



Session 2a – Dr. Jim Taggart & Dr. Mark Sinclair

“Going Back To School....Raising the Bar on Adviser Education”

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Ethics in practice



Application outcomes:

- Be more motivated to behave “ethically” in all aspects of the practice.
- Be more capable of identifying the need for and making coherent ethical decisions in all aspects of the practice.



What is ethics?



Macquarie dictionary defines ethics as:

- (1) A system of moral principles, used to judge human action.
- (2) The rules of conduct of a person, group, etc.



What is business ethics?



The application of ethical principles and processes to decision-making in business.



Why is it relevant?



- Being ethical is good for the bottom line.
- Business should be ethical because being ethical is the right thing to do.



What are the benefits?



- Ethics contributes to employee commitment.
- Ethics contributes to client loyalty.
- Ethics contributes to client satisfaction.
- Ethics contributes to profits.



Activity



Read “Business Ethics” Case Study

1. Identify the ethical issues in the case
2. Define the moral dilemma
3. Recommend a course of action



Case Study (1 of 3)



Jenny and Kevin Smith are married and have 2 young children. Jenny stays at home to look after the children while Kevin is employed as an account manager at a publishing company.

The Smiths have been your clients for 5 years and you have developed a great relationship with both of them.



Case Study (2 of 3)



When you first met them, they appeared to be a happily married couple. But over the last year or so, you've noticed that something's different between the couple.



Case Study (3 of 3)



Then recently, Kevin contacts you and tells you that he is expecting a big end of year bonus. He would like investment advice for that amount, but he would like to invest the money separately without telling Jenny.

Identify the ethical issues in this scenario.



Ethical dilemma



- If you carry out Kevin's request, then you would serve his best interest, but you would be deceiving Jenny.
- If you tell Jenny about the bonus, then you'd be protecting her interests, but risk losing Kevin as a client.



AFA Code of Ethics



- 1. Act in the best interest of my clients to extend their financial life and abide by the laws and regulations under which I conduct business.**
- 2. Strive to achieve the highest standards of professional competence by**



What is the FChFP?



- The FChFP is the AFA's highest educational designation.
- The term '**Chartered**' is an indication of the high level of professional competency required.



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Risk Management Plan

AFA 1 - Assignment



Identified Risk	Probability	Consequence of Risk	Risk Impact Rating	Controls in Place	Control Assessment	Further Action	Residual Risk	Resp.
Capital Adequacy Risk	Low	Inadequate capital to fund growth, replace assets and meet obligations.	Mod	<ul style="list-style-type: none"> Annual budget/cash flow forecast will indicate future problems Monthly tracking of performance reinforces awareness Monthly forecasting will help Board prepare Regular reporting to shareholders to ensure awareness should additional capital be required Establish links with major group as a potential sources of capital 	Good All controls are in place.	Our latest forecasts are supported by the management fee arrangement with xxx. There is a weekly payment to ensure that we have appropriate capital to meet our requirements.	Nil	Board

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Marketing Plan

AFA 2 - Assignment



Plans	Evidence/Examples
Strategic Marketing directions	Marketing goals, objectives and KPIs
Practice's value proposition	Unique value proposition
Market needs	Opportunities/insights in the financial services sector
Sales performance targets;	Targets by customer segment or practice area
Sales plans	Focused approach to achieve sales targets
Business development plan	Build / maintain business networks and relationships
Implementation	Marketing action plans, campaigns results (ROI)

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Client Strategies

AFA 3 - Assignment

- Salary Packaging Strategies
- Insurance Strategies
- Superannuation Strategies
- Pension & Benefit Strategies
- Estate Planning Strategies
- Strategies for Expatriates
- Asset Portfolio Management



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Business Plan

AFA 4 - Assignment

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	<u>OPPORTUNITIES</u>	<u>THREATS</u>
	1.. 2.. 3.. 4.. 5..	1.. 2.. 3.. 4.. 5...
<u>STRENGTHS</u>	MORE AND BETTER <u>Objective 2</u>	SOMETHING DIFFERENT <u>Objective 4</u> <u>Objective 5</u>
1.. 2.. 3.. 4.. 5.. 6..		
<u>WEAKNESSES</u>	YES....BUT <u>Objective 3</u>	OVERCOMING RESTRAINTS <u>Objective 1</u>
1.. 2.. 3.. 4.. 5.. 6..		



RPL/RCC



Code	Course	Ind. Qual.	B.Bus. MBA
AFA 1	Compliance and Ethics in Practice	RPL	
AFA 2	Client Engagement and Advice		RPL
AFA 3	Apply Financial Solutions	RPL	
AFA 4	Managing an Advice Business		RPL

