

Winning Advisers

Monday 14 October (dinner)/Tuesday 15 October – A Meeting of Minds

Tydney Hall Hotel, Ridge Ln, Rotherwick, Hook RG27 9AZ

THE DRAFT AGENDA

The preparation:

- In anticipation of A Meeting of Minds which will take place on Tuesday 15 October with a dinner on the preceding evening, the following subjects should be considered a starting point for discussion.
- Over the next few weeks, we will be meeting with participants to ensure that the agenda is addressing those issues which are top of your list in terms of importance. The goal is always to enable you to do better business and by that we mean we want to ensure that all aspects of your business go under the microscope. The final agenda therefore has to reflect that.
- If you would like to input your thinking, please do not hesitate to contact Sofia Aldatz on 01483 861334 or sofiaaldatz@owenjamesgroup.com

The format:

The day is a blend of:

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

How do the roundtables work?

- On the day, 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 CLIENTS

1. IT'S A FAMILY AFFAIR –INVESTING TRENDS.

According to a report published by Deloitte, expectations are diverging between investor segments. Most Millennials and Gen Z (born from 1995 to 2010) have made a quantum change in their investment practices from those of their parents. These cohorts will eventually hold a significant share of global investable assets as the multitrillion-dollar intergenerational wealth transfer progresses in the United States and Europe. They tend to prefer engaging with online and mobile channels, a low minimum initial investment amount, and 24/7 access to investment advice on smart devices. Meanwhile, more experienced segments (Gen X and Baby Boomers) are often expecting elegant interactions through their mobile and online investment accounts and professional advice on demand.

Inter-generational wealth transfer is a growing opportunity for advisers, but the key question was what the entry/engagement point should be? How is your business adapting to deal with your future clients? Or should you be dealing with them already?

Did you know the Italians call advisers “Family Bankers”? Terminology matters to deliver the right message.

What other lessons could we learn from other countries on how to deal with a multigenerational/family client base?

2. TRUST AND REPUTATION. HARD WON EASILY LOST.

Onora O’Neil, a philosopher speaking about trust: “trustworthiness is a combination of competency and honesty.”

We all trust David Attenborough... but why? Is it his passion, his in-depth knowledge, his communication skills, his grey hairs?

- A decade on from the financial crisis, how do you engender trust in your firm when the wider financial services industry has been tainted so much?
- How do you maintain trust in the digital age when there’s less face-to-face contact?
- How can the trusted relationship you have with your clients be passed on to future generations of clients?
- Maybe it is a case of changing the lexicon. In bygone days the defence industry was known as the war industry... maybe a bit of a radical comparison ... but you get the drift.
- What do you say you do when people ask you? “*We help you save money for your retirement.*” Or are you all bracketed as “bankers” with all its current connotations.

3. HOW STICKY ARE YOUR CLIENTS? CEMENTING CLIENT LOYALTY AS WELL AS INCOME.

- While clients have always had the ability to vote with their feet, or with their wallets, they now have more power to influence not only what they buy, but also what others buy.
- They have become both critics and creators, demanding a more personalised service and expecting to be given the opportunity to shape the products and services they consume.
- As a result, a gap is emerging between clients’ expectations and the ability of business to meet them. Businesses are struggling to keep pace with an ever more fickle client.
- In this session we’ll discuss how advisers can start to close this gap. Start by thinking do you offer your clients value add services?
- How holistic is your approach, do you look after “all” your clients’ money? Do you offer help with international payments if clients are buying/investing in an overseas asset, transferring salary or paying for overseas school/college fees? What about insurance? Household bills?
- Can we learn from other industries?

4. CAPTURING YOUR CUSTOMERS' ATTENTION – IT IS AFTER ALL A FINITE RESOURCE

As everyone wanders around staring at their phones ... flicking between Instagram, Facebook, LinkedIn et al, how on earth do you capture their attention? And even if you do – how long can you hold on to it for?

“Attention is focused mental engagement on a particular item of information. Items come into our awareness, we attend to a particular item, and then we decide whether to act.” Yeah right!

According to a respected digital culture expert, the modern attention economy is increasingly one where the consumer product costs virtually nothing to reproduce and the problem facing the supplier of the product lies in adding valuable intangibles that cannot be reproduced at any cost. He identifies these intangibles as:

- Immediacy - priority access, immediate delivery
- Personalisation - tailored just for you
- Interpretation - support and guidance
- Authenticity - how can you be sure it is the real thing?
- Accessibility - wherever, whenever
- Embodiment - books, live music
- Patronage - Paying simply because it feels good
- Findability - "When there are millions of books, millions of songs, millions of films, millions of applications, millions of everything requesting our attention — and most of it free — being found is valuable."

A bit of a challenge then.

5. LET'S TALK SEGMENTATION STRATEGIES.

- Do you segment your clients by FUM? Age? Or by complexity and profitability?
- Do they all pay the same? We all know corporate clients take a lot more work...

A look at charging structures Again.

6. WHEN DISCUSSING SAVING, WHY AN ENCOURAGING NUDGE IS THE BEST WAY TO INSPIRE RATHER THAN SOME OF THE NEGATIVE MESSAGING THAT IS CURRENTLY BEING USED.

- Brewin Dolphin's latest Family Wealth Report highlights how many Britons have given up on saving; and yes, especially "Millennials" but it is not the Millennials who worry us at the moment, it is the 'Gen X' demographic (aged 35-54), with 37% saying they are 'making ends meet' and 19% admitting to 'struggling'. Out of those who are struggling, 70% of them worry about money all the time and a third (33%) sometimes go without to provide for the rest of the family.
- How difficult or easy is it to get on the housing ladder?
- Beyond pensions, the report also highlights how many Britons now recognise that they are going to have to draw on other available assets to finance their retirement, particularly property. Our homes are an ongoing national obsession with around £3.9tn out of a total of £11.1tn of UK family wealth tied up in property, according to the Resolution Foundation.
- As Brewin's Liz Alley, divisional director, financial planning, puts it: *"There needs to be a shift in the public discussion from simply insisting people save more, to making them feel more inspired, informed and encouraged to help them get their hard-earned savings working harder."*
- How can technology/digital motivate and lead us to have a saving habit?

7. THE VULNERABLE CLIENT CASE - WHAT PROGRESS HAS THE INDUSTRY MADE TO DATE?

Vulnerability is a complex area, tackling fundamental questions about access and exclusion, social inequality, and individual cognitive capability. It is, quite rightly, a high-profile policy issue receiving considerable regulatory, political, industry and media attention. The FCA continues to show its commitment to build on the momentum already gained. This increased regulatory scrutiny has certainly sharpened the industry's focus. In this session we will discuss how 'vulnerability' is being interpreted by the industry, and assess the industry's response to vulnerability.

YOUR BUSINESS

8. HOW TO NUTURE A HEALTHY CULTURE IN YOUR BUSINESS

Is Your Company Culture Helping Your Employees Perform?

Healthy, confident teams are vital to the success of any business. Research shows happy workers are 12% more productive than your average worker. It follows that the culture of a business can have a profoundly positive effect on productivity, whereas a toxic environment can dramatically affect your employees' physical and mental wellbeing.

Many employees across all industries leave their jobs to either start up on their own or to join somewhere new because of a toxic workplace culture.

But what do people mean by 'toxic'. A toxic culture will lead smart, highly capable people to leave a business. Not because of the work itself or their compensation package, but because they grow tired of 'swimming through wet cement' every day. I recently came across an article on how to spot a toxic workplace culture, the signs included the following.... Using it as a check list, how do you think you are doing?

- No comradery
- Title and status take centre stage
- Rules, rules, rules
- A clear divide
- Good people go quiet
- Triumphs without celebration
- Things are getting ridiculous
- The informal grapevine prospers
- Fear is palpable

9. DUE DILIGENCE, HOW DO YOU DO IT? DO YOU HAVE THE SKILLS IN-HOUSE?

- During the Brexit debate a lot of the rhetoric was written and spoken about migration into the UK and the millions of people being attracted to living and working here. The overwhelming majority of people who came did their homework and made a conscious choice to uproot everything and move to the UK. They did this because they clearly perceived it to be the right decision on lots of levels, particularly when you take into account the difficulties of moving to a new country with a different language. Certainly not something to be done on a whim. The logistics of organising such a move are horrendous. By definition they must have believed they would be a lot better off.
- What, you might ask has this got to do with financial services due diligence? Well, we all know how onerous it is to carry out regular due diligence on everything from investment providers to platform providers to SIPP providers; the list goes on.
- The thing is, what happens when for whatever reasons, you as a Financial Advisory practice decide that it's time to move to another provider whether it be for investments, platform or SIPP and pension? Not a decision to be taken lightly, however if you do decide to make a change your primary duty of responsibility is to do what's best for your clients.
- It's a bit like Banks with current accounts or Utility providers, once the inertia and loyalty is taken away and it's made easy, people move. This is the new migration of the next decade as Firms do what's best for clients.

10. IS MERGING OR ACQUIRING THE BEST WAY TO GROW YOUR CLIENT BASE? WHAT ARE BUYERS REALLY AFTER?

At a recent Meeting of Minds for the Advisory Distributor CEOs, they discussed how the acquisition market place is currently very active and will remain so over the next 5-8 years as ageing business owners look to exit.

However they had some concerns, in this session we'll give you an update on what the buyers are after so you can act upon it as a buyer yourself or indeed a seller.

- Have clarity on why you are looking to acquire or merge.
- Transition process is key to embedding a deal and making it successful. The hard work starts after the deal is done.
- Cultural fit is key to any deal.

11. WHEN, AND WHEN NOT TO, VERTICALLY INTEGRATE

- The discretionary dilemma: does your firm need new permissions?
- What are the advantages and drawbacks for advisers seeking DFM permissions?
- Where discretionary solutions could fit in an advice firm's business model.
- The keys to model portfolio construction.

12. INNOVATIVE DISTRIBUTION CHANNELS. FRIEND OR FOE?

- The rise of digital marketplaces: is this a viable strategy for all products?
- "OK Google, open a LISA": how is voice-tech disrupting the industry?
- How has GDPR impacted distribution strategies to date?
- Open Banking: how can the industry encourage customers to share their data?
- Creating a holistic marketing and distribution strategy: where are the greatest examples of innovation?
- Which emerging distribution channels will be the most fruitful in the next five years?

13. CLIENT FEE AGREEMENTS AND CONTRACTS – THE DO'S AND DON'TS

In this session we will highlight the legal process and the common mistakes and errors regularly seen by legal professionals when reviewing the legalities of client agreements and contracts/terms of engagement. How regulated advisers are omitting items from their contracts and leaving themselves wide open for potential legal action in the future if a complaint is made. Learn what those things are and avoid them.

TECHNOLOGY

14. IS HUMAN SERVICE BECOMING THE LUXURY END OF THE MARKET?

- We can all enjoy the benefit of digital convenience but contact with an agreeable and sensible human is actually a bit of a luxury. Please note the use of the word "sensible".
- Last November we heard Dr. Eliza Filby tell us how Millennials view a human service as being the luxury end of the market. How times are changing.

This session is designed to challenge the provision of non-advised sales. It will demonstrate that in all cases not only does financial advice drive the best outcomes for your clients but it also manages the risk for your organisation.

We will look at:

- The regulatory perspective in terms of advised versus non-advised
- How to ensure the best customer outcomes
- Ensuring you are looking after the needs of vulnerable customers
- Can we provide advice for all? What are the economics?
- Protecting and enhancing your brand.
- Building the relationship with your customers.

15. PARTNERING WITH THE FINTECHS – COULD THAT BE THE WAY TO SPEED UP YOUR TECHNOLOGICAL INNOVATION? AND IF SO – HOW DO YOU MAKE IT WORK?

- The advantages of partnering with a third party are (allegedly) faster time to market, competitive advantage, decreased costs and improved profitability.
- What is the impact of third parties in creating a seamless customer experience.
- This session will explore the motivation for using third parties, how to ensure you pick the right partners and how to manage the relationship.

16. CYBER SECURITY. YOU ARE ONLY AS STRONG AS YOUR WEAKEST LINK.

Organisations face myriad threats, which continuously evolve to present them with new challenges. One such evolving ‘moving target’ is cyber security – a subset of business resilience. It is being discussed by stakeholders at all levels, which suggests the industry needs a mind shift change to be able to adequately tackle the issues surrounding response, regulation and recovery.

“Ecosystems are now much bigger, boundaries are fuzzy and details more complex to deal with... There is a growing need to have a whole firm response – from C-suite to each individual – because you’re only as strong as your weakest link”- wise words from a previous roundtable participant.

Ultimately, risk cannot be avoided so we need to develop a ‘risk- radar’ and learn how to mitigate and minimise.

REGULATION

17. 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 rates 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.

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

- Last time we met, the final rules for the regime had already been published, we went through it and discussed next steps... so six months down the line let’s 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?

INVESTMENT

19. PLUGGING INTO THE CRYPTO OPPORTUNITY. HOW ARE OTHER ADVISORY FIRMS DEALING WITH CRYPTO?

Now that the FCA's Cryptoassets Taskforce has published its report on the UK's approach to cryptoassets, this session will explore:

- The opportunities and risks they present.
- How are other Advisory firms servicing clients with crypto wealth?
- How do your clients use crypto to launder money and how can it be applied in client life events?
- How is crypto taxed and regulated?

20. DELIVERING A SEAMLESS INVESTMENT JOURNEY

- What are the Next-generation investment platforms?
- Cutting out the noise: what are the trends for simplifying end-to-end customer experiences.
- Which elements can be personalised?
- Developing user-friendly interfaces: what are the strategies for success?
- The evolution of platforms: Who are the players successfully innovating in this space, and what sets them apart?
- Fast, reliable, simple: what roles will AI and RPA have to play in this transformation of platforms?
- A glimpse into the future: what other services might platforms provide in years to come?

21. INVESTMENT PRODUCTS OF THE FUTURE: WHAT CAN BE EXPECTED?

- According to the 2019 Investment Management Outlook published by Deloitte, investment managers are pursuing a variety of organic and inorganic strategies to achieve their overall objectives. AI has graduated from a buzzword to an enabler that offers differentiated capabilities across the investment value chain. We have discussed in the past the role of AI algorithms in understanding market patterns and making investment decisions. The technology has now found promising applications in enhancing wealth advisory services, offering customised portfolios and digitising customer service.
- Aside from expanding capabilities across the value chain, investment managers have worked to keep their product offering from becoming stale. For example, the availability of products with an investment mandate that complies with ESG issues is seeing a strong uptick.
- A new pricing model for passive funds has emerged: the announcement of a no-fee fund was a seismic shift for the industry. With other investment managers also following suit with the launch of zero-commission platforms, firm's revenue-generation focus now moves towards securities lending, order-flow payments, and shareholder-servicing fees.

If you have got this far, thank you!

If you would like to make any suggestions to the content of the roundtables or put forward case studies or indeed any additional thinking, we would love to hear from you.