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Most practices don't have a plan: Business Health

By [Matthew Smith](#) | July 5, 2018



Some financial advice practices will be more immune from the Hayne royal commission fallout than others – and not by accident.

Practices that are genuinely client-centric and have seriously planned for the future will find they have a highly engaged client base and their businesses are in good shape to transition – either to sell or to explore new remuneration or business models depending on the direction policymakers decide to move.

Last week, *Professional Planner* drew on data from Business Health to find that, despite all the lip service being given to client-centricity at the moment, advice businesses are getting worse – not better – at understanding and managing client expectations.

Drawing on the same Business Health data, founder Terry Bell finds that advice businesses are not only less client-centric than they think, they're also not as prepared for the future.

Bell will be presenting findings from his advice practice audits at the upcoming *Professional Planner* Best Practice Forum, to be held in Sydney and Melbourne in August. Practice owners and principals who are also members of the Financial Planning Association [can apply for complimentary registration here](#).

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Business Health collates data from advice practices. Its latest findings are based on the detailed results of 226 Australian practices that have taken the firm's HealthCheck over the last 18 months, plus data from about 5000 clients who were surveyed during the same period using Business Health's proprietary client survey tool.

Start planning

No matter what their stage of maturity, leaders of advice businesses need to be thinking about planning operationally (next 12 months), strategically (next three to five years) and ultimately for their eventual exit from the business, Bell says.

"By planning seriously, I mean document your plans, including clearly defined goals, the actions to be taken, accountability and time frames.

These plans should be reviewed regularly to ensure that you're on track, Bell says. Practices should be thinking about empowering an external person to review your progress, he adds.

An external person could be a business development manager you trust and respect, a practice development manager, a coach or an advisory board, he says.

Poor results

While many advisers might like to talk about business planning, the data shows that progress on actual plans is probably slow.

Only about 1 in 3 (35 per cent) of practices Business Health surveyed have a longer-term strategic plan for their business and 38 per cent have an operational business plan covering the upcoming 12 months, the data shows.

Further, Bell says 41 per cent of business plans in the Business Health universe are light on content and detail; only 15 per cent of those plans are monitored annually, while 9 per cent don't track progress at all.

"Without a carefully thought out plan to navigate the challenges of today's world, how will practices cover the potential loss of income from conflicted remuneration, caps on soft dollars and commissions, for example?," Bell asks.

Seven out of 10 business owners haven't yet documented their plans for transitioning out of their practice, while just 10 per cent of these have identified a potential successor and arranged funding; 35 per cent of owners don't involve an external adviser to help them along this journey, Bell says.



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