

Top 15 questions to ask before joining a new licensee

How to choose the right advice dealership for your business



Letter from the managing director

Hello

Welcome to Wealth Today.

If you are reading this eBook, I assume you're an adviser considering where and how to apply your professional skills, and which licensee you want to partner with to "house" your business. If so, this eBook is for you. It's an outline of a wide range of questions to consider when making your decision and an insight into how we think about these questions and the type of "home" we have built for advisers.

FoFA, LIF, FASEA and the Royal Commission – each continues to weigh on our industry to a different extent. But as others turn their backs on an industry they have helped create and make a run for the nearest exit, our commitment to speed, innovation and reinvention will help deliver the toolkit required for those of us who instead embrace the incredible structural change that is upon us.

Wealth Today is a national financial services licensee with a difference. We put you and your clients at the centre of everything we do. Put simply, we believe in the importance of financial advisers. Advisers deserve a great home - a better home – for themselves and their clients.

We continue to build such a home.

One for advisers who demand choice, flexibility and control on delivering what's in their clients' best interests - free of product manufacturer influence. A home where creating and delivering practical advice that is easy to understand can be centralised, simple and structured. A home that is technologically supportive, compliant and constantly helping advisers train, upskill and improve.

Whether you're looking to grow your practice or you're more focussed on maintaining at your current size, or even reducing your workload - we can tailor a solution for you. We are just as comfortable with supporting single-adviser practices as we are with supporting corporatised, multi-adviser, multi-disciplined practices.

So, contact us today to schedule a confidential discussion and learn why we say Wealth Today is a dealer group built by advisers, for advisers.

Regards

Keith Cullen
Managing Director
Wealth Today Pty Ltd

Introduction

The following is a list of questions to ask any prospective licensee. Licensing financial advisers is a complex business with many moving parts that all need to co-ordinate to deliver quality financial advice that's in clients' best interests and provide a practical framework for financial advisers to run their businesses' efficiently and profitably.

We hope that this list of questions, and our thoughts around each answer helps to improve your thinking on the subjects.

1. Who owns my clients?

The answer that you are looking for is "You". You should own your clients.

This may seem like a question too obvious to ask, but client ownership is not as straightforward as it may seem.

Recent structural changes to its network by AMP have highlighted issues with client ownership. Historically it has been a vague issue with different licensees taking different approaches. Advisers have typically confused their close client relationship with ownership of the commercial rights surrounding the products and service agreements with the client. You want a licensee that acknowledges your ownership of these economic rights.

Wealth Today Answer: You.

2. Can I build my own businesses' brand?

Some licensees have a branding strategy that is based on building their brand with the adviser's brand being either secondary or none existent. From an adviser's perspective there are pros and cons to each approach.

If you come at the question from an exit strategy perspective, when you control your own brand you have more flexibility when you come to sell your business. The buyer will have the choice to either adopt your local brand or simply integrate your business into their existing brand. That flexibility keeps your buyer pool as large as possible and maximises your price potential.

If you come at the question from a business risk perspective, and you control your own brand, the impact of any negative actions of one adviser in the network are minimised on your brand. Your brand is impacted by your actions and not the actions of another adviser you have nothing to do with.

Wealth Today Answer: Yes.

"Recent structural changes to its network by AMP have highlighted issues with client ownership".

3. Are you owned by a product manufacturer and do I need to sell your product?

This is really a question about “vertical integration”.

Over the last 20 years product manufacturers, mainly the big banks and AMP, have acquired and built adviser networks to assist them in distributing their products. As the regulatory landscape changed over the years, the conflicts within this model were increasingly highlighted, leading to breaches of the law and an increase of public distrust in the whole sector that culminated in a Royal Commission.

Ironically the Royal Commission did not recommend a dismantling of the vertically integrated model. The Commission’s position was summarised in the following sentence found on page 195 of the Final Report:

“Enforced separation of product and advice would be a very large step to take. It would be both costly and disruptive”.

Despite this stay of execution, the major product manufacturers have read and understood the writing on the public wall and voluntarily started to dismantle their “product and advice” networks.

The public is suspicious of the integrated model and the successful licensees of this next chapter of our profession will predominately be “non-product manufacturers”.

Wealth Today Answer: No and No.

4. Do you have practical experience in creating and delivering advice to retail clients?

A common complaint from advisers is that licensees and those that operate them do not have direct client facing experience, or that their experience is now such a distant memory that they have forgotten the practical realities of dealing with clients on a day-to-day basis. That they are run by compliance personnel and lawyers that dictate rules and processes that are not compatible with real world client interactions and needs.

Ideally you want a licensee who has direct retail client advising experience and then passes on that experience via education, training, common sense processes and situational pragmatism.

Wealth Today Answer: Yes.

5. Can you help me with lead generation?

Oddly enough this question doesn’t really get asked of licensees anymore.

Both the perception and the reality of most licensees is that they are lawyer driven licensing and compliance services. The sense that a licensee is there to help an adviser find new clients and grow their business is all but forgotten.

The better licensees see themselves as both facilitators of business growth and development while concurrently making sure that all I’s are dotted, and T’s are crossed on compliance.

Wealth Today Answer: Yes.

“The successful licensees of this next chapter of our profession will predominately be “non-product manufacturers”.

6. Do you support single adviser practices?

The trend seems to be that licensees would prefer to only license the larger, multi-adviser practices.

Most self-employed advisers are small one adviser practices servicing relatively small client bases in a very personal and intimate way. Our capital city suburbs, and regional and rural Australia alike are full of these small, often family-run practices looking after communities that do not have easy access to the big city.

It seems that many licensees do not want to be servicing this need.

If you are a single adviser practice, talk to your licensee about what their revenue expectations are for you.

Recently AMP decided that \$300,000 of annual turnover is their cut-off and have written to over 500 advisers in effect terminating their agreements. As they announced in their 2019 half year results on the 8th of August 2019:

“20% of adviser practices account for 60% of revenue and assets under management.”

This re-statement of the well-known Pareto Principle seems to be the justification to narrow the delivery of services and support to only the larger, wealthier end of the adviser universe, and by extension the larger and wealthier clients.

Wealth Today Answer: Yes.

7. What about practices that are in maintenance or wind-down mode?

The assumption seems to be that an advice business needs to be constantly growing. But depending on where you are in your business and life journey, that assumption may be faulty.

There are many advisers who don't want to grow their client bases. They have reached a certain size and they want to maintain that without the burden of more staff and overhead required to service a larger client base.

There are also many advisers who are in the latter stages of their advice career, executing a gradual succession plan by selling and transferring parts of their client bases to other, younger advisers. A perfectly legitimate exit strategy that is hard to find licensee support for.

Wealth Today Answer: Yes.

8. What type of Approved Product List (APL) do you have?

This question is about product choice and flexibility. Some licensees have very restrictive (closed) APLs that are hard to service an existing client base with, and hard to meet a broad range of client needs and strategies.

While other licensees adopt a more open approach to the management of their APL. This open approach acknowledges the fact that there are many good products in the market with plenty of price and feature competition among the product providers. This competition is constantly changing the product landscape and clients want advisers that are flexible enough to navigate this terrain and deliver what's in their best interests rather than what's in the interest of the product manufacturer.

Wealth Today Answer: Open.

“Many self-employed advisers are one-adviser practices servicing relatively small client bases in a very personal and intimate way”.

9. Do you have a one size fits all fee model, or are you flexible?

This question is closely related to questions 6 and 7.

You are ultimately looking for a licensee that has multiple fee models than can cater for all the different stages of your business.

Many licensees are now adopting very high minimum base fees aimed at narrowing down their networks to only the larger and most profitable practices that are still in growth mode. This is a perfectly legitimate business strategy from the licensee's perspective but it's a "pareto" strategy that leaves many good smaller practices out in the cold.

Wealth Today Answer: No.

10. Do you have a broad range of service offerings so I can diversify by business and revenue?

Because most licensees don't come from a direct advice providing background, they are not tooled up to support the delivery of a multitude of other services that clients want and need such as assistance with taxation and accounting advice, investing in direct residential property, estate planning services, financing solutions and SMSF support to name just a few.

Many advisers want to build practices that put them at the center of their clients' lives. Clients want this too; they want to be able to build a deep, strong relationships with an adviser they trust that can help them navigate a broad range of financial and life situations.

Wealth Today Answer: Yes.

11. Do you have a robust compliance framework?

There is a spectrum of compliance that advisers sit on. At one end compliance is viewed minimalistically as a necessary evil and at the other end it is culturally embraced from the top and turned into competitive advantage.

Adopting the latter stance is good business. Compliance is not going away, so for those that choose to embrace it, it can become a significant business edge.

You are looking for licensees that take compliance seriously, that embrace the need to deliver quality advice and that have the education, training, vetting, checking and auditing framework in place to maintain the integrity of the network you are looking to join.

A good compliance framework makes for a healthy network. I healthy ecosystem within which to grow your advice business.

Wealth Today Answer: Yes.

12. Do you have comprehensive client and adviser education programs?

We are in overloaded times.

Clients are overloaded with information, opinions and choices. Advisers are overloaded with the breadth of subjects they need to be on top of and with the volume of regulations they need to adhere to. Our minds can only handle so much.

It's like drinking water from a fire hose!

Clients want to be educated on how to "think" about the questions that matter, and how to make better navigational decisions inside the information storm that is today. Anything that helps clients get educated is good for them and good for business.

Advisers are also looking to be educated, and not just for regulatory reasons. Good advisers are curious creatures, constantly on the lookout for a better way of understanding things, a better way of communicating ideas and better ways of helping their clients.

A licensee that creates an “educational environment” at all levels is one that gets what clients and advisers need.

Wealth Today Answer: Yes.

13. If it doesn't work out, is it easy to leave?

Unfortunately, there is a long history of licensees making it unnecessarily difficult for a departing adviser. The licensee is losing a “client” so it's human nature to be unhappy with the “rejection” and loss of revenue.

Departure difficulties can take many different guises from unnecessary procedural delays to focusing on poorly worded contractual technicalities that are often in the licensees favour. An emerging trend is the appalling practice of “weaponised compliance” that seeks to delay or obstruct departure and more insidiously devalue practices.

Those that practice these “dark” tactics, are missing the bigger picture of what it takes to successfully grow a licensee. The easier it is to leave; the more likely advisers are to join and stay. When it is easy to leave, the cultural onus and pressure is on the licensee to constantly improve the offering and “earn” the advisers desire to stay.

It's counter intuitive, but the easier it is to leave, the less likely advisers are to leave.

Plain English agreements are a good indicator of what it may be like when leaving.

Wealth Today Answer: Yes.

14. Can I talk to other advisers in your network before I join?

A good licensee would be happy to provide a list of advisers in the network to talk to. Ask for some names and pick up the phone and talk to them. There is no better way to see if the what it's like on the inside before you join.

You are trying to get a sense of the culture of a place and to see if there is a good cultural fit between yourself and the licensee. Talking to existing advisers is one of the best ways of doing this. Remember that a good licensee is also making the same cultural fit assessment of you before they let you in.

Wealth Today Answer: Yes.

15. Can I talk to senior management before I join?

You are looking for a licensee where senior management are accessible.

As you are about to make one of your most significant business decisions, talking to the decision makers of the new organisation is vital. You can ask them the important questions and get direct answered unfiltered by BDMs and intermediaries. It will also give you direct insights into the culture of the group.

Wealth Today Answer: Yes.

“The easier it is to leave; the more likely advisers are to join and stay”.

Who is Wealth Today?

Wealth Today is a national financial services licensee with a difference.

Formed in 2008 we have one simple purpose: to place you and your clients at the centre of everything we do and to enable you to succeed as this new era dawns.

Our mission is to build a comprehensively supported team of advisers who share our vision and commitment to providing quality tailored financial advice.

Equal to this is the commitment we have made to train, mentor and support our advisers so that they may build long-standing and successful businesses.

What do we provide?

All that you expect, and so much more.

Our critical base services include compliance and education; approved product list management; and professional indemnity insurance cover. But they go much further than that - with extensive tailored programs, enabling advisers to access those services most relevant to their specific needs. Importantly, we provide the right resources and training to help advisers support their existing client bases and grow their client base if that's what they seek to do. This includes access to our central advice team services, and use of our seminar programs, extensive eBook library, workplace education programs and digital marketing resources.

Flexibility and the right support when you need it.

We recognise that different advisers prefer different approaches to the creation of advice. That's why we support a range of options that enable you to choose what works best for you and your clients from time-to-time. Create your own strategies and advice documents; or create your own strategies and outsource paraplanning support and document production; or access our central advice team who apply our unique team-based approach to concierge the entire process for or with you and your clients - right from existing product research, through to the development of even the most complex of strategies, to final document production.

Ongoing education and training that resonates.

We pride ourselves on our adviser education and training and consider our CPD and practice management and development content the best available. Our tailored adviser training plans include insightful and engaging presentations and workshops delivered weekly via live video-link - all recorded for future reference and playback - across a diverse range of content, all with a focus on practical application. Your ongoing CPD obligations and all our exclusive content is managed via Kaplan OnTrack, where you will also have access to Kaplan's extensive CPD content library.

Inform, educate, empower.

Our reputation is built on our leadership and excellence in consumer and industry education. We've put our money where our mouth is by writing Australia's largest and most comprehensive library of educational eBooks, with more than 100 titles. They cover a broad range of topics from simple budgeting to the more complex issues associated with investing, superannuation and tax. And you, and your clients, can have unlimited access to the entire library, free of charge, for use within your practice, or as an innovative lead generation solution embedded on your own website.

Small group seminar content, for clients old and new.

Our comprehensive range of seminar content provides an ideal solution for ongoing client engagement and to generate referrals. And for those seeking to grow, coupled with our lead generation tools they provide an effective means of engaging with prospects. With content suitable for all ages and life stages, with topics like budgeting, introduction to financial planning, and first-home ownership – through to wealth management, SMSF, transition-to-retirement and retirement planning, we've got it covered.

Broaden your network and your horizons.

Our broad range of adviser-focused training and education, our annual conference and a variety of associated casual and formal social and sporting activities throughout the year provide the opportunity to catch up on the latest industry trends and build your knowledge and support group. Our goal is to provide you with ample opportunity to network with friends and colleagues old and new, including advisers from around the country and representatives from leading finance, investment and insurance industry players.

Your voice is always heard.

Our advisers have a direct line to a dedicated executive management team that does not stand on ceremony. And our advisory board, is your advisory board - composed exclusively of members nominated by you and your peers - who each serve 12-month terms to ensure constant renewal and the canvassing of new ideas. The advisory board provides a semi-formal conduit to help ensure we continue to serve our network as individuals and as a group with the support needed to continue to prosper. The board considers a wide variety of issues including compliance processes, education & training, APL, and our annual conference agenda.

Don't just take our word for it.

We understand that the decision to join a new licensee to a big one. When we say we are by advisers, for advisers we mean it. But don't just take our word for it – talk to those who are a part of what we do every day. We're happy to provide a diverse list from our ever-growing cohort of more than 105 advisers. Talk to someone who has been with us from inception, and someone who has joined more recently – we're proud to say they'll be happy to talk to you. Because when they're not happy about anything they know they can talk to us.

Application and onboarding – made painless.

When you are ready to get your application underway our online processes are designed to make things as smooth and stress-free as possible. The data and supporting documentation you will be asked to provide will enable us to complete your initial pre-vetting, verify your qualifications, and complete your reference checks (to ABA protocol).

Wealth Today

Sydney

Level 11
95 Pitt St
Sydney NSW 2000
Tel: 02 9248 0422

Perth

Level 11
125 St Georges Tc
Perth WA 6000
Tel: 1300 364 699

Melbourne

Ground Floor
99 King St
Melbourne VIC 3000
Tel: 03 8330 5538

Brisbane

Level 19
10 Eagle St
Brisbane QLD 4000
Tel: 07 3121 3189

Canberra

Level 9, NewActon Nishi
2 Phillip Law St
Canberra ACT 2601
Tel: 02 6243 3628