

Tuesday 30 April 2019

Rudding Park, Harrogate

THE SUBJECT MATTER

This document lists the roundtable topics which will be addressed at Winning Advisers. You will be invited to select those subjects of particular interest to enable us to tailor your individual itinerary accordingly.

The format:

As a reminder, each day runs breakfast through afternoon tea and is made up of a blend of:

- **Keynote** sessions geared to encouraging new thinking – typically from outside the industry;
- **Roundtables** – small facilitated groups addressing a carefully researched agenda. The whole day is Chatham House and therefore participants are able to speak openly and freely.
- Plenty of **networking** opportunities including a formal seated luncheon.

How do the roundtables work?

The roundtables take place in a private room with, typically, some 15 people around the table. Tent cards with participants' names and companies are set out to make it easy to identify your peer group. The sessions are introduced by an expert on the subject. This introduction will usually last about 10 minutes before the conversation is opened up to the table, the goal being to ensure that everyone gets stuck in! The session facilitator will bring the session to a conclusion, highlighting the key points raised.

In summary, your time is precious and our goal is to ensure that if you spend it with us, you spend it in the company of your peers, you address the subjects which matter to you, and all in a time efficient manner.

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YOUR BUSINESS

1. PREPARING FOR GROWTH: WHAT CAN WE LEARN FROM GLOBAL HIGH GROWTH ADVISORY FIRMS?

- The Advisor Benchmark study aims to understand global best practices in financial advice around the world, to help firms deliver better services and outcomes for clients.
- Leveraging data from the 2018 Benchmark study of over 1,300 advisory firms, this session will discuss findings that relate to the characteristics of higher growth firms, relative to their lower growth peers.
- The core question for this session is: How may advisory firms, with growth aspirations, assess these insights when considering how to structure their business, and the activities they undertake?
- Particular areas of focus may include: staffing structures, roles, training and compensation in addition to business development activities, and the impact of mergers and acquisitions.

Expert: Dimensional Fund Advisors

2. SEEKING FINANCE TO GROW YOUR BUSINESS

Now that we’ve discussed your true potential and you are ready to grow or scale up your business to a higher level, let’s discuss how you are going to secure the finance needed. Our experts will share insight and solutions with you, helping you understand the best options available for your business. We will highlight and illustrate how you can align your needs and define an attractive proposition.

3. APPARENTLY COMPANIES WITH A HIGHLY ENGAGED WORKFORCE ARE 21% MORE PROFITABLE, SO WHAT SORT OF PEOPLE ARE YOU LOOKING TO HIRE THESE DAYS AND WHAT ARE YOU OFFERING THEM THAT MAKES YOU SO SPECIAL?

While the advantages of training advisers and TAs from scratch are obvious, particularly when it comes to integrating them into the company culture and moulding their skills, do firms have the time and resources to do so? Or should we just focus on recruitment and head-hunting?

With employment levels at record highs, good candidates are hard to come by, your recruitment criteria and process have inevitably had to change. Increasingly, it is becoming apparent that although skills are absolutely essential to progress, what differentiates the successful from the non-successful candidates is their alignment to the company’s values. To succeed, employees need to translate their skills into motivation driven by purpose and vision.

- Best practice in recruiting, training and retaining talent is to create a healthy culture for employees.
- Recruitment should be based on the mutual understanding that it is a good fit for both parties.
- Internal recruitment vs. head-hunters; or shall we talk about the Adviser Academy?
- Develop your own, create loyalty, retention and succession planning.
- How the Apprenticeship Levy can play a role.

Once firms do hire the right talent, appropriate remuneration and reward policies are in place, the attraction, development and retention of key talent requires on-going focus on the human dynamics.

“Clients do not come first. Employees come first. If you take care of your employees, they will take care of the clients.”- Richard Branson

4. LET'S JOIN THE 10 YEAR CHALLENGE AND LOOK AT OUR BUSINESS MODELS.

- But instead of 2009 vs 2019, let's talk 2014 vs 2024. The 10 Year Challenge is meant to give us a useful time frame for collective self-reflection, long enough to see meaningful change and share in a moment of presence, yet not long enough to overwhelm our capacity to contain our emotions and trigger flight from reality and avoidance of serious issues which are not just going to go away.
- So let's reflect on where we were five years ago and where we are heading. Which of the serious issues are not going anywhere?
- What has been the biggest change? Has it come from regulatory pressures; by the accelerated growth of Fintech?
- Also, the client vs customer conversation is worth having – it sets up a slightly nuanced mindset. Ask the retailers. It introduces words like journey, experience, frictionless, multi-channel, brand!
- Where will we be in 2024? Will you be actively managing their money or will it be an algorithm? Will WeChat have taken over the whole world? Will you have been “commoditised”? Will all communication be online? There must be a human element in there – what will it be?

5. HOW TO EXIT YOUR COMPANY ON TOP AND BE HAPPY WITH THE OUTCOME

- It is a well-known fact that every company owner will have to exit their business one day. None of us are immortal. It is a once in a lifetime event for most. Better to plan for it now and leave feeling on top than when you are forced to.
- We look at the tried and tested drivers that make for successful and fulfilling exits.
- But we'll also talk openly about the challenges. We learnt from last year's session that the biggest challenge is a general lack of understanding of the process regarding the selling of a business and where owners can go to seek advice.
- We will shed some light!

Expert: Keith Hare, Benchmark Capital

6. WORKING WITH SOLICITORS IN 2019 AND BEYOND

The Solicitors Regulation Authority, under its initiative 'Looking to the Future', is driving considerable change for individual solicitors and, crucially, firms of solicitors. The new landscape offers greater and more obvious opportunities for the quality financial advisory business that can grasp the changes and assist their solicitor connections.

The session will look to discuss the following:

- The background to the SRA's programme of changes.
- The SRA Handbook and Rules to come in the summer of 2019 but published already.
- The rules on third party referrals.
- The significance of the new Code of Conduct for 'firms' and not just individual solicitors.
- The New 'Fixed Pricing' and Transparency rakes and how financial advisers can help with this.
- New flexibility for Solicitors to offer 'non-reserved' legal work outside of the SRA Regulated environment – perhaps within a financial advisory practice.

Expert: Dave Seager, SIFA

YOUR CLIENTS

7. THE BEST OF BOTH WORLDS: HOW DIGITAL TOOLS AND REAL WORLD MARKETING CAN TAKE YOUR BUSINESS FORWARD

- Explore how digital tools and data can enhance your multi-channel marketing approach for real world engagement with your clients.
- Learn to turn marketing from a cost to a profit driver.
- Apparently parties and promo items are not marketing. Ego-marketing is a sin. A logo is not a brand.
- Let's discuss all you need to know about marketing, the important things to do and NOT do about #purpose and proposition #brand #market mapping #targeting #personalisation #social media #content #GTM #measurement #hiring/firing your marketing manager.
- Brand - what do you really stand for?

8. DEALING WITH CLIENTS IN LATER LIFE

- The FCA's final FAMR report into the provision of financial advice recognises that financial advice is a lifelong need, with clients requiring different services at different stages of their lives.
- So despite the intense focus on the millennials, it might be worth remembering that the majority of wealth is held by those in later life.
- We all know that people are living much longer which is good and they do still have a need for financial advice. However that does bring its own set of complex challenges.
- Their vulnerability means that they may have concerns around how to involve their family in their financial affairs. They may be worried about providing for later life care. They may be asset rich and cash poor.
- In a way your advisers will have to step up as counsellors and specialist communicators. They will need to run the meetings in a different way i.e. choose a time of day when their client will be at their best.
- Should they encourage their clients to put in place a Lasting Power of Attorney?
- It is all a bit of a minefield. Our expert will be on hand to provide some pointers.

DIGITAL

9. SO YOU WANT TO GO DIGITAL

- Most companies realise their IT systems are overly complex, having been added to multiple times over the years without much effective pruning. The most common response is to simplify systems using new technologies like the public cloud and SaaS platforms, which help to gain speed and reduce costs. But these fixes are temporary. Complexity inexorably creeps back over time, due to the fundamental nature of people and organisations.
- In the long run, managing IT complexity is a function of changing behaviours. After-the-fact technical fixes need to be complemented with an approach that seeks to curb complexity before it is created. It's not that people don't buy in to the logic, it's that they revert back to their old behaviors, because they are deeply ingrained. So the biggest obstacle is mindset.
- While digitisation of your offering appears to be crucial, decision-makers need to understand the implication of choices on the complexity of digital platforms and adapt their business models accordingly e.g. by bringing together cross-functional teams, including IT, advisers, technical analysts, and others.
- So, who has managed to make that whole experience feel cosy? What should you consider before starting the process? What should you do with the system we already have? Scrap it and start again?
- Digital is a strategy not a tactic. Transition over time but understand the end game!
- Pace of change means you need to learn and embrace quickly. The next generation is on the horizon.

REGULATION

10. SHINING A LIGHT ON A POST-MIFID WORLD

- As we all know clients should receive details of actual costs a year after their MiFID periodic valuation report - starting January 2019. Are you ready?
- We recognise that each individual firm has its own distinct characteristics and there is no 'one size fits all' approach. MiFID has been more challenging for some groups than others e.g. it is a "gift" for VIFs and restricted, much more challenging for whole of market. So, how are you getting on?
- Is the information the investment houses are providing always correct, are you relying on the data? How are you dealing with the inconsistency?
- Has MiFID II made you re-think Platforms? Are you paying the platform fee in recognition of the fact it supports you rather than your client? Has it become part of the "admin fee" just like a back office system?

11. THE CLOCK IS TICKING... ARE YOU READY FOR THE SENIOR MANAGERS REGIME?

- Last time we met, the final rules for the regime hadn't been published and, while the watchdog said that the "near-final" rules may be amended, it's still worth going through it to gauge readiness.
- Do you have the correct people in SM positions - selection, election or conscription?
- Do you have the evidence to support decisions?
- Could this be the biggest catalyst for change in business models that we have seen in a number of years?
- How should you deal with Appointed Representative firms which are exempt from the legislation?
- Timetable for change and implementation?

Experts: Guy Peters and Barry Martin, Threesixty Services

INVESTMENT

12. HOW CRUCIAL IS IT TO CONTROL ALL YOUR CLIENT'S WEALTH? MIGHT IT BE A BETTER STRATEGY TO BE YOUR CLIENT'S KEY FINANCIAL ADVISER?

- Last June we discussed with the Nationals, Networks and Consolidators whether having a smaller share of wealth presents a lower risk to their company and indeed the rest of their clients but they weren't convinced by it. Is it the same for you?
- Increasing the amount of your client's wealth on which you advise was seen as an avenue for growth and they had no issues introducing business to other areas of expertise where they didn't offer it, so long as they had control of the client. How about outsourcing your investment proposition? Be it CIP or a bespoke portfolio or is it losing too much control?
- We are moving to a world where the adviser is the biggest part of the value chain. So, what can product providers do to help advisers drive productivity and efficiency in their businesses?

RETIREMENT

13. HERE WE GO AGAIN!!! THE FCA ANNOUNCED THIS JANUARY THAT IT IS CONSULTING ON NEW MEASURES TO STOP CONSUMERS LOSING OUT ON PENSION INCOME WHEN THEY ACCESS THEIR PENSION FREEDOMS.

The Retirement Outcomes Review found that full encashment is the most popular option among consumers. The vast majority of fully withdrawn pots (88%) continue to be relatively small (under £30k). As before, around 30% of drawdown sales are non-advised.

- Now that defaulting to cash is not considered a good outcome for the customer in the context of retirement; what happens when we remove cash from the equation?
- Will a cap on drawdown be the push the industry needs to be a bit more creative. Is there anyone already ahead of the curve?
- The introduction of investment pathways creates an obvious alternative for those clients unable to make an investment choice, but they'll still need to identify what they plan to do with their savings in the future.
- What happens with all those who don't know what to do?

14. DB TRANSFERS

- A well-known national firm has stopped providing pension transfer advice service to individuals with safeguarded benefits as the wealth manager undertakes a full review of its work in the area. Firms offering pension transfer advice services have faced rising insurance costs and tougher regulation from the FCA in recent years. Is all the red tape putting firms off advising on DB as they deem the advice too risky?
- The FCA's consultation about advising on transfers and its supervisory work found only 47 per cent of advice reviewed on DB to DC transfers was rated suitable but is the pool of files reviewed sufficient to give a clear picture?
- What is the solution? Any bright ideas in the room? For example, AEGON suggested a "traffic light" approach to help consumers decide whether or not they should seek advice on transferring from a DB or final salary scheme. They believe it would be beneficial to both advisers and customers to cut short the process, saving time and money and allow the limited supply of advice to focus on customers more likely to benefit from transferring. For example, "If your answers include a number of greens, then as a rule of thumb, it may be worth exploring further although this DOES NOT suggest you should actually transfer. What do you think? What is your filtering process?
- When is it right for customers to transfer? Understanding the risks and opportunities.
- Are planners using an advanced cash flow system at an early stage useful in helping a client decide whether or not to take full advice?

Thank you for reading so far! If you have any thoughts on the above or would like to add your own suggestions, do please call Sofia Aldatz on 01483 861334 or email sofiaaldatz@owenjamesgroup.com.