

**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.

### **The roundtable topics tabled for review:**

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## YOUR BUSINESS

### I. 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.

*Experts: Steven Greenfield & David Jones, Dimensional Fund Advisors Ltd*

### 2. 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

*Expert: Claire Elwin, Consultant*

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

- 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.
- So where have the changes come from? Some believe from the accelerated growth of Fintech, what are your thoughts?
- 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?
- 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.
- Digital is a strategy not a tactic. 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 Cloud, 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.
- The pace of change means you need to learn and embrace quickly. The next generation is on the horizon.

*Expert: Gareth Kerr, Intelliflo*



#### **4. 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: John Chapman, Orion Consulting Group*

#### **YOUR CLIENTS**

##### **5. 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.

*Expert: Clive Barwell, Wren Sterling*

#### **REGULATION**

##### **6. 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: Tony Bray and Barry Martin, Threesixty Services*

#### **INVESTMENT**

##### **7. 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?

*Expert: Roderic Rennison, Rennison Consulting*

## RETIREMENT

### 8. HERE WE GO AGAIN!!! THE FCA 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?

*Expert: Richard Parkin, Richard Parkin Consulting*

### 9. DB TRANSFERS: A 2020 VIEW.

- 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?

*Expert: John Glover, Money Alive*

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](mailto:sofiaaldatz@owenjamesgroup.com).