

The efficient practice

How 3 advice firms transformed their business



Intro

What separates the top advice performers from the rest?

Based on the results from the inaugural Iress Advice Efficiency Survey, conducted with Business Health late last year, the answer boils down to how much time is spent in front of clients versus time spent on documentation. Generally speaking, the research found that those advice businesses with more efficient systems for back-office admin, data management and compliance - which helped free up advisers spend more time with clients - tend to be the most profitable.

It's no secret that advice is a paperwork-heavy business. Over the years, increasingly complex legislative settings and regulatory guidance have caused the average SOA to balloon in size. Given the amount of evidence required and boxes that need to be checked, even a routine client audit can feel like a Sisyphean endeavour.

Outside of compliance concerns, there's also a tremendous amount of client information that needs to be sorted, analysed and updated on a regular basis - managing this data, especially across a diverse client-base, can be incredibly challenging depending on the underlying processes involved.

While these duties are a mandatory part of running a successful advice business, they inherently detract from the amount of time advisers can spend actually working directly with their clients - in other words, doing what they do best. This is why, as the Advice Efficiency research demonstrates, the efficiency of all this "behind-the-scenes" work has a direct relationship with profitability.

Using the SOA as an example, the research found that the top 10% most profitable firms took around

5.9 hours to produce a basic SOA as compared to the participant average of 8.5 hours. Similarly, a complex SOA took approximately 12.1 hours for the top 10%, while the participant average was 15 hours.

Perhaps unsurprisingly, the time saved on document production in the top 10% was invested in getting in front of clients. Where the average practice conducted 5.8 client meetings per week, the top-performing businesses were able to hold seven client meetings over the same period.

How, exactly, are these businesses improving efficiency in tasks like SOA production? Perhaps unsurprisingly, technology plays a significant role. But as is often the case, the devil is in the details. As the Advice Efficiency report explains, it's not so much the technology in and of itself, but how you use it.

While the use of a particular technology (or function within it) may increase the efficiency of a particular task for a particular adviser, if there's no broader coordination across the practice the use of this tech could actually reduce overall business efficiency. Put even more simply: "more tech" isn't always better and too many cooks spoil the broth.

So: your business can use technology to increase efficiency, and in turn profitability, but without a considered and consistent approach you may end up worse off than where you started. If that seems like a daunting idea, you're not alone.

In this feature, we're going to examine three different advice businesses that increased profitability through greater efficiencies in client engagement, compliance and data management. You'll find out how they did it, what they learned along the way and what you should keep in mind before embarking on the same journey for your own business.

Stay efficient,
stay connected

Nowaki McQueen-Tokita, McQueen Group

Stay efficient, stay connected

While headlines tend to focus on the problem of Australia's advice gap - and for good reason, since just a fraction of working people receive and benefit from financial advice - there's an equally pressing issue advisers have to contend with: keeping the clients they already have. Whether due to generational wealth transfer, a diminishing understanding of the value provided or just general disengagement, retention is an ongoing challenge for advice businesses of any size.

How do you keep clients engaged - and more importantly, how do you do it in a way that's scalable and cost effective? According to McQueen Group managing partner Nowaki McQueen-Tokita, it comes down to having a consistent process and believing in it.

McQueen Group is a multi-faceted financial services business headquartered in Melbourne. It offers a wide range of services, including accounting, mortgage broking, financial advice and general insurance, to a target market McQueen-Tokita describes as "busy, professional families".

The business is also heavily involved in clients' estate planning. McQueen-Tokita explains that "we've taken a hands-on approach to estate planning for the last decade or so, and I consider it a long-term investment in our relationships with clients. We're all shareholders in the business which means we can be 'long-term greedy,' invest time and get to know clients' families."

Given the breadth and complexity of the services clients are offered, McQueen-Tokita believes it's critical that both the client and the adviser are on the same page at all times. Taking this to a near-literal degree, the business created the "McQueen Connect" app.

Through the app, clients have a central access point for all the information, updates and communications they need, and advisers in turn engage with clients more or less exclusively through this channel. The app aims to give clients the ability to (securely) review the entire financial world, covering balance sheets and cashflow as well as individual action items. This



led to much less friction during the information-gathering process for initial and ongoing advice.

“We pretty much try not to use emails at all,” McQueen-Tokita says, “first because the app is more secure but also because in this day and age, people’s phones are buzzing all the time. They’re getting so many notifications from social media, emails, et cetera - it’s easy for them to lose track.”

As alluded to above, taking this approach required a certain amount of faith. “You have to believe in it,” he says. “And once you believe in it, you make it a rule. With people that have McQueen Connect, the rule is you don’t send emails. Whenever you’re about to write an email, think, ‘I should be connecting through the portal and uploading the client review or pre-meeting material there.’”

“You have to believe in your approach and make it a rule across the business.”

Nowaki McQueen-Tokita

Any questions the client needs to answer ahead of a meeting will be pushed to them via the app, along with task reminders and links to learning material about relevant concepts.

“So many of our clients are super busy,” McQueen-Tokita says. “They’ve got high-energy jobs or businesses and if you just hit them with emails they’re often left thinking, ‘Oh, wait, I forgot about that. I don’t know what we’re up to.’ But if they have one spot where they can jump in, see what they need to read, find out what’s coming up and upload a photo of a document or somesuch, it’s much easier for them to manage.”

While McQueen-Tokita says this approach has led to a much more seamless client experience, he warns that it involved a lot more work behind the scenes - at least in the short term. “It’s really important not to assume you’re going to create efficiencies for the business overnight,” he explains. “In fact, right now, it’s probably more effort for us to direct everything through the portal.”

Over the long term, though, McQueen-Tokita believes the consistency of the engagement process will lead to greater business efficiencies. And in the interim, he’s satisfied with the outcome for clients.

“It’s just so much easier for them,” he says.

So what’s the takeaway here? Engaging with clients is significantly easier when there’s a central access point for the client-adviser relationship. In order to facilitate this, though, an advice business should be prepared for short-term pain and maintain a consistent strategy - even if falling back on the old approach seems easier at the time.



Overview:

McQueen Group is a multi-faceted financial services business headquartered in Melbourne, with a satellite office in Brisbane. It offers accounting, mortgage broking, general insurance and financial advice.

McQueen is also heavily involved in clients' estate planning. Its target market can be described as busy, professional families.

McQueen's financial advice division has eight authorised representatives with support staff including operations, para-planning, administration and client service. Some of these support staff are located offshore in the Philippines.

The business is licensed through Count Financial.

Tech strategy:

While McQueen has no dedicated internal XPLAN team, senior staff have developed expertise in working with XPLAN over the years. They also leverage expertise from Count Financial, which has its own dedicated XPLAN resources.

McQueen has an internal Technology Committee, which helps the business prioritise tech issues that need to be enhanced, added or otherwise addressed.

As part of its XPLAN approach, McQueen uses a number of supporting plug-ins including Calendly, which is used for scheduling meetings and communicating between clients and advisers.

XPLAN customisation, including thread development and modification, is handled internally in the initial phase, with other service providers assisting as required.

XPLAN is also used as the primary source of information for business management. This process isn't automated; instead, information is downloaded from XPLAN for each employee, thread and task, and this is then managed in an Excel spreadsheet.

Compliance and the advice process:

The advice process relies heavily on the workflow "threads" used in XPLAN, which are used extensively as part of advice document generation. A range of templates and checklists are also used to ensure compliance.

Client management:

The McQueen Connect app provides individual clients with a portal that contains everything in their financial world, including balance sheet, cashflow and action items that need to be addressed. Clients receive updates on their situation via the portal and it also serves as the single access point for information-gathering on the adviser side.

The app also uses a highly secure document management system where clients and planners can share, upload and download documents without having to email them.

Data security:

Since the app was launched - and especially since COVID-19 - data security has become a paramount concern in the business. McQueen has outsourced data security and cybercrime functions to an external expert and has ensured there's a cybersecurity provision in the business's PI insurance policy.

Lessons for business owners:

- ◆ "Listen to your staff and your clients."
- ◆ "Make sure you have your process built first. Don't try to shoehorn somebody else's process into your business."
- ◆ "If your key software providers cannot deliver what you want, don't be afraid to look at workarounds with other plugins or providers."

The (source of) truth
shall set you free

Darren Smith, Financial Advice Matters Group

The (source of) truth shall set you free

While compliance has always been an integral part of the advice process, it's fair to say that the post-Royal Commission reform pipeline has dramatically increased the amount of work required to stay on the right side of the law. Whether it's due to FASEA, the new breach reporting regime or annual renewal of ongoing fee arrangements, advice businesses have to adhere to a staggering amount of new obligations and keep track of enormous volumes of client data in order to stay compliant in 2022.

Compounding this, the rapid - and seemingly permanent - shift in working arrangements as a result of COVID-19 has put stress on traditional compliance processes, many of which were founded upon the notion that the vast majority of client and adviser information would be accrued and managed on site.

Without those guardrails, rigorous compliance controls could easily fall by the wayside. So what can advice businesses do to ensure the strength of their compliance process - while actually still having time left over to work with clients? According to Darren Smith, managing director of Financial Advice Matters Group (FAMG), it comes down to your single source of truth.

Based in Queensland, FAMG employs 34 staff (including 13 advisers) as well as support teams focusing on technology, client service, paraplanning, administration and accounts. It offers a wide range of services to clients, including goal-setting, budgeting, investing, tax, debt management, superannuation, insurance, retirement and lifestyle planning and estate planning.

While Smith says FAMG had previously "dabbled" in the digital space - "We'd held a few virtual meetings and so on," he explains - COVID-19 required the business to accelerate its digital strategy "virtually overnight".

"We had to throw a lot of our assumptions out the window," he says. "For example, it changed our ideas about the oldies versus the younger clients and which of them took to virtual advice. We had to work out how to increase the efficiency of doing this digitally while also trying to ensure the advice remained an engaging experience."

"COVID made us throw a lot of assumptions out the window. For example, it changed how we thought about which clients - older or younger - would take to virtual advice."

Darren Smith



Overall, Smith believes being forced to address the digital channel has led to a range of benefits for the business. For one, he says, “it’s opened doors for us to a different audience.”

He explains: “For those who are time-poor, say, going to an adviser is kind of like going to the doctor. It’s a formal environment, you have to prepare and the lead-up can sometimes feel more daunting than the actual experience ends up being.”

Of course, greater flexibility in the delivery of advice – even if it’s a win for the client – inherently complicates the compliance process. Digital communication introduces its own vulnerabilities and ensuring consistency across all channels requires a lot of forward planning.

In some ways, FAMG had a headstart in this regard thanks to the multiple locations throughout Queensland where the business operates. “We have the advantage of having been a corporatised business,” Smith explains, “and the benefit of using our Xplan solution – with one core process and lots of threads driving our activities – is that no matter where our team come from, we have this backbone of a system; our one source of truth. Our team adds the colour and the personality, but our core process is the same whether

you walk into our Townsville office, our Ribena office or you’re talking to an adviser online.”

Refinement of the business’s digital capabilities through COVID further increased efficiencies in this system. “We were using DocuSign all through COVID,” Smith explains, “and clients have absolutely loved it. It’s been much easier for them.”

If there is one remaining bottleneck that’s outside of Smith’s control, it’s that the rest of the industry has yet to catch up with these changes. “We can efficiently get authority from a client,” he says, “but there are service providers with different standards in terms of forms and digital signatures.”

Ultimately, Smith believes the next step in terms of advice efficiency is to develop an industry-wide standard for these kinds of activities. “COVID helped with that a bit,” he says, “but if we can develop a single solution across the industry for identification, consent and client information, we’ll be able to save a lot of time.”

According to Smith, the benefits of achieving this can be demonstrated through FAMG’s success: “From an efficiency perspective, we’re cutting the post out of the picture. You’re saving a week or more in turnaround time with a lot of client forms.”

Overview:

Financial Advice Matters Group (FAMG) is a large financial advice business with multiple locations around Queensland. It employs 34 staff, including 13 advisers as well as support teams focusing on technology, client service, paraplanning, administration and accounts. It offers a wide range of services to clients, including goal-setting, budgeting, investing, tax, debt management, superannuation, insurance, retirement and lifestyle planning and estate planning.

FAMG is licensed through Centrepont Alliance.

Tech strategy:

FAMG has its own XPLAN-hosted site. While the business has carved out its own approach with XPLAN, it also leverages its licensee's resources, particularly for new functions and compliance requirements. FAMG has made XPLAN the core component of its back office with threads for workflow processing, tasks, data feeds and wizards.

Partially as a result of COVID, FAMG have also invested heavily in Microsoft Teams and Zoom for client engagement. Where appropriate, advisers have the option to record elements of the meeting or images with clients. This has also been a value-add to corporates when delivering wellness sessions where they can have scalable and recorded sessions.

At a corporate level, the FAMG team can operate from home almost as efficiently as they can from the office using a cloud server solution.

XPLAN is also used as part of training for existing and new staff, and XPLAN proficiency is a requirement when hiring new staff. XPLAN and technology onboarding is an important step in the FAMG process induction plan for a new employee. Of course, FAMG recognises that not all existing staff (particularly advisers) are "tech savvy," so they ensure extra support is provided when

there are any changes to the process.

Compliance and the advice process:

The advice process relies on the use of XPLAN threads for all key areas of advice, including new client onboarding and ongoing reviews. Each adviser must use a paraplanner in the creation of the advice document.

This is particularly important in maintaining the quality of advice, and also compliance obligations. While there is an internal paraplanning team, FAMG may also use outsourced paraplanning services depending on the workload. Using these threads, as well as checklists and standardised forms, ensures that advice is consistent, accurate, valuable and compliant.

Client management:

FAMG does not use a digital portal for client engagement. Instead, the business has built an education/communication tool, "You on a Page." This provides the client with the key components of their financial plan and their progress towards that plan. It is primarily presented during client review appointments, but can also be provided on request.

"You on a Page" uses XPLAN data and other data sources where required.

Data security:

FAMG takes data security and cyber protection very seriously. As such, it employs an external IT consultant specialising in data security.

Lessons for business owners:

- ◆ "Use experts to help you implement changes."
- ◆ "Make sure all client data is stored in one place, even if it means double handling."

Sticking to **the plan**

Tony Cimino, Lifetime Private Wealth

Sticking to the plan

The cornerstone of the advice process is the relationship between adviser and client: it's what gives the client confidence to work towards their goals, reassures them when times get tough and inspires them to communicate the value of advice to other people in their community. But what happens when an adviser leaves? Perhaps they move to another business or - as is increasingly common - they exit the industry entirely. In those circumstances, how do you ensure continuity of care?

As with many other aspects of succession planning, it's not a problem you can solve overnight. If an advice business is going to be able to offer a sustainable service to clients, that sustainability must be baked into the advice process from the outset. This is a lesson Lifetime Private Wealth founder and CEO Tony Cimino learned all the way

back when he was a sole practitioner.

Lifetime Private Wealth is based in Sydney. Cimino began the business over 20 years ago and it now consists of four advisers, one senior paraplanner, three paraplanners, one admin specialist, two mortgage brokers and a practice manager.

“It’s very important that every adviser has the same process. We don’t make allowances.”

Tony Cimino





Lifetime uses a rigorous three-stage process when on-boarding new clients. “We don’t just go from fact-finding to the SOA,” Cimino explains. “We set out a full Excel spreadsheet with contingencies, assets and liabilities, and we ask questions about cashflow, where income is directed, expenses and so on. We develop that, send it to the client, they send it back to you.”

“After that,” he continues, “we get a clear understanding of goals and objectives. Then we go out and prepare a general overview of what they’re on track to achieve and then we determine where we can add value and what benefit we can add to the client.”

According to Cimino, XPLAN threads are a key component of this process: “Even our non-financial planning staff use them.”

Crucially, this process is universal - the same one is used by every adviser for every client, with no exceptions. Cimino believes this is essential to ensuring a consistent client experience and also reduces what he describes as “adviser dependency” - i.e. the risk to the business if any one adviser departs.

“It’s very important that every adviser does the same process,” Cimino says. “We don’t make allowances. Looking at it from a succession perspective, if we have four advisers doing the same thing and one of them needs to take over my clients for some reason, it’s a smooth and efficient transaction.”

This consistency, Cimino says, “puts the client front and centre.”

This approach applies to ongoing advice, too. Client reviews are handled through XPLAN threads and use a comprehensive templating system. Data is fed through XPLAN, which automatically populates the review document template. While each client has their own goals and objectives, the information they use to determine their progress is standardised and based on this consistent advice framework.

Cimino believes this system has increased efficiency across the business. Perhaps more important, though, he sees it as representing an essential consideration for any financial adviser: “If I’m doing a 40-year plan for a client, I have a moral obligation to have contingencies in place in case I get sick or retire.”

Overview:

Lifetime Private Wealth is a boutique wealth management and financial planning advice practice based in Sydney. Lifetime started as a sole practitioner, Tony Cimino, with one support staff member. It now consists of four advisers, one senior paraplanner, three paraplanners, one admin specialist, two mortgage brokers and a practice manager.

Lifetime is licensed through Consultum Financial Advisers, part of the IOOF Group.

Tech strategy:

Lifetime uses a Consultum-hosted XPLAN site. XPLAN is used extensively across the business; Lifetime maintains over 100 threads in workflow processing, which cover a wide range of business processes including advice documentation production and staff performance management.

Compliance and the advice process:

Lifetime uses one consistent advice process throughout the entire business; there are no changes or modifications depending on the adviser.

This was a conscious decision so as to ensure a consistent client experience irrespective of the adviser. A further benefit of this approach is the reduction in risk to the business as a result of adviser dependency.

Most importantly, though, this guarantees that the client experience will not differ, which makes transition planning significantly easier and increases overall business efficiency.

Client management:

Most aspects of client management are handled through XPLAN with workflow threads. In addition to advice, this includes client communication (newsletters, birthday cards) and other services including mortgage broking.

Data security:

Lifetime seeks regular feedback from specialists on cybersecurity matters and recently undertook a review of its cybersecurity process, conducted by IOOF. IOOF provided several recommendations, including two-factor authentication, malware protection and the use of Dashlane password management. All recommendations were implemented.

Lessons for business owners:

- ◆ “To make technology work for you, ensure you have a clear idea of what you want the outcome to be. Do not let the technology control you.”
- ◆ “Make sure you have a team, whether internal or external, which has expertise in tech implementation.”
- ◆ “If your software can’t do what you want it to do, try to change it. If it can’t be changed quickly or easily, find a workaround. Again, don’t let tech control you.”



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