

Case Study – Small Advisory Business



Background

Client wanted help with their processes and to formalise their service proposition. The company promoted 'lifestyle financial planning' and wanted to ensure that this formed part of their service proposition



Challenges

- The company was not making any money
- There was no computerised system
- There had been no new clients for a significant period of time
- There were no internal processes; advisers did what they wanted in lots of different ways
- Advisers were 'stock picking' with no real justification for fund choice and no consistent method of doing this between clients. These inconsistencies would be highlighted on compliance reviews but no remedial action was ever taken
- Advisers would spend a significant amount of time on a client with very little remuneration
- Clients would be seen when business was to be written or when they contacted the company. No formal review process was in place causing reactive work to be carried out, over servicing and disorganisation within the support team



What we did

- Putting the company back in the black became the focus
- We reviewed the P&L and discussed that one adviser was costing the business more than what he was generating. He was also choosing his own funds and was not following a predetermined strategy therefore increasing the risk to the business
- We made the adviser redundant
- We made the PA redundant
- We put the main business writer on a 'retirement exit' plan
- We recruited a new Practice Manager who could enforce controls and processes
- We put together a job specification to recruit a new adviser (CFP or Chartered) to join the firm, potentially as a shareholder to drive the business forward and worked with a headhunter to bring the new adviser on board
- We introduced an outsourced Paraplanner company to improve the technical aspects of reports and provide consistency to each report creating a 'brand'
- We researched client management systems for a 'beauty parade'
- We researched Discretionary Management companies so that 'stock picking' was no longer an issue internally
- We segmented the client bank and services and introduced a new charging structure so that advisers focus on profitability as well as quality
- We put together a formal review process



The Results

- A formal review process is now in place so clients are seen at set times during the year creating a more streamlined service internally and increasing client profitability
- The internal team have been trained on the new service proposition and charging structure. We ensured that Lifestyle Management was part of their service proposition but that the service was costed appropriately
- The Practice Manager is now implementing and enforcing internal controls
- Risk profiling process and model portfolios now in place
- Profits started to increase

