

## LICENSEE COMPATIBILITY

# A Checklist by Business Health Pty Ltd

The purpose of this diagnostic is to create a standard basis for comparing the Adviser Value Proposition (AVP) of licensees - consequently helping to assess the level of respective 'fit' and alignment with the adviser. It provides the opportunity to review and validate the licensee's AVP and decide if there is sufficient benefit and coherence between the licensee, your plans and your needs. Does your licensee have the necessary **'CAN DO'**?

While we have put together a comprehensive list of services and benefits, it is not meant to be exhaustive.

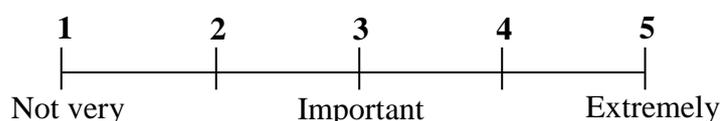
Consequently, the overall assessment and determination of alignment and fit, is very much subjective in nature - a guide at best.

A Rating Guide is provided on the last page.

### How to use:

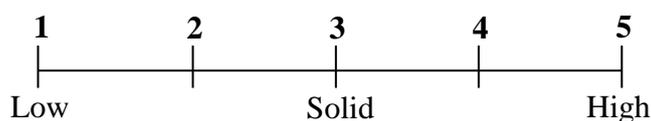
1. **Rate how important/relevant each Attribute is to your business (*Relevance Weighting*)**. A rating of 1 indicates minimal importance to you, while a score of 5 translates to 'of the highest importance'.

#### *Relevance Rating Scale;*



2. **Assess licensee's capability to deliver against each Attribute (*Capability Rating*)**. A rating of 5 indicates that, in your opinion, the licensee has a very high level of competency in the Attribute being assessed.

#### *Capability Rating Scale;*



3. **Your score**. Multiply Relevance x Capability rating for each Attribute.

***This process is not meant to be prescriptive in any way. It is our hope however that it provides you with a robust framework to consider your current licensee arrangement and whether it represents good-value for the fee being paid.***

ATTRIBUTE	RELEVANCE RATING (1 = NOT VERY, 5 = EXTREMELY)	CAPABILITY RATING (1 = LITTLE, 5 = HIGH)	SCORE (RELEVANCE X CAPABILITY RATING)
<b>CAN DO - Culture and its fit</b>			
1. Key dimensions of the licensee - size, geographical reach, average practice revenue and date of establishment			
2. Ownership of licensee - institutional, advisers, management, private investor			
3. Is equity in the licensee and/or platform available?			
4. Management team - level of experience, reputation and length of service			
5. Management team - accessibility (locally or through a central location)? How visible is the senior team (when was the last time its CEO visited a practice for example)?			
6. Licensee's public profile and reputation, the look and feel of its brand. Does it complement your own? Results of the latest industry surveys?			
7. Does the licensee allow for joint branding (with the individual practice) all material (including FSG, SOA etc)?			
8. What is the licensee's attitude to professional industry associations? Does it require compulsory membership? Does it subscribe to a code of ethics and conduct?			
9. Does the licensee possess expertise with any specific market or product niche in which you specialise?			
10. The adviser network - reputation and standing. Have you spoken to any adviser in the group? Any who have recently left?			
11. Level of meaningful adviser input into licensee's operation (participation in advisory committees for example)			
12. Recognition of its advisers - what is recognised and how is 'success' measured?			
<b>CAN DO - Additional, value adding services</b>			
13. Marketing support - is there a dedicated person or team? What is the quality of their material (newsletters, website, conferences etc)? Is there expertise to help you build your brand locally?			
14. Sales support - is there a proven lead generation or referral program? Seminar support?			
15. Practice management - is there a dedicated person or team? What are their results with other practices within the network?			
16. Paraplanning - available in house or outsourced through a structured arrangement			
17. Is training available for your staff in key business areas such as IT and HR?			
18. Succession/practice transition support - BOLR/other buyout mechanism, financing, technical advice and so on			

ATTRIBUTE	RELEVANCE RATING (1 = NOT VERY, 5 = EXTREMELY)	CAPABILITY RATING (1 = LITTLE, 5 = HIGH)	SCORE (RELEVANCE X CAPABILITY RATING)
19. Website - is support available to help you develop/maintain your own site?			
20. Technical expertise - estate planning, self-managed superannuation, philanthropy, aged care			
<b>CAN DO - Normal, standard services/support that every licensee looks to provide</b>			
21. Technology (software, mobile applications, training, support) - scope, depth, complementariness to your business			
22. Cybersecurity - what does the licensee have in place to ensure security of data (client as well as yours) and protection from cybercrime, identity theft and the like?			
23. Are there clearly stipulated service standards in place? Are they being competently delivered?			
24. Compliance - licensee's track record in terms of complaints, enforceable undertakings, PI claims etc. How is the compliance process delivered? How automated is the process? Is it efficient and effective?			
25. Approved Product List - range and depth			
26. Brokerage system - payment frequency, quality of statements, reliability			
27. Professional Development Program - frequency, scope and depth of topic. Is it supplemented by external experts?			
28. What is the licensee's attitude to CPD points? Does it require anything higher than the ASIC stipulated minimum levels?			
29. P.I. Cover - level, excess, cost, run off cover?			
30. Transitioning to the licensee - support provided, ease thereof. Is there any cost involved?			
31. Fee - level and structure, <b>net to you</b>			
<b>CAN DO - Demonstrable, proven results</b>			
32. Satisfaction levels of adviser network as measured through recent, independently conducted adviser survey or the like			
33. Has any external benchmarking of quality/soundness of the network occurred in last 24 months? If so, what were the results?			
34. Has the licensee won any industry awards/general recognition over the last two years?			
35. Does the licensee have strategic partnerships with complementary professional service providers such as accountants, lawyers, mortgage and GI brokers?			
<b>CAN DO - Openness and transparency of licensee's operation</b>			
36. Is the licensee's agreement easy to understand with no areas of 'grey'? Does it adequately address key areas such as client ownership?			
37. Does the licensee have any proprietary products or services? How transferable are they should you decide to move?			

ATTRIBUTE	RELEVANCE RATING (1 = NOT VERY, 5 = EXTREMELY)	CAPABILITY RATING (1 = LITTLE, 5 = HIGH)	SCORE (RELEVANCE X CAPABILITY RATING)
38. Does the licensee have a clearly documented business/strategic plan for the next 1 to 3 years? How does it align to your own goals and objectives?			
39. Does the licensee seek feedback from its staff on a regular basis? If so, what were the results of the last survey?			
<b>40. The “gut test” What does your intuition (gut) tell you about your ‘fit’?</b>			
<b>YOUR TOTAL SCORE</b>			
<b>ASSESSMENT RATING = Your Total Score/1,000 x 100%</b>			

<b>RATING GUIDE</b>	
<b>0 - 25%</b>	- Either you don't require a lot of support, you're not that familiar with what your licensee offers or it's definitely time to review the relationship
<b>26% - 50%</b>	- Certainly worth considering how this relationship can be further leveraged
<b>51% - 75%</b>	- A solid alignment. Now to take it to the next level?
<b>76% - 100%</b>	- A great fit! This relationship should always be appreciated and never taken for granted.