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# **How to Attract Quality Clients to your Advisory Business in a Fee Based World**

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## Introduction

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The Retail Distribution Review world has come and the new culture has been embedded in firms across the UK. Firms have emerged more qualified, well-equipped and ready to spread their wings in this brave new advisory world.

With prospects of economic recovery on the horizon, it is now incumbent on advisory firms to differentiate themselves, and prove themselves to be profitable. They have already survived one of the toughest economic climates in the past 100 years – but how can firms position themselves for further growth in this ever-competitive marketplace?

Recent studies from mutual society NFU Mutual showed that despite the average consumer understanding more about what the RDR means in terms of transparency of remuneration and the standards of advice set by the government, fewer people were likely now to go and pay for advice than they had been prior to the RDR.

However, similar research by financial technology consultants Pershing revealed that higher-net worth consumers were desirous of taking financial advice as they could see the inherent value in it. And, with the 2014 Budget announcement that everyone in the UK should be given access to advice at retirement, there are some positive prospects for advisers.

This small guide aims to provide some pointers, gained from many years' experience working with financial advisers, to help you boost your business and keep the strong momentum going.

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## What This Covers

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- Setting the goal: how to create a realistic target and action plan for achieving those goals
- Growing by acquisition: understanding the challenges and possibilities that corporate activity in the advisory sector can provide.
- Growing organically: tips on communication within your firm, networking, using social media, promoting your unique selling points (USPs), and brand development: getting the right message across.

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## Setting The Goal

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“ Whenever you want to achieve something, keep your eyes open, concentrate and make sure you know exactly what it is you want. No one can hit their target with their eyes closed. ”

- Paul Coelho, ‘The Devil and Miss Prym’

It sounds simple, but the fact is that even if you think you know what you want, without setting a specific goal, there is no way of knowing how you are going to achieve what you want.

Of course you want growth, but what sort of growth? How much growth do you need – 5 per cent? Ten per cent, or more? How much growth can your firm handle? How much is realistically achievable with the resources and the cashflow you have within the firm? Who is going to do the work to get the growth?

Sometimes it is worth creating a series of plans that can be adapted at certain landmark stages in the journey to hitting your goals; circumstances, regulators and the economy will always change so it is good to factor in some flexibility. Perhaps create a 20, 10, 5, 3 and 1-year plan, depending on what you want to do with your firm.

All these are the sorts of questions you need to consider when setting out your path. You have to make sure you know exactly what it is that you want and how you intend to achieve this goal, or you may start down a path that leads you in a direction you did not intend.





### Some things to consider when sitting down to outline your goals:

- What would be a suitable growth target?
- What is your timescale for this – one year? Five years?
- Do you intend to groom your firm for an eventual sale?
- Are you factoring in succession planning if you do not wish to sell?
- Is this going to be achievable using current resources?
- What more will you need to do to achieve your goal – hire someone else? Outsource some work?
- What skills might you or your colleagues need to master – for example, any extra qualifications, or technology and social media platform skills?
- Do you intend to grow by acquisition or organically?
- Will growth come primarily through client acquisition, or focusing on maximising revenue from existing client retention?

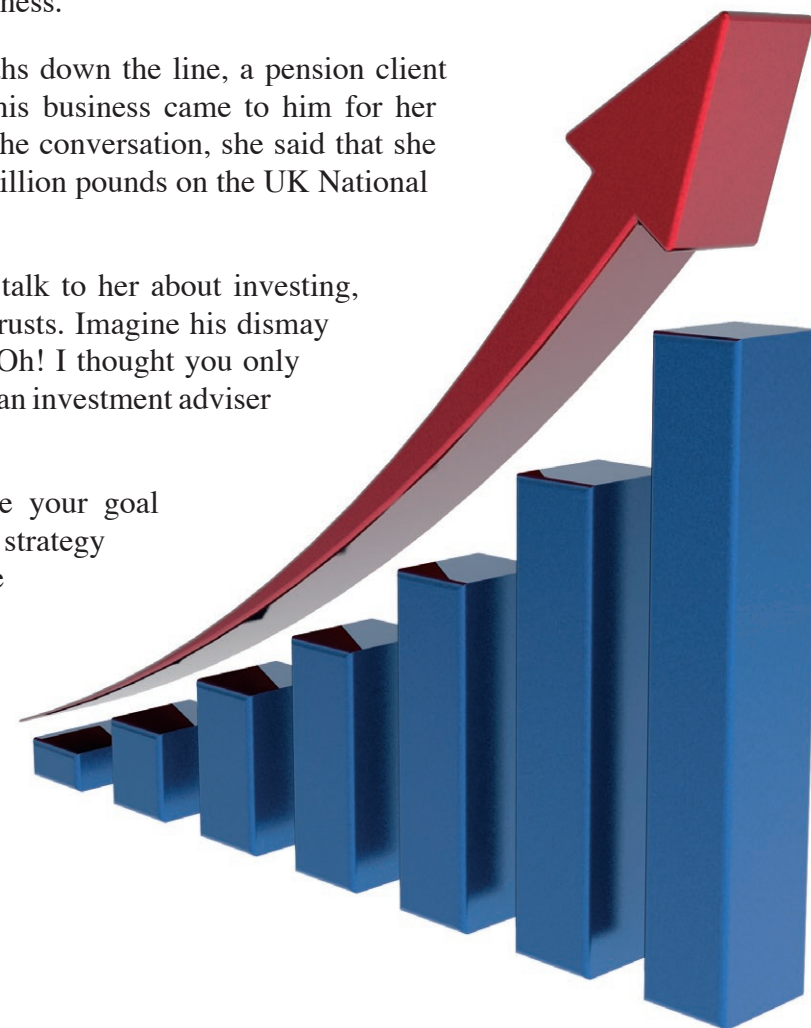
You also must be careful to not take your eyes off what you are already doing so well: running a fully compliant business that has taken you many years to build up.

For example, one financial adviser told me that decided he wanted to grow his pension book and set out to improve the numbers of clients he had in this field. He talked pensions, marketed himself in pensions-specific titles and started to grow his business.

About seven or eight months down the line, a pension client he had recently added to his business came to him for her six-month review. During the conversation, she said that she had recently won several million pounds on the UK National Lottery.

Immediately, he started to talk to her about investing, and drawing up wills and trusts. Imagine his dismay when his client told him: 'Oh! I thought you only did pensions – I already got an investment adviser to look after that for me.'

So it is vital to demarcate your goal and set out your growth strategy – but don't forget all the success you have already built up.



## Growth By Acquisition

“One white foot, buy him. Two white feet, try him. Three white feet, look well about him. Four white feet, go without him.”

- Old English Racing Proverb

An Old English proverb in the world of horse racing suggests that a horse with four white feet is likely to have weaknesses or to be unstable. While this owes much to superstition and little, if any, to actual science, the idea that one should 'look well about' any purchase is wise.

If growth by acquisition is the route that will take you to your goal, then this needs to be done with plenty of circumspection as the last thing you want is to see your hopes of growth dashed by a hasty or ill-advised purchase, and to see years of getting RDR-ready washed down the drain along with your aspirations.

Marry in haste, repent at leisure is another proverb that springs to mind and in many ways, finding the right fit for your firm is like a marriage: it is something signed and sealed, with the aim of the two parties becoming stronger together, unified.

### Things to consider about any potential acquisitions:

- What sort of culture does your own firm have, and how well will any acquisition fit into this?
- How many staff can you afford to take on?
- How well-maintained is the other firm's data and client record-keeping?
- Does it really have as much cash in the kitty as it claims to have?
- Is it worth as much as the sellers claim it is worth?
- Are the bosses of that firm being as open and honest with you as you would like?
- Has the other firm got any outstanding debts, CCJs, complaints or regulatory investigations ongoing?
- Will this affect your professional indemnity insurance?
- Does the potential acquisition give you more reach? For example, does it provide you with a particular geographic expansion into a region you've not been able to set up an office in?
- Will it help you corner a market? For example, if your firms join together, will you be able to capture a wider audience in a particular area or field of expertise?
- Does it offer you a unique selling point – for example, does it specialise in a field in which you haven't had any prior capability?
- What sort of reputation does it and its advisers have among peers, professional connections and the clients it has served?

All these and more are good questions to ask yourself about any potential purchase, before any negotiations begin and before any money or time is spent. Something that seems like it is a good price may not actually be a good purchase. Remember, price is what you pay – value is what you get.

Keep your eyes wide open, take good advice, and don't be afraid to ask the tough questions as, if you do not ask now, at the risk of seeming to pry, then you may regret it later as your goals for growth slip through your fingers.

If all your questions are answered to your satisfaction and the cultural fit seems perfect, then the proof of the pudding is in the eating.

It is true that, initially any bedding-down process can seem more like upheaval and less like a seamless transition.

But it is also true that, if the fit is right, a wise purchase can create another pillar of strength to support your own firm's metamorphosis from a good business into an even better one.

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## Growing Organically

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**Companies that grow for the sake of growth or that expand into areas outside their core business strategy often stumble. On the other hand, companies that build scale for the benefit of their customers and shareholders more often succeed over time.**

- Jamie Dimon, President and CEO of JPMorgan Chase

For many advisory practices, purchasing another firm or even buying a bank of clients may not be practical or possible, for any number of reasons. Some firms may wish to focus on the core business strategy of the existing firm without branching out into new territory. Other firms may be constrained by capital while others yet may want to keep their firm in the family. Whatever the reason, the decision has been made to achieve growth goals organically.

At the very least, this means doing what the firm does well, better; and what it does not do well, amending processes to start effecting a turnaround.

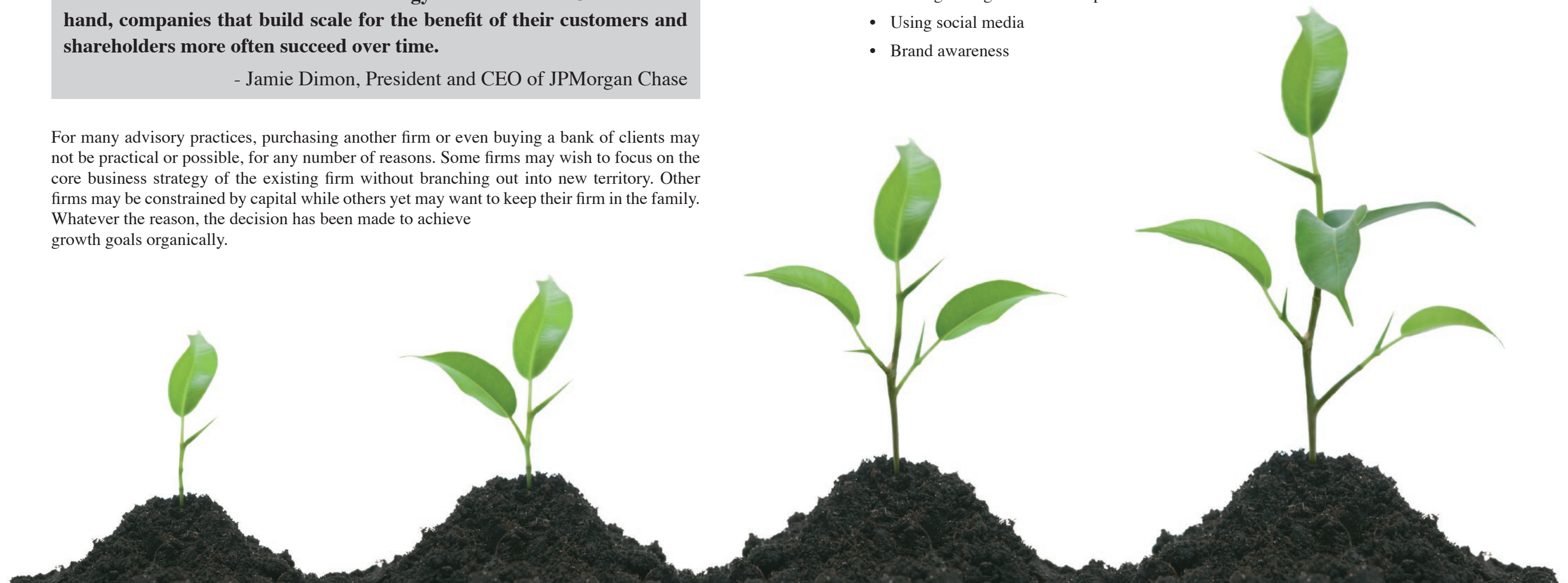
It requires setting out a co-ordinated growth strategy to position the firm to take on new clients, maximise revenues and minimise loss – remembering that turnover is vanity and profit is sanity.

Financial advisory firms all work within the same regulatory environment: all individuals giving investment advice must have a statement of professional standing (SPS) and all must adhere to the Financial Conduct Authority's (FCA) rules over transparency, fairness, suitability, conduct and appropriateness of advice. More often than not, all must contribute largely to the coffers of the FCA or the Financial Services Compensation Scheme (FSCS) for the failures of a mere handful of firms. Many belong to the same network or national advisory firm or to a trade body representing their sector.

But despite all these similarities, every single firm has its own unique characters and characteristics. It is that blend of person and skill that creates the most marketable commodity that any advisory firm has: your own people and the relationships you have with your clients.

Building on this strong foundation is the best way to start growing your business, but it needs to be targeted, communicated well and consistent. So, once the goals have been set and you have decided that organic growth is the best option for you, there remain several important aspects to consider. We'll look at just five:

- Communication
- Finding and focusing on your USP
- Getting the right skill sets in place
- Using social media
- Brand awareness





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## Communication

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Some excellent businesses fail in their growth plans, not because there are serious problems with cashflow or the targets have been too ambitious, but because the boss has not been able to communicate his thoughts to his colleagues and they haven't caught his vision.

If you have any partners or employees, whether advisers, paraplanners, administrators, human resources or legal and accountancy professionals, you must get them on board. Tell them what your ambition is. Engage them in ways to build up your company. Get grass-roots ideas and observations factored into your business plan.

If your aim is to grow new business through targeting new clients, have you set out a clear strategy for your staff to follow, so they know what they are doing and whether you will need to bring any extra pairs of hands on board to cope with the new workload? There is no point springing extra work on staff – they could end up walking.

Suppose you aim to hire another adviser to grow skill sets within the company or boost a particular area of advice? Finding someone whose grasp of what you want to achieve, and whose cultural style fits with your existing team, will be mission critical.

There are others, too, who want to know what's going on. The regulator, for one, should know if you are going to restructure the management team at your firm and change anyone's control functions. Shareholders or stakeholders or any equity backers should be brought on board and, importantly, let your clients know how well you're doing.

You don't have to tell clients what your three-year target is, or whether you intend to boost your revenues (that could scare off the more cynical client!) but if they are told your firm is doing well and growing, this gives them confidence that they have placed their financial trust in the right firm, a firm that is going from strength to strength.



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## Finding And Focusing On Your USP

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Every firm has a unique selling point, not least because as individuals we all have our own personal style and skills that we bring to any job.

But being able to pin-point what our firm's USP is can be more difficult and may require more than a simple stock-take of the types of client contracts that have been signed recently.

For example, if a lot of business has been conducted during the end of the tax year, it might not mean that you are an expert in tax-efficient savings products; it might just mean that your clients are proactive in putting as much of their allowance into such products each tax year.

Similarly, if you have a lot of female financial advisers, the temptation – especially among the media – is to talk about your firm specialising in women's finance, when perhaps a deeper look might reveal that all your advisers are chartered financial planners whose talent and experience could be put to great use for any client, male or female

If the answer is not immediately obvious, you should start working on your USP. You may ask why this is so important for growth. It is, because it is what makes you stand out to potential clients.

- Approximately 95 per cent of all existing financial services businesses do not have an idea about USP. Hence, you will be at an advantage over your competitors, if you have a convincing USP.
- Few monopolies are still available in the business world. There are many business options around the globe. Nothing will prevent a client from walking out of your office to the next business on the neighboring street. It is important to elaborate to them why they must buy from you.
- If your company is sharing the same geographical location with your business rivals be warned that, if you fail to clarify your USP, they may well clarify theirs in a way that draws both new clients and your own clients towards them.
- A USP helps your financial services firm in surviving the price wars. Most business competitors use price as their sole weapon. Within a certain time, some of them are forced to close down after incurring losses. However, if you create a good a USP, you can charge as high as possible but still increase your clients.
- Having the right USP could help you create more leads or customers, as they will understand what you have in store for them and this could lead to better client attraction and retention.

Are you a pensions specialist? Have your advisers recently become chartered or Fellows of an accredited learning body such as the Chartered Insurance Institute? Do you have an ISO 22222 certification? Do you have any awards? Have you been quoted in the national or trade press? Does your firm have a certain ethical bias or a penchant for private medical insurance? State what it is that you do well and make the message clear.

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## Getting The Right Skill Sets In Place

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Sometimes an organic growth strategy may necessitate getting in new skill sets and experience within the team. Having the right team in place will prove essential when it comes to building up the practice.

This could be through expanding your existing staff, hiring people with relevant qualifications and expertise to help you either move into new markets or to capitalise on your existing strengths.

You may decide that you would rather help train up other members of the team – perhaps by supporting an adviser or in-house admin assistant or paraplanner to get higher qualifications in a particular field. Many advisers have said it makes a difference to them to tell their clients that they have a chartered financial planner in the office, or to have chartered firm status, for example. To a client, it shows that you have gone through an extra layer of professionalism, which can help build trust with new clients.

Not every firm can hire, and not every director can afford the time and the resource expenditure to train up staff, which is why there are outsourcing firms that can help provide quality paraplanners to help with case loads. Some advisory practices have also decided that they want to focus on what they do best – client relationships, so have decided to outsource investment management to a discretionary fund manager, for example.

Whatever it takes to help your firm hone and refine its expertise, consider how this can be done to maximise your growth potential and help you reach those goals.

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## Making The Most Of Social Media

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One financial adviser in Cornwall has become known for his social media expertise, winning awards for his videos and blogs. But he didn't start out to become a social media guru. He started out wanting to know what his customers want, and to do that, he decided to take a small camera to the seafront to ask willing people on the street what they thought of topics such as financial advice, investment and pensions. He found the results so fascinating he started to do his own videos and blogs on his company website and now most people have heard of Pete Matthew and would agree his name is synonymous with social media.

Using the internet and videos to understand your customer base is an excellent start – but it can also be used to promote you to your customers, so that they get to know and understand you and the value that financial advice can bring to them.

While word-of-mouth referrals and lead generation firms can sometimes help to bring in new customers, the internet can help you grow your customer base with very little cost to yourself.

There are at least ten different routes to try when it comes to generating new customers, some of these are more expensive than others but it is worth using all these tools in the advisers' media toolbox rather than ignoring sites such as Twitter.

These are:

- **Direct Mail** Many older clients still like to get a letter from their adviser to keep them abreast with what is happening with their investments. Although it can be costly to send out direct mailers to prospect for business, and people do not always enjoy getting such mail through their post-box, if you can offer them something – a newsletter, for example, you can engage with prospective clients by post.
- **Emails** These can be anything from a personal 'Merry Christmas' or 'Happy Birthday' email to clients, to a bi-weekly news emailer to let them know what is happening in the world out there – and in their advisory firm. You can also use paid-for emailer lists, or collect email addresses from site visits and polls or contact made over the internet to send out emails to prospective clients.
- **Website** Your website can say a lot about you – or nothing at all. Make sure it is up to date. Put pictures of your key people online. Allow people to phone your office rather than fill in a tick-box internet contact form. Consider videos, interviews, testimonials, a scrolling news service, information, polls – anything to keep people who land on your site, on your site.
- **LinkedIn** The majority of the S&P 500 chief executives are all, allegedly, in a private LinkedIn club, whereby they scour the site for potential bright new staff they can poach, and keep tabs on what other CEOs are up to
- **Twitter** Do not ignore Twitter. Many business acquaintances are forged over Twitter. Not only is it essential for breaking news, so that you can be on top of current events, but it is a great networking tool. If clients got a tweet each day that linked to a new piece of content on the website, this would be a non-intrusive way of bringing them back to your site and keeping you front of their mind.
- **Pay Per Click And Search Engine Optimisation** this can be costly, but not prohibitively so, and if it means that your firm gets placed above a competitor's website when a potential customer comes to search for financial advisers in your area, this cost could be worth its weight.
- **Joint Venture / Professional Introducers** let lawyers, accountants and actuaries know that you are willing to work with them.
- **Referral System** make sure that you reward clients who recommend someone who stays with you. Try hosting the occasional networking event for clients to bring their friends to.
- **Public Relations** even if you don't hire a PR, why not publicise your firm more? Carry your business cards anywhere you go. Offer to do talks or the occasional pro-bono work. Let local papers or radio stations know that you are available to give expert commentary on financial matters. Consider taking out an occasional advert in your local newspaper.
- **Thought Leadership** articles, blogs, news stories published on your firm's website, comments submitted to trade and national newspapers

If you managed to use each of the aforementioned methods and everyone of them fetched you five leads a month, in the end you will have 50 leads.

If one were to estimate a conversion rate of even 10 per cent, you could get five new clients a month. Suppose each client's value to you was worth £4000 – this could mean an extra £20,000 a month or £240,000 yearly.



## Brand Awareness

What does your brand stand for? What is your brand identity? Could potential clients who live in your area pick out your logo and brand from a range presented to them? Would your own clients be able to identify your business if the brand were anonymised and presented to them?

Who you are and what you stand for needs to be clear to people when they see your business card, when they look at your shop front (if you have a high-street or office presence), when they see your name and when they visit your website.

Many people do not spend enough time thinking about what their brand is saying about them. Is it something synonymous with trust, gravitas, professionalism?

TIME magazine tells the story of Johnson, the man brought in to turnaround JC Penney's misfortunes. Less than 18 months later, he was out of a job, not because he hadn't set proper goals, but because his "hip" ideas were too ambitious and his goals were unachievable. He had failed, according to TIME, to read the brand right and instead of focusing on what it did well, tried to cater for a young, urbanite following. It failed.

Your business is not just a job: it is an extension of you and your relationships with clients. You help people achieve their life goals. They trust you to do that. Your brand should reflect what you do, and not try to be something completely different to tap an untried market.



## Conclusion

“ If anything came easy, it wouldn't be worth it. ”

- Anon

The fact that you are reading this suggests you are someone who cares passionately about your business, about getting your firm on the road to growth, sustainably and sensibly.

There are so many factors to consider, so much to do and considering the majority of financial advisers are small business owners doing several jobs at once, it is not easy to be able to peel everything away and start with a blank sheet of paper when it comes to setting out your goals and establishing the methods by which you will achieve these.

Hopefully these few pointers will encourage you to press on with your plans and provide some additional ideas to help you attract and retain the new clients you will gather on the way to achieving your goals.

It may not be easy and it may involve doing some things differently – or some things for the first time. But then if something wonderful were to be obtained very easily, achieving it wouldn't be worth a mention.

Change is always difficult, and undergoing a transformation can take a lot of painstaking strategic thought and time. But if you want your business to take off, it will have to be able to develop and grow, to change from a good one to an excellent one.

### STEVE HAGUES

Managing Director, Executive Search, Business Marketing Consultant



Stephen Hagues, father of three and keen businessman, believes trust is the core element of any relationship -personal and professional.

Inspecting thousands of advisor business models and client attraction strategies during his many years working with fast growing buyers, sellers looking to retire and candidates leaving weaker business models in the sector, Steve has a unique perspective of best practice and the lead generation tools that actually work.

He qualified in business management, then became a chartered marketer before spending a decade helping IFA firms grow their business through directly acquiring key performers from their competitors in the North of England and Scotland.

A highly successful business man, Steve co-founded Progression Consulting and Foundation Resourcing in 2001 before setting up Retiring IFA in 2008, Trailbuyer in 2011, Retiring Accountant in 2012 and The Advisor Marketing Academy in 2014.

Steve and his team also developed and privately finance the Steps to Success initiative which is a free motivational program for schools across North England and South Scotland presented by triple gold medalist and Olympian Craig Heap.

The program shows thousands of children each year from less affluent backgrounds that they too are fearfully and wonderfully made and can aim for huge success in their lives- [www.steps-to-success.org.uk](http://www.steps-to-success.org.uk)



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