

FoFA – Great Opportunities and Impossible Situations



Elixir Consulting's Lana Clark talks to advisers about their approach to Future of Financial Advice reforms and the benefits that may emerge by taking this opportunity to re-consider the nature of the services they provide to their clients...

“We are all faced with a series of great opportunities brilliantly disguised as impossible situations.” - Charles R Swindoll

As business coaches, we are often asked what we are seeing in the industry, or what trends are emerging as a result of impending changes. Currently we are being asked this question almost daily in reference to the Future of Financial Advice reforms.

Of course we are hearing many things; from advisers taking the step to introduce change into their business, to those who believe they will not be affected and therefore don't see the need to change anything at all. What is alarming however is that there appears to be a large number of advisers who are making no effort to deal with the changes coming their way, because they don't know where to start, or because they want to wait until the legislation is written so they know exactly what they're dealing with. Amazingly, there are also those who believe that a change in government will bring an end to any debate and the whole idea will be abolished or that there will be a high court challenge.

Have we all become complacent, or do we think that we're not going to be affected? Are we choosing to rely upon others telling us what to do rather than being on the front foot and educating ourselves?

We firmly believe that with the changes coming, there are huge opportunities for advice businesses (and their clients). Many of the coaching clients we have

worked with for years had already evolved their businesses to the point where FoFA will not affect them – and they made this evolution not because they were forced to, but because it made good business sense and allowed them to provide the quality advice and service that a financial planning client should expect. To advisers who have some work yet to do, we say change your thinking – view these changes coming as an empowering motivator to allow yourself to write your own rules and break free. Sticking with the status quo of how you've always done things with the attitude that 'if it ain't broke, don't fix it' can be damaging if you're not taking an honest view of your business.

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The fact that FoFA has come about is proof that the old-style business model of financial advice is in fact broken, and does in fact need fixing.

To provide some specific examples from our discussions with risk insurance advisers, we are seeing trends that more businesses are taking the leap and charging for their engagement in the area of risk. It has not been unusual for us to hear engagement fees being charged for risk ranging from \$990 plus commissions all the way through to \$5,000+ for engagement, and clients are happily engaging their advisers on this basis. Clearly these businesses are those who have worked on their Client Value Proposition and are able to clearly articulate the value they provide to their clients.

From our knowledge base, we are seeing more risk businesses charging a fee for their advice. Risk advisers who are making the leap have suggested that it is no different to the engagement process for investment or superannuation advice. Charges are based on the level of work being conducted and the value delivered to the client. Of course writing risk has many unknowns – it is difficult to tell in advance how long it will take to guide a client through the underwriting process and take them from quote to an in-force policy.

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Irrespective of the proposed changes and how much they will or will not hurt our industry, have we all forgotten our entrepreneurial spirit? Some would argue that for too long now we've been pigeon holed as non-professionals who take money by way of commissions and give nothing in the way of service in return. Most advisers we know aim to run a business that is held in high regard by their clients and ultimately by the community at large. Further, we speak to many advisers who struggle year in year out when clients fall off their books because they don't have time to service them, the market hasn't been kind or clients simply don't pay their premiums. Imagine what your business would look like if none of that mattered? Imagine if you were

genuinely paid for the work you did for each and every client and you could ensure that all clients who paid you were serviced in a manner that delivered value and truly helped them to achieve their goals in life.

Now is the time to reflect upon what you really want in your business. Are you happy to do what you've always done and worry about what you always have, or are you thinking about time for change, setting your own course and controlling your own destiny?

Interestingly, we are finding that even now, the majority of new coaching clients we engage are those who have always been ready and willing to invest in their business and are serious about obtaining better outcomes and achieving continuous improvement, regardless of whether or not the FoFA changes are implemented. Our advice to every adviser is to pick up the phone and talk to someone who might be able to assist, irrespective of which parts of FoFA do and don't eventuate. You might be pleasantly surprised by what possibilities await you and how positive they may be for your practice. ●