



The Elite Adviser

I N S T I T U T I O N A L S T R E N G T H I N T E L L I G E N C E

The pursuit of excellence demands groundbreaking practices, acute insight and expert skills. Backed up by decades of rigorous study and practical application, the industry leaders at CEG Australia deliver precisely the tools and strategies you need to reach the elite level.

Know Your Client Base

As the complex rules behind superannuation start to unravel, you'll need to ask yourself: Who are my ideal clients? What are their attributes? Is my ideal client profile dependent on current legislation? If you're building a financial advice business that focuses on an ideal client primarily because of a legislative situation, you have a better chance of building a short-term opportunity than a long-term profitable business.

Consider these questions:

Is the profile of your ideal client dependent on where you are in your business life cycle? Many firms start up grabbing any opportunity believing early cash flows are more important than focusing on specific ideal clients. This conventional thinking won't last. As product margins squeeze, the generalist start-up will find it tougher than the specialist start-up.

It's not only start-ups but established businesses that still believe there is value in large numbers of clients and FUM. They are paying high premiums for renewal income streams. They are all hoping the big players will come along with big cheques. Some will be lucky, but most won't.

Is the profile of your ideal client dependent on your dealership structure? Many dealerships provide incentives for their aligned advisers to increase the mass of clients—and funds under management (FUM)—to increase their inherent value or profit share. An ideal client for these advisers would probably be someone who simply adds to the quantity of FUM. These advisers aren't really building their own business. They do not

really determine who represents an ideal client for their business. Hope their clients are happy.

Is the profile of your ideal client dependent on what investment markets are doing?

Apart from a 30-month aberration starting in 2001, the last 15 years has meant that every investment client is an ideal client simply because of performing markets. These lucky investment-centred advisers are simply in the right place at the right time providing compliant advice. For these advisers, the ideal client has heaps of money and isn't worried about delegating their asset management issues. Until the supply and demand curves align and clients start demanding more client-centred advice from client-centred advisers, the investment-centred advisers will continue to enjoy their "luck".

Is the profile of your ideal client dependent on the financial products you provide?

From our research and experience, building your ideal client profile on your product specialty is possible, but risky.

There are many attributes of an ideal client. Our work with Australia's best practitioners identifies five common factors:

1. They have complex financial issues that by themselves they cannot or have not been able to solve (note the level of complexity is determined by the client, not the adviser).
2. They will take and act upon advice.
3. They have an ability to pay for the advice, which generates fair profits for the advice firm.
4. The delivered advice is valuable as determined by the client.
5. Your firm enjoys working with these clients.

As our market continues to mature, the future belongs to the owners of financial advice firms that focus on the ideal clients to whom they can add tremendous value. Be wary of opportunities that take your firm too far from what you and your team define as your ideal.