



AFA National Forum 2008

“How to handle Business Growth!”

Building robust referrals - these relationships are designed to help your practice prosper. But if you are to succeed, you need proven systems and processes that work with accounting practices or for that matter, with any other type of referral source!



Title: “How to handle business growth”.

Aims and Objectives:

This presentation will provide you with guidance regarding the systems required to set up referrals with accountants and financial planning practices.

The presentation will also demonstrate that in order to provide your value-added professional services to these organisations you will have to be able to show that you have the proven, procedures and systems in place to provide and manage these services.

Without a proven Practice Management System you will find it exceedingly difficult to gain and manage the workflow generated from referral sources.

Objectives:

At the end of the presentation, you should be able to identify of the following;

- the necessary criteria required to form a Joint Venture or Referral Agreement with Accounting Practices or other types of referral sources,
- the importance of a Practice Management Software System to meet the demanding needs of a modern financial services practice.

“Today’s Risk Business or for that matter, any professional business, needs an effective and efficient client practice management system to meet the increasing work flow demands brought about by compliance imposed upon us in particular by our financial services industry.

Recent studies revealed that advisers are losing a day a week to manage compliance in their business at the expense of valuable face to face interaction with clients. As sure as night follows day, as your business grows, so too does the arduous requirements of management and administration!

Advisers need modern electronic systems for their business to take care of the daily end to end client process otherwise they will be left behind. Systems that will allow the adviser to spend more time servicing clients instead of being tied up in administration. Our industry is rapidly changing, heavily driven by IT technology and advisers need to adopt smart technology that makes the hard tasks easier.

If efficiencies are going to be the key to the future success of Risk Businesses then I would like to discuss the processes AFRM have put in place to meet these challenges.

Background on AFRM's organisational structure

It is important to get your organisational structure correct from the start. At AFRM, the business employs 19 full-time staff members to service offices located in Sydney, Gosford, Newcastle and Port Macquarie. We have 6 employee advisers, (4 are working directors) and their SOAs are produced by a team of risk para planners whose role is to take the brief from the adviser and prepare a draft SOA for each adviser to finalise. Each adviser has a PA to handle and control their work flow. We have administration staff to handle the day to day client/insurer transactions. We employ a full time group manager to handle the Group Salary Continuance & Group Life Business. We employ an internal accountant to manage the accounting side of our business. We have 5 staff undertaking an internal training program to become future advisers, 2 of whom are women. If you would like further details on AFRM please go onto our Website at www.afrm.com.au

Where does AFRM's income originate from?

Since 1992 our growth strategy has always been focused on setting up commercial Referral Agreements with businesses. We currently have agreements with 19 accounting practices, 9 financial planning firms, 3 general insurance brokers, a Medical Research company and 2 years ago we took over the management of a large Sydney adviser 's practice wanting to retire.

The accounting practices vary from a small 3 Partner firm with 20-30 staff and the largest was a Tier 2 accounting practice with 52 partners and over 400 staff in their Sydney office.

These sources of referrers are crucial to AFRM growing our business. Most Risk Writers know that Accounting Practices are not easy to form business relationships with! WHY YOU MIGHT ASK? From my experience, they are all deeply concerned about **their client and** especially that their client will be referred to someone who they have no control over. No control over what is going to happen, no control over the advice given and they are concerned that it may have disastrous results on their relationship with their client.

AFRM has concentrated on gaining their trust. We had to prove that we were capable of giving appropriate advice and that we had the systems in place to ensure consistent advice was maintained to all of their clients. Accountants want their clients to receive the best possible risk advice, sometimes they struggle about having to outsource and depend on others with that skill to provide that service.

AFRM's business offering.

I believe that AFRM's success has emerged over time because we chose to specialize in providing the very best risk advice possible. We do not get concerned with investments or superannuation advice other than asset value. Therefore, we are not seen as competing with the accounting practice's financial planning division or the financial planner who refers their clients to AFRM.

If you are working with accountants then you have to be able to demonstrate that you have proven systems and procedures in place to ensure the accountant/financial planner is comfortable with your advice process.

We had to be able to put forth a business package to suit needs.

- A referral agreement that they are comfortable with and committed to. One designed to protect relationships conveyed between AFRM, their practice and their client.
- A consistent advice process that they could rely on.
- An accounting process to report on income earned for all parties.

How does AFRM market its services?

We wanted to enhance our introduction service to clients of our referral sources.

The client has the trust of the accountant for example but doesn't know AFRM so we designed a brochure to soften the introduction process. To further the relationship between Accountant/Client/AFRM we continue to write articles for accountant's newsletters.

We set up a website to introduce AFRM and our services. The accountants found this to be a tool for their clients to access and another way they can introduce AFRM to their client in a soft but professional manner. We now have accountant's website links to ours. Once again AFRM is seen to be part of their business.

To increase AFRM's awareness in the accounting market place we write articles in their various publications such as "Charter", the institute of chartered accountants monthly publication and we speak at their conferences.

As part of our offering to accountants and their staff we also provide in house training about AFRM and how we go about analysing risk.

AFRM's Practice Management Process

Everyone uses computer systems designed by others to suit what they think we need. None really achieved this for AFRM! In the past, we set up a multitude of systems and processes around our old database. We had separate systems to;

- manage our workflow,
- another to write reports, do schedules, do letters to clients or SOA,
- another to manage new business income,
- another to track income actually being received,
- another to provide reporting mechanisms to our referrers
- and another to account for the income to our referrers.

We realised that if AFRM was to grow our business significantly we had no option but to design our own software practice management system to meet our needs for the future.

The important criteria in the design brief were that;

- it had to be flexible enough to be changed as our business needs changed,
- it had to be simple enough so that I could use it,
- you only needed to input data once and it automatically uplifted to all areas in the data base,
- it had to be an electronic filing system that seamlessly files emails, word documents, file notes/correspondence, excel spreadsheets and even audio recordings.
- it had to streamline workflow management,
- it had to provide management tools to identify estimated commission earned on a monthly/half yearly/yearly reporting basis and when paid actual income earned and whether or not discrepancies occurred,
- it had to be able to produce reports to analyse the business from a business management perspective and reports to communicate effectively to our referral sources.

The system today provides AFRM with the efficiencies we needed to grow our business. But more important, it has streamlined our business systems and processes to allow us to communicate and manage effectively our relationships with our clients and the practices who refer their clients to us.

SUMMARY

If an adviser's plan is to grow their business in a significant way by working through referral sources, then they will be asked by their referrers to prove that they have systems and processes in place to provide a consistent professional advice process to clients.

Everyone needs to spend time working on their business to obtain the desired results and those who chose to become systemised will reap the rewards. Many leading advisers confirm that efficiency in business today is certainly the key to success.

Everyone should be constantly aware that adviser's earnings today are directly tied to how effectively and efficiently they can produce Statements of Advice. Once the client meets with their adviser for the first time it is so vital to advise that exposure to risk is an important matter that needs immediate solutions to be adopted. Firstly, the adviser needs to analyse the client's exposure to certain areas of risk and secondly, provide solutions that satisfy the client's needs in the form of a SOA and the speed to which the report can be generated will instil in the client's mind that this is still an important matter and the solutions need to be addressed.

How quickly advisers' can respond to this advice process is the key to increasing earnings. Clients will realise the importance of the issues raised and make decisions based on the adviser's SOA.

An inefficient system means simply that the client will feel that the matter is not urgent, will therefore take time to make decisions or not go ahead at all. Therefore, the adviser will derive less than their desired earnings.

Effective systems and business management processes mean that income potential is limited only by the number of referrals/clients that adviser's see!