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professional PLANNER

STANDARDS, EDUCATION AND PRACTICE PROFIT FOR FEE-BASED ADVISERS

TURF WARS

The key industry associations are working together to influence the regulatory reform agenda. But how they handle the inevitable conflicts that arise between them will have just as big an effect on you and your business.

**ARE BDMs REALLY
SUPPORTING YOUR
BUSINESS ?**

**WHAT'S OVER THE
HORIZON FOR
FINANCIAL PLANNERS ?**

**WHY MORE
PLANNERS ARE
GOING FOR BROKERS**

Take me to your leader

The industry body you choose to represent you says a lot to your clients about who you are and what you stand for. Martin Mulcare explains

The importance of selecting a suitable person to represent your interests is very topical after the federal election. It is also the theme of the cover story for this edition. I might re-frame the challenge: Who is the most appropriate body (or person) to represent your interests as a financial adviser in Australia?

There is a virtual industry built on the concept of leadership. And yet it is fascinating that there is little attention given to the criteria one might apply to selecting a leader or a representative. Why is that the case? Perhaps the prevailing culture is focused on becoming the leaders rather than selecting them. Perhaps it doesn't suit special interest groups to define generic qualities when it is easier to pitch short-term gains. Perhaps there is a risk of insulting people if one has the temerity to provide some guidelines on what to look for in a leader or representative. I'm going to take that risk in this column.

What is important to you when choosing a person (or body) to represent you as an Australian financial adviser? One obvious criterion is "what's in it for me (WIIFM)?" It is traditionally the belief of political parties that this is the main consideration for voters. The offers might vary from party to party and election to election but the permanent feature of election campaigns has always been "pork barrelling", or appealing to the "hip pocket nerve". In the same way, particularly at a time of legislative change, your potential representatives may pitch for your support by promising short-term wins, like campaigning against proposed restrictions on commission payments.

I hope that you agree that temporary gains are not the only valid criteria for making your choice. So what else might you take into account?

One important criterion that you might consider is character. What do you know about



Martin Mulcare

the qualities of the person you are considering? Do you really trust them to represent your interests? The cynicism of the electorate has meant that politicians have not put much effort into establishing their credentials in terms of character. I would like to think that in a smaller community, like the financial advice industry, that one could make some assessment of character. Have you met them? Do you know someone who has worked with them? What does their track record indicate? Ideally your representative would share some of your personal values.

For me the most important factor is alignment of long-term interests. In other words, what is the path that this person is intending to lead me along and is that the best path for me? This is similar to the WIIFM appeal but is based on long-term alignment, not short-term wins. It is also related to the consideration of character, because you need to think about whether you can trust them to deliver the long-

term promise and/or stick to their espoused path. However, this is really a different consideration altogether. And it's a difficult one to apply because the foundation question is difficult: What is the best long-term path for you?

I would encourage each reader to think about this question. I expect that individual responses may vary but here are some core beliefs that my clients share:

- ♦ I want to be part of a respected profession;
- ♦ I want an environment that makes it easy to provide valuable advice;
- ♦ I want to work with institutions that support my desire to help people achieve what is important to them;
- ♦ I want to be able to quote fees that I am happy to explain (and that my clients are happy to pay);
- ♦ I want to work with talented and motivated people.

If you share these long-term interests then perhaps you should be asking your potential industry representatives whether they share these interests - and what they will do to deliver them.

And why stop there? What other "leaders" do you select in your business life? You may wish to apply the same considerations when selecting them, too. I would also suggest that when you are selecting a subject matter expert to work with (for example, an estate planning expert or a tax expert) that you look beyond their technical skills and assess both their character and their alignment with your desired future.

These are the best of times to find somebody (or a body) to represent and deliver your long-term interests. ■

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