

Don't sit back and wait for the "good old days"

Martin Mulcare says the financial crisis will distinguish between the survivors and the thrivers

Much more so than in previous years, what you do as an adviser in 2009 may come to define the rest of your advisory career.

There is no doubt that this is the worst crisis since the last crisis. It's dividing the advisory marketplace into survivors and thrivers. The longer it lasts, the greater will be the divide both in strategy and performance between these two groups. I also believe there will be few advisory firms left unaltered in the middle of these two extremes.

The survivors are bobbing up and down in the middle of a storm without a rudder. They aren't attracting new business. For them, 2009 is going to be a year with lower revenues due to the ongoing decline in their clients' account balances. They are looking at their biggest expense item – staff – and determining for how much longer they can sustain the monthly payroll. Their strategy is simple – just keep going. As Winston Churchill said: "As you go through hell, don't stop." The survivors know these conditions will inevitably pass, although no one can predict when.

The thrivers are bobbing up and down in the same storm, but they have realised, or are realising, that any financial planning business model built upon the "captive consumers" in Australia's compulsory superannuation marketplace needs more than an overhaul. What's more, they are using the near-perfect conditions of the current crisis to test their models.

For many, the results are coming in just fine.

Daniel Brammall and Matt Ross from Australian Independent Financial Advisers are examples of thrivers. Whilst they have been in the industry for over 10 years, both realised at the height of the last boom that they had to have a more client-orientated proposition. So last year they re-launched themselves and their impartial advice group.

Comparable to the elephants of our industry, these guys are still flea size. They use this to their



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advantage with their lightning speed of implementation, their ability to enlist great team members and the zeal, discipline and leadership they deliver to their evolving client base. They, and many like them, understand that the centrally planned advice delivery systems within the financial planning industry's elephants won't be their competitors – they reckon their only competitor is their own inability to implement as per their plans.

They are excited by the opportunities in this marketplace, they are winning new clients purely on the quality of their advice, and they are hiring (not firing) new team members who meet their client focus criteria.

Whilst the survivors scan the international horizon each day for clues of its return, thrivers hope that the "good old days" of markets on automatic growth never return. The pre-credit crunch era didn't highlight the differences between the true financial advisers and the financial product advisers as wonderfully as this market.

Another thriver is Tim Loomis of Loomis Financial from Kempsey, on the mid-north coast of New South Wales.

Similar to Matt and Daniel, Tim's business has been adding quality advice clients in greater numbers than ever before. Long established in his much-loved home town, Tim and his team figured out a couple of years ago that a re-invention was necessary. They devised a simple strategy: increase the face-to-face advice time of advisers with clients as their number one priority.

Tim is loving the current market. His only complaint: he can't find the right team members.

Sean Abbott is also without doubt a thriver. Sean started Aqua Private Wealth to build the advice firm that first and foremost met his own standard for work/life balance. With a young family, and knowing exactly the type of business he wanted to grow, he sought an advice business model to work only with clients that shared his own life standards.

In the middle of the current crisis, rather than slash costs, he travelled overseas on an intensive research tour to better understand the needs and complexities of his niche clients based in the United Arab Emirates.

These firms are the thrivers who aren't waiting for the old days to come back. They aren't taking an easy path or expecting one. But they are using the adversity in the marketplace to their advantage. They will become the new leaders in the emerging advice profession.

Who succeeds and who fails in this downturn is likely to be determined by who cuts costs to survive into the future and who invests to thrive into the future. These are the best of times to be building an advice-based firm. ■

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