

The Business of Advice

Let me take you back in time. To a time when Insurance Salesmen – and men they were – roamed the Earth.

Despite talk of 'Building a Business', the reality was stark. For every 100 fresh enthusiastic and hungry new salespeople released into the world, clutching their 'Project 100' folders to their hearts, perhaps 10 or 15 will still be surviving a year later. The other 85 or so fade away, frequently in an atmosphere of rancour over debts and drawings.

In between, consumers may or may not get good advice, and may or may not profit from that advice.

Uniquely in the business world, power, profit and capital value vested with the Product Providers. Just think about that for a minute. In 'Return on Investment', who makes the most money? Whose shares would you rather own. Supermarkets or Farms? Car makers or Car dealerships?

So let's see if I have this right. Advisers create and manage the client relationships, and have the most Regulatory liability and have the least reward. Sorry, take me through that model again?

Of course, this model did not occur by accident. It suited the providers to keep us hungry, to have us start each month afresh, with lots of outgoings and no incomings. It forced us to 'Prospect' and 'Sell' and all that stuff.

But let's look at the future. Let me show you a different landscape. It's where Advice is no longer free, where Advisers are paid by the clients to advise, and where an increasing amount of the value chain vests with them. After all, they create the value in the first place.

In this brave new world, Providers are not our masters, nor our slaves, they are our Partners. Technology allows us to see everything they can see, and so can our Clients. So our value is not in data, or in terms and conditions, or clever bells and whistles and options, but in wisdom, and planning, and coaching and counselling.

In short, it's in the Business of Advice. These businesses have premises, staff, tasks, roles and succession policies. Clients are clients of the business, and the business looks after them. The business can be sold – how do you sell a job? The business can bring young people through, looking after the existing clients and contacts – no more Project 100. Perhaps the youngsters coming through are the graduate children of the Founders. How does 'Smith and Daughters, Financial Planners' sound?

A dream world? Not according to many who already live there. And not according to the Regulators who want us to move there.

An easy journey? Not for many. But there are templates, and processes and procedures and techniques. In short, a map, a path and – critically – a body of guides who have lived there and who know the way back.

The question is simple. When are you going to move?

Phil Billingham ACII CFP Chartered Financial Planner

Phil Billingham is a 30 year veteran in Financial Services, and is a specialist at helping firms survive and thrive Regulatory change. He has worked with firms and regulators in the UK, USA, South Africa, Ireland, India and Australia, and has spoken and written widely in this area.