice services. The depth of need and demand across your client base will largely determine whether you bring the skills in-house or refer out.



There are various ways that a proposition can expand within the capacity of the firm, and should be considered in context of the vision for the business and future planning the demographics and needs of the client base.

## ORGANICALLY



- ▶ **Organically:** Company A builds their aged care offering over time. They recognise it as a complex service that requires specialist skills, so they initially refer to a specialist. As expected from their data analysis of their client base, over time they start receiving more requests for assistance, so register with Aged Care Steps (ACS) and identify an adviser to upskill. They start by using ACS outsourced paraplanning to serve enquiries, then as they're confident and have streamlined processes, tap into the marketing materials provided by ACS. Once they let their clients know it is an available service, referrals start flowing and full-service clients are brought in off the back of serving the aged care needs of their parents.

## AT SCALE



- ▶ **At scale:** Company B has a Vision to build a \$20 million turnover firm with deep engagement with a large number of clients. They merge accounting firms with financial advice firms with specialist risk expertise and finance broking and migrate all to a CRM with automated data sharing *and* a relationship management model to ensure their client's needs are met within the one professional relationship.

To do this properly requires focused time on the business, regardless of the scale of the firm - understanding demographics, researching ways to do things effectively, building out a business case for it, making informed decisions and project managing the implementation.





## BT PANORAMA CLIENT STORY

# Halcyon Private Wealth

Halcyon Private Wealth is an advice business in Melbourne that's been established for 37 years. Practice Principal Brendan Murray took over the business from his father. Having worked in the firm for 22 years, he now revels in the fact that part of his role is to ensure they're consistently working on and improving the business, and he has reduced his client load down to 60%, so he can spend 40% of his time working on the business. Brendan loves *"being curious and innovative around how we can be a better business for our clients and our staff."*

Halcyon is an aspirational firm, their aim is not to achieve growth at all costs, but to grow from a position of strength, and they made the wise choice to build their infrastructure to enable the growth and scale they're seeking. Part of that infrastructure build was to improve the way they managed their clients' investment portfolios; to outsource their investment decisions to an asset consultant and manage the investments via a Managed Discretionary Account (MDA) service. Brendan did his research when sourcing the administration technology to use. *"Having spoken to all the various platforms, we found that BT Panorama was the best equipped to be able to manage an MDA, with their technology and what they'd built to be able to provide that service."*

This strategy has paid off in spades. *"Engaging an asset consultant and managing client's accounts through BT Panorama has been phenomenal, from the point of view of both performance and management of our clients' expectations."* Brendan estimates that the contribution of BT Panorama and the infrastructure they've built has enabled them to lift the number

of clients that each adviser can service from 80 to 120. *"From a business perspective, it's been nothing short of revolutionary, it's given us more time to be able to service more clients; our efficiency has probably increased by around 30%."*

As a business, Halcyon have intentionally built their infrastructure so they can enable the advisers to reduce their administrative burden and spend their time doing what they do best. As Brendan said, *"We maximise our adviser's time in front of our clients, and get to know them intimately, in the sense that we know everything about their life, so we can give them the best advice. Our meetings aren't about making investment changes, that's all done during the year; so our conversations are about what our clients need, their objectives and cash flow requirements. We discuss their legacy, their children, their charitable contributions."*

Clients are loving the service as well, as evidenced by the fact that over the past 5-6 years, Brendan has observed a 30% increase in client referrals year on year. *"We serve our existing clients very well - our infrastructure has helped us create raving fans. Obviously, the clients are so thrilled that they're talking to their like-minded friends, family and colleagues. Our number one investment philosophy for our clients, particularly during the times that we've experienced this year, is capital preservation. With what's happened to markets recently, there hasn't been an asset class that hasn't underperformed, there's been nowhere to hide. We've made close to 20 changes to our clients' portfolios in the last 12 months and have been able to make changes to portfolios swiftly. We would not have been able to do that without the MDA"*



*service. We communicate with our clients about what we are doing in the portfolios, and they can then see the transactions themselves through the BT portal. They have their online access, and we get a lot of feedback that they love the mobile app on their phones. So, from a client's perspective, they can see what's going on at any point in time, they know what's happening and they don't panic anymore. I think back to 2008. During the GFC, we didn't have such a service because the technology wasn't there, and we got a lot of phone calls. I think we work our hardest during those times when things are pretty ordinary, but we don't get those panicked calls anymore. It's completely different now, because the clients are fully informed on a regular basis, it's more proactive rather than reactive."*

Halcyon currently has 10 staff in total - 4 advisers, 3 associate advisers doing their professional year, and 3 support staff. They serve typically, high net worth clients and are very selective about the clients they work with. Brendan describes their selection process as "Can we add value to them, will they be profitable, do we have cultural alignment, mutual respect? We want long standing enduring relationships with all our clients so we're very comfortable being 'picky' about who we work with."

Halcyon now have a three-pronged approach to achieving their growth plans. In addition to enjoying organic growth of roughly one new client a fortnight from their client referrals, Halcyon are also growing by attracting advisers who fit their culture. Brendan shared, "From an infrastructure point of view, there's an offering here for advisers who are out there looking for a new home, who are sick of doing the compliance, sick of doing the administration that comes with advice,

*and they just want to sit in front of a client and help. They get to spend their time communicating with their clients through meetings, through emails, through phone calls, whatever the case may be, and the infrastructure that we have basically takes all that (compliance and admin) onus off them, and they just focus on the client." They're also growing by acquisition, "seeking businesses who are looking to exit and see if there's some synergies there from a cultural perspective that we could help their clients and help an exiting partner."*

Like many resilient advice business owners, Brendan is a big fan of independent consultants. "I consider (having a business coach) really important. It's like, I love my golf - I have a Swing Coach; so yes, I think coaches just fast track everything. We don't know everything; I think it's arrogant to think you can do it on your own. No one's a self-made person, I think you need great people around you and if it's someone who is in a position that can even guide you and remind you what you know; perhaps give you some other things to consider so you've got a bigger picture. That's what I do with my clients, right? They come to me with an idea most times, of what they want to do. My role is to make sure that they look at all options, find one that suits them the most, and we're their coach."



If you would like to discuss how BT Panorama can help you improve your efficiencies and client experience, please click [here](#).

## 5. GROWTH STRATEGIES

Whilst not every firm intends to grow, resilient firms take a deliberate and structured approach to how they achieve the growth they seek. They know how many new clients they'll bring on and they're comfortable they can source them. Even firms who seek to maintain their size will need at least modest new client numbers to replace the natural attrition that occurs in a client base.

It is no secret that the single-adviser firm has found it increasingly difficult to survive in the current climate. The only single-adviser firms who are considered resilient are those who are on a fast-track to growth OR have invested heavily in robust systems and automated processes. In both cases, they must have a succession plan that can be immediately implemented in the event that something was to happen to the adviser to prevent them from seeing clients. (If you have a service delivery due and there is no adviser available to deliver it in time, fees must be switched off, immediately impacting cashflow and asset value of the business.)

Those who intend to grow significantly have a plan; either by organic growth, or by acquisition.

### Organic growth:

Those who plan to grow organically have worked through their capacity planning and they're comfortable they have resources to deliver to the targeted number of new clients.

They know where they'll source clients from – either by deploying marketing strategies or receiving qualified referrals from either centres of influence and/or their existing clients. By qualified, we mean that they don't agree to work with 'just anyone' who has been referred, they maintain their focus on their preferred client, and give alternatives to others in need.

They have a marketing plan, which may be as simple as some branding

guidelines, flyers, a website and a referral process or as involved as a digital lead funnel complete with social media campaign, lead magnets and paid advertising. They build social proof and improve their SEO through Google Reviews. Many will also collect testimonials and client reviews on Facebook, LinkedIn and Adviser Ratings, depending on the platforms their preferred clients tend to use.

There is no right or wrong on the size of the marketing plan, other than the plan is designed to suit their brand and stage of growth, and it is tracked and tweaked to ensure it is delivering the number of quality leads it is designed for.

### Growth by acquisition:

Firms that are looking to acquire are clear on the purpose of their acquisition(s) – are they purely seeking cashflow and clients, or is part of the attraction the acquisition of new staff, processes and systems, perhaps additional leaders to share the management load?

**Many firms are seeking scale by merging with and/or acquiring other businesses, in financial advice as well as complimentary services such as accounting, finance broking, insurance advice, aged care and legal services.**

Regardless of the type of business they're looking to acquire, they have a robust due diligence process, making decisions not just on the numbers but on the culture of the firm, ensuring there are aligned values, particularly if team members are also joining.





Before completing any 'deal', they have determined how the management of the combined firm will work, they have looked into the types of clients, compliance and the type of advice provided to the clients, the products invested in, and how all of that will integrate with their existing business.

They have access to patient capital – either by bank funding or an investment partner.

Finally, they have a project plan to ensure a smooth transition of the purchase and maintain respectful continuity of service to the clients.



Here is a summary of elements you might choose to build into your marketing plan. You're far better to execute one or two strategies really well, than do a poor job at lots of them. The key is to select the elements that are relevant to your firm and growth aspirations. (i.e., if you only want 12 new clients in the year, it is unlikely you'll need to set up paid Google ads)

- ✓ Brand guidelines - fonts, colours, logo
- ✓ Marketing material - flyers, slide decks, etc.
- ✓ Referral campaign to clients
- ✓ Centres of Influence - qualified referral strategy including feedback loop to keep them informed and inspired to send more
- ✓ Website with Search Engine Optimisation (SEO)
- ✓ Testimonials and online reviews - Google, Facebook, LinkedIn recommendations, Adviser Ratings reviews
- ✓ Lead magnet with nurture campaign to build trust while a potential client is considering your services.
- ✓ Social media presence including ability to respond to DMs and comments on posts
- ✓ Paid social media advertising - boosting posts or structured ad campaigns
- ✓ Paid advertising campaigns - Google ads and/or other mediums
- ✓ Sponsorship of local or charitable groups

By far, the three most popular types of marketing completed by advisers who received more than 10 new clients in 2020 were referrals<sup>2</sup>.



<sup>2</sup> (Source: Adviser Pricing Models Research Report 5th edition)



## 6. EFFECTIVE PRICING MODEL

To attain resilience, you must have a robust, well-designed pricing model that is consistently applied across all your clients, by all your advisers, so you know that every client is profitable – and if they're not, you have made a conscious decision to deliver pro bono services to them.

There is no single answer to what is the 'right' or 'best' pricing model for a resilient advice business other than to say it should be one that is well-designed to suit the client base, value proposition, cost base and vision of the business owners. The quantum of fees charged must be sufficient to not only remain solvent but to have sufficient profit to reinvest in growth and position the firm to deliver outstanding service.

Pricing is the largest lever a firm has that will impact not only profitability, but also their capacity for growth.

Flat fees are increasingly popular in Australia, with many firms preferring to avoid an explicit asset-based fee. That is not to say however, that all clients are charged the same flat fee. Resilient, sustainable, profitable firms who use flat fees include an element of uplift for larger portfolios and/or larger amounts of complexity and value delivered to the client.

If you're building a flat fee model, we'd suggest that you create a calculator that all advisers use to determine the appropriate fee for each client, and quote the number that is determined (i.e., not the underlying components). Ensuring that your fees meet Standard 7 of the Code of Ethics (all clients must receive value for money), your fee calculator might consist of the following:

1. **Minimum Recoverable Amount (MRA)** – the minimum **base** fee (including profit margin) that covers your service to onboard a new client or provide ongoing advice and service for a 'standard' client of your firm.

2. **Factors for Complexity** - these are the additional areas that might vary from one client to the next, based on their needs, where a firm provides more time, service, specialist knowledge and/or experience. They may even include a third party to support the client in some way. For example, unless a firm specialises in Self-Managed Superannuation Funds (SMSF) they are not likely to include the additional work required to advise on an SMSF in their base fee, rather it would be added where appropriate.

3. **Variable factors** –

- a. One example of variable pricing might be in an **Asset-Support premium**. Designed to recognise the additional risk that a firm takes when advising clients with more at stake, and the value added to clients with greater capacity for returns (i.e., a 5% return on \$3mil is 10 times greater than a 5% return on \$300k). Some firms apply this premium to the assets they manage directly, others apply it to their client's entire investable assets; while they may not manage it all as funds under management, they're providing expert advice on cashflow management, structuring, debt management and they're helping clients make decisions about all their assets regardless of whether they're in property, business, cash, etc. Their rationale is that their advice is magnified by the total net worth not just the amount of funds they manage. An Asset-Support premium is generally between 0.2 - 0.5% on top of the fixed fees. This amount may be applied from dollar one, or from the amount over a threshold (usually between \$500k and \$1 million). It is usually calculated at the time of determining the fee and added as a fixed dollar amount to the base fee.





b. Another example of variable pricing is the **Value Overlay** – Often the MRA based on cost/time recovery has very little correlation with the value of the advice that is provided. The value overlay is sometimes known as the 'art' of pricing, largely because **perceived value** really comes down to the individual and there is no specific calculation to be able to quantify that in a monetary sense. Clients don't care how long it takes you to do something (provided it doesn't take too long!) - they are concerned with the outcomes of advice. They come to an adviser with an issue or a problem and they seek solutions. Time is one thing, but the advisers' intellectual property and ability to consistently coach them in making and then carrying out the right decisions about their money, is valued. Given the value overlay is entirely subjective, it is the most difficult to navigate when determining a pricing model, and when applied, is often applied as a percentage premium (e.g., 10 or 20%) to the calculated fee.

Regardless of how you determine the fee, you'll want to ensure that clients are re-priced each year to suit their changing situation and aligning with renewal of services.

You'll also need to ensure that you update the underlying assumptions in your calculator to keep up with your evolving costs of advice.



## 7. SUCCESSION

Regardless of whether the current Principals are intending to exit the business in the near future or they're planning to stay longer term, resilient firms are sale-ready, and the owners are either aware of their potential or preferred exit strategies, or they have an active succession plan in progress. Effective succession ensures that business owners are able to extract the capital value from their entrepreneurship and efforts. Increasingly, this is happening over a period of time rather than at the end of their career. Many advice business owners have found better ways to extract some of their value while they're still working in the business and leverage the scale that comes with collaboration, to end up with a larger value for a smaller part of the pie.

Options for succession are many, either in isolation or a combination of any of the following:

- ▶ Business Sale - complete sale to a new owner external to the business.
- ▶ Employee share plans - gradual equity transfer to employees over time. This may be a percentage of the ownership to a large number of staff, and/or may include;
- ▶ Internal successors purchasing equity from Principals over time
- ▶ Mergers (rather than an outright sale, the business is merged with another, typically meaning that management and staff move with the clients)
- ▶ External investors - there are many groups including AZNGA, Broadleaf, new player to the Australian market Merchant, as well as many licensees, who will make investments in advice businesses. Some invest to provide

capital for rapid expansion, some specifically for founders to exit. While their cultures, frameworks and requirements all vary, the fact that they are actively investing in advice firms is testament to how valuable they can be when run effectively.

- ▶ IPO (Initial Public Offering) is also a potential option for large organisations

Resilient Advice firms not only plan their equity transfer, but they also plan their leadership transfer. If it is an internal succession, they train up their successors, progressively giving them more management responsibility and independence over time.

The most successful succession plans are those where the transaction is done with a firm focus on what is best for the clients and the staff of the business. From a commercial perspective, the exiting owner will always extract more value if there is alignment with the new owners, otherwise they find their second instalment is impacted if the business implodes after transfer. Most advice principals seek a greater return than purely financial, however, they enjoy a sense of satisfaction and fulfilment when they see their legacy in good hands. The elements outlined in Strategy 5 (growth by acquisition) are just as important for the seller as they are for the buyer, (i.e., culture, aligned values, quality/ type of advice and clients, etc.)

Regardless of your plans, you want to ensure your business is sale-ready at all times. Absolute visibility on financial and client data, documented processes, good compliance scores. You might not know how you'll realise the asset value in your business just yet, but planning to maximise your return makes good business sense.

## 8. FINANCIAL MANAGEMENT – CASHFLOW AND ACCESS TO CAPITAL

Good financial management is an attribute of resilient advice businesses and extends beyond simply managing cashflow, to also budgeting for future growth/obligations and managing capital.

More than ever before, advice firms are required to execute strategies for the efficient collection of revenue from clients (aside from via product manufacturers). Firms who do this well have a consistent method to determine the appropriate fee splits for each client, ensuring the ratio they collect from Super versus other means matches the advice provided and does not breach the SIS act. They have effective mechanisms for invoicing and fee collection, using a combination of direct debit and collection from investment products, and they complete reconciliations to ensure their inflows match their expected revenue.

They consider timing of cashflow – many will charge a deposit before starting work on a new client.

They track their actual revenue against their targets and course-correct if need be.

They manage cashflow well, ensuring their payroll, ATO and other obligations are met.

**Many firms are utilising handy software tools such as Panda Docs or Qwirl to provide visually appealing, effective client proposals and renewals that also manage direct debits and reconcile straight into their accounting software.**

Resilient firms also plan ahead when it comes to changes that might affect their cashflow. A great example of this is when grandfathered investment commissions were switched off. Resilient firms converted relevant clients to fees well ahead of time, and set client acquisition targets for lost revenue, so they didn't go backwards when commissions were switched off from their disengaged legacy clients. Many ended up generating more revenue from less clients and now have a more secure, engaged client base as a result.

Resilient firms will have a contingency plan for how they'll replace insurance commissions if they are phased out or further reduced. Whether they believe it will happen or not – they have planned for the possibility.





Some suggested solutions include:

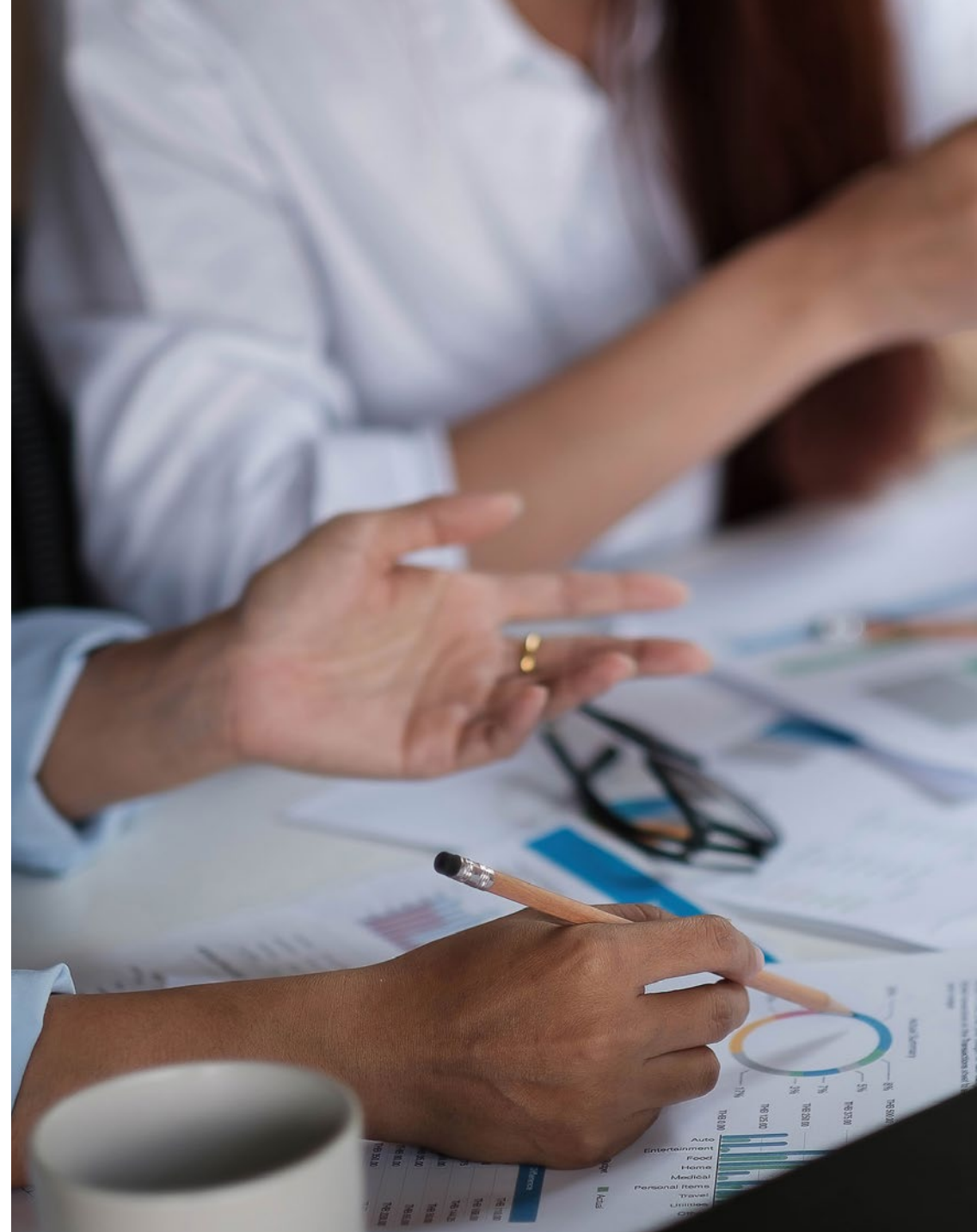
- ▶ Start acclimatising clients and advisers by charging fees for insurance advice and keeping commissions for implementation. This is likely necessary even if you weren't planning for the future!
- ▶ Separate out your risk insurance advice and either enter into a joint venture with an external business or sell your 'risk book' to a specialist firm to whom you can outsource or refer future risk advice
- ▶ Write insurance without commissions and charge explicit fees

## Capital adequacy

Resilient advice firms ensure they have sufficient reserves to not only meet their obligations, but to fund any client remediation that may arise. Even the most systemised businesses with the most talented staff can find mistakes are made and will always make good without delay.

Those considering acquisitions are well funded, with cost-effective capital at the ready, either partnered with licensees or private equity firms such as AZNGA, Broadleaf, Merchant, or the other alternatives discussed in the Succession strategy.

While they have ready access to act on transactions, they have 'patient capital' - i.e., partners who are not focused on a quick turnover of their investments, but rather will be patient while the business strategy plays out.



# RESILIENT ADVICE BUSINESS TRANSFORMATION CASE STUDIES

If it feels a little daunting to embark upon significant change in your business, consider the outcomes you'll achieve by implementing some or all of the strategies in this handbook. Here are some real-life examples of a few of Elixir Consulting's coaching clients. Permission has been granted from each client to share these anonymised results. To view a greater range of business transformation case studies with more varied firms, visit <https://elixirconsulting.com.au/our-work/case-studies>

## Case Study One

In 2018, this financial planning firm in a capital city had 3 financial advisers – 2 of whom were equity owners, plus an associate adviser and a team of 6 support staff. Having a structured process of annual business planning and a clear strategic vision helped this firm through difficult times with a recalcitrant adviser that had to be exited delicately.

Over the past four years, this firm has gone self-licensed, rebranded, moved premises, uplifted their fees, extended their fixed fee model to charging advice fees when providing insurance advice, grown an excellent adviser from paraplanner through to fully qualified and competent, and merged in another firm.

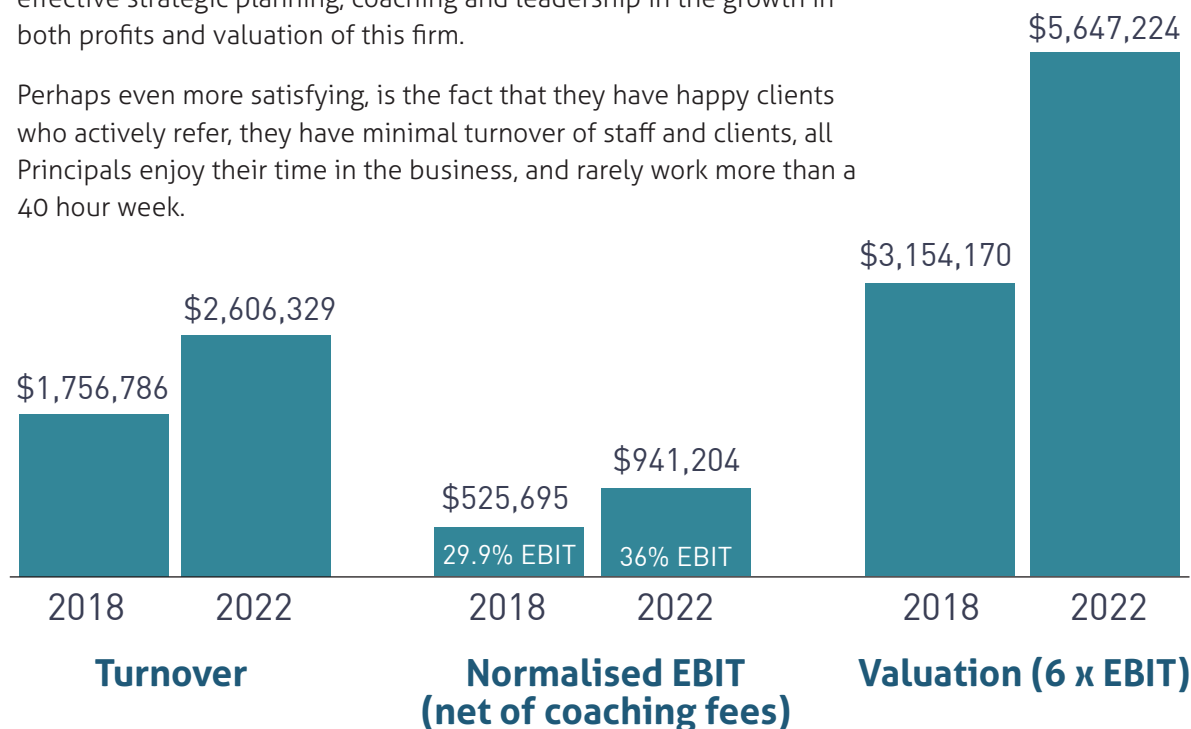
Now at 4 advisers, 3 of whom are equity owners and 8 support staff, this firm now has an effective leadership team in place all driven by the same vision and commitment to family.

Having disengaged some clients who no longer need ongoing services whilst they shifted the client base to annual agreements, they now have 369 engaged clients and 571 insurance-only clients. Their team use technology-

enabled consistent workflows and completed 654 advice docs in 2022 without losing staff or too much sleep!

They are well on their way to getting each adviser comfortably managing \$800k annual revenue with steady growth plans for the team. You can see the power of effective strategic planning, coaching and leadership in the growth in both profits and valuation of this firm.

Perhaps even more satisfying, is the fact that they have happy clients who actively refer, they have minimal turnover of staff and clients, all Principals enjoy their time in the business, and rarely work more than a 40 hour week.



## Case Study Two

This client demonstrates the significant difference that a year of good decisions and disciplined execution can make. In 2021 this firm reached out to Elixir after three years of flatlined growth and at the point of exhaustion. The two adviser-owners were working long hours, including too many weekends and they felt they had no time to work on the business.

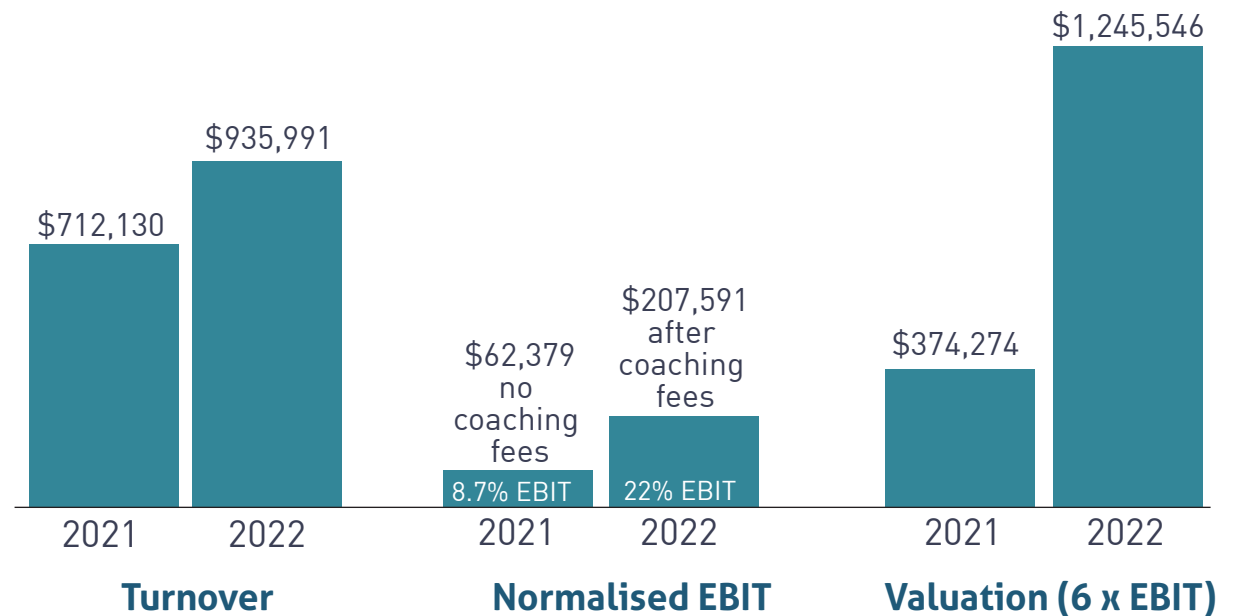
After defining their vision and reconnecting to their purpose, this firm deployed a new pricing model across the client base, increased new client acquisition and reduced non-target clients, added a team member and improved their processes. They went from 270 clients in 2021 to 260 in 2022 with 28 new clients onboarded (ie 38 exited).

In just one year they increased their EBIT by \$145,000 and added \$871,272 to the asset value of the business. Moreover, they have reignited their passion for advice, they have balance in their lives, and their clients and staff are benefiting from the uplift in the quality of their services and mindset.

They're looking forward to continued support from their coach as they embed new technology, continue to serve more new clients perfectly suited to their offering, and

lift their EBIT to 38% in preparation to bring on another adviser in 2024. The power of strategic planning has enabled them to make decisions and get visibility on the actions they'll take to more than double their EBIT again in the next 12 months, and grow their raving fans (happy clients!).

### 332% increase in EBIT and business value in one year

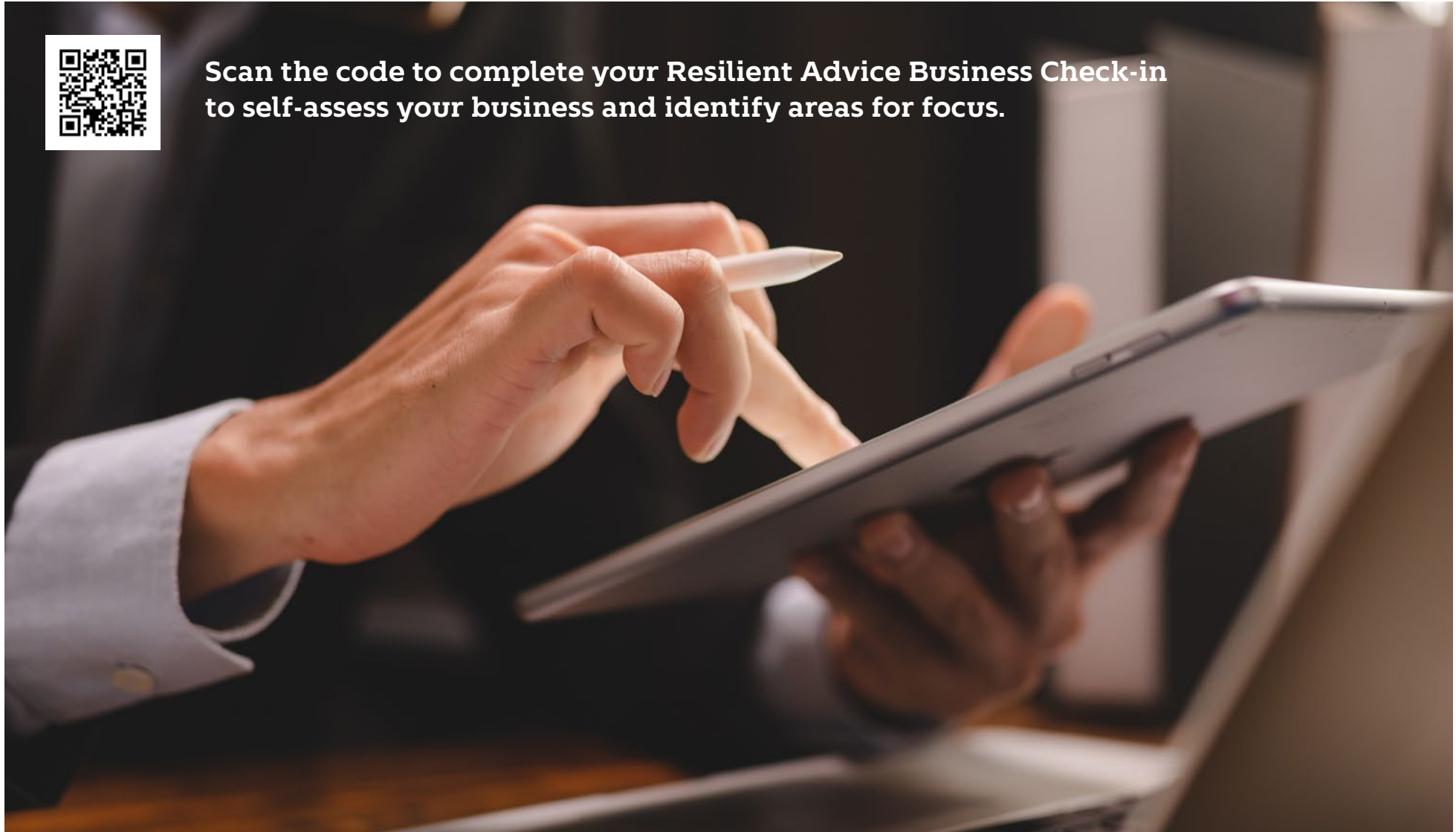




# RESILIENT ADVICE BUSINESS CHECK-IN



**Scan the code to complete your Resilient Advice Business Check-in to self-assess your business and identify areas for focus.**



# MORE THAN A RESOURCE PORTAL

Evolve Alliance is the online membership portal that saves advice businesses countless hours when working on their business. Members have unlimited 24/7 access to practical how-to guides and proven frameworks with customisable templates to ensure they elevate their results.

Some examples of the frameworks and templates available to support implementation of the strategies in this Handbook include downloadable templates and guidance to:

- ✓ **build your strategic and business plans**
- ✓ **define your client avatars**
- ✓ **craft your value proposition**
- ✓ **capture your Vision, Purpose and Values**
- ✓ **self-analyse your business to celebrate your success and identify areas for improvement**

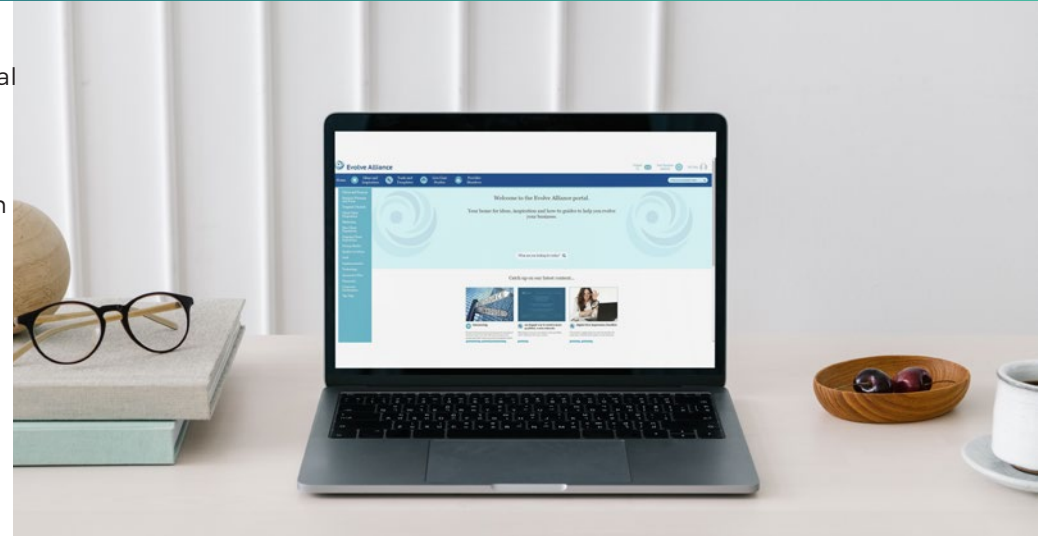
The **People and Culture** toolkit includes templates and guides for everything from job descriptions and setting KPI's to setting your culture-building operating rhythm with agendas, surveys and scorecards, to how to build an Adviser Remuneration package beyond a base salary. There's even discounted access to HR consultants and an HR policy library.

Improve your Operations with an entire **procedures manual** template including workflow processes and client communication templates;

- ✓ **Technology assessment tool to help you source better tech**
- ✓ **Task audit template to ensure you have the right people doing the right roles**

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