

A Meeting of Minds - Advisory Distributors XXI

Tuesday 28 June, 2016 – Tylney Hall, Hampshire

Personal Itinerary

Library Bar	0815-0915	Breakfast	Informal networking over breakfast
Tylney Suite	0915-1000	Presentation	Post EU Referendum - what happens now? Joe Twyman, Head of Political and Social Research (EMEA), YouGov UK
	1000-1110	Working Session 1	Session 1
Library Bar	1110-1125	Coffee	Apple and BlackBerry time!
Tylney Suite	1125-1215	Structured networking	Mini meetings – an opportunity to exchange business cards
	1215-1325	Working Session 2	Session 2
Chestnut Suite	1325-1440	Lunch	
Library Bar	1440-1450	Coffee	Apple and BlackBerry time!
Tylney Suite	1450-1535	Presentation	Do you have change leaders or do you need to change your leaders? Matt Crabtree, Founder and Principal Partner, Positive Momentum
	1535-1645	Working Session 3	Session 3
Library Bar	1640-1700	Afternoon tea	Apple and BlackBerry time!
Tylney Suite	1700-1745	Presentation	Mind the gap! How do we address the dramatic shortfall in new advisers? Lucian Camp, Lucian Camp Consulting, will talk about the marketing angle. Darren Smith, Head of Intrinsic's Financial Advice School, will speak from the training angle.
The Terrace	1745-2000	Fizz flows	Time for some networking; some checking in; some farewells and some mini down time ...
Oak Room	2000-2200	Dinner	Dinner
	2200 onwards		Feet up, prop up, night- night or wave goodbye!
THE FOLLOWING DAY			
Oak Room	0700-1000	Breakfast	At your leisure...

Advisory Distributors – Tuesday 28 June 2016

Tylney Hall Hotel & Gardens, Rotherwick, Hook, Hampshire RG27 9AZ

THE SUBJECT MATTER

SESSION TITLE (THE FULL DESCRIPTION OF EACH SESSION CAN BE FOUND BELOW)	
THINKING ABOUT YOUR CLIENTS	
1.	In terms of your proposition are we talking “performance” or “performance”? How would you stack up on “TripAdvisory”? By the way we are talking “investment” and “service”!
2.	It’s a family affair. Building a multi-generational client base by combining nobility of spirit with a canny commercial hat.
3.	Who are these Millennials? Just to be clear they are aged between 16 and 36 and those in their 30s are much richer than you might think.
4.	Health, wealth and happiness – a look at behavioural economics.
5.	The workplace as a new business opportunity.
6.	Is good advice compliant advice? Proof of suitability is now obligatory – so how do you ensure that you have the evidence?
7.	A forensic examination of the wording of TR16/1 – what does it really mean?
THINKING ABOUT THE FUTURE	
8.	The adviser market place – consolidation heaven! Where are we heading?
9.	Forecasting the future: what might your business look like in five years’ time?
10.	Is vertical integration the future for advisory firms?
THINKING ABOUT THE IMPACT TECHNOLOGY IS HAVING ON THE INDUSTRY	
11.	Robo adviser – the on-line challenge. Are you up to it?
12.	Cyber security – where does the buck stop? You need to think about your own business, your clients and indeed any third party companies to whom you may provide some sort of service.
THINKING ABOUT YOUR OWN BUSINESS	
13.	Two become one – planning for a successful merger, best practice and lessons learned
14.	An exercise in preparedness. How much work did you do to prepare your clients and your people for the outcome of the EU Referendum? Lessons learned for the next potential “shock”?

THINKING ABOUT THE INDUSTRY AS A WHOLE

- | | |
|-----|--|
| 15. | Should we be prepared to defend our services from a moral standpoint? |
| 16. | Maximising productivity: who said you couldn't get blood out of a stone? |
| 17. | How on earth do we attract younger people into the profession? |

THINKING ABOUT YOUR CLIENTS

1. IN TERMS OF YOUR PROPOSITION ARE WE TALKING PERFORMANCE OR PERFORMANCE? HOW WOULD YOU STACK UP ON "TRIPADVISORY"? BY THE WAY WE ARE TALKING INVESTMENT AND SERVICE!

- We don't intend to talk fees but we have heard calls for a "TripAdvisor" type website to enable people to compare and contrast financial advisers' service offerings. How do you think you might stack up?
- What do you believe are your key differentiators? Service, proposition, performance or charges?
- Is your service proposition defined by the frequency of meetings, documents sent etc or is it "we will look after you and put your mind at rest"?
- How do you communicate your client proposition? How do you measure its success? Indeed is it aligned with what your clients really value? Ever ask them?
- Indeed, how many of you actively survey your client base?

This session will consider the key elements when setting out your client service strategy.

Expert: Goldman Sachs Asset Management

2. IT'S A FAMILY AFFAIR – BUILDING A MULTI GENERATIONAL CLIENT BASE – COMBINING NOBILITY OF SPIRIT WHILST WEARING A CANNY COMMERCIAL HAT

- Not so long ago it was taken as read that your children would automatically earn more than you did. Regrettably perhaps this is no longer the case. The lucky old baby boomers coincided with the dramatic increase in property prices as well as a bull market. Throw in quite a bit of inflation as well and even their savings grew. Wow imagine that!
- Not so now. Grandparents and parents are looking at ways to support their offspring. Barclays have offered a mortgage which can be underwritten by owners of an existing property. Equity release is funding university fees.
- Should you be reviewing your proposition to understand the family dynamic and how it might be leveraged for the good of all members of the family? Family discount anyone? And once you get those second and third generation contacts established you are building your client relationships of the future. A win win!

Expert: Goldman Sachs Asset Management

3. JUST WHAT MAKES THE MILLENNIALS TICK? JUST TO BE CLEAR THEY ARE AGED BETWEEN 16 AND 36 AND THOSE IN THEIR 30S ARE MUCH RICHER THAN YOU MIGHT THINK.

- What is their view of financial advice? Ironically we know they are more conservative. They are richer than you might think and secondly they are also much more unadventurous in the way in which they approach their saving. Interestingly they are just grateful to hang on to their money. The idea of actually increasing it through investing is sadly less of an ambition.
- They will need to feel comfortable engaging with you in different ways – think omni channel. They have grown up with the internet.
- You probably need to start employing a few of your own so that you get to understand them!

Expert: Goldman Sachs Asset Management

4. HEALTH, WEALTH AND HAPPINESS – A LOOK AT BEHAVIOURAL ECONOMICS

- So how many of you own a Fitbit? Or at least monitor your daily steps on your iPhone? This is the world in which we now live. The pressure is on!
- Vitality have leveraged this enthusiasm for "self-health" by linking their proposition to healthy behaviours.
- This session will examine the thinking behind behavioural economics and provide lots of lovely stats on what clients really want and how you can tap into it.

- Broaden your proposition and add more than just financially to your client's well-being.

Expert: Vitality

5. THE WORKPLACE AS A NEW BUSINESS OPPORTUNITY

- As the auto enrolment world grows, there must be an opportunity for new business? Or is this the preserve of the employee benefits specialists?
- Isn't it another good way to reach future wealth? An opportunity to make them think about their use of financial services in the round? Worth investigating? Maybe too much to deal with already?
- Would you like to hear some case study learning?

6. IS GOOD ADVICE COMPLIANT ADVICE? PROOF OF SUITABILITY IS NOW OBLIGATORY – SO HOW DO YOU ENSURE THAT YOU HAVE THE EVIDENCE?

As a follow up to the recent Thematic Review, the FCA has embarked on a fairly comprehensive initiative to scrutinise the standard of proof in firms, and letters have gone out to 700 organisations requiring submission of files relating to 'advice events'. It's a big deal then!

It suggests that the 'three root causes' for poor 'consumer outcomes' are:

- "The poor quality of an advisory firm's research and due diligence"
- "Incorrect risk profiling"
- "Costs"

So what are the challenges?

- A "culture of challenge" typifies a good firm where each recommendation shows research seeking to establish a better recommendation over any habitual or standardised offering including CIP.
- Recommendations must be evidenced on an individual basis. ("Take reasonable steps to ensure a recommendation is suitable for the client".)
- Selection of platforms are too often made on the basis of service (benefit to the adviser and not to the client).

This session will make the case for technological solutions as the only way to ensure your advice is truly compliant.

Expert: Synaptic Software

7. A FORENSIC EXAMINATION OF TRI 6/1 – WHAT DOES IT REALLY MEAN?

Short sharp and to the point or worth a thorough examination? Well actually we think a thorough examination is called for.

From the FCA's perspective, the key behaviour is to constructively challenge the status quo. So how do you embed the right cultural behaviour within your business to do just that? What are the key activities to examine? And what sort of evidence do the FCA look for as proof that you are on the case?

Fancy a spot of CSI? (And if you don't know what CSI stands for you clearly have a life!)

Expert: Square Mile Investment Consulting and Research

THINKING ABOUT THE FUTURE

8. THE ADVISER MARKET PLACE – CONSOLIDATION HEAVEN!

- So how do we see the future of the world of financial advice.
- At present, we have some 5,400 firms – how many will we have say in five years? 2,000 perhaps made up of 200 national firms and the rest being serviced by networks specialising in a particular area? Well that's just sticking a finger in the air – not particularly scientific... but the pace of shake down does appear to be very fast.
- Will there be more vertical integration led by the product providers and asset managers?
- How successful will the consolidators be? Will the real winners be the private equity bods?

It is all very exciting.

Expert: Carmignac Gestion

9. FORECASTING THE FUTURE: WHAT COULD YOUR BUSINESS LOOK LIKE IN FIVE YEARS' TIME?

In this session we will try to paint a vision of the future and begin mapping the financial services landscape in

five years' time by exploring the following:

Understanding evolving customer needs – what will your clients expect?

How will the value chain evolve? What does the future have in hold for Asset Managers; Life Offices; Platforms; and Distributors? How will each part of the value chain justify their fee, and how big will that fee be?

A question of productivity... outsource, insource or co-source? What will be best for business? What parts of the business are sacred and should be kept in house?

Which business models will survive, innovate and thrive? In the UK market, the market leader only has around 5% market share compared to three or four times that in other industries. The consolidation trend is only set to continue. How is consolidation impacting the advisory market?

How will regulation react? What will the FCA look like in five years' time and can we expect a heavier or lighter hand? The wave of regulation is relentless but which regulations will have the greatest impact on your business? How will businesses evolve to meet the increasingly regulated standards of the UK market?

What impact will the trend to automation have? Is it a sensible step or threat to relationship-building?

Kodak vs Instagram? How can financial service providers ensure they remain relevant in a digital era? How are you integrating technology to streamline your business processes and provide the best possible customer journey?

What you now need to do to innovate your business and capitalise on this vision? What lessons can be learnt from other industries? Eg Betterment vs the Merrill Lynch approach or is there a half-way house... think Prius!

Expert: PIMCO

10. IS VERTICAL INTEGRATION THE FUTURE FOR ADVISORY FIRMS?

In a changing landscape many intermediary firms are looking to extend further into the value chain beyond charging advisory fees. Some forward looking firms have launched their own platform propositions and in some cases their own funds. This roundtable will consider:

- The key industry drivers behind the rise of the intermediary platform
- The pros and cons of vertical integration within the intermediary/advisory space
- What it takes for an intermediary firm to launch their own platform proposition
- What options are available to intermediary firms considering a move to launch their own platform proposition
- What has been the experience of intermediary firms who have launched their own platform propositions

Expert: SEI

THINKING ABOUT THE IMPACT TECHNOLOGY IS HAVING ON THE INDUSTRY

11. ROBO ADVISER – THE ON-LINE CHALLENGE – ARE YOU UP TO IT?

- The emergence of a new group of digital wealth management firms offering automated investment advice services has quickly become one of the most frequently debated topics in the industry.
- Comparisons are being made to the travel industry of the 1990s, when the travel agent model lost ground to online services such as Expedia. Some media outlets and analysts are predicting that the emerging start-ups will revolutionize how wealth management advice is provided. Yet others have discounted and labelled this “robo-adviser” movement as unproven and believe its solutions are no match for human personalized investment advice.
- What innovations are these firms offering and what are their aspirations for the future?
- How will they challenge the traditional wealth management model and change the industry landscape?
- Is there a large enough market for their services beyond the young, tech-savvy client segment they have attracted so far?

Expert: SEI

12. CYBER SECURITY – WHERE DOES THE BUCK STOP? YOU NEED TO THINK ABOUT YOUR OWN BUSINESS, YOUR CLIENTS AND INDEED ANY THIRD PARTY COMPANIES TO WHOM YOU MAY PROVIDE SOME SORT OF SERVICE.

- When we ran this session for the slightly smaller advisory firms, the big question raised was who holds the responsibility when it comes to protecting against cyber attacks. If they are receiving services of some kind via a technological platform or back office system, they thought they were protected ... big mistake

- huge!
- As business owners with all sorts of interconnections you should start thinking about the different types of cyber attacks and threats out there.
- Our cyber man will guide you through the appropriate controls that you and your business should implement to mitigate the risks. Cyber security is not all about technology solutions. Putting in place sound processes and ensuring your people are cyber-savvy are just as important. We'll also touch on various government led initiatives that are available to help businesses operate safely in cyberspace.

This session will address:

- Cyber threats
- Cyber risks
- Appropriate mitigations

Expert: Cyberlitics

THINKING ABOUT YOUR OWN BUSINESS

13. TWO BECOME ONE – PLANNING FOR A SUCCESSFUL MERGER, BEST PRACTICE AND LESSONS LEARNED

As the trend to consolidate gets faster and faster, we ask whether or not a seamless transaction is a possibility?

It is not surprising that the decisions made at the outset of a process are critical to its overall success

This session will explore how you cope with the practical issues that cut across:

- Planning and preparing – setting off with the right set of information and data is critical to avoid disappointment and delay in later stages
- Employment – who stays and for how long, who goes, - the aftermath.
- Transaction terms – value is important but is only one part of agreeing a mutually beneficial transaction.

Expert: Mike Riley, KPMG

14. AS AN EXERCISE IN PREPAREDNESS - HOW MUCH WORK DID YOU DO TO PREPARE YOUR CLIENTS FOR THE OUTCOME OF THE EU REFERENDUM?

- By the time we sit down at A Meeting of Minds, the EU referendum result will be known. This session will offer you the opportunity to consider just what you all did to prepare your business, your clients and indeed your employees for the outcome.
- Were you complacent that it would be situation normal or did you plan for both eventualities.
- Are there lessons to be learned for future potential “shocks” to the commercial world?
- This is a bit of scenario planning in reverse.

THINKING ABOUT THE INDUSTRY AS A WHOLE

15. SHOULD WE BE PREPARED TO DEFEND OUR SERVICES FROM A MORAL STANDPOINT?

- Whoever takes financial advice is seeking wisdom which will give them an edge. (Maybe a bit harsh but fair.) Following the release of the so called Panama Papers and the press outcry at the disclosure of all those individuals holding their money offshore, should we as an industry be prepared to defend what we do from a moral standpoint?
- I thought I might field a vicar for this one...

16. MAXIMISING PRODUCTIVITY: WHO SAID YOU COULDN'T GET BLOOD OUT OF A STONE?

- With margins continually being squeezed, it is not surprising that CEOs seek to get the most out of their sales forces. However the successful optimisation of your team will depend on your ability to not only free them from administrative tasks through cost-effective use of technology, but also through the concerted effort to obtain good management information about the clients.
- How do you build and structure your teams to optimise results.
- Let's talk training and motivation of front line staff to meet client needs.

17. HOW ON EARTH DO WE ATTRACT YOUNGER PEOPLE INTO THE PROFESSION?

- Having decided to look towards future wealth, it might be helpful to have some younger people on the

team. How do you go about getting them on board?

- The young are in a different place – they want to know they (and you) are doing good works; saving the planet! Are you?
- The level of expertise of paraplanners can range from support staff through to super smart financial analysts, the role is becoming more and more respected. Some Paraplanners see their role as a route to becoming an adviser; others are more comfortable in their back office analytical role. For those who do see it as a route to becoming an adviser can the route be more formalised akin to the role of articulated clerks within the law? Might it be the answer to getting more young people into the profession? Not exactly a new idea ... but is anyone running with it.
- Then we have apprenticeships. Apprenticeships might not fit well with persuading people into a professional service firm. (Contentious?)
- Are internships really just a tad exploitative? (Contentious?)
- Sponsor future employees through university and make them contractually bound to work with you for a certain period every summer and at the end of their university course. With the price of a university education being quite intimidating this must be attractive.

Thank you for taking the time to read this document. We are always interested in your feedback so do please let us know if you have any thoughts or suggestions.

Do please call us on +44 (0)1483 861334 or email evieowen@owenjamesgroup.com.