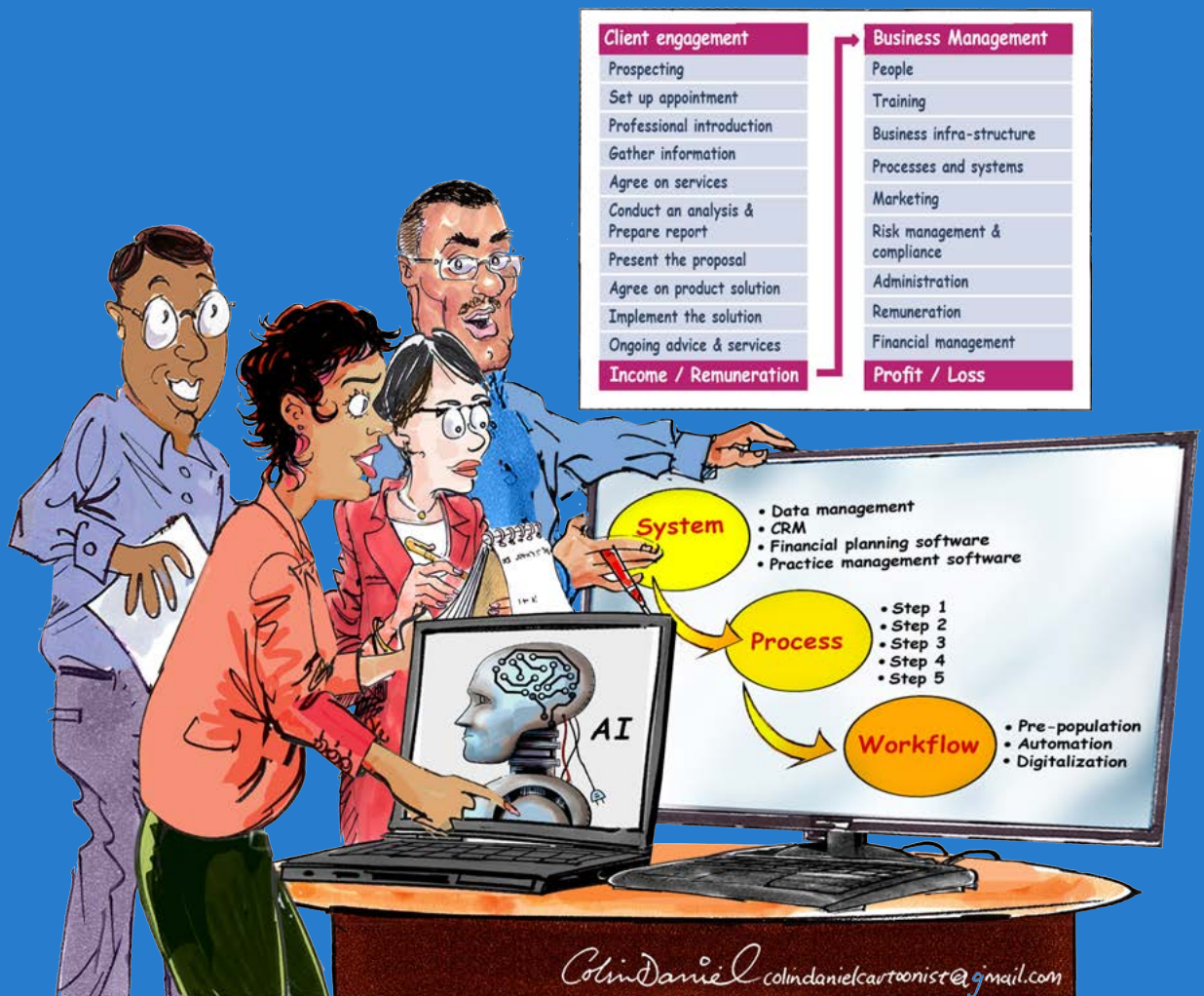
PRACTICE MANAGEMENT

The Ultimate Leadership Blueprint For FSPs

The way you think about your business will determine its course.



Anton Swanepoel

with Rochélle Mylie

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Practice Management
The Ultimate Leadership Blueprint for FSPs

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PRACTICE MANAGEMENT

THE ULTIMATE LEADERSHIP BLUEPRINT FOR FSPS

Who will benefit from reading this book?

- Members of the governing body of financial institutions
- Key persons and key individuals, who manage and oversee the business
- Office managers, who are responsible for assisting Practice managers, who assist key persons / individuals and representatives to optimise their business
- Supervisors, who coach and guide financial advisors in their client engagement
- Compliance officers, who monitor compliance
- Financial advisors, who serve as representatives of financial services providers, and those who aspire to assume the responsibilities of a member of the governing body, or key person / individual in the future
- Regulators, who engage with financial services providers and regulate them
- The Office of the Ombud

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FPI is the official licensing authority for the CFP® / CERTIFIED FINANCIAL PLANNER® designation in Southern Africa. This internationally recognised mark signifies adherence to the highest levels of professional and ethical standards. We are committed to advancing professional competency, providing quality education and training, and fostering the ongoing development of our members.

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REGISTERED FINANCIAL PROFESSIONAL® (RFP®)

FINANCIAL SERVICES ADVISOR® (FSA®)

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Our mission is to elevate the financial planning profession by supporting our members throughout their professional journey, empowering them to deliver the highest quality advice and service to their clients.

Our vision is to be the leading authority in financial planning, recognised both locally and globally.

For more information, visit our website at www.fpi.co.za

Foreword

Welcome to one of the most important books you will read in your financial planning career. At the Financial Planning Institute, we recognise the significance of practice management as the foundation of exceptional leadership.

This Practice Management Publication - The Ultimate Leadership Blueprint for FSPs - helps you to understand that a well-managed practice is not only a testament to the competence of its leadership but also a cornerstone of its ability to deliver exceptional value to clients. This book provides a much-needed guide for navigating the complexities of running a successful financial planning business.

Effective practice management is the unseen force that drives seamless operations, ensures compliance, and fosters innovation. Yet, it is far more than a checklist of operational tasks. At its core, practice management is about creating an ecosystem where people—both clients and team members—feel valued, respected, and empowered.

Leadership is pivotal in shaping this ecosystem. The success of any financial planning practice hinges on the vision, authenticity, and adaptability of its leaders. Good leadership provides direction; great leadership inspires and unites. A practice led with integrity and purpose naturally attracts talented professionals and loyal clients. Leaders who prioritise open communication, continuous learning, and ethical decision-making set the tone for a culture that thrives on excellence.

Company culture is another vital component of practice management. A healthy, values-driven culture acts as the heartbeat of a financial planning business. It influences every interaction; from the way team members collaborate internally to how they engage with clients. A culture rooted in trust, respect, and accountability not only attracts top talent but also reinforces the credibility of the practice in the eyes of its clients.

One cannot speak of the long-term success of a financial planning business without addressing succession planning. As practices grow and evolve, ensuring continuity becomes paramount. A well-thought-out succession plan safeguards the legacy of the business while maintaining client trust during transitions. Practices that invest in mentoring future leaders and fostering a pipeline of talent demonstrate their commitment to sustainability and the well-being of their clients.

Underlying all these elements—leadership, culture, and succession—is the indispensable quality of trust. Trust is the currency of the financial planning profession. It enables clients to share their hopes, fears, and aspirations with their financial planners. It is also the glue that holds a team together, fostering collaboration and mutual respect.

This book is a timely reminder that successful financial planning practice management is about more than profit margins and performance metrics. It is about creating an enduring legacy. As you embark on this journey through the pages ahead, reflect on the practices, principles, and philosophies that have shaped your approach to managing a financial planning business. Whether you are a seasoned professional refining your strategies or an emerging leader seeking guidance, this book offers valuable insights that inspire action.

Our heartfelt thanks go to Anton Swanepoel, CFP®, a well-known and respected thought leader in financial planning and practice management, for this publication. May this book serve as a guiding light for building financial planning practices that are both profitable and purposeful, embodying the essence of trust, leadership, and excellence.

Lelané Bezuidenhout, CFP®

CEO - FPI

Author's acknowledgements

This is a message of sincere gratitude to all the incredible individuals I have had the privilege to learn from over the past 35 years. As I reflect on my journey while writing this book, my heart overflows with gratitude for each of the people who have helped me to shape my values, improve my behaviour, and enhance my influence. There is always a risk leaving someone out when you start thanking people, but I thought I would rather risk that than to leave everybody out. Over the last three decades, the individuals below have played a significant role in helping me to become a better person and a better contributor to the financial planning community:

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Daphne Byers
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Pierre Theunissen
Luther van Zyl
Nick Mallett

Life has turned out to be much tougher than I thought it would be. It has been a very humbling journey, and my life is full of mistakes, disappointments and regrets. Some of you may even be surprised that you are on my list, because all you remember about our encounters are difficult conversations and serious differences of opinion. Some of you may even have been on the receiving end of my reactions when you expected a more mature response at the time. Regardless, in some way or another, I have learned from you, and you have helped me to grow as a human being, a man and a professional. Some of you have given me opportunities in my career, and others enriched my understanding of our profession and business in general. As a collective, you have made a significant, positive contribution to my personal and professional life, for which I am immensely grateful.

When this book reaches others, I hope it carries with it a piece of the legacy of all of you, and a few people whom I may have forgotten. My intention is to honour the contributions you have made to my life, and to pay forward the values of respect, love, humility, compassion, and 'iron sharpens iron' lessons that I have been so fortunate to learn from all of you.

To everyone, your guidance, wisdom, and unwavering commitment to excellence have not only taught me the technical skills I need but also inspired me to embrace the core values that make this industry truly remarkable. In a world that often prizes ambition over humanity, many of you have stood as living examples of what it means to be experts in your fields yet serving others by sharing your knowledge and experience unconditionally.

Through your actions, you have shown me that respect opens the door for trust to be established and maintained, humility attracts people, and compassion is what truly connects us with those we serve. Whether it was through a meaningful conversation, a challenging debate, or simply observing how you conducted yourself in moments of triumph or adversity, I have learned lessons that extend far beyond my professional career—they have shaped the person I strive to be every day.

Thank you for being my mentors, my challengers, my collaborators, my colleagues, and my friends. To my colleagues who shared their knowledge generously without hesitation, the leaders who empowered me to think bigger, and the professionals who reminded me of the importance of listening rather than talking...thank you!

I certainly do not claim to know everything there is to know about Practice Management, but perhaps this publication can help to stimulate constructive debates amongst industry stakeholders, which may ultimately lead to better business solutions for advisors and intermediaries as we continue to face challenging times. My sincere thanks to all the sponsors, who made this publication possible. My role in this process is probably best described in the words of Edward Everett Hale, 19th Century Unitarian Clergyman and writer:

'I am only one, but I am one.

I cannot do everything, but I can do something.

And because I cannot do everything, I will not refuse to do the something that I can do.

What I can do, I should do. And what I should do, by the grace of God, I will do.'

My family has been my greatest joy over the years, and I honour my wife, Erika, my children, Dean, Rochélle, Trevor, Reinhardt, and Kayla for your love and support over the years. I honour my father, Bosman, who was an editor of a newspaper in the seventies. He passed away in 1983. I also honour my mother, Retha, a single mother of four children, who passed away in 2016. She was my hero. Above all, I thank God for giving me another chance in 2024. He has been incredibly gracious and kind to me.

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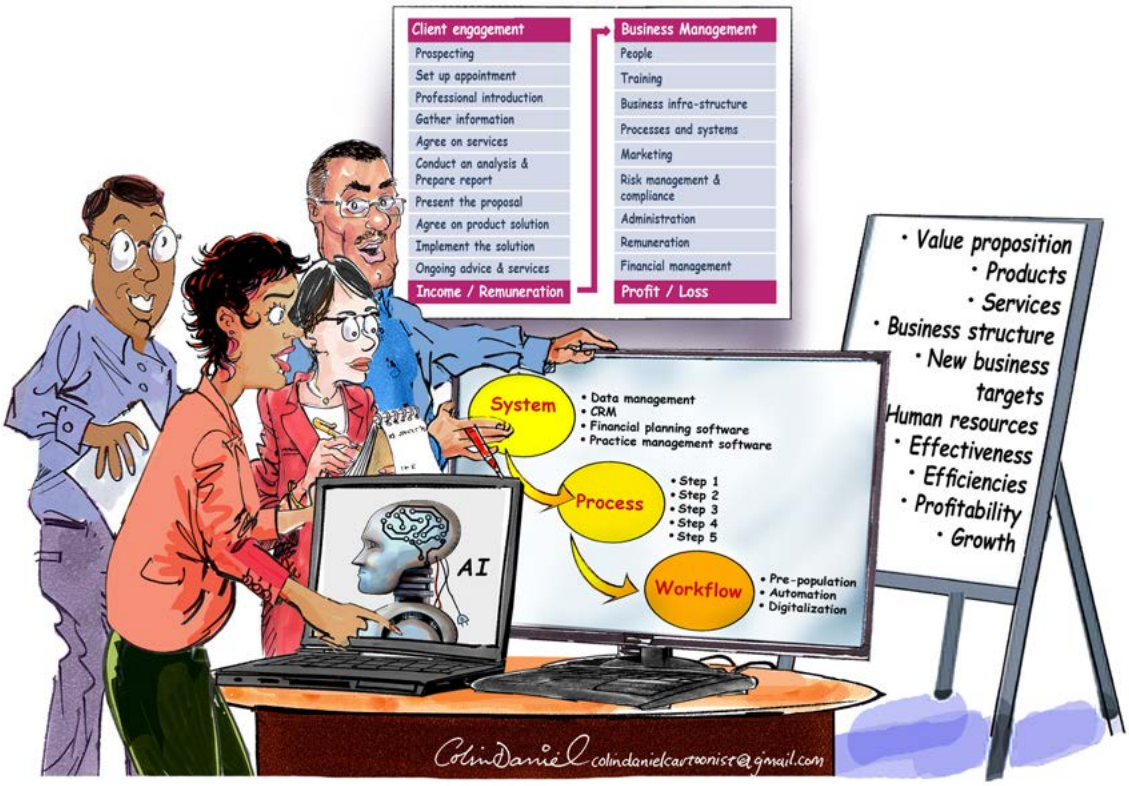
The objective of this chapter is to define what practice management is, because practice management encompasses a wide range of functions that are necessary to manage the day-to-day operations and to ensure the effective, efficient, and profitable functioning of the practice.



Chapter 1

Introduction - What is practice management and why it matters

If one hundred industry stakeholders should be called upon to define the term, practice management, you will probably get one hundred different responses. The reason for it is quite simple. Practice management is a very broad concept which is difficult to define, and in this chapter, we thought it best to start off by presenting you with a few examples to illustrate its complexity.

Defining practice management

These days many people will simply start by enquiring about artificial intelligence (AI), such as ChatGPT, for a useful definition. Whilst it is certainly helpful, you will soon realise that human intervention is still required to edit the material to make it unique to financial planning and advice, and to make it more practical. For this reason, we will use the unedited version of the AI definition in this chapter only. According to ChatGPT:

Practice management refers to the administrative and operational activities involved in running a professional practice. It encompasses a wide range of functions that are necessary to manage the day-to-day operations and ensure the smooth functioning of the practice. Key components of practice management include:

Scheduling and Appointment Management: *Organising and managing appointments to ensure efficient use of time and resources.*

Billing and Revenue Cycle Management: *Handling the financial aspects, including billing clients or patients, processing payments, managing accounts receivable, and ensuring the practice is financially viable.*

Client Records Management: *Maintaining accurate and up-to-date records, including personal information, history, and ongoing case or treatment details.*

Compliance and Legal Issues: *Ensuring that the practice adheres to all relevant laws, regulations, and industry standards to avoid legal issues.*

Human Resources Management: *Overseeing staff recruitment, training, performance management, and employee relations.*

Financial Management: *Managing budgets, financial planning, and financial reporting to ensure the practice's economic health.*

Marketing and Client Relations: *Attracting new clients or patients and maintaining good relationships with existing ones through marketing efforts and quality service.*

Technology and Systems Management: *Implementing and maintaining the necessary technology and systems to support the practice, such as electronic health records (EHR) systems, practice management software, and other digital tools.*

Operational Efficiency: *Streamlining processes and workflows to improve efficiency and productivity within the practice.*

Effective practice management ensures that the practice runs smoothly, meets its financial goals, complies with regulations, and provides high-quality service to clients.

One of the best definitions of practice management that I have come across in the industry is offered by national supplier of risk management services to independent financial advisors and other licensed financial service providers, Masthead. Their definition reads as follows:

Practice management is about equipping the business owner to deal with the challenges of running an advisory business and achieve optimal results both now and in the future. Practice management helps the business owner attain goals such as more time, increased profit, increased productivity, expanded employee skills or improved overall morale. It develops a business to support the owner's personal and business goals. And, as a well-run financial advisory business has excellent potential to be sustained by a successor, the business becomes a saleable asset with capital value.

To summarise, practice management is about equipping all the stakeholders in the business to establish and grow an advisory business that is profitable and sustainable. It includes every area in the business that is instrumental to the effective and efficient management and growth of the business. The illustration below highlights the essential areas of every advisory business in South Africa, and we believe that it will help to give practical meaning to these definitions.

Practice management can also be defined as the process of identifying, planning, structuring, implementing, managing, and optimising all aspects of a practice to ensure its success, growth and sustainability. There are certainly other factors to consider when it comes to effective practice management, which will be highlighted later in the publication, but the essence of practice management starts with the operations or key areas in the practice, as illustrated above.

Why does practice management matter?

Effective practice management helps everyone in the business to work more effectively and it enhances business efficiencies that will create capacity to service clients properly, attract new clients, and grow the business. It further leads to increased employee engagement, increased productivity, enhances profitability and increases shareholder value. Ultimately, effective practice management enables the business owner to create a valuable, saleable asset with great potential to be sustained by a successor.

Questions To Consider

1. *How did you define practice management before reading this chapter?*

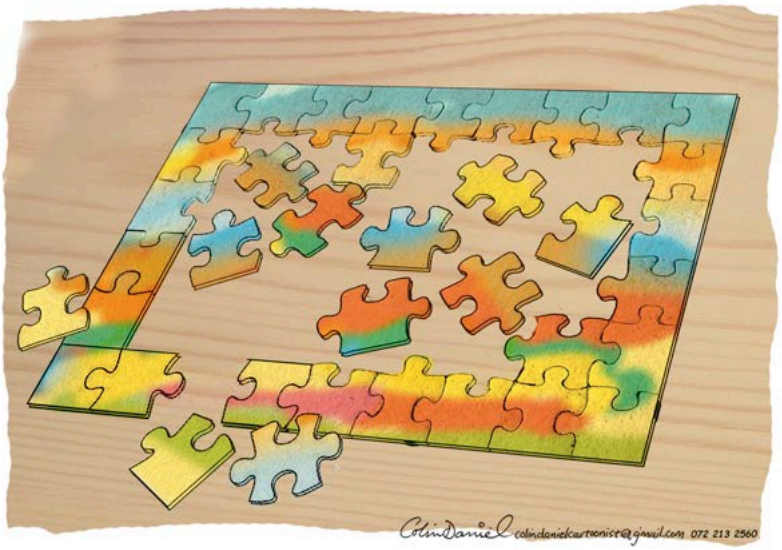
2. *Did your understanding of practice management improve after reading this chapter?*

3. *If so, what did you learn?*

Here are a few practical suggestions when you read this book:

1. *When you read the electronic version, use your PDF highlighter to highlight all the ideas and principles that jump out at you,*
2. *If you read the hard copy, highlight all the paragraphs that stand out and makes you think about your practice.*
3. *Write a comment next to the highlighted text about what comes to mind immediately, for example:*
   - Good reminder…
   - Must implement…
   - Develop strategy…
   - This is a priority!
   - John must run with this…
   - Strategic planning item…
   - Urgent implementation…(Who?)
4. *Save your notes in the electronic version of the publication.*
5. *After reading the whole book, go back to your highlighted paragraphs and notes and copy and paste them into a Word document. That summary will provide an excellent framework for your next strategic planning session.*

Practice Management is a broad subject with many moving parts. Sometimes it is very tricky to fit all the pieces together without a clear picture. We believe that practice management can be compared to a jigsaw puzzle - pieces of a picture that need to be fitted together to form a complete image. Building a successful practice and the process of putting together a jigsaw puzzle successfully are similar in many ways.



Chapter 2

The Practice Management Puzzle

In the illustration in the previous chapter, we demonstrated that there are many moving parts in every advisory practice, and in most cases, similar to a puzzle, the underlying parts of the business do not all form a complete picture yet. In most cases, like with a jigsaw puzzle, effective practice management is a work in progress. Most of us have built at least one jigsaw puzzle in our lifetime, and if so, you will be able to relate to the power of using the analogy to establish your practice successfully. Please join me on this brief journey, courtesy of ChatGPT when I asked the following questions:

How Does One Build A Puzzle In The Most Effective Way?

ChatGPT: Building a puzzle effectively involves a combination of strategy, patience, and attention to detail.

The same can most certainly be said of practice management.

ChatGPT: Here are some tips to help you construct a puzzle efficiently:

(What follows are the ChatGPT suggestions of how to build a puzzle in the most effective way. We will indicate clearly where we comment in order to bring the analogy to life.)

Sort the Pieces:

Start by sorting the puzzle pieces by colour, pattern, and edge pieces. Edge pieces are usually easier to identify because they have straight edges, so assembling them first can provide a framework for the rest of the puzzle.

Practice management: Start by creating order and establish a sound framework for your practice. The operational framework highlighted in the previous chapter and below can serve that purpose.

Identify Key Features:

Look for distinct patterns, colours, or objects within the puzzle image that can serve as landmarks for assembly. These features can help guide your progress and make it easier to connect pieces together.

Practice management: Look for the components in the illustration above that naturally complement each other and could be put together quite easily and create synergy in the practice. The client engagement process is the heartbeat of the business and consists of essential pieces that must be connected to ensure a good client experience.

Work on Sections:

Rather than trying to tackle the entire puzzle at once, focus on smaller sections or areas of the image. Assemble these sections separately before connecting them to the larger puzzle.

Practice management: It takes time to establish and grow a successful practice. It is impossible to put all the pieces of any practice together all at once. You will have to prioritise certain areas in the practice, because not all components in a practice are created equally important. Some components are more important than others, depending on where you find yourself in your journey.

Use the Box Image:

Referencing the image on the puzzle box can provide valuable guidance as you assemble the puzzle. Pay close attention to details in the image to help match pieces correctly.

Practice management: Our aim with this book is to offer a blueprint or 'box image' to financial advisory businesses that can help you to put the components in your practice together correctly.

Trial and Error:

Don't be afraid to experiment with different pieces to see if they fit together. Sometimes pieces that appear to belong in one area may actually connect in a different part of the puzzle.

Practice management: From experience we can say that building a successful practice is a matter of trial and error. Sometimes our attempts are unsuccessful. The secret is simply to keep on trying.

Rotate Pieces:

Rotate pieces as needed to find the correct orientation for assembly. Some pieces may fit together better when turned in a certain direction.

Practice management: This is also true of every practice. Sometimes, a person in the business must be assigned to a different position or a process needs to be 'tweaked' for the workflow to be more effective.

Take Breaks:

If you find yourself feeling frustrated or stuck, take a break and come back to the puzzle later with fresh eyes. Sometimes stepping away for a while can help you see the puzzle from a new perspective.

Practice management: We do not always have the right answers. Sometimes we need to step away from our frustrations in the business and perhaps consult with someone who is not as close to the business as you are. Consulting with a neutral, knowledgeable and trusted person can help you to return to the challenge, issue or task at hand with a fresh perspective.

Work Collaboratively:

If you're working on a puzzle with others, consider collaborating and dividing tasks based on each person's strengths. Working together can make the process more enjoyable and efficient.

Practice management: From experience we can testify that leveraging diversity and the unique strengths and skills of others brings a result that is far greater than the sum of its parts more often than not.

Stay Organised:

Keep your workspace tidy and organised to prevent pieces from getting lost or mixed up. Use trays, sorting containers, or puzzle mats to keep pieces organised as you work.

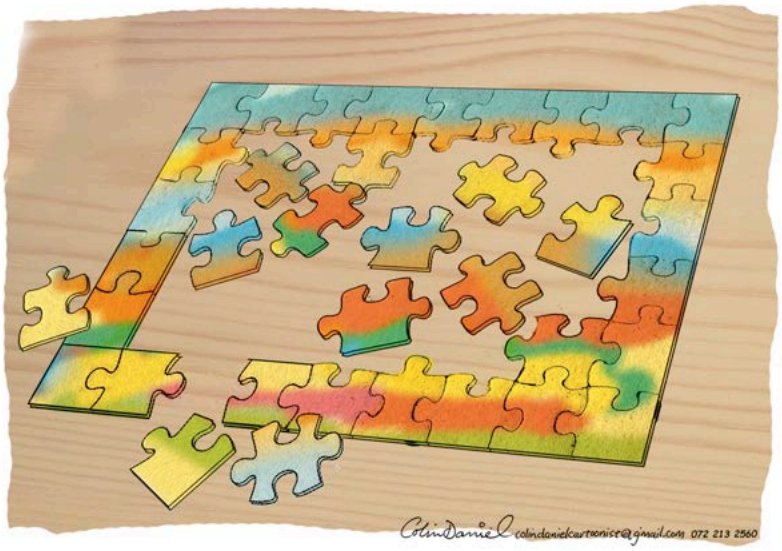
Practice management: It is extremely important to stay organised as you build your practice. It is easy to get overwhelmed and distracted by all the noise in the world. There are some things that you can control and some things you can't. The operational structure, as illustrated above, and the guidelines in this book will help you to keep your focus on the things that you can control in your practice.

Celebrate Progress:

Celebrate each small accomplishment as you progress through the puzzle. Recognising your progress can help keep you motivated to continue working until the puzzle is complete.

Practice management: We cannot agree more. The practice of celebrating achievement of milestones is one that is often overlooked. We believe that celebrating progress is important, as it recognises people, and it keeps them engaged and motivated.

By following these tips and approaching your practice management puzzle with a methodical mindset, you can build your practice effectively while enjoying the process along the way.



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Paraplanners: Save time and enhance precision with expert assistance for seamless client servicing.

Business Development Managers: Dedicated to helping you identify growth opportunities and streamline operations.

State-of-the-Art Tools: From financial analysis to longevity planning, our tools provide clarity, actionable insights, and a competitive edge.

This comprehensive support structure allows you to focus on what matters most: your clients.

Success That Lasts

Practice management goes beyond daily operations—it's about building a legacy. Our framework includes ownership opportunities and a defined succession pathway, ensuring your hard work leads to enduring success. Whether you're growing your client base or planning for succession, we provide the tools and guidance to secure a bright future for you and your clients.

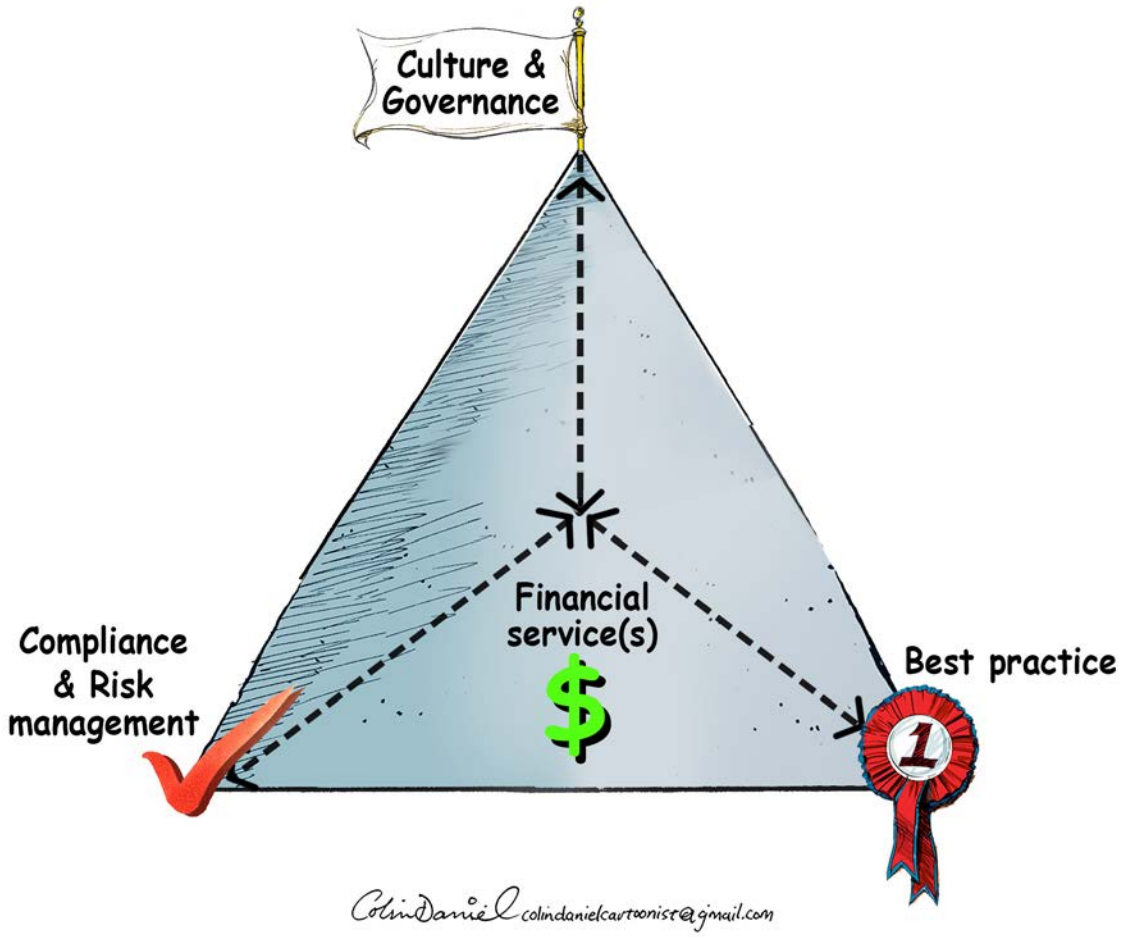
Your Practice, Your Way

Partnering with Adviceworx means embracing a vision where independence and collaboration coexist. Together, we navigate the complexities of practice management, empowering you to deliver exceptional client experiences while building a sustainable and scalable business.

Take the next step in redefining your practice. With Adviceworx, independence and success are within reach.

Email us today at - communication@adviceworx.co.za to discover how our tailored framework, cutting-edge tools, and dedicated support team can help you unlock your practice's full potential. Let's work together to create a legacy of lasting success.

The purpose of this chapter is to provide you with a picture of the four timeless cornerstones of any practice. If any one of these four cornerstones is not firmly in place, your practice will eventually fail, but if they are, you have every chance to be successful over the long term.



Chapter 3

The Practice Management Prisma

In this publication we aim to keep things simple and therefore we endeavor to break the broad and potentially complex concept of practice management with its many moving parts into smaller digestible pieces. The purpose of this chapter is to illustrate on a high level which components of any practice will determine its long-term success or failure. The essence of practice management (the vital 20% that will lay the foundation for 80% of your results) is captured in the following illustration, which we call *The Practice Management Prisma*:

Imagine the Practice Management Prisma illustration as a tent with its foundation in the shape of a triangle. Then, where the poles meet at the highest point, commonly referred to as the 'peak' or 'apex' in the context of tent construction to describe the uppermost point of the tent structure. Then let's break down each of the corners of the Prisma with a brief explanation of their significance.

It is not the intention to elaborate on each of the key components of the Practice Management Prisma in this chapter, because these fundamentals will receive sufficient attention in the rest of the book. We just thought that it will be helpful to apply the Pareto principle and highlight the vital few disciplines that will have the biggest impact on the success of your practice, if applied properly.

The financial discipline(s) that you have chosen

The first cornerstone (the far corner of the foundation of the 'tent') speaks to the technician, as referred to below by author Michael E. Gerber and highlights the specific area(s) of service and expertise that each FSP and advisor selects to offer clients, for example:

- Personal financial planning
- Investment planning
- Retirement planning
- Estate planning
- Long-term insurance planning
- Short-term insurance planning
- Medical aid insurance planning
- Gap cover
- Employee benefits

One of the ways to establish a competitive advantage in a highly competitive industry is to be the best in your field. Knowledge and skills are not talents. Knowledge and skills start with a decision, and then you have to work at it to be able to compete. There are some things that you cannot control in this life but there are some things you can control. Knowing your stuff is something you can control and if you want to be successful as an advisor in any discipline, I want to encourage you to make a decision that you are going to be the best that you can be and work hard at it. Being an expert in your field will give you the credibility you need to thrive.

Small business guru, and the author of E-Myth Revisited, Michael E. Gerber, argues that going into business depends on taking on the following three personalities at once:

1. **The Technician** – the specialist who 'lives in the present and is focused on doing the work of making it, selling it, and delivering it.'

   Your knowledge and skills make all the difference and separate you from the herd.

2. **The Manager** – the supervisor who 'focuses on achieving results through people and systems, focusing on the present and strategising for the future.'

   The manager must put best practice business principles in place and ensure that proper risk management and compliance requirements are met to complement best practice principles and allow the business to thrive. We will elaborate on the application and benefits of applying best practice, risk management and compliance principles below.

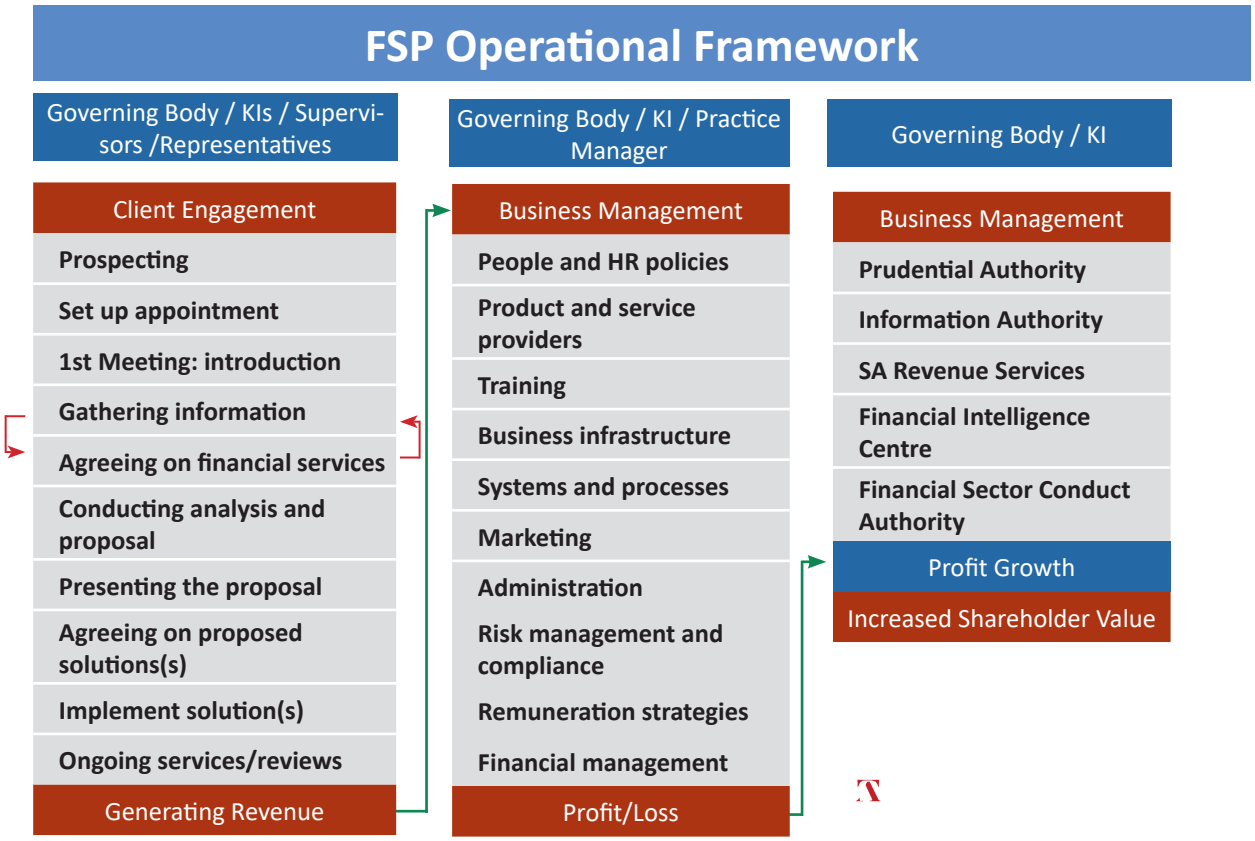
3. **The Entrepreneur** – the leader who 'defines the business and focuses on closing the gap between where the business is today and where they want it to be.'

Leadership will be addressed as a separate topic in one of the chapters later in the book and part of the leader's responsibility is to define the business from a culture and governance point of view.

Best practice

The term 'best practice' refers to a method, technique, or process that has been proven through experience and research to consistently produce superior results compared to other means. It is a way of doing things that multiple organisations or individuals recognise as the most effective and efficient way to achieve a desired outcome.

We will highlight best practice principles in each of the disciplines that define professional practice management as broken down in the different chapters in this book. We will focus specifically on best practice principles pertaining to the operational components of FSPs, as illustrated below.



The top FSP firms in South Africa continuously seek best practice principles to implement in their practices to enhance business efficiencies, productivity, and profitability and this is the contribution we aim to make through this book.

Risk management and compliance

Risk Management

Risk management involves the systematic approach to identifying and handling risks that could potentially have a negative impact on your FSP's objectives. It includes:

- Recognising potential risks that could affect the organisation, such as financial uncertainties, legal liabilities, strategic management errors, accidents, and natural disasters.
- Evaluating the likelihood and potential impact of these risks.
- Implementing measures to minimise the probability or impact of risks.
- Continuously monitoring the risk environment and the effectiveness of the risk management strategies and making adjustments as necessary.

Compliance

Compliance refers to the adherence to laws, regulations, standards, and internal policies relevant to the organisation's operations. It includes:

- Regulatory Compliance: Ensuring that the organisation meets all the legal and regulatory requirements applicable to the industry and operations.
- Internal Policies: Adhering to internal guidelines and policies set by the organisation to ensure ethical and efficient operations.
- Monitoring and Reporting: Regularly checking that compliance requirements are being met and reporting on compliance status to relevant stakeholders.
- Training and Awareness: Educating employees about compliance requirements and the importance of following them.

Integration of Risk Management and Compliance

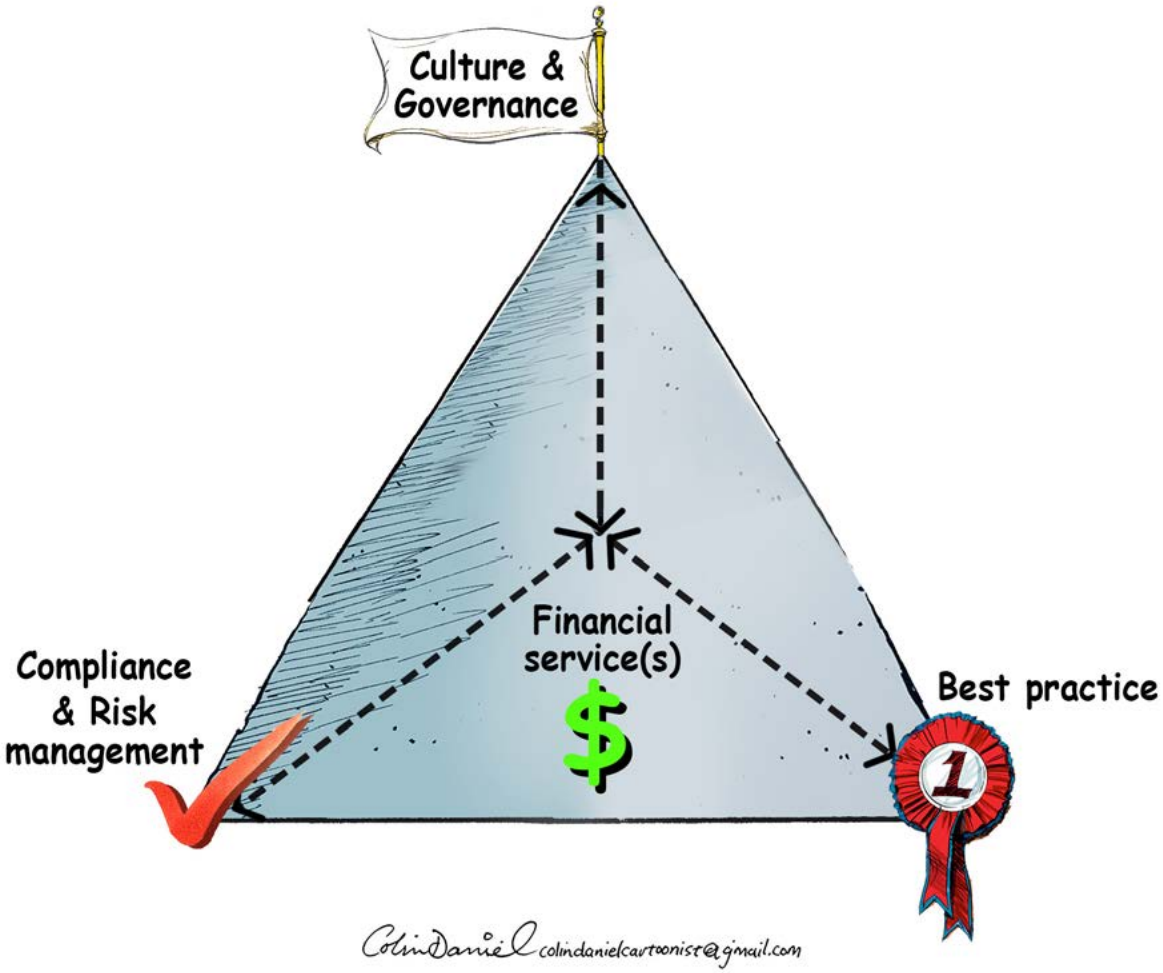
Combining risk management and compliance ensures that:

- Risks are managed in a way that complies with regulatory and internal standards.
- Compliance efforts are informed by a thorough understanding of the risks facing the organisation.
- There is a proactive approach to both preventing and responding to potential issues that could lead to non-compliance or operational disruptions.

In essence, risk management and compliance work together to protect the organisation from potential threats and ensure that it operates within the bounds of the law. Paying proper attention to risk management and compliance is also considered by most stakeholders as a best practice principle.

Unfortunately, the financial services industry is constantly under attack from unscrupulous people that potentially leads to the loss of clients' capital, and it is within our control to prevent these losses. We would be naïve to think that the need for risk management and compliance is over-emphasised, given all the potential threats FSPs face. Not only do FSPs have a moral obligation to do what they can to protect their clients against loss, but they also have a legal obligation to do everything that is reasonable to prevent client losses.

Culture and governance



The peak or apex of a tent serves several key functions, none more important than the following:

Structural support: It is a central point where the tent poles or framework converge, providing structural stability and ensuring the tent maintains its shape.

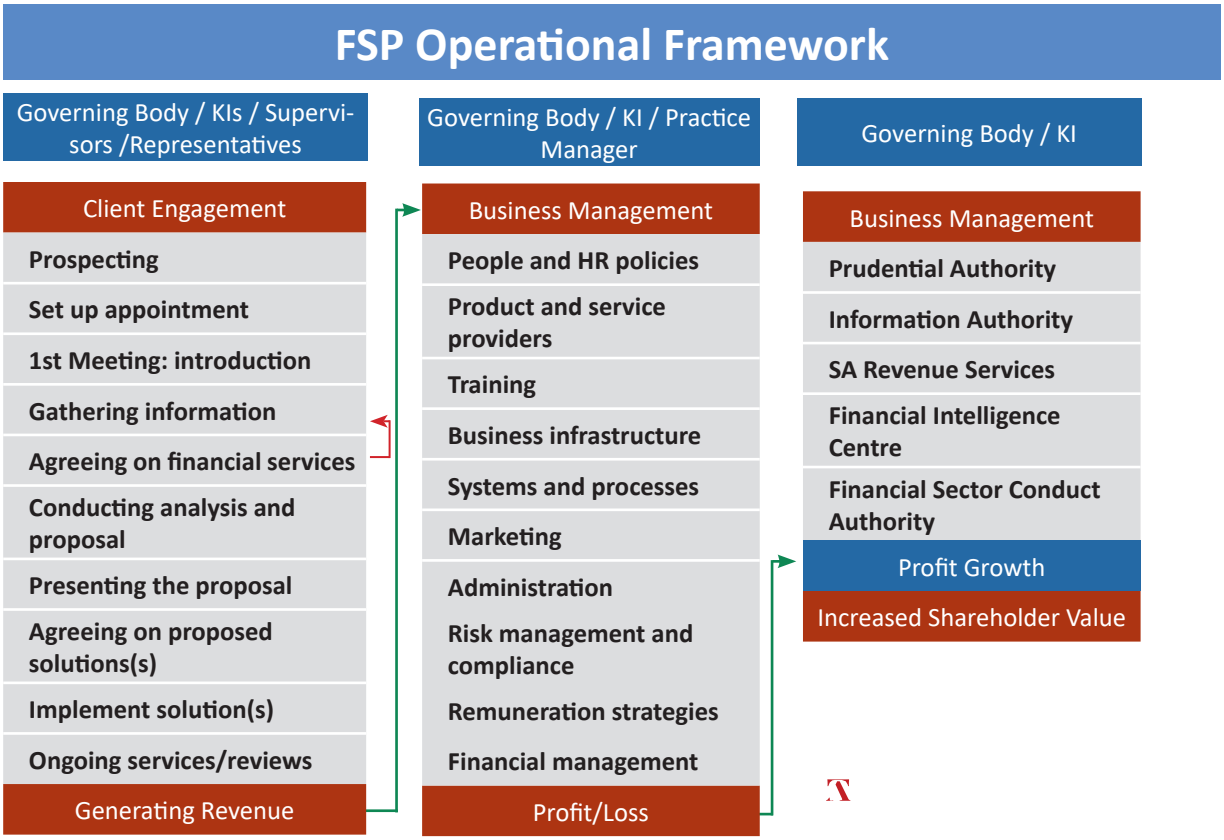
In the same way, an ethical, treating customers fairly culture, a diligent culture, and sound corporate governance policies and procedures will provide structural stability and ensure that your FSP is successful over the long term.

Assess your current position by giving yourself a high-level score on a scale of 1 to 10

Rate Your Practice Management Prisma - High Level

The 10 steps of professional client engagement and compliance framework						
Process	Activity	Competence	Competence	Competence	Culture	Client
		Financial disciplines	Best practice engagement	Risk management and compliance	Governance	Experience
Step 1	Prospecting					
Step 2	Setting up appointment					
Step 3	Professional introduction					
Step 4	Share info and gather client information					
Step 5	Agree on service(s) to be rendered					
Step 6	Conduct an analysis and prepare report					
Step 7	Present proposal/ recommendation(s)					
Step 8	Agree on financial plan and/or products					
Step 9	Implement financial plan and/or products					
Step 10	Ongoing rendering of (financial) services					

Business operations refer to the day-to-day activities that are necessary for the business to function and generate revenue.



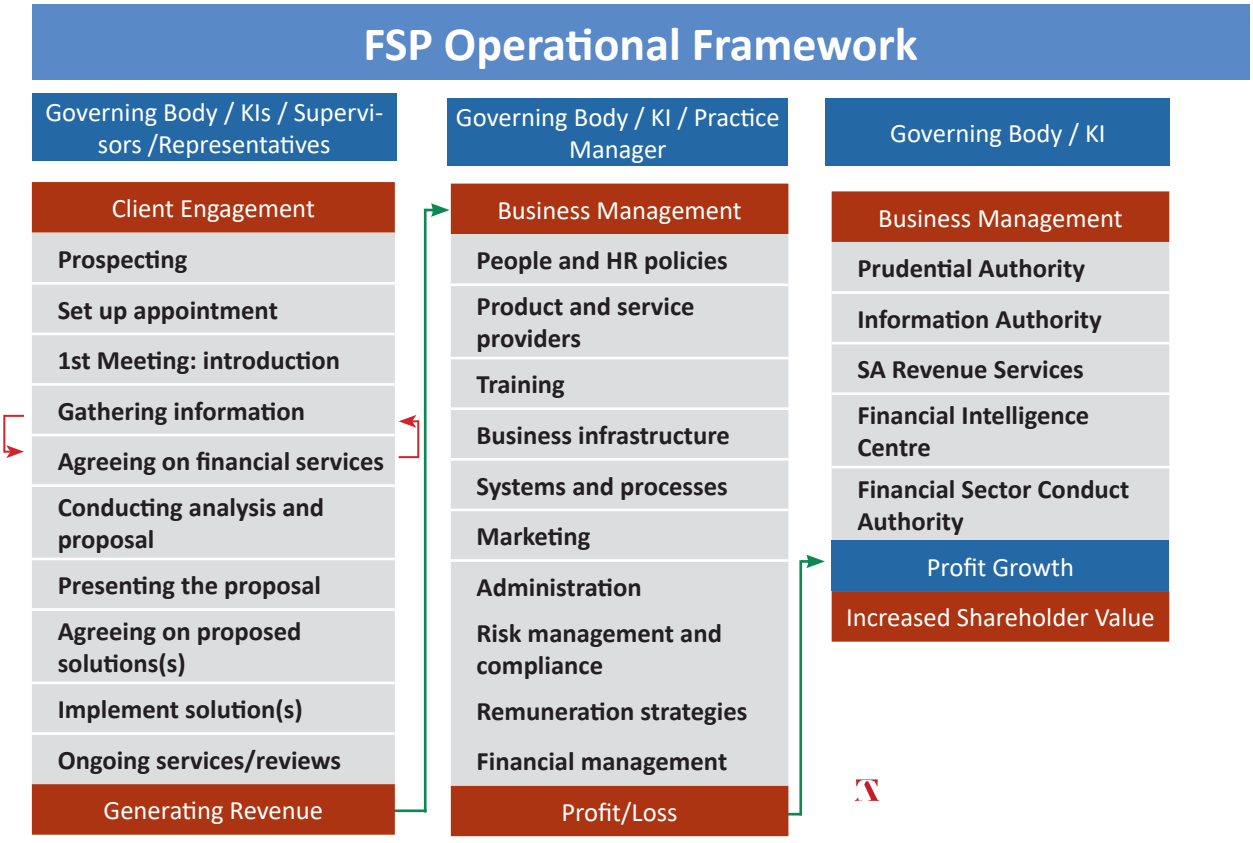
Chapter 4

The operational framework of every advisory practice

It is important to recognise that there is a significant difference between a comprehensive practice management framework for FSPs and the operations of an FSP practice. All the chapters in this book collectively outline a comprehensive framework for practice management. The operations, as illustrated below, form an important part of the comprehensive practice management framework.

Defining the operations of a financial services advisory practice involves establishing a structured framework that outlines the key processes, workflows, and activities necessary to provide comprehensive advisory and intermediary services and ensuring that the practice remains profitable over the long term.

After testing the components of the operations of FSP practices with many industry stakeholders, thousands of FSP business owners and some of South Africa's most experienced practice managers, the following operational framework is widely accepted as accurate and sound:



The rationale behind this framework is as follows:

The client engagement process

The client engagement process, as illustrated above, has been endorsed by more than ten thousand advisors over the last 20 years. It is a timeless process which existed before the implementation of legislation such as the Financial Intelligence Centre Act (FICA), the Financial Advisory and Intermediary Services (FAIS) Act, and the Protection of Personal Information Act (POPIA) and it has remained unchanged after the implementation of these laws.

We will elaborate on each of the ten steps in the client engagement process later in this publication. However, it is important to highlight that the ten step process of professional client engagement must not be confused with the six-step process of financial planning as prescribed by the Financial Planning Institute of Southern Africa.

The key difference between the two processes is that the six-step process of financial planning assumes that the financial planner already has a potential client to do financial planning for. The ten-step process of professional client engagement, on the other hand, is an end-to-end process, starting with prospecting, the process of finding a prospective client. As you will see the six-steps of financial planning is included in the end-to-end ten-step client engagement process.

The client engagement process is of key significance in the operational framework because it has always been instrumental in generating revenue for the business. It is the heartbeat of any practice. Without the client engagement process, the successful conclusion of financial transactions and maintaining existing client relationships, the rest of the operational framework would be irrelevant.

It is of critical importance to establish and maintain an effective and efficient client engagement process and for the FSP to ensure that the client experience during the process is a good one. If that is the case, advisors will attract and retain more clients, which will generate more and more revenue for the practice.

Business management

Every practice needs someone, or in some cases a few people, to manage the business of the practice. Again, the components in the practice highlighted under the business management pillar, as illustrated in the operational framework of FSP practices above, have all been tested and agreed on by advisory industry bodies, thousands of FSP key individuals, and some of the most experienced practice managers in South Africa.

We will elaborate on each of the components in the business management pillar later in this publication. However, it is important to point out that the distribution of capital by management to the appropriate business units in the practice will ultimately determine whether the practice makes a profit or a loss. Ongoing prudent management will be necessary to ensure that the practice remains profitable and sustainable over the long term.

Profit growth drives increased shareholder value

The ultimate goal of every practice is to improve the operations of the business to consistently increase profit growth over the long term, because consistent profit growth drives increased shareholder value. To achieve this will require consistent increase in annual revenue and consistent prudent financial management, which implies that the client engagement process offers a great client experience, the various business components are complementing the client engagement process, and the financial management is sound.

Assess your current position by giving yourself a high-level score on a scale of 1 to 10

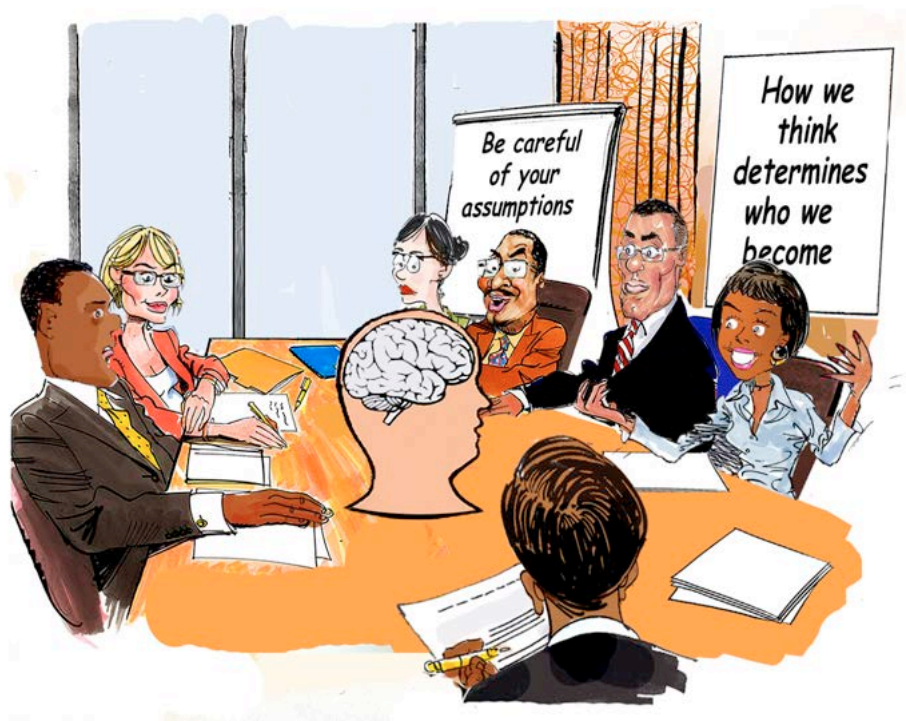
Operational Stakeholders In The FSP - Roles And Responsibilities

The 10 steps of professional client engagement and compliance framework						
Process	Activity	Advisor	Admin Assistant	Para-Planner	System Workflow	Practice Manager
Step 1	Prospecting					
Step 2	Setting up appointment					
Step 3	Professional introduction					
Step 4	Share info and gather client information					
Step 5	Agree on service(s) to be rendered					
Step 6	Conduct an analysis and prepare report					
Step 7	Present proposal/ recommendation(s)					
Step 8	Agree on financial plan and/or products					
Step 9	Implement financial plan and/or products					
Step 10	Ongoing rendering of (financial) services					

Business management assessment
Benchmark: Are we as good as what we want to be?

Business management						
Item	Activity	Professional Standard	Regulatory Standard	Gap Analysis Assessment	Strategy	Implement
1	People - human resources			/10		
2	Training			/10		
3	Business infrastructure			/10		
4	Process			/10		
5	System			/10		
6	Marketing			/10		
7	Risk management and compliance			/10		
8	Administration			/10		
9	Remuneration strategies			/10		
10	Financial management			/10		

The psychology of practice management involves understanding and applying psychological principles to effectively manage and lead a professional financial advisory practice.



Chapter 5

The psychology of practice management

Since Rassie Erasmus was appointed as director of rugby, and coach of the Springboks, there was a distinctive shift in the way he approached his mission. He consistently demonstrated his understanding of psychological principles through smart communication to effectively lead and manage the Springboks. There are at least two examples of strategic decisions that have had a tremendous impact on the ultimate performance of the team, and played a significant role in their success during their 2019 and 2023 Rugby World Cup campaigns. The psychological impact of these strategies has laid part of the foundation of winning back-to-back RWC championships.

One of the first principles that Erasmus communicated to the Springboks was that they had to make clear distinction between **pressure** and privilege. It is well documented that he explained that although it is daunting to play in a Rugby World Cup quarter-final, semi-final, or final in front of 80,000 people, and hundreds of millions of people watching the matches on television, they must never lose sight of the fact that pressure is relative. He brought a totally different perspective to the team when he reminded them that the pressure they face during a match cannot be compared to the pressure that many people in South Africa face on a daily basis. It is common cause that millions of South Africans do not have enough to eat, and are often victims of murder, rape, and extortion. Erasmus managed to convince the Springboks, and quite rightly so, that playing in those important games is a privilege, and that understanding changed their perspective, and inspired them to play for those in South Africa who are truly under pressure. This was a powerful message that changed their perspectives, which had a positive effect on the mindset of every player in the team. The result was that pressure, which can lead to unforced errors, was replaced with an understanding that playing for the Springboks is a wonderful privilege, which inspired the Springboks to be relentless on the field and never give up when the pressure is on.

The second example of a strategy that had a significant psychological effect on the players, was the effective implementation of the **Bomb Squad**. Many Springbok players are on record saying that they do not like being selected on the bench, as a replacement. Traditionally, not being selected as part of the starting lineup, was perceived as being second best. Nobody likes to be seen as 'not as good' or 'second best' in a team. Rassie Erasmus changed that mindset with the effective implementation of the 'Bomb Squad' by communicating to the team that the members of the 'Bomb Squad' were all just as good as the starting line-up, and that they had a very important role to fulfil in the team. He stressed that the 'Bomb Squad' was a crucial part of the Springboks' winning strategy by bringing on 'fresh legs' during a certain time of the match, which in many cases won matches for the team at the end. When the starting lineup is under pressure, everybody in South Africa cannot wait for the 'Bomb Squad,' previously perceived as 'second best' to be released on the field. Since the 2019 Rugby World Cup, Erasmus turned the 'Bomb Squad' from replacements to celebrity status. The psychological impact of this strategy, not only on the members of the 'Bomb Squad' but also on the rest of the team, and South Africans in general, has been phenomenal. Again, Erasmus managed to change the perspective, and mindset of the team, which laid a significant part of the foundation of the power of the Springboks. These examples serve as evidence of how someone can benefit from understanding the power of psychology, not only in rugby, but also in the business of a financial advisory practice.

Psychology in the workplace matters because people behave differently in a business environment when they are faced with various challenges. Here are some reasons why this is the case:

- Understanding psychological responses to challenges in the business can help in developing strategies to manage it effectively, thereby maintaining productivity and well-being of the stakeholders.
- People adapt their behaviour based on the challenges they face differently. For example, in high-pressure situations, some may become more focused and assertive, while others might become anxious or withdrawn. Psychological insights can help in understanding these adaptations and providing appropriate support.

- Understanding how people think, process information, and make decisions under different circumstances can lead to better solutions and outcomes.
- Challenges often evoke strong emotions. Developing emotional intelligence through psychological understanding helps individuals recognise, understand, and manage their emotions and those of others, leading to better interactions and conflict resolution.
- Facing challenges requires motivation and resilience. Psychological theories on motivation can help in identifying what drives individuals and how to sustain their motivation.
- Psychology offers insights into how people can be guided through change processes effectively, minimising resistance and fostering acceptance.
- Different challenges affect team dynamics in various ways. Psychological knowledge can help in managing team behaviour, ensuring effective collaboration, and leveraging the strengths of diverse team members.
- Leaders need to understand psychological principles to provide effective support during challenging times.
- Challenges at work can impact personal life and vice versa. Psychology helps in understanding how to maintain a healthy work-life balance, which is crucial for overall well-being and sustained productivity.

By integrating these psychological principles, business owners and practice managers can create a more efficient, effective, and harmonious work environment, and resilient workforce, leading to better outcomes for both the practice and its clients. Here are some key principles and how they can be applied:

1. Emotional Intelligence (EQ)

- Self-awareness: Understanding one's own emotions, strengths, weaknesses, and values.
- Self-regulation: Managing emotions in healthy ways, controlling impulsive feelings and behaviours, and adapting to changing circumstances.
- Motivation: Being driven to achieve for the sake of accomplishment.
- Empathy: Understanding the emotions of others and considering their feelings in decision-making.
- Social skills: Managing relationships to move people in desired directions.

2. Leadership and motivation

- Transformational leadership: Inspiring and motivating employees by creating, and articulating a vision for the future, fostering an environment of trust and innovation. Rassie Erasmus is a classic example of a leader that has succeeded in this area. Business owners can learn a lot from Erasmus' leadership and transparent communication.
- Intrinsic versus extrinsic motivation: Balancing internal motivations (personal goals and satisfaction) and external rewards (bonuses, promotions). It is well documented that Springboks are inspired and motivated to play for something bigger than themselves. They continuously state that they play, and win, for the people of South Africa.

3. Communication

- Active listening: Fully concentrating, understanding, responding, and remembering what is being said.
- Non-verbal communication: Body language, eye contact, and facial expressions to convey messages effectively.
- Clear and concise communication: Articulating the vision, objectives, goals, expectations, and feedback in a transparent manner.

4. Team dynamics

- Role clarity: Ensuring each team member understands their role and responsibilities.
- Group cohesion: Fostering a sense of belonging and unity within the team.
- Conflict resolution: Managing and resolving conflicts in a constructive manner.

5. Stress and burnout management

- Work-life balance: Encouraging practices that promote a healthy balance between work and personal life.
- Stress management techniques: Providing resources for relaxation techniques, time management, and professional counseling.
- Recognising burnout: Identifying signs of burnout early and taking proactive measures to address it.

6. Client relationships

- Building trust: Establishing trust through the 7 Cs of trust (which is explained later in this publication).
- Understanding client needs: Using empathy and active listening to understand client concerns and goals.
- Managing expectations: Setting realistic expectations and delivering on promises.

7. Change management

- Adaptability: Encouraging flexibility and openness to change.
- Communication during change: Clearly communicating the reasons for change, the benefits, and how it will be implemented.
- Support systems: Providing support and resources to help staff navigate changes.

8. Decision making

- Analytical thinking: Using data and evidence to inform decisions.
- Bias awareness: Recognising and mitigating cognitive biases that can affect decision-making.
- Ethical considerations: Ensuring decisions align with ethical standards and the practice's values.

9. FSP culture

- Values alignment: Ensuring the practice's culture aligns with its core values and mission.
- Positive work environment: Promoting a culture of respect, recognition, and collaboration.
- Feedback and improvement: Encouraging continuous feedback and improvement.

By integrating these psychological principles, like the Springboks, key individuals and managers in a financial advisory practice can lead more effectively, creating a work environment that promotes productivity, employee satisfaction, and client trust. Erasmus and the Springboks showed us that turning a psychological weakness into a strength is a transformative process that involves self-awareness, perspective, deliberate practice, and reframing one's mindset. Here are several steps that can help in achieving this transformation:

1. **Identify the weakness**

   The first step is to recognise and clearly define the psychological weakness.

2. **Understand the underlying cause**

   Explore whether there are past experiences, belief systems, or emotional patterns that contribute to it. By understanding the cause, you gain insight into why the weakness exists and how it affects your behaviour.

3. **Reframe the weakness**

   Many psychological weaknesses have an inverse side that can be reframed as a potential strength. For example:

   - Self-doubt can turn into humility, which fosters continuous self-improvement.
   - Emotional sensitivity can become empathy and emotional intelligence.
   - By shifting your perspective, you begin to see the positive potential in the behaviour or tendency.

4. **Develop self-awareness**

   Cultivate mindfulness and self-awareness to recognise when the weakness is influencing your thoughts or actions.

5. **Identify solutions for changes that must be made**

   For example:

   The often-negative mindset pertaining to compliance can be changed if seasoned advisors can make a deliberate decision to seek solutions in collaboration with their compliance officers. If compliance officers on the other hand can gain a better understanding of the practical problems advisors face when engaging with a clients, these two stakeholders can become the 'Bomb Squad' of the business.

6. **Implement incremental change**

   Small, deliberate changes over time are key to transforming weaknesses into strengths. Start by practicing behaviours that counteract the weakness. For instance:

   If you tend to procrastinate, set small, manageable goals and track your progress.

7. **Leverage strengths**

   Build on your existing strengths in areas related to the weakness.

8. **Obtain feedback and support**

   Surround yourself with supportive people who provide constructive feedback. Sometimes, an outside perspective helps you see stagnation or progress you may have overlooked.

9. **See imperfection in context**

   Accept that growth is a process, and setbacks are part of that process. Be patient with yourself as you work on improving.

10. **Transform weakness into purpose**

    You can even take the weakness and channel it into something purposeful. For example, if representatives remain negative about compliance, the correct solution (purposeful collaboration with the compliance department) can have the same positive ripple effect in an advisory practice that the 'Bomb Squad' had on the performance of the Springboks.

11. **Recognise and celebrate progress**

    Acknowledge and celebrate progress, no matter how small. Over time, the weakness will be replaced by strength that will have an exponentially great impact on the business.

    By following these steps, psychological weaknesses can be turned into strengths, developing resilience, adaptability, and success.

Important questions

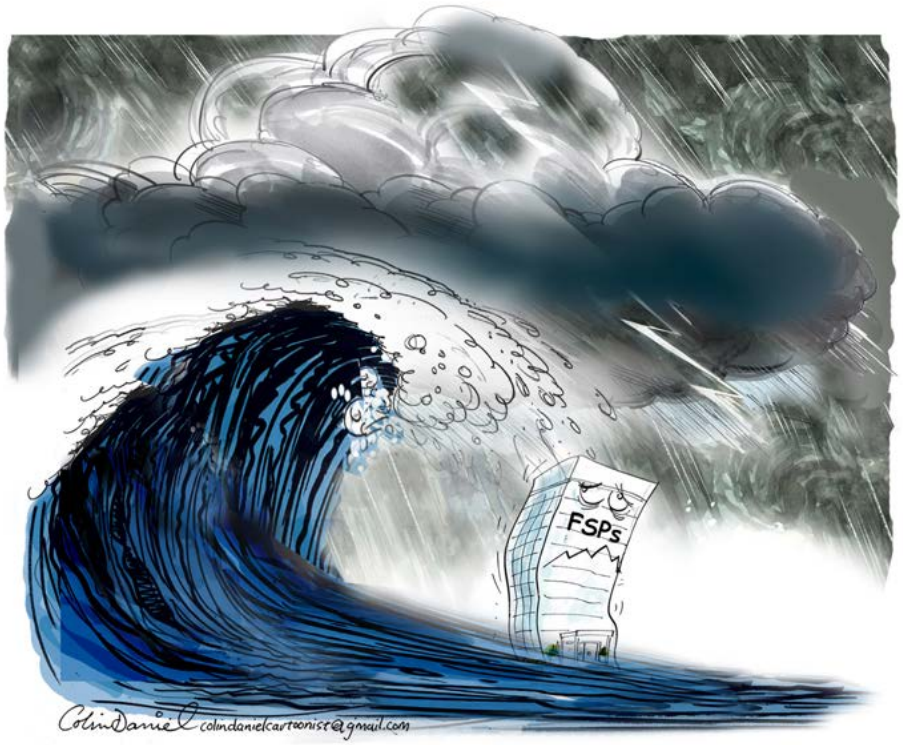
1. *Can you identify the factors that have a negative psychological effect on you in your practice?*

   It would be factors like, the political environment, the economic environment, the onerous regulatory environment, or some of the people's attitudes towards other people in your business. It is important to remember that a problem identified is almost half the problem solved. The Springboks recognised that pressure would be a problem, and they also recognised that players that are selected as replacements can be used more effectively. They responded to these potential challenges by asking themselves, how can we then turn these threats into strengths? The way we think about these issues is instrumental to how we respond to them. The Springboks showed us that it is possible.

2. *Can you identify the factors that have a positive psychological effect on you in your practice?*

3. *How can we leverage these factors and the positive psychological effects?*

Defining reality is essential for understanding the environment we work in and the challenges we face in the financial services industry. It assists us in seeking real solutions, making informed decisions, fostering sound communication, maintaining stability, and guiding moral and ethical behaviour. It helps us to navigate life with greater confidence and resilience.



Chapter 6

Define reality

The first responsibility of a leader is to define reality.
- Max de Preez -
Former Chairman and CEO of Herman Miller

Defining reality in the marketplace is crucial. Here are a few key reasons:

Stakeholder confidence

Business partners and key stakeholders are more likely to trust and support a leader who demonstrates a clear and realistic understanding of the market. This trust can translate into stronger partnerships and better opportunities.

Informed decision-making

A clear understanding of the market landscape allows leaders, managers and key individuals to make informed decisions regarding strategy, operations, and investments. Without a realistic grasp of market conditions, decisions may be based on inaccurate assumptions, leading to suboptimal outcomes.

Strategic planning

Realistic market assessments help in crafting effective strategies that align with current trends, consumer demands, and competitive pressures. This ensures that the business remains relevant and competitive.

Resource allocation

Knowing the true state of the market helps business owners, managers and key individuals to allocate resources efficiently. It helps them to invest in high-potential areas while avoiding or divesting from less promising ones, optimising overall performance and growth.

Risk management

A realistic view of the market helps identify potential risks and challenges. Leaders and managers of the FSP can then develop contingency plans and mitigate risks proactively, rather than reacting to unforeseen issues.

Employee alignment and motivation

When leaders communicate a clear and realistic vision of the market, employees are more likely to understand the company's goals and their role in achieving them. This can enhance motivation, focus, and collaboration within the firm.

Adaptability and innovation

A realistic assessment of the market enables leaders to identify emerging trends and shifts early on. This can drive innovation and adaptability, allowing the business to stay ahead of competitors and capitalise on new opportunities.

Customer satisfaction

Understanding the market helps in identifying customer needs and preferences accurately. Leaders can then ensure that their products or services meet these needs, leading to higher customer satisfaction and loyalty.

By defining reality in the marketplace, business owners and key individuals can position their companies to navigate complexities, seize opportunities, and achieve sustainable success.

Most South Africans are acutely aware of the market conditions in which we operate, as the following challenges have been well-published and have been part of our daily lives for many years:

Political landscape

The political landscape in South Africa over the last decade has been characterised by significant developments, challenges, and shifts. Here are some key aspects:

Corruption and state capture

The issue of corruption has been a central theme in South African politics, particularly with the revelations of 'state capture' involving influential business families like the Guptas.

Social movements and protests

There have been numerous protests and social movements addressing various issues, including service delivery, labour rights, and social justice.

Energy crisis

The frequent power outages and load shedding by Eskom have had several significant impacts on businesses in South Africa:

Operational disruptions

Power outages disrupt daily operations, leading to downtime in manufacturing processes, loss of productivity, and delays in service delivery. This has particularly affected energy-intensive industries like mining, manufacturing, and agriculture.

Increased costs

Businesses have incurred additional costs to mitigate the effects of load shedding, such as investing in backup generators, uninterruptible power supplies (UPS), and alternative energy sources. These expenses increase operational costs and reduce profit margins.

Reduced output and revenue

Load shedding reduces the overall output of businesses, leading to lower revenue. Companies unable to operate during power cuts experience a direct impact on their sales and profitability.

Supply chain disruptions

Power outages disrupt supply chains, affecting the availability and delivery of raw materials and finished goods. This leads to delays, increased lead times, and higher costs for inventory management.

Damage to equipment

Frequent power cuts and surges can damage sensitive equipment and machinery, leading to repair and replacement costs.

Impact on SMEs

Small and medium-sized enterprises (SMEs) are particularly vulnerable to the effects of load shedding. They often lack the financial resources to invest in backup power solutions, making it harder for them to cope with and recover from disruptions.

Loss of competitive edge

Consistent power supply is crucial for maintaining competitiveness in the global market. Load shedding undermines South Africa's attractiveness as an investment destination, leading to potential loss of foreign direct investment (FDI) and reduced competitiveness of local businesses.

Decreased consumer confidence

Frequent power outages can lead to decreased consumer confidence and spending, particularly in retail and hospitality sectors. Unreliable power affects customer experiences and can deter consumers from engaging with businesses during outages.

Impact on innovation and growth

Persistent power issues discourage innovation and long-term planning. Businesses may be hesitant to expand or invest in new technologies and processes if they cannot rely on stable power supply, stifling growth and modernisation efforts.

Employment effects

Reduced business activity due to load shedding can lead to job losses and reduced working hours. This impacts employees' livelihoods and can exacerbate unemployment and socio-economic challenges in the country.

Public relations and brand damage

Repeated power outages can harm a company's reputation if they are unable to meet customer expectations. Poor reliability can lead to negative public perception and damage brand loyalty.

Overall, the frequent power outages and load shedding by Eskom have created a challenging environment for businesses in South Africa, affecting productivity, profitability, and long-term growth prospects. Addressing the power supply issues is critical for stabilising and revitalising the business sector and the broader economy.

Economic challenges

South Africa is facing significant economic challenges, including:

Slow economic growth

Economic growth has been sluggish, averaging around 1% per year, which is insufficient to reduce high unemployment and poverty levels. Structural issues, such as low productivity and limited industrial diversification, have constrained growth.

High unemployment

Unemployment rates have been persistently high, exceeding 30% in recent years, with youth unemployment even higher. This has been a major socio-economic issue, contributing to widespread poverty and inequality.

Inequality and poverty

South Africa remains one of the most unequal societies in the world, with significant disparities in income and wealth. Poverty levels have remained high, exacerbated by slow economic growth and high unemployment.

Public debt and fiscal deficit

Public debt has increased significantly, reaching over 70% of GDP. The government has struggled with large fiscal deficits, driven by lower revenues, rising public sector wages, and increased social spending.

Corruption and state capture

Corruption and inefficiencies within government and state-owned enterprises (SOEs) have undermined economic performance, leading to a significant loss of investor confidence and inefficient public spending.

Energy crisis

Frequent power outages and load shedding by the state-owned utility Eskom have severely impacted economic activity.

Investment climate

The investment climate has been affected by policy uncertainty, corruption, and regulatory challenges. This has led to reduced domestic and foreign investment, hindering economic growth and job creation.

Education and skills gap

The education system has struggled to provide quality education, leading to a skills gap in the labour market. This has hampered economic competitiveness and the ability to attract high-value industries.

Trade and Export Challenges

South Africa's export performance has been hindered by global economic conditions, trade barriers, and infrastructure bottlenecks. The country's reliance on commodity exports makes it vulnerable to global price fluctuations.

Infrastructure deficiencies

Inadequate infrastructure, particularly in transportation and logistics, has constrained economic activity and competitiveness. Investment in infrastructure has been insufficient to meet growing demand and support economic growth.

Addressing these challenges requires comprehensive and sustained policy interventions aimed at fostering economic growth, improving governance, enhancing the investment climate, and reducing inequality.

COVID-19 Pandemic

The pandemic has had a profound impact on South Africa, exacerbating existing economic and social challenges.

Top ten challenges for FSPs

According to the authors of *Practice Made Perfect*, Mark C. Tibergien and Rebecca Pomering, published in 2005, the top ten challenges of advisory firms are: [1]

1. **Lack of capacity to serve clients**, which implies any of a number of things, such as:

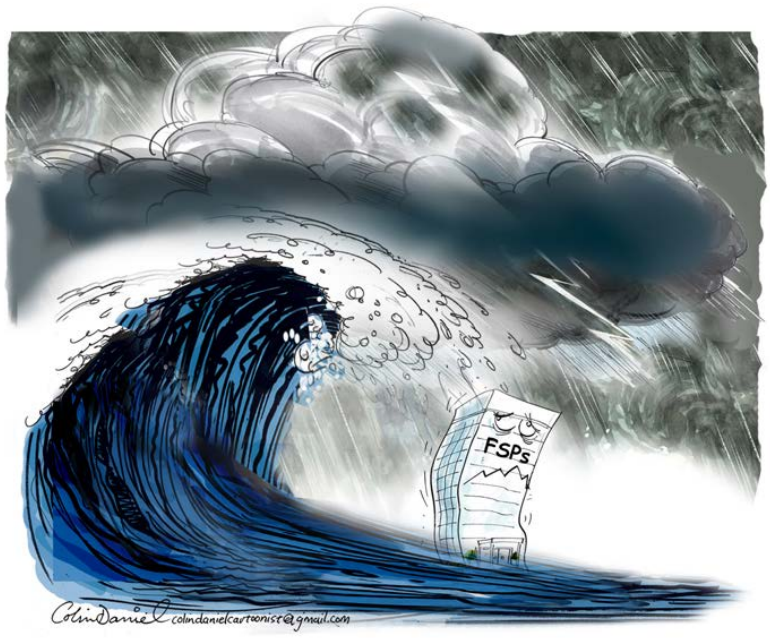
- lack of process
- trying to be all things to all people
- not having the right people on the bus
- poor client segmentation or none at all
- not having the right people in the right seats
- lack of effectiveness and/or business efficiencies

1 Mark C. Tibergien and Rebecca Pomering: Practice Made Perfect, Bloomberg Press, p6

2. **Building value in the practice**, which implies that the business is not making enough consistent profits through annuity income.
3. **Improving efficiency**, which means there is a lack of sound systems, process, and workflows.
4. **Getting better clients**, which implies that advisors have not defined their ideal clients and have failed to articulate and deliver a competitive value proposition for those ideal clients.
5. **Managing growth**, which means that they battle to keep the balance between growing their client base and appointing new staff or acquiring the necessary resources to cope with the demands.
6. **Offering value-added services**, which implies that they have not articulated their value proposition and cannot deliver it consistently.
7. **Keeping pace with technology**, which speaks for itself.
8. **Developing specific expertise internally**, which means that they will have to outsource some non-core activities.
9. **Maintaining a life outside of the business**, which implies a lack of balance.
10. **Time management**, which implies that the average advisor does crisis management on a daily basis and does not have the luxury to plan properly.

From this list, published almost two decades ago, it seems that, although the subjects in the list have remained relevant, the intensity of these challenges have increased exponentially. In an independent survey conducted in South Africa in September 2024, it was found that the number one challenge of financial services providers is compliance, and the lack of capacity and time came a close second.

To be honest, this was a very frustrating chapter to write. Defining reality was not that hard but the emotions that went with it made me cringe, because I realised how incredibly difficult it has been for financial services providers to survive over the last decade. Through the unprecedented challenges of the COVID-19 pandemic and the ongoing political and economic uncertainties, your resilience has been nothing short of remarkable. Your unwavering commitment to guiding clients through such turbulent times, while maintaining the highest standards of service and integrity, has truly set you apart. The strength and adaptability you've demonstrated not only inspire confidence but also exemplify the very best of what it means to be a trusted advisor. I cannot help feeling that someone needs to thank you for your dedication and for being a steady hand in such a volatile landscape. I have the greatest respect for what you have accomplished, despite the challenges. Hats off!



Opportunities often lie hidden behind the problems we encounter, obscured by the challenges they present. When faced with difficulties, it's easy to focus solely on the obstacles, feeling overwhelmed by the immediate pressures. However, each problem carries within it the seeds of potential growth, innovation, and success.

Chapter 7

Identify the opportunities

Opportunity is missed by most people because it is dressed in overalls and looks like work.
- Thomas Edison -

One cannot simply allow being overwhelmed by all the challenges in the industry. There have been, and there will always be business opportunities for advisors and intermediaries. Success or failure is not based on a lack of opportunities in the midst of all the challenges. The difference between success and failure is often based on how we choose to approach our opportunities. The table below contains some of the most basic financial planning and advice opportunities that exist from a financial planning and advice point of view, and this is by no means an exhaustive list.

Long-term insurance Personal	Long-term insurance Business	Short-term insurance Personal lines	Short-term insurance (Business) Commercial	Investments	Health care insurance (Medical aid)	Employee Benefits
Life insurance	Contingent liability insurance	Household and car insurance	Business assets	Savings	Hospital plans	Group life
Disability insurance	Key person insurance	Gap cover	General business risks	Planning for a goal	Basic plans	Group disability
Dreaded disease insurance	Buy-and-sell insurance		Business interruption	Planning for retirement	Comp plans	Group medical schemes
Estate planning				Planning at retirement		
				Offshore investing		

Financial advisors have several key opportunities in the current economic and financial landscape. Here are a few to consider:

Holistic financial planning

Opportunity: Clients increasingly seek comprehensive financial advice that covers more than just investment management, including budgeting, debt management, insurance, and tax planning. Therefore, consider offering a broader range of services to address all aspects of a client's financial life, creating a one-stop-shop experience, or establish strong collaboration with other providers to leverage their offerings.

Wealth transfer and estate planning

It is widely anticipated that the greatest wealth transfer in history will occur over the next 30 years. This phenomenon is driven primarily by the aging baby boomer generation, which holds a significant portion of global wealth. Estimates suggest that tens of trillions of dollars will be passed down to younger generations, particularly Millennials and Gen Z. In the U.S. alone, it's estimated that $30 to $68 trillion could change hands.

South Africa has a notable population of high-net-worth individuals (HNWIs) who will be passing on their wealth. According to reports, South Africa had over 35,000 HNWIs as of recent years, with a collective wealth in the hundreds of billions of dollars. This wealth transfer will likely have profound effects on financial markets, philanthropy, and the broader economy. It will influence investment strategies, consumer behaviour, and even social values as younger generations with different priorities inherit wealth.

Opportunities for Advisors: Financial advisors will play a crucial role in helping both the older generation manage the transfer and the younger generation manage the inheritance. This includes estate planning, tax optimisation, and helping beneficiaries navigate sudden wealth. Advisors who can establish relationships with both the current wealth holders and their heirs will be well-positioned to manage the transition and retain assets under management. This expected transfer underscores the importance for financial advisors to be prepared with strategies tailored to the needs of both the current and future wealth holders. There will be significant demand for estate planning services to ensure efficient wealth transfer while minimising tax liabilities. Advisors will need to be equipped to manage the investments of younger generations, who may have different risk profiles and investment priorities.

Building relationships with heirs before the transfer occurs and developing expertise in estate planning and intergenerational wealth transfer to capture and retain multi-generational clients will be crucial for retaining assets under management.

Retirement planning

With increasing life expectancies, clients are more concerned about outliving their retirement savings. Advisors can offer tailored retirement planning services, including income strategies and tax-efficient withdrawals.

Digital transformation

Opportunity: The pandemic accelerated the adoption of digital tools in financial services. Advisors can leverage technology to improve client engagement, offer virtual consultations, and automate routine tasks.

Action: Invest in digital platforms tools that enhance client communication and portfolio management.

Education and financial literacy

Opportunity: With the complexity of financial markets, there is a significant need for client education. Advisors can position themselves as trusted educators, helping clients understand financial concepts and make informed decisions.

Action: Create educational content, host webinars, and offer personalised financial literacy sessions to enhance client trust and engagement.

Focus on Millennial and Gen Z clients

Opportunity: Millennials and Gen Z are entering their prime earning years and are poised to be the beneficiaries of the wealth transfer. Advisors can build long-term relationships with these younger clients.

Action: Develop services and communication strategies that resonate with younger generations, focusing on technology, values-based investing, and flexible financial planning.

Navigating economic uncertainty

Opportunity: Economic volatility presents opportunities for advisors to guide clients through turbulent times, offering advice on risk management, diversification, and long-term planning.

Action: Strengthen expertise in managing portfolios during periods of market instability and communicate regularly with clients to reinforce the value of professional advice.

Create personalised client experiences

Opportunity: Clients increasingly expect personalised experiences tailored to their unique needs and goals. Advisors can differentiate themselves by offering customised financial plans and one-on-one advice.

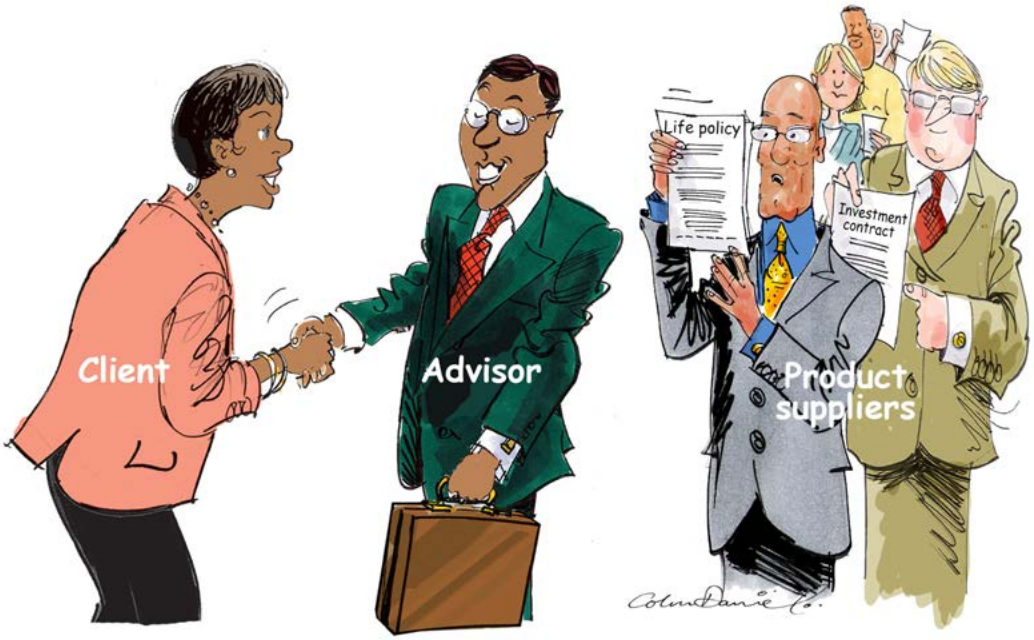
Action: Utilise client data and advanced analytics to create highly personalised financial plans that address individual goals, preferences, and risk tolerance.

Regulatory and compliance expertise

Opportunity: As regulatory environments evolve, especially around fiduciary standards, financial advisors who stay ahead of compliance requirements can build trust and reduce risks for their clients.

Action: Stay informed about regulatory changes and consider specialising in compliance to offer internal compliance services to your FSP.

Stakeholders are individuals, groups, or firms that have an interest in or are affected by the actions, decisions, policies, or outcomes of an FSP business.



Chapter 8

The need to recognise the value of your key stakeholders in the industry

When stakeholders collaborate, they can achieve outcomes that are greater than what any one party could accomplish alone.

It is important to be aware that the success of any FSP business will depend to a large degree on the relationships it forms with internal and external stakeholders, the personal effectiveness of its staff, its business efficiencies, and the client experiences it creates. The value of synergy between stakeholders lies in its ability to turn individual contributions into a powerful, unified force that drives progress, innovation, and success for all involved.

To establish business efficiencies and create great client experiences requires both internal commitment from the FSP's people and excellence from external stakeholders, all working towards a common goal. FSPs and their stakeholders are interdependent of each other. There is a mutual reliance between FSP businesses and their various stakeholders, where each party depends on the other to achieve their goals, fulfill their needs, and sustain their operations. Key aspects of interdependence include:

Mutual Benefit

Each party involved gains something valuable from the relationship. For instance, in a business context, an FSP might rely on suppliers of technological systems, while the suppliers rely on the FSP for revenue.

Reciprocity

The parties engage in a give-and-take relationship. Actions or changes in one party affect the others, and vice versa.

Collaboration

Successful interdependent relationships often require cooperation and communication. Parties work together to achieve common objectives or to support each other's goals.

Vulnerability

Dependence on others creates a level of vulnerability. If one party fails to meet their obligations, it can impact the others. For example, if a supplier that provides technological systems cannot protect client data, it can negatively affect FSP's reputation.

Complexity

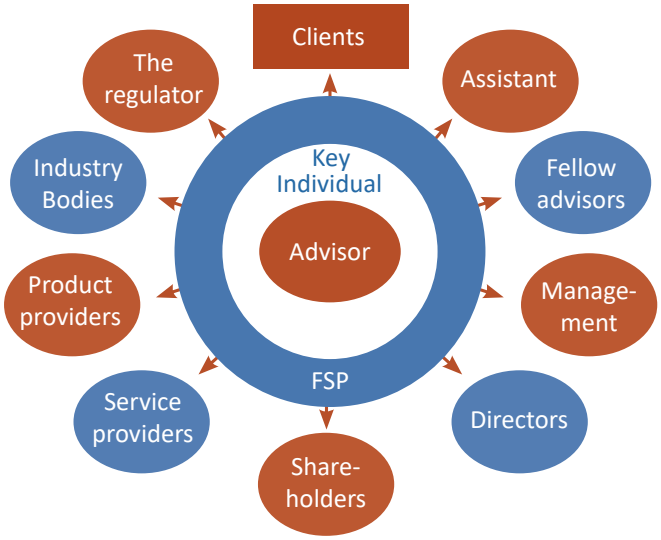
Interdependent relationships can be complex, involving multiple parties and factors. Managing these relationships requires understanding the needs and contributions of each party.

In summary

Interdependence highlights the interconnectedness and mutual reliance among parties, emphasising that their success or well-being is linked. This concept is crucial in understanding how different entities interact and support each other within a system. The interdependence among these stakeholders ensures that each party contributes to and benefits from the financial advisory business's ecosystem, creating a mutually supportive network essential for overall success.

The key stakeholders

The key stakeholders of a financial advisory and intermediary services business from an operational point of view typically include:



Always put clients or customers first

A customer is the most important visitor on our premises.
He is not dependent on us. We are dependent on him.
He is not an interruption of our work. He is the purpose of it.
He is not an outsider of our business. He is part of it.
We are not doing him a favour by serving him.
He is doing us a favour by giving us an opportunity to do so.
— Often attributed to Mahatma Gandhi —

Clients are individuals or firms seeking financial advisory services, and they are the primary source of revenue for the business. Clients provide valuable feedback that help to improve services. Satisfied clients enhance the reputation and credibility of the business.

Interdependence

Financial advisory firms and their key stakeholders are interdependent, meaning they rely on each other for mutual benefit and success. Here's how this interdependence manifests:

Clients: Financial advisory firms depend on clients for revenue and business growth, while clients rely on the firm for expert financial guidance to achieve their financial goals.

Financial Planners/Advisors: Advisors depend on the firm for employment, resources, and a client base, while the firm relies on advisors to deliver quality services, comply with legislation, and maintain trusted client relationships.

Employees: Employees support the firm's operations and client service delivery, while the firm provides them with job security, income, and career development opportunities.

Management and owners: They steer the firm's strategic direction and ensure its profitability, while the firm's success impacts their financial returns and business reputation.

Regulatory bodies: Regulatory compliance is essential for the firm's legal standing and credibility. In turn, regulatory bodies depend on firms to adhere to laws and standards, ensuring a stable, ethical and sustainable financial services industry.

Financial institutions: These institutions provide products and services that the firm offers to clients. Financial advisory firms rely on these products to meet client needs, while financial institutions depend on advisory firms to distribute their products.

Technology providers: Firms need technology providers for essential tools and systems that enhance service delivery and efficiency. Technology providers, in turn, depend on financial firms for business revenue, and constructive feedback to improve their products.

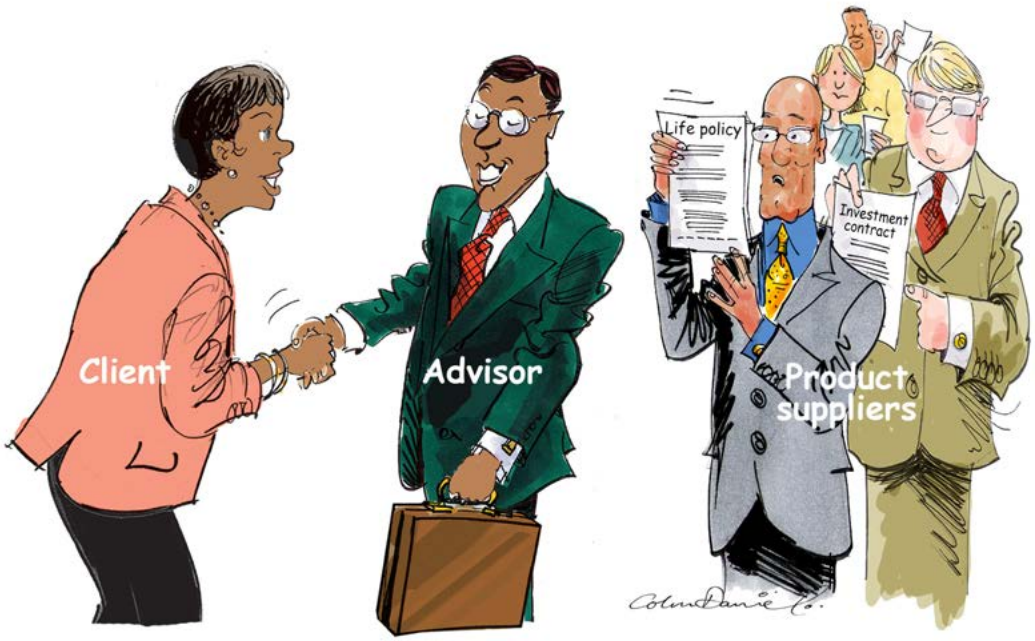
Vendors and suppliers: Reliable vendors ensure the firm's operational needs are met, while vendors benefit from the business and revenue generated by the firm's needs.

Investors: Investors provide capital for growth and innovation, and they expect financial returns. The firm depends on this capital for expansion, while investors rely on the firm's success for their financial gains.

Professional Associations: These associations set industry standards and offer professional development, helping to maintain the high standards required to enhance the profession. Firms and advisors benefit from these resources, while associations rely on membership and adherence to their standards.

Trade associations: These Associations advocate for the interests of their member firms, provide a collective voice in regulatory matters, and often work to influence policy, provide industry standards, and offer resources and networking opportunities for their members.

Community and society: Advisory firms contribute to financial literacy and economic stability, benefiting the community. In return, a stable and supportive community fosters a positive environment for the firm's operations.



The Financial Planning Institute of Southern Africa

The Financial Planning Institute of Southern Africa NPC (FPI) was established in 1981 as the Institute for Life and Pension Advisors (ILPA). Over the past four decades, it has evolved into the leading standard-setting body for financial planning and professional advice in South Africa's financial services sector.

As a non-profit organisation funded by its members, FPI is the only professional body in South Africa that sets standards for the financial planning profession. Our globally aligned standards are based on best practices established by the Financial Planning Standards Board (FPSB).

FPI is the official licensing authority for the CFP® / CERTIFIED FINANCIAL PLANNER® designation in Southern Africa. This internationally recognised mark signifies adherence to the highest levels of professional and ethical standards. We are committed to advancing professional competency, providing quality education and training, and fostering the ongoing development of our members.

5000 PROFESSIONAL MEMBERS

In addition to the CFP® designation, FPI offers locally recognised and SAQA-registered designations :

REGISTERED FINANCIAL PROFESSIONAL® (RFP®)

FINANCIAL SERVICES ADVISOR® (FSA®)

These designations provide a solid career and learning pathway for aspiring CFP® professionals.

FPI is also a Recognised Controlling Body (RCB) of the South African Revenue Service (SARS), further solidifying its role as a key stakeholder in the financial services landscape.

Our mission is to elevate the financial planning profession by supporting our members throughout their professional journey, empowering them to deliver the highest quality advice and service to their clients.

Our vision is to be the leading authority in financial planning, recognised both locally and globally.

For more information, visit our website at www.fpi.co.za

Unlock your FPI Membership Benefits

As a professional member of the Financial Planning Institute of Southern Africa NPC (FPI), you gain access to a wide range of professional membership benefits, tailored to support your career growth, uphold the highest ethical standards, and empower your practice. Here's how your membership can transform your professional journey:

ADVOCACY AND REPRESENTATION

- Institutional Representation
- Have Your Say
- Consumer Awareness

GLOBAL RECOGNITION AND PROFESSIONAL STANDARDS

- Affiliation with FPSB
- Tax Practitioner
- Ethical Guidance

PROFESSIONAL DEVELOPMENT AND COLLABORATION

- Up to 45 complimentary CPD hours
- Peer-to-Peer Collaboration
- FPI Master Classes and Training

RECOGNITION AND AWARDS

- Prestigious Industry Awards
- Financial Planner of the Year
- Diversity and Inclusion Award

INTANGIBLE BENEFITS

- Client Trust
- Employability
- Professional Differentiation

EXCLUSIVE OFFERS AND DISCOUNTS

- Accredible
- LexisNexis
- Financial Planner Tool

Visit our website at www.fpi.co.za

FINANCIAL INTERMEDIARIES ASSOCIATION OF SOUTHERN AFRICA

A NON-PROFIT ORGANISATION
FOUNDED AN FUNDED BY MEMBERS

Membership Benefits:

FIA Online – Members Lounge (access to regulatory submissions, minutes, partner benefits)

Member meetings training sessions, year end functions, industry-related sessions, and more

Access to **FIA Group Life, Disability & Accident** Scheme

Regulatory updates

Weekly updates through our #Week@AGlance

FIA Insight magazine

Representation on a national and international scale

Regulated CPD training – online and face-to-face

Access to FIA **Professional Indemnity Scheme**

www.fia.org.za

Ambassadors

We represent members in relationships with government, regulators, labour and communities.

Team players

We are a community-driven organization. The welfare of our members is at the core of everything we do.

Image consultants

We safeguard the collective image of our members in their crucial roles as part of insurance delivery in South Africa.

The need to recognise the value of your key stakeholders in the industry

Lizelle van der Merwe, CEO, FIA

FIA: PROTECTING AND PROMOTING INDEPENDENT FINANCIAL ADVICE

Why The FIA?

Everything you need to know about the FIA and the work we do to support financial intermediaries in South Africa.

The Financial Intermediaries Association of Southern Africa (FIA) is a non-profit organisation, founded and funded by members.

The FIA is the only recognised trade association that represents the business interests of intermediaries at Business Unity South Africa (BUSA), the Financial Sector Transformation Council (FSTC) and the World Federation of Insurance Intermediaries (WFII).

Our membership comprises a network of diverse advisory businesses that have in common passionate individuals, industry experts and thought leaders who are committed to driving positive change and advancement in the Financial Services Sector.

The FIA represents more than 1 600 member FSPs and 12 000 key individuals and representatives. Our primary objective is to promote the collective interests of professional advisory businesses with a broad range of stakeholders. We are unique in that we are multi-disciplined; members operate in Healthcare, Financial Planning, Non-life, Employee Benefits, and Investments (Discretionary Investment Managers).

We represent more than

12 000

licensed financial services advisers
throughout South Africa

Executive committees:

There are eight executive committees that meet on a quarterly basis – representing Investments (Discretionary Investment Managers), Non-life, Financial Planning, Healthcare, Employee Benefits, Transformation, Education & Training and Membership.

These committees consist of industry experts who engage in collaborative projects and initiatives with other members, driving impactful solutions and innovations.

Members make a collective contribution to important discussions and policy advocacy efforts that shape the future of the industry.

Membership benefits

We offer a wide range of benefits to accommodate the diverse needs of members. Some of these benefits include:

- An opportunity to contribute to the ongoing development of the regulatory framework in SA. The FIA advocates for the interests of advisory businesses to manage the risk of increasing compliance costs and complexity.
- Complimentary CPD (Continuous Professional Development), access to industry trends and insights via weekly communications, webinars, member events, and networking opportunities.
- Membership grants you an opening to actively participate in decision-making processes, influence organisational direction, and shape policies that will lead to a sustainable and positive impact on business.
- Highlight intermediary businesses as an active contributor to the collective growth and success of the industry.
- Join one of 25 branches across the country to connect and engage with like-minded businesses on key developments in the industry.

The FIA scope of work (highlights only)

Outlined below is a summary of activities in which the FIA and our members have engaged on behalf of industry.

- Two-Pot Retirement System
- National Health Insurance (NHI)
- COFI (Conduct of Financial Institutions Bill)
- OMNI-CBRs (FSCA quarterly reporting requirements)
- Revised Joint Standard – Cybersecurity & Cyber Resilience
- The revised Financial Sector Code
- The Financial Sector and Deposit Insurance Levies Act
- LCBO (Low-Cost Benefit Options) Guidelines & PMBs (Prescribed Minimum Benefits)
- Employment Equity Amendment Act and Regulations
- FICA / Grey Listing

The FIA prides itself on being a constructive contributor to the trajectory of the industry. We are only able to achieve our ambitions with the support of members.

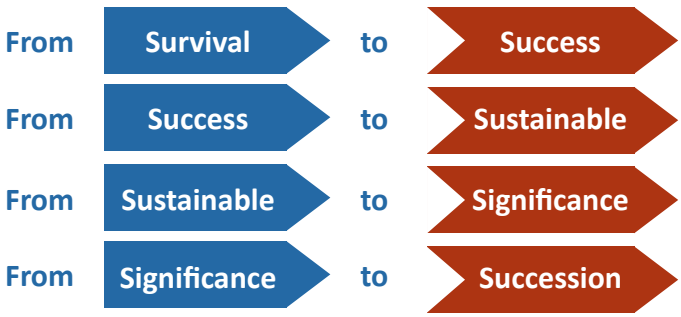
If you would like to join the FIA, please contact **membership@fia.org.za**

012 665 0085 | questions@fia.org.za

FINANCIAL INTERMEDIARIES ASSOCIATION OF SOUTHERN AFRICA

The life cycle of every business follows a natural progression, beginning with the initial idea and the establishment of a financially viable business. This journey involves nurturing the business through various stages, where changes, challenges and opportunities shape its development. As the business matures, it adapts and evolves, leveraging strategic decisions, market understanding, and innovation to achieve success. Each phase in this cycle is a crucial step toward building a resilient and thriving enterprise.

Where do you find yourself in your business life cycle?
- *From survival to succession*



Chapter 9

The life cycle of every practice

The life cycle of a financial advisory practice is important to understand because it provides insights into the growth, development, and eventual transition of the business. By understanding the different stages of the life cycle, financial advisors can better navigate challenges, make strategic decisions, and plan for the future succession of their practice. The various stages, from survival to succession, can be summarised as follows:

Survival

The initial period of a startup financial advisory practice happens due to several inherent challenges that new ventures face. This stage is marked by a high level of uncertainty and risk as the people in the business work to establish itself, gain clients, and prove its sustainability. Here are some key reasons why this period is particularly challenging:

Making the wrong assumptions

Some advisors overestimate the value of their personal brand and ability to win clients, and they underestimate the amount of time and money it takes to effectively establish and manage an FSP.

Unproven business model

Many startups are built around innovative but untested ideas and based on enthusiastic 'best case scenario' assumptions, which means the business model has not been fully validated. Optimistic cash flow modeling can lead to significant cash flow pressure if business assumptions made do not materialise. Startups must figure out:

- Who are their target customers?
- What is their unique value proposition, and will clients find it attractive?
- Do their product(s)and/or service(s) solve a real problem?

There are no guarantees around whether the startup can generate sustainable revenue.

Limited resources

Most startups begin with limited financial resources, which puts pressure on cash flow management. Founders are often juggling multiple roles, which can lead to a loss of focus, burnout and/or inefficiencies. In the early stages, startups typically have small teams, so they lack specialised personnel for different functions, meaning every team member wears multiple hats, which puts tremendous pressure on all the people in the business.

Cash flow challenges

Cash flow management is one of the biggest hurdles for startups. During the initial period, startups typically experience:

- High upfront costs related to product development, marketing, and hiring, with revenue only coming in slowly
- Unexpected expenses that strain their budget

Without sufficient cash flow, it becomes difficult to cover operational costs, leading to an immediate survival challenge.

Attracting and retaining customers in a highly competitive market

In the initial stages, startups struggle with building brand awareness and acquiring customers. Because they are new, they lack brand recognition, and it takes time and effort to attract new clients. Additionally, startups may face difficulties in:

- Developing effective marketing strategies with limited budgets
- Convincing customers to move away from established competitors
- Pricing their services appropriately – finding the balance between being competitive and being sustainable
- Establishing a reliable customer base is crucial for survival, but it often takes longer than anticipated

Intense competition

Startups in the financial services industry face strong competition from businesses with established brands, more resources, experience, and customer loyalty.

Product and service development challenges

Many startups face challenges in finalising their value proposition. They may encounter technical issues, operational and/or technological challenges.

Unpredictable market conditions

Economic fluctuations, changes in consumer preferences, or unforeseen global events (e.g., pandemics, regulatory changes) can severely impact a startup's early operations. Established businesses often have reserves or alternative revenue streams to weather these challenges, while startups, with their limited resources, may be vulnerable to market shocks.

Lack of operational capacity and experience

Many startups are founded by individuals with passion, a great vision, technical expertise, but they may lack the capacity or experience in managing day-to-day business operations, which may include finance, HR, systems, marketing, risk management and compliance. This learning curve can lead to mistakes that can put enormous pressure on an FSP's survival in the early stages of the business.

Finding the right team and building the right culture

Building a strong, cohesive team is crucial, but startups often struggle with:

- Attracting top talent without the resources to offer competitive salaries or benefits
- Creating a positive and productive company culture in a high-stress, fast-paced environment
- Long hours that everyone in the business must put in to make things work

Securing funding

Once the initial capital is used, start-ups often need additional funding to continue operations. Securing investment is difficult, especially in the early stages, when investors are hesitant due to the high level of risk. Banks do not easily extend loans to start-up businesses and giving away equity to attract investment may be very expensive in the long run.

Balancing survival over the short term with the vision over the long term

Startups face the delicate balancing act of addressing immediate needs—like generating revenue and managing cash flow—while keeping their long-term vision in mind. This tension can lead to difficult decisions.

Conclusion

Once these early hurdles are cleared, startups can enter a growth phase, but this initial period is often the most precarious.

Success

We call it the success phase because the business is generating revenue, its assets are greater than its liabilities and it is starting to make a profit. That would be the minimum requirement of financial soundness of a business. Key characteristics of the success phase include:

- Increased revenue and customer base
- This phase can also involve refining business strategies, improving efficiency, and beginning to focus on long-term sustainability

This new phase brings its own set of challenges. These trials are often related to managing growth. The most common challenges are:

Cash flow management

Challenge: It is so important to realise that profits do not necessarily mean consistent cash flow. Businesses may still face cash flow shortages, especially if revenues fluctuate, or expenses are high.

Solution: Implement solid cash flow management practices, including maintaining cash reserves, managing accounts receivable and payable effectively, and forecasting future cash needs.

Scaling operations

Challenge: As the business grows, management may need to hire more staff, and/or expand infrastructure. Scaling the business without proper systems in place can lead to inefficiencies, operational bottlenecks, inconsistent service levels, ineffective risk management and compliance, and high costs.

Solution: Invest in scalable systems, automation, and clear workflows to lay a sound foundation to ensure that growth will ultimately be sustainable.

Appointing the right management team

Challenge: Hiring and appointing the right management team is vital. The wrong management team will ultimately end up appointing the wrong people and create the wrong culture.

Solution: Build a strong management team, invest in leadership development, and ensure that new management align with the company's culture.

Hiring the right people

Challenge: Getting the right people on the bus and in the right seats becomes crucial as the business grows. Not getting this right can lead to serious cultural and operational problems.

Solution: Establish a sound hiring process, invest in leadership development, and ensure that new employees align with the company's culture and long-term goals.

Establish a quality and consistent service model per client segment

Challenge: Servicing more clients while maintaining the same level of quality service consistently can be difficult.

Solution: Implement a great system and invest in systems development to ensure that scaling processes don't compromise the quality and consistency of your service offering.

Managing customer expectations

Challenge: Growing businesses may struggle to manage customer service, especially as the customer base expands. If client expectations are not consistently met, it can become difficult to retain clients.

Solution: Invest in systems, processes and workflows, customer support, great communication before, during and after client acquisitions, and actively manage relationships to maintain client satisfaction and loyalty.

Competitor responses

Challenge: When businesses begin to show success, competitors often respond by innovating or cutting prices, which can level the playing field again, and put pressure on profitability.

Solution: Continue innovating and differentiating the business to stay competitive. Consider focusing on unique value propositions or exploring new markets to outpace competitors.

Balancing growth with profitability

Challenge: Businesses often face the dilemma of reinvesting profits into growth (e.g., marketing, new products) versus maintaining higher profitability. Scaling too fast can drain resources, while growing too slowly might miss opportunities.

Solution: Strike a balance by setting clear growth goals while keeping profitability in mind. Monitor key performance indicators (KPIs) to track both profitability and growth.

Tax and regulatory compliance

Challenge: As businesses grow and become profitable, they may face new tax obligations, as well as compliance requirements in areas such as labour laws, environmental regulations, or data protection.

Solution: Work closely with financial and legal experts to stay on top of compliance and tax planning, ensuring the business doesn't face fines or penalties.

Strategic direction and focus

Challenge: Early-stage businesses are often opportunistic, but as profits grow, it becomes more important to focus strategically. A lack of clear direction can lead to wasted resources and dilution of core competencies.

Solution: Develop a clear strategic plan that outlines goals, priorities, and key areas for investment and growth, while ensuring the company stays true to its mission.

Pressure to reinvest or distribute profits

Challenge: Founders and investors may face conflicting pressures to either reinvest profits into the business for further growth or distribute profits to shareholders and stakeholders.

Solution: Establish a clear profit-sharing or reinvestment plan that aligns with the long-term goals of the business and satisfies key stakeholders.

Successfully navigating these challenges is key to turning short-term profitability into long-term success and sustainability.

Sustainable

A business can be considered sustainable when it achieves stability in its financial, operational, and strategic performance, and is capable of maintaining profitability and growth over time and the ability to meet future challenges. The following are key indicators of a business that has reached a sustainable phase:

Effective leadership

A sustainable business has a strong leadership and management team that can lead and manage the FSP's strategy and operations effectively. Leadership, management, and other key roles are established and succession planning is in place.

Consistent profitability

The practice consistently generates profits over multiple fiscal periods. Revenues cover all the FSP's operating costs, debts, and allow for reinvestment while maintaining a healthy profit margin. The practice has reliable sources of revenue that are not overly dependent on a single customer or product.

Consistent positive cash flow

A sustainable practice maintains positive cash flow, meaning it has enough liquid capital to cover operational expenses, reinvest in growth, and absorb unforeseen costs or downturns. The company can meet its financial obligations like salaries, debt, and suppliers without relying on external funding.

Operational efficiency

The practice has well-established systems, processes and workflows that enhance business efficiencies, improve productivity and reduce costs. The FSP has scalable operations, meaning it can grow its client base without exponentially facing operational bottlenecks and increasing costs.

Strong brand and established customer base

The FSP has a strong brand, established market presence, and loyal customer base. The practice has built lasting trusted relationships with its existing customers and is no longer heavily dependent on acquiring new customers. There is repeat business from existing customers, word-of-mouth referrals and a steady stream of revenue from diverse market segments.

Adaptability and innovation

A sustainable business has shown the ability to adapt to changes in the market, such as shifts on the regulatory front, product innovation, technological advances, and customer preferences. It excels in change management, always prioritises great customer experiences, invests in innovation, ensuring that its services remain relevant and competitive.

Resilient

A practice can be called sustainable when it demonstrates the ability to weather economic and market downturns, industry shifts, or other external challenges without significant long-term damage. It has contingency plans, a strong balance sheet, and access to credit or reserves to handle temporary setbacks.

Well-managed growth

The practice balances growth with maintaining quality and consistent service, customer satisfaction, and internal resources, ensuring expansion does not compromise the business model.

Long-term strategic vision

The company has a clear, achievable and resilient long-term strategy in place.

Risk management, compliance and ethical responsibility

The practice consistently meets all legal, regulatory, and ethical standards, reducing the risk of fines, sanctions, or reputational damage.

Challenges

When an FSP reaches a sustainable phase—where it is consistently profitable and stable over the long term—it still faces several challenges. Here are some common challenges that sustainable FSPs encounter:

Complacency

Challenge: Once a practice is sustainable, one of the biggest pitfalls is to become complacent. It is a common challenge for all businesses highlighted in the book by Jim Collins, How the Mighty Fall.

Solution: Review market trends regularly and foster a culture of continuous innovation and development. This includes evolving service offerings, processes, and technologies.

Market saturation

Challenge: Many FSPs still compete in a red ocean market, where the competition is fierce, and it is difficult to establish what distinguishes one value proposition from another. This makes it harder to achieve further growth or increase market share.

Solution: Explore blue ocean markets, like doing holistic financial planning, updating wills and making sure clients' wills are executable. More and more people have families scattered across the world, and ensuring that wealth can be transferred optimally in the future is crucial. That takes knowledge and skills to facilitate it and retain future generations as clients.

Operational efficiency and managing expenses effectively

Challenge: As practices mature, inefficiencies may creep into operations, leading to higher costs or lower margins. Sustainable FSPs must continue managing business efficiencies, and costs to maintain profitability.

Solution: Regularly review operational processes, leverage technology to integrate and automate where possible, and implement continuous improvement practices.

Culture

Maintaining a strong company culture is of the utmost importance because as we will highlight later in this publication in much more detail, culture eats strategy for breakfast.

Retaining talent and maintaining employee engagement

Challenge: Retaining top talent can be difficult as the FSP grows. When the business becomes too corporate or bureaucratic, employees may feel disengaged, potentially leading to good employees resigning because they feel that the FSP is simply not the same anymore.

Solution: Invest in employee development and provide clear career growth opportunities. Keep employees engaged with good communication by encouraging innovation, offering benefits, and promoting work-life balance.

Maintaining customer relationships

Challenge: Sustainable practices must continuously maintain strong high trust customer relationships to ensure loyalty. As businesses grow, the personal touch that early customers appreciated can potentially get lost, and customer experiences can suffer.

Solution: Invest in customer relationship management (CRM) systems, continue to prioritise customer service, and actively seek customer feedback to make improvements. Regular and meaningful engagement can help retain customers.

Maintaining a competitive advantage

Challenge: The financial planning environment can change quickly, with new competitors entering, technologies evolving, and customer preferences shifting. Maintaining a competitive advantage can be difficult over the long term.

Solution: The success of FSPs is based on trusted relationships. Trust is what ultimately keeps advisors and clients together. Continuously investing in those trusted relationships will help to maintain a big part of your competitive advantage. In addition, you will have to continuously refine your unique value proposition, monitor competitor activity, and be proactive. Make sure that your systems are effective and efficient in support of your service model. Keep an eye on industry trends to pivot as needed.

Managing growth without losing focus

Challenge: As businesses grow, there can be a temptation to expand too quickly or in too many directions, diluting focus and stretching resources thin.

Solution: Stay focused on core competencies and stick to a clear strategic vision. Diversify carefully and only when aligned with long-term goals. Ensure that growth initiatives are manageable and don’t jeopardise the core business.

Changing regulatory and compliance requirements

Challenge: As the FSP grow, they often face increased scrutiny from regulators. Compliance requirements related to the Financial Intelligence Centre, Market conduct, taxes, labour laws, environmental regulations, and data privacy may become more complex.

Solution: Work closely with legal and compliance experts to stay ahead of changing regulations and integrate compliance into the company’s ongoing operations through technology.

Leadership and management transitions

Challenge: As the practice matures, planning for leadership and management changes becomes critical. Without a sound transition plan, leadership and management transitions can create instability.

Solution: Develop a comprehensive FSP leadership and management transition plan early, grooming future leaders and managers and ensuring continuity. A smooth leadership and management transition is essential for maintaining stability and confidence among employees and stakeholders.

Cybersecurity and data protection

Challenge: As a practice grows, it becomes a larger target for cyberattacks. Cybersecurity threats, data breaches, and hacking incidents can cause significant financial and reputational damage.

Solution: Invest in strong cybersecurity measures, ensure compliance with data protection regulations, and provide regular cybersecurity training for employees. Implement incident response plans to mitigate the impact of potential breaches.

Even when a business reaches sustainability, it must remain agile and proactive in addressing these challenges to ensure continued success and resilience in the face of changing market conditions and client expectations.

Significance

When a practice reaches a stage where it seeks to leave a significant legacy, its focus shifts from short-term profitability and growth to long-term impact and influence. These FSPs aim to create lasting value that extends beyond their financial success. Here are some of the key actions and initiatives that businesses typically pursue at this stage:

Investing in employee development

Legacy-focused practices invest heavily in their people. They focus on building strong company cultures, emphasising employee well-being, personal growth, and long-term career development.

FSPs focused on legacy works to groom future leaders. This involves leadership development programs, mentorship, and ensuring smooth leadership and management transitions.

Influencing policy and advocacy

Legacy businesses often engage in policy advocacy, using their influence to shape laws and regulations that align with their values. This might involve pushing for industry standards that promote fairness and sustainability. Businesses at this stage often engage in thought leadership by participating in or industry forums, conferences, and publications that drive conversations on key issues.

Supporting communities

Many practices focus on giving back to the communities they operate in by funding certain projects, building infrastructure, or supporting education and healthcare initiatives.

Education programs

FSPs often create scholarships, fellowships, or grant programs to support the education of future leaders, innovators, and changemakers.

Setting industry standards

Some legacy-driven businesses work to shape the standards of their industry, either by creating new benchmarks for quality, ethics, or sustainability.

Businesses that aim to leave a legacy often focus on elevating the reputation of their entire industry through ethical practices, sustainable development, and promoting fair competition.

By focusing on these areas, businesses create a lasting and meaningful impact on future generations.

Succession

Planning for the long-term sustainability and continuity of the practice is essential. Developing a succession plan, grooming future leaders, and ensuring a smooth transition of ownership or management can safeguard the business and maintain its competitive advantage. This chapter deals with five key phases of most FSP practices – from survival to succession. Succession planning is critical to ensure the smooth transition of the business to the next generation of advisors and business owners. It is such an important phase for many advisors in South Africa at this time, that we have decided to dedicate an entire chapter to this topic towards the end of this book.

Leadership is the art of inspiring others toward a shared vision, empowering them to achieve collective and individual growth. It is a selfless endeavor rooted in trust, accountability, and the ability to navigate uncertainty with courage and integrity. True leaders cultivate environments where people feel valued, motivated, and aligned toward a greater purpose, balancing decisiveness with empathy and vision with action.
ChatGPT

Chapter 10

The power of leadership

You cannot lead others if you cannot first lead yourself.
— John C. Maxwell —

Key individuals / persons have two primary leadership responsibilities, namely, leading themselves, and leading others. Representatives also have two primary leadership responsibilities, namely, leading themselves and leading their clients to make informed decisions.

Self-leadership

The importance of self-leadership is a common theme in leadership literature. Many leadership experts have emphasised the importance of self-leadership as a foundation for leading others. It reflects the idea that effective leadership begins with self-discipline, self-awareness, and personal responsibility.

Self-leadership is the practice of intentionally influencing your own thoughts, behaviours, and emotions to achieve personal and professional goals. It involves self-awareness, self-motivation, and self-discipline, allowing you to set clear objectives, make decisions aligned with your values, and navigate challenges with resilience. By taking responsibility for your actions and maintaining a proactive mindset, self-leadership empowers you to lead yourself effectively, fostering growth, productivity, and a sense of purpose in your life. Self-leadership is about taking extreme ownership of your responsibilities, and it is important for at least two reasons:

Firstly, if you are a small business owner and key individual / person of your own FSP, nobody else is going to look after your business if you don't. You have no choice but to take extreme ownership of your own business. If you want to make a success of it, self-motivation, self-discipline and accountability must be a given.

Secondly, if you are the key individual / person in an FSP where you are responsible for leading other people, they will not trust you if you do not demonstrate that you can lead by example.

Leading others

Leadership is the ability to inspire and guide individuals or groups toward achieving a common goal, while creating a positive environment that encourages growth, innovation, and collaboration. It involves not only making strategic decisions but also embodying the values and vision of the firm or cause, motivating others to follow willingly and to contribute their best efforts. Effective leadership balances authority with empathy, empowering others to develop their potential and collectively drive success.[1]

The first responsibility of a leader is to define reality.
The last is to say thank you. In between, the leader is a servant.
— Max de Preez —
Chairman and CEO of Herman Miller

1 ChatGPT

Leadership in the financial advisory practice is crucial for several reasons, especially for those who want to establish a competitive advantage. By addressing the following key issues, leaders in financial advisory practices can create a sustainable competitive advantage, positioning their firms for growth and success in an extremely competitive market.

Vision and strategy

Leaders must articulate a clear vision and strategic plan that outlines the firm's goals, target markets, and value proposition. Leaders must communicate the vision and set the direction for the practice. Leaders must align the team and resources towards common objectives. Leaders take the lead in developing the FSP strategy, according to client needs, the FSP goals and objectives, whilst considering the regulatory requirements. They help navigate complex industry landscapes and adapt strategies accordingly.

Ethical standards

In an industry that relies heavily on trusted relationships, leaders play a critical role in upholding ethical standards and compliance, ensuring that their practices always act in the best interests of their clients.

Attracting and retaining top talent

Leaders should foster a positive workplace culture, provide professional development opportunities, and implement competitive compensation structures.

Stakeholder and client relationships

Leaders must instill a client-centric culture, where understanding and meeting client needs is fundamental to the long-term success of any FSP. Strong leadership creates and nurtures the right culture in an FSP, which is vital in building and maintaining employee and client relationships. We address this topic in more detail in another chapter in the book.

Team development

Effective leaders mentor and develop their teams, enhancing skills and promoting a collaborative environment. This investment in human capital leads to better service delivery and client satisfaction. Leaders should establish a culture of continuous improvement, where feedback is valued, and there is a focus on learning from successes and failures.

Networking and partnerships

Building strategic alliances and networks can enhance business opportunities and provide access to new client segments.

Innovation and adaptability

The financial advisory industry is evolving rapidly, influenced by many factors like those highlighted in the earlier chapter 'Defining reality' which requires strong leadership. Leaders who inspire and promote innovation, adaptability, and resilience can position their firms for long-term success.

Embracing technology

In an industry where the single biggest challenge is the lack of capacity to manage businesses and service clients. Therefore, leaders must be proactive in adopting and integrating technology to improve efficiency, enhance client engagement, and provide data-driven insights. Leaders must take the lead to positively influence the stakeholders in the business to embrace technology. This includes leveraging CRM systems, financial planning software, and digital communication tools.

Risk management

Strong leadership is essential in identifying, assessing, and managing risks. Leaders define reality in this area and create frameworks that help the entire business navigate regulatory requirements and market fluctuations while protecting client interests. Maintaining compliance with regulations is crucial. Leaders should prioritise training and create a culture of accountability to mitigate risks.

Performance and accountability

Leaders establish clear performance metrics and accountability structures. This drives team motivation and enhances overall practice performance.

Crisis management

Strong leaders must be resilient and prepared to navigate challenges and crises, ensuring that their teams can adapt and respond effectively to changing circumstances.

The difference between two equally talented FSPs is leadership.

Business philosophy

Philosophy is like a big toolbox for thinking deeply about life's big questions in business. It's not just about what we know, but how we know it, why things are the way they are, and what it all means. It's about exploring ideas, questioning assumptions, and seeking wisdom about everything from the nature of reality to how we should do business. Think of it as the art of asking really important questions and trying to find some answers, even if they're not always easy to come by.

Chapter 11

The impact of your business philosophy

Your business philosophy can be described as the sum total of your beliefs that shape how the people in your business make decisions and operate. It's about more than just making money; it's about the values, goals, and strategies that drive a business forward. It includes things like how the business treats its employees, its approach to customer service, its stance on environmental sustainability, and its overall vision for success. Essentially, it's the heart and soul of a company's way of doing business.

Here is a brief summary of the benefits of articulating and communicating your business philosophy to the stakeholders in the FSP:

- A well-defined business philosophy serves as a foundation for decision-making and actions. It outlines the core values and beliefs that guide the FSP, ensuring consistency in behaviour and strategy.
- The philosophy shapes the FSP's culture, influencing employee behaviour, morale, and engagement. A positive culture fosters collaboration, innovation, and loyalty, which are essential for long-term success.
- A strong business philosophy helps define how a company interacts with clients. It can enhance trust and loyalty, as clients are more likely to engage with FSPs that share their values and demonstrate integrity.
- The philosophy contributes to the brand identity and reputation. Companies with a clear and compelling philosophy attract clients and employees who align with their values, differentiating them in a competitive market.
- A cohesive business philosophy ensures that all team members are aligned with the company's goals and objectives. This alignment enhances coordination and efficiency, driving better outcomes.
- A strong philosophical foundation can help FSPs navigate challenges and changes in the market. When faced with adversity, a clear philosophy can guide FSPs in making strategic adjustments while staying true to their core values.
- A well-articulated business philosophy reinforces ethical behaviour and decision-making. It encourages employees to consider the broader impact of their actions on stakeholders, fostering a sense of responsibility.
- Companies that communicate a strong business philosophy are often more attractive to potential employees. Candidates are increasingly seeking workplaces that align with their values, making a compelling philosophy a key recruitment tool.
- A solid business philosophy can contribute to long-term sustainability by focusing on social responsibility and environmental stewardship, which are increasingly important to clients and stakeholders.
- A philosophy that encourages creativity and risk-taking can drive innovation. FSPs that embrace new ideas and approaches are better positioned to adapt and grow in changing markets.

In summary, a strong business philosophy matters because it shapes your culture, guides strategic decisions, enhances relationships, and ultimately drives the success and sustainability of the FSP.

A company's business philosophy often plays a key role in shaping its mission statement. The mission statement typically outlines the company's purpose, core values, and goals, which are directly influenced by its philosophy. A business philosophy defines how a company approaches its operations, its attitude toward customers, employees, and stakeholders, and its long-term vision. A mission statement distills these principles into a concise declaration that guides decision-making and communicates the company's overarching aims. For example, if a company's philosophy emphasises innovation and sustainability, its mission statement might focus on delivering cutting-edge

products that benefit both consumers and the environment. Similarly, if customer satisfaction is a key part of your philosophy, the mission statement could stress providing high-quality service and value to your customers.

While the mission statement doesn't necessarily include the detailed philosophy in full, it does reflect the core principles of how the business operates and aims to succeed. Here are a few examples from the 2024 Fortune top three most admired companies in the world:

Apple

It's mission statement consists of three core components, namely:

Best User Experience

Apple designs all its products to be user-friendly. The company does not compromise when it comes to user experience. Apple's products come with innovative and user-friendly features, delivering the best experience for the end-user.

Innovative products

Apple designs products that address the unique needs of its customers. Since its founding, Apple has pushed the standard in product design, usability, and functionality.

Quality Service Delivery

Apple is obsessed with customer service. It oversees everything, from design to development, sales, and repairs. This hands-on approach gives Apple an edge over its competitors.[1]

Microsoft

Microsoft believes technology is a powerful force for good and is working to foster a sustainable future where everyone has access to the benefits and opportunities created by technology. Their mission is to empower every person and every organisation on the planet to achieve more.[2]

Amazon

Amazon is guided by four principles:

- Customer obsession rather than competitor focus
- Passion for invention
- Commitment to operational excellence
- Long-term thinking

Amazon strives to be Earth's most customer-centric company, Earth's best employer, and Earth's safest place to work.[3]

Berkshire Hathaway's strategy reflects their business philosophy

- Focus on businesses that will provide long-term value rather than short-term profits
- Efficient allocation of capital to investments that generate solid returns
- Strong Management: Trust in managers to run their businesses autonomously
- Maintain a strong balance sheet and financial discipline
- Integrity: Ethical practices and transparency in dealings with shareholders

1 https://bstrategyhub.com/apple-mission-statement-vision-core-values/#Apples_Mission_Statement
2 https://panmore.com/microsoft-corporation-vision-statement-mission-statement-analysis
3 https://www.aboutamazon.com/about-us

BlackRock, Inc.

BlackRock, Inc. is the world's largest asset management FSP and manages approximately $10 trillion in assets. BlackRock's business philosophy is centered around its commitment to helping clients achieve financial well-being through a focus on long-term investment strategies, innovation, and sustainability. BlackRock is guided by several key principles that reflect its philosophy:

Fiduciary responsibility

BlackRock emphasises acting in the best interest of its clients. Its core commitment is to provide clients with value through long-term, risk-adjusted returns while adhering to high ethical standards.

Client-centric approach

The FSP focuses on understanding and meeting the unique financial goals of its diverse client base, which includes individuals, institutions, and governments.

Innovation

BlackRock is known for using technology to drive investment management, which helps clients understand and manage their risks.

Sustainability and ESG

BlackRock is a leading proponent of sustainable investing and integrating Environmental, Social, and Governance (ESG) factors into its investment processes.

Long-term focus

Like Berkshire Hathaway, BlackRock focuses on long-term value creation for its clients.

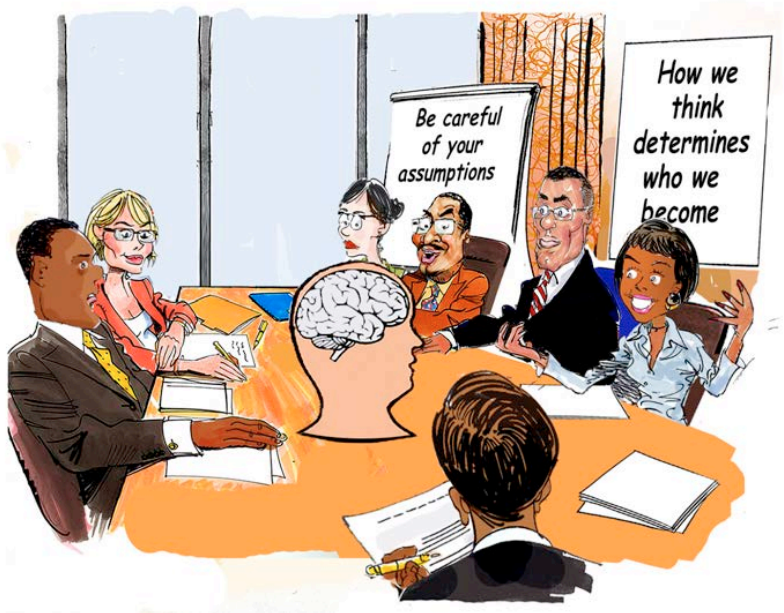
Stewardship and corporate governance

BlackRock actively engages with the companies it invests in to promote strong corporate governance and encourage practices that enhance shareholder value over the long run.

Financial services providers can learn much from the business philosophies of these companies, as all of the companies mentioned above are part of the Fortune top 50 most admired companies in the world.

The way you think about your business will ultimately determine what you do.

Whatever you do, make sure you have a positive mindset. Nothing great has ever been built through negativity. It will prevent you from recognising all the opportunities.



In its most basic form, a vision is an idea, an image, or a dream of how the future will be.
One of the best examples of one man's vision was captured when Dr Martin Luther King, Jr., delivered this iconic 'I Have a Dream' speech at the March on Washington on August 28, 1963. It is still recognised today as one of the most powerful speeches in history. The mark of a powerful vision is the ability to touch the hearts and minds of people and move them into action. As Simon Sinek, British-American author, and inspirational speaker, pointed out so powerfully, everything meaningful starts with why. It starts with what you believe and if what you believe is compelling enough it moves people. Sinek argues very convincingly that it is not what you do, or how you do things, it is about why you do it and he seals this argument by pointing out that: Martin Luther King gave the 'I Have a Dream' speech, not the 'I Have a Plan' speech.

Chapter 12

The power of vision & mission

Greatness starts with a clear vision of the future.
— Simon Sinek —

According to leadership guru, Ken Blanchard, for a vision to endure, you need all three elements to guide behaviour on a day-to-day basis:

- a significant purpose
- a picture of the future
- clear values[1]

A vision statement refers to a clear and inspiring long-term goal or aspiration that guides the company's strategic planning and decision-making. It is a statement that describes what the company wants to achieve in the future, reflecting its values, purpose, and desired impact on the industry or society. A company's vision helps to align employees, stakeholders, and customers towards a common objective and provides direction and motivation for growth and innovation. The following aspects are key characteristics of a company's vision:

A vision is future-oriented

Your vision should focus on what your FSP aims to become or accomplish in the long term.

A vision statement must be clear and concise

Your vision should be easily understandable and communicated effectively to all stakeholders in the FSP.

A vision captures a guiding principle

Your vision serves as a foundation for your FSP's strategic planning, decision-making, and actions.

A vision inspires

Your vision should be motivational and aspirational, encouraging employees and stakeholders to strive towards the FSP's objective.

Here are a few examples of the vision statements of some of the Fortune top 50 most admired companies:

Apple - To make the best products on earth and to leave the world better than we found it.

Microsoft - To help people and businesses throughout the world realize their full potential.

Amazon - To build Earth's most customer-centric company, a place where customers can come to find and discover anything they might want to buy online.

BlackRock - To help more and more people experience financial well-being.

1 Blanchard 2007: Leading at a Higher Level: Published by Prentice Hall; p 33

Mission

A company's mission defines the company's core purpose, its primary objectives, and the approach it takes to achieve these goals. Key elements of a company's mission include:

Purpose

It describes why the company exists and what it seeks to accomplish.

Values

Outlines the principles and beliefs that guide the company's actions and decisions.

Goals

Details the primary objectives the company aims to achieve.

Approach

Specifies how the company plans to achieve its objectives and fulfill its purpose.

Mission statement

A well-crafted mission statement should be clear, concise, and focused, providing a sense of direction and motivating employees to work towards common goals. A mission statement serves as a guide for the company's decision-making processes and helps to align the efforts of employees, stakeholders, and customers with the company's goals.

A Mission statement includes:

Focus

It is present-oriented and practical.

Purpose

It defines the company's core purpose, primary objectives, and the approach it takes to achieve these goals.

Actions

Actions are actionable and specific, providing a clear guide for day-to-day operations and decision-making.

The difference between a vision statement and a mission statement

A vision statement paints a picture of the future the company seeks to create, serving as a source of inspiration and long-term direction.

A mission statement, on the other hand, focuses on the present, detailing the company's purpose, values, and primary objectives, and providing a framework for daily operations and strategic decisions.

Here are a few examples of the mission statements of some of the Fortune top 50 most admired companies:

Microsoft

Our mission is to empower every person and every FSP on the planet to achieve more. But to do that, we need to stand for something beyond products and profits.

— Satya Nadella —
CEO of Microsoft

Apple - To bring the best user experience to its customers through its innovative hardware, software, and services.

Amazon - To be Earth's most customer-centric company, Earth's best employer, and Earth's safest place to work.

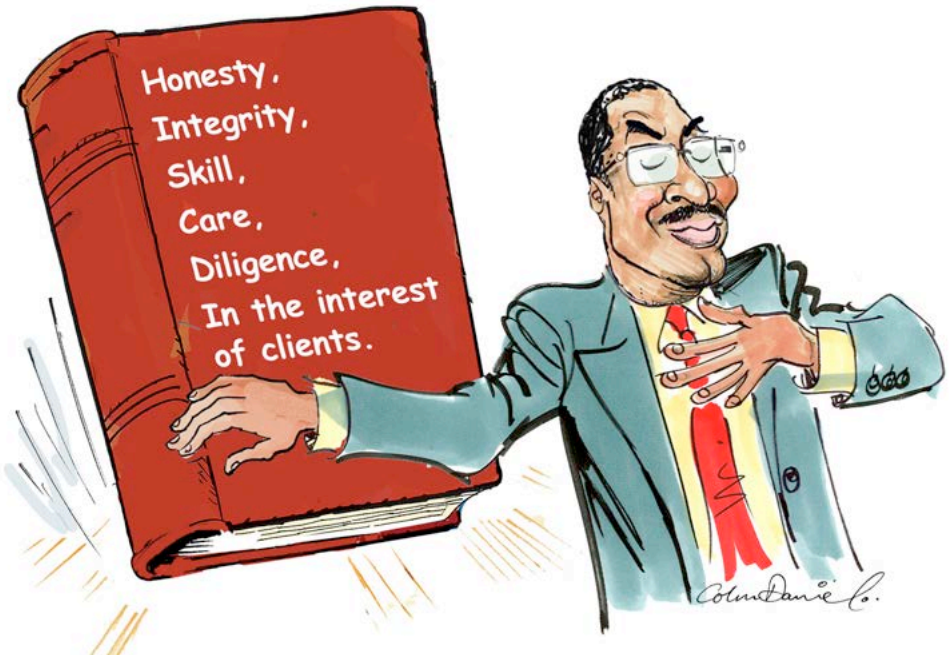
Your vision and mission statements are important for the following reasons:

- A clear vision and mission provide direction, purpose, and meaning to the practice.
- A well-defined vision and mission serve as a compass for decision-making, ensuring alignment with goals.
- A compelling vision and mission inspire and motivate employees, driving engagement and commitment.
- A unique vision and mission differentiate the practice from competitors.
- A client-centric vision and mission foster strong relationships and trust with clients.
- A clear vision and mission enable the practice to grow and scale effectively.
- A strong vision and mission attract and retain top talent who share similar values.
- A well-defined vision and mission enhance the practice's reputation and credibility.
- A clear vision and mission help the practice adapt to changing market conditions and stay resilient.
- A meaningful vision and mission contribute to a lasting legacy and positive impact on clients and the community.

By establishing a clear and compelling vision and mission, FSPs can:

- Create a strong foundation for success
- Drive growth and differentiation
- Inspire and motivate employees
- Build strong client relationships
- Establish a lasting legacy

Who you are, what your values are, what you stand for… They are your anchor, your north star. You won't find them in a book. You'll find them in your soul.
— Anne Mulcahy —
Chairman and CEO, Xerox[1]



1 Stephen MR Covey 2006, The Speed of Trust, Simon & Schuster; p 70

Chapter 13

The significance of values

The distance between the number one and number two in business is often values.
— Indra Nooyi —
Former CEO of PepsiCo

Values can be understood as both principles and beliefs, and they can serve as a blend of both, guiding behaviour and decision-making on a personal and FSP level.

Values as principles

Guiding standards of behaviour

As principles, values are fundamental standards or rules that guide how people should behave or make decisions in your FSP. They help individuals or FSPs determine what is right, ethical, or acceptable.

Universal and timeless truths

When values are treated as principles, they tend to be seen as universal truths that apply across various situations. For instance, values like honesty, integrity, and fairness serve as non-negotiable guidelines for ethical conduct, regardless of the industry you operate in.

Values as beliefs

Deeply held convictions

As beliefs, values represent personal or collective convictions about what is important or meaningful. They reflect a person's or FSP's internal sense of purpose and what they hold dear, such as respect for others.

Subjective and individual

Values as beliefs are more personal and subjective, and they can vary between individuals and FSPs. For example, one person might believe that innovation is the most important value in their life, while another may prioritise integrity.

Motivators of action

When values are viewed as beliefs, they serve as internal motivators, driving decisions and actions based on what one perceives as important. In this way, they shape attitudes and perceptions, influencing how people approach life or work.

How values function as both principles and beliefs

Shared values in FSPs

In a company, values are both beliefs held collectively by the FSP's members and principles that define expected behaviours.

Influence on culture and decision-making

When values are embedded into a company's culture, they guide how decisions are made (principles) and reflect what the FSP stands for (beliefs). For example, a value like integrity may represent a belief that honesty and fairness must always be a consideration when employees approach tasks.

Summary:

As principles, values provide clear, guiding rules for ethical and acceptable behaviour. As beliefs, values represent deeply held convictions about what is meaningful or important. Ideally, the leadership of FSPs want their people not only to buy into its values as guiding principles, but they also want them to believe (have a deep conviction) that all actions in the FSP must be based on the FSP's values.

The importance of values is that they serve as guardrails.
They prevent you from making decisions that can sacrifice your integrity.
— Jeff Weiner —
Former CEO of LinkedIn

Values are important for several reasons:

- Values serve as guiding principles for decision-making and behaviour within your FSP. They help ensure that actions and strategies align with the company's ethical standards and long-term objectives.
- Values play a foundational role in shaping a company's culture by influencing how employees interact with each other and with stakeholders.
- Values contribute to a company's brand identity and reputation. They communicate to customers, partners, and the public what the company stands for, which builds trust and loyalty.
- Values help align the company's strategic goals with its day-to-day operations. They ensure that the company's mission and vision are consistently reflected in its actions and decisions.
- When employees share the company's values, they are more likely to be engaged, motivated, and committed to their work. This alignment can lead to higher job satisfaction and better performance.
- Companies with strong, clearly communicated values can attract talent who share those values. This can lead to a more cohesive and motivated workforce.
- Customers are more likely to trust and remain loyal to companies that demonstrate honourable values, especially those that resonate with their own beliefs and priorities.
- Values help establish a standard for ethical behaviour, which can reduce the risk of misconduct and enhance the company's ability to handle challenges and crises.

I found it very helpful to consider what the Fortune World's top 50 most admired companies regard as their core values and I believe that we can all learn a lot from them. The company's values that immediately caught my attention is one of my favourites simply because of its simplicity. Microsoft is number 2 on the Most admired companies list in 2024, and I was struck by its simplicity and power. Just imagine how powerful it would be if all governments and businesses could consistently live these three core values:

Respect

We recognise that the thoughts, feelings, and backgrounds of others are as important as our own.

Integrity

We are honest, ethical, and trustworthy.

Accountability

We accept full responsibility for our decisions, actions, and results.

Amazon, Number 3 on the list:

Ownership

Invent and Simplify

Learn and be curious

Think big

Earn trust

Insist on the highest standards

Number 4 on the Fortune World's top 50 most admired companies list, **Berkshire Hathaway**'s chairman and CEO, Warren Buffett, often emphasises the company's commitment to:

Long-term value creation

Integrity

Responsible stewardship of shareholders' capital

JP Morgan Chase, number 5 on the list, recorded that in a fast-moving and increasingly complex global economy, our success depends on how faithfully we adhere to our core principles:

delivering exceptional client service

acting with integrity and responsibility

supporting the growth of our employees

BlackRock, Inc., number 26 on the Fortune 50 most admired companies in the world list, is an American multinational investment company. Headquartered in New York City, BlackRock has 78 offices in 38 countries, and clients in 100 countries.

Our clients' interests come first.

The fiduciary mindset is the bedrock of our identity.

It reflects our integrity and the unbiased advice we give our clients.

And it's what inspires us to come to work every day and help people build better futures.

We take emotional ownership.

In everything we do – from the investment performance we deliver to the technology we develop – we are emotionally invested in our clients' futures.

We are equally invested in the success of our FSP and our colleagues.

We hold ourselves and each other to the highest standards of excellence.

James P. Gorman, Executive Chairman of **Morgan Stanley**, number 36 on the list, noted that, 'Since our founding in 1935, Morgan Stanley has consistently delivered first-class business in a first-class way. Underpinning all that we do are five core values. Long-term and enduring success lies in having a strong culture and talented employees who live our values. At Morgan Stanley, our culture guides our employees, and our values inform everything we do.'

Do the Right Thing

Act with integrity

Think like an owner to create long-term shareholder value

Value and reward honesty and character

An FSP's values are fundamental to its identity, culture, and long-term success. They influence every aspect of the business, from strategic decisions to everyday interactions, and help build a strong, cohesive, and ethical FSP. Your values must form a rock-solid foundation for your FSP and cannot drift with the trends and fashions of the day. Here is a list of ethical principles that FSPs must demonstrate to establish and maintain trusted relationships with clients:

Respect

I believe that the value of respect is one of the first principles that all stakeholders in the financial services industry must embrace because when people feel respected, they are more likely to reciprocate that respect, deepening connections and establishing relationships. By showing respect, especially in situations where there are differences of opinion, you create space for productive conversations. It opens the door to listening and learning from others' perspectives, reducing misunderstandings and conflicts. People are more likely to communicate effectively, collaborate, and be productive when respect is a central value. People who are known for treating others with respect are often admired and trusted. This can enhance your personal or professional reputation, leading to greater social and career opportunities. When the principle of respect becomes a value, it not only benefits the advisor/client relationship, it also benefits FSPs, because when staff members feel respected and valued, they're more likely to collaborate and contribute to the FSP's success, leading to better outcomes.

Disrespect, on the other hand, often makes people feel undervalued, humiliated, or belittled, leading to feelings of anger, sadness, frustration, or anxiety. However, the single most important negative ripple-effect of disrespect is that it undermines trust. When someone feels disrespected, they are less likely to trust the individual or group responsible. This can lead to a breakdown in communication and collaboration, as people may become guarded or defensive in future interactions. It is for this reason that I believe that respect is the first principle that we should all embrace as a value, regardless of the business that we are in. Demonstrating respect to others involves thoughtful actions, words, and behaviours that show consideration for their feelings, values, and boundaries. Here are ways to show respect:

- Pay attention when others are speaking. Let them share their thoughts without interruption or judgment, showing that their opinions are valued.
- Speak courteously, avoiding harsh or offensive words. Even in disagreements, maintain a tone that is respectful and considerate.
- Recognise and appreciate that people have diverse backgrounds, beliefs, and opinions. Avoid making assumptions or judgments based on these differences.
- Respect people's physical and emotional boundaries. Do not invade their personal space or pry into personal matters unless they are willing to share.
- Show that you value others' time by being punctual and prepared. Being late or canceling plans without notice can be seen as disrespectful.
- Put yourself in others' shoes and try to understand their perspective, even if you don't agree with them. Empathy fosters respect by acknowledging others' emotions.
- Give credit when and where it is due and show appreciation for others' hard work or support. This strengthens a culture of mutual respect.
- Respect others by being truthful and clear in your communications. Avoid manipulation, deceit, or withholding important information.
- Treat people as individuals, not based on preconceived notions, race, culture, or other characteristics.
- Disagreements can occur but handling them with respect means being open to dialogue, refraining from personal attacks, and working towards a constructive solution.
- By consistently practicing these behaviours, a person can foster mutual respect and build healthier, more positive relationships.

When it comes to dealing with clients, the following principles are non-negotiable, simply because all of these values support trust:

Respect: Treat every client with respect and dignity, regardless of their status or transaction size. Showing greater respect for a client's money than for the client demonstrates a lack of respect for the client. Respect paves the way for meaningful client conversations and building trust.

Competence:[1] Ensure that you have the necessary knowledge, qualifications and skills, to meet the needs of your clients. Continuously improve and update your expertise to offer the best solutions.

1 FPI Code of Ethics – Principle 1

Integrity[2] and honesty in communication: Always do the right thing and provide accurate and truthful information to clients.

Professionalism:[3] Professionalism means engaging with competence, integrity and behaving with dignity and showing respect and courtesy to clients.

Clients first:[4] Always acting in the best interests of clients is of fundamental importance in establishing and maintaining trusted relationships with clients.

Fairness:[5] Treat all clients fairly, without favouritism or discrimination. Ensure that pricing, services, and solutions are just and equitable for all customers. Customers feel valued when they are treated fairly, which directly improves their satisfaction with the company. Fair pricing, transparent communication, and addressing client concerns in an ethical manner create a more positive customer experience.

Objectivity[6] and transparency: Be open about your processes, policies, pricing, and any potential conflicts of interest. Clients should feel confident that they are receiving all the relevant and material information, and that their advisor's advice is not clouded by any bias or conflict of interest.

Confidentiality:[7] Safeguard sensitive information and respect the privacy of clients. Ensure that data protection and security measures comply with legal standards and best practices.

Diligence:[8] Be consistent in delivering high-quality advice and services, ensuring that clients can depend on your FSP to serve their best interests. Fulfil promises and commitments made to clients. If deadlines or deliverables can't be met, communicate clearly and manage expectations.

Accountability:[9] Take responsibility for both successes and mistakes. If something goes wrong, admit the error, rectify the situation promptly, and prevent recurrence.

When these principles become an FSP's values and the business is known for its ethical values and commitment to treating customers fairly, it creates a positive and lasting impact on its clients and staff.

Values builds trust

When customers believe that an FSP business operates with competence, honesty, integrity, fairness, and they always act in their clients' best interest, they are more likely to trust its advisors, services, and promises. A company known for its ethical values and commitment to treating customers fairly builds, established and maintains trust, loyalty, and a positive reputation among clients. This leads to higher customer acquisition, customer satisfaction, increased retention, and a stronger emotional connection with the brand. Ethical companies also benefit from reduced complaints, greater customer advocacy, and long-term success in a competitive market, ensuring they attract and retain high-value customers while fostering sustainable business growth.

Great vision without great people is irrelevant.
— Jim Collins —

Collins points out that hiring and working with people who share the company's values is key to building lasting success, because they are looking after the FSP's clients.

Here are some profound and famous quotes from prominent CEOs about the importance of values in business:

We believe that a company that has values and acts on them can really change the world.
— Tim Cook —
CEO of Apple

2 FPI Code of Ethics – Principle 2
3 FPI Code of Ethics – Principle 3
4 FPI Code of Ethics – Principle 4
5 FPI Code of Ethics – Principle 5
6 FPI Code of Ethics – Principle 6
7 FPI Code of Ethics – Principle 7
8 FPI Code of Ethics – Principle 8
9 FPI Code of Ethics – Principle 9

It's about leading with our values, doing what's right, not what's easiest.
— Mary Barra —
CEO of General Motors

Barra underlines the importance of prioritising ethics and values, even when faced with difficult decisions, a mindset that helped her lead GM through challenging times.

These quotes encapsulate how values are not just a nice-to-have but are integral to decision-making, culture, and long-term success in leading global companies.

The Fortune World's Most Admired Companies list evaluates companies based on attributes like innovation, social responsibility, and financial soundness. Most of these top companies share core values that resonate across industries. While specific values can vary by company, three recurring values are:

1. Innovation

Innovation is a key value in leading companies, especially in industries like technology, pharmaceuticals, and consumer goods. Companies like Apple, Amazon, and Microsoft continuously invest in research and development to bring cutting-edge products and services to the market, driving both customer satisfaction and market leadership.

2. Customer-Centricity

Focus on the customer is a common value among admired companies. This includes understanding customer needs, delivering excellent service, and creating a seamless user experience. Companies such as Amazon, Netflix, and Disney prioritise customer satisfaction as central to their business strategy.

3. Social Responsibility and Sustainability

Many top companies also emphasise social responsibility and sustainability. They recognise the importance of ethical practices, environmental sustainability, and giving back to communities. Companies like Microsoft, Unilever, and Johnson & Johnson incorporate these values into their mission statements and operational strategies.

These core values—innovation, customer focus, and social responsibility—help distinguish these admired companies in terms of performance and global reputation.

Top 10 on the World's most admired companies list, Walmart's values are:[10]

Guided by good
Service to the customer
Respect for the individual
Strive for excellence
Act with integrity

How well would South African FSP businesses serve their clients by adopting Walmart's values?

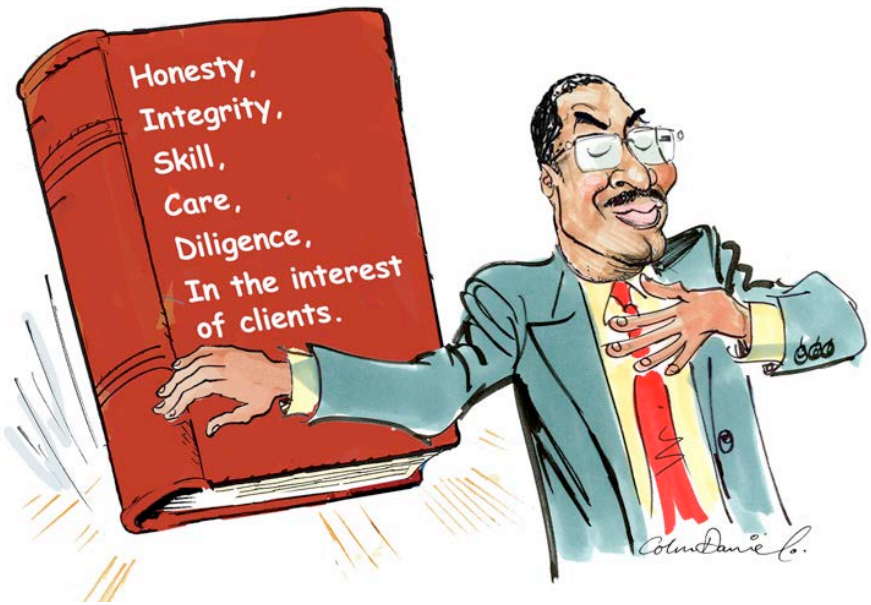
Now that we know what the value and significance are of values, and how values contribute to ethics, the question is, what now? In my view, John C. Maxwell points us in the right direction when he said:

There are really only two important points when it comes to ethics.
The first is a standard to follow. The second is the will to follow it.

Echoing the words of John Maxwell:

Now that we have great standards to follow from the world's most admired companies, and the principles of the FPI Code of Ethics, let's have the will to follow it. All the stakeholders in the financial services industry will benefit from it, and it will lay a sound foundation for your long term success. This is a timeless truth.

10 Walmart Core Values | Walmart Careers


Honesty,
Integrity,
Skill,
Care,
Diligence,
In the interest
of clients.

TRUST
Culture
Respect
Integrity
Diligence
Excellence
Accountability

Gallup's definition of Culture:
We know there are endless company culture definitions, but Gallup believes that culture simply comes down to: 'How we do things around here.'
Defining the culture you want is the first step -- and probably the easiest -- on the culture journey. But the 'why' and 'how' of an organisation's culture matter most. Culture is the unique way that your organisation lives out its company purpose and delivers on its brand promise to customers. For this reason, a strong corporate culture functions as a differentiator in the marketplace.
It is the special way you attract customers, retain them and turn them into brand advocates. It's also the way you attract highly talented employees and turn them into brand ambassadors.
In our experience with clients, employees and teams who most align with their company culture consistently perform higher on internal performance metrics than those who least align.

Chapter 14

Culture eats strategy for breakfast

The title is a quote that is often attributed to former business management guru, the late Peter Drucker. It means that a practice can have the best strategy in the world but ultimately it is the culture of the people in the business that will win. If the culture in the practice is toxic, it will destroy the best strategies every time.

Ultimately, nothing should matter more to a great company than its culture.
— Jeff Weiner (former CEO of LinkedIn) —

Company culture refers to the shared values, beliefs, attitudes, and behaviours that characterise a practice. It's the personality of a company, encompassing its mission, vision, goals, norms, traditions, and the way people interact with each other both internally and externally. In the case of LinkedIn, Weiner emphasised the importance of creating a culture of *compassion, empathy, and trust*.

In an FSP, culture matters for several reasons:

- Culture influences how employees interact with clients, colleagues, and management. It drives behaviour.
- A positive culture attracts top professionals and retains them, reducing turnover.
- A strong culture encourages teamwork, creativity, and innovation.
- Culture affects the quality of service, advice, and overall client experience.
- A positive, well-defined culture helps practices grow and scale efficiently.
- A strong culture contributes to a positive reputation and increased credibility.
- A culture of accountability and integrity ensures ethical behaviour and compliance.
- A unique, positive culture sets the practice apart from competitors.
- A strong culture can lead to increased profitability through improved efficiency and client satisfaction.
- A positive culture ensures the practice's long-term sustainability and legacy.

By prioritising culture, financial advisory practices can create a strong foundation for success, drive growth, and deliver exceptional client experiences. Key components of company culture include:

- The company's values - the unwritten rules and expectations that govern how people interact and work together. This includes communication styles, work ethic, collaboration, and leadership approaches.
- The leadership style of senior management plays a significant role in shaping the culture. Leaders set the tone for the FSP through their actions, decisions, and communication.
- A strong culture that aligns with the company's mission and vision, motivating employees to work towards common goals.
- The physical workspace, as well as the emotional and psychological environment, contribute to the culture. Factors such as flexibility, inclusivity, and work-life balance influence how employees experience the culture.
- Company traditions, rituals, and ceremonies help reinforce cultural norms and foster a sense of belonging among employees. This can include events, celebrations, recognition programs, and team-building activities.

- The overall experience of working for the company, including opportunities for growth and development, benefits and perks, and the level of support and recognition provided by management.
- A strong and positive culture is essential for employee engagement, performance, and long-term success.

If you want to be super successful in the financial services industry over the long term, there are three vital components, each independently and collectively, of your FSP's culture that will form the foundation of your success, namely:

An ethical culture

Ethical behaviour in business and personal life can yield numerous benefits, both for individuals and FSPs. Some of the key benefits include:

- Ethical behaviour fosters trust and credibility with customers, employees, investors, and other stakeholders. When individuals and FSPs consistently act with integrity and honesty, they earn a reputation for reliability and dependability, which can enhance relationships and attract opportunities.
- Ethical behaviour strengthens relationships by promoting fairness, respect, and transparency. It helps to create a positive work environment, improve collaboration, and foster mutual understanding and cooperation among colleagues, partners, and customers.
- Ethical behaviour reduces the risk of legal and regulatory violations, reputational damage, and other negative consequences associated with unethical conduct. By adhering to ethical standards and guidelines, individuals and FSPs can avoid costly mistakes, lawsuits, and penalties.
- Ethical FSPs tend to attract and retain top talent. Employees are more likely to be motivated, engaged, and loyal when they work for a FSP that prioritises integrity, fairness, and ethical leadership.
- Ethical behaviour encourages open communication, constructive feedback, and diverse perspectives, which are essential for fostering innovation and creativity. When individuals feel safe and respected, they are more likely to contribute ideas, take risks, and collaborate on problem-solving.
- Ethical behaviour is essential for building sustainable, long-term success. By prioritising ethical considerations in decision-making and operations, FSPs can maintain trust with stakeholders, adapt to changing market conditions, and navigate challenges more effectively over time.
- Ethical behaviour enables individuals and FSPs to make a positive impact on society and the environment. By conducting business in an ethical and responsible manner, they can support social causes, promote environmental sustainability, and contribute to the well-being of communities.
- Overall, ethical behaviour fosters trust, enhances relationships, mitigates risk, drives innovation, and contributes to sustainable success, making it essential for individuals and FSPs alike.

In the previous chapter we have seen how many of the World's most admired companies advocate ethical values and have formally included them in their published company values for the world to see. The FPI Code of Ethics also contains powerful principles, which, if lived out consistently, will form the foundation of an ethical FSP culture.

A 'treating customers fairly' culture

A 'treating customers fairly' culture simply means that the FSP, its key individuals, representatives, and administrators make a habit of consistently treating customers fairly. It has become second nature and part of their DNA. A 'treating customers fairly' (TCF) culture brings several benefits to businesses:

- Operating with a TCF culture builds trust and credibility with customers, leading to a positive reputation in the market. Satisfied customers are more likely to recommend your business to others, leading to organic growth.
- When customers feel they are treated fairly and respectfully, they are more likely to remain loyal to your brand. This loyalty can result in repeat business and long-term relationships.

- A TCF culture focuses on resolving issues promptly and fairly. This proactive approach can lead to a decrease in customer complaints and disputes, saving time and resources in the long run.
- Adhering to TCF principles ensures compliance with relevant regulations and reduces the risk of penalties or legal issues.
- Satisfied customers are more likely to make repeat purchases and recommend your products or services to others, ultimately leading to increased sales and revenue.
- Employees who are empowered to treat customers fairly and resolve issues effectively tend to be more satisfied and engaged in their work. This can result in higher productivity and lower turnover rates.
- A TCF culture encourages feedback from customers, which can be invaluable for identifying areas for improvement and driving innovation in products, services, and processes.
- By prioritising fairness and transparency, businesses can mitigate the risk of reputational damage and legal issues arising from unfair treatment of customers.

Overall, fostering a TCF culture not only benefits customers but also contributes to the long-term success and sustainability of the business.

A high trust culture - Externally, with clients

When trust is a value, and building and maintaining trusted relationships with clients becomes a habit, one can say that the advisor demonstrates a high-trust culture. When financial advisors demonstrate a high-trust culture in their interactions with clients, it can lead to numerous benefits for both the advisors and their clients. Here are some key advantages:

- Trust is the foundation of any strong relationship. When clients trust their financial advisors, they are more likely to build long-term, loyal relationships, leading to sustained business for the advisor.
- Trust leads to higher client satisfaction. Clients who trust their advisors feel more confident in the advice and recommendations they receive, resulting in a more positive overall experience.
- High-trust relationships reduce client churn. Satisfied clients who trust their advisors are less likely to switch to a competitor, leading to better client retention rates.
- Trust encourages open and honest communication. Clients are more likely to share their true financial goals, concerns, and personal circumstances, allowing advisors to provide more tailored and effective advice.
- Clients who trust their advisors are more likely to follow their advice and cooperate fully in financial planning processes. This leads to better implementation of financial strategies and plans.
- Satisfied clients who trust their financial advisors are more likely to refer friends, family, and colleagues. Positive word-of-mouth can significantly expand an advisor's client base.
- Clients who trust their advisors are more engaged in the financial planning process. They are more proactive in seeking advice, asking questions, and staying informed about their financial health.
- Trusting clients are more likely to disclose all relevant information, enabling advisors to create more comprehensive and effective financial plans. This can lead to better financial outcomes for clients.
- Financial decisions can be stressful for clients. Knowing they have a trustworthy advisor can alleviate anxiety and provide peace of mind, leading to a better overall client experience.
- Advisors known for building high-trust relationships develop strong reputations for integrity and reliability. This enhances their credibility in the industry and attracts more clients.
- A high-trust culture promotes ethical behaviour and transparency, leading to sustainable business practices. This not only benefits clients but also enhances the long-term success and reputation of the advisory FSP.
- Trustworthy advisors who prioritise clients' best interests are more likely to adhere to regulatory standards and ethical guidelines, reducing the risk of legal issues and enhancing compliance.

In summary, financial advisors who cultivate a high-trust culture can create a win-win situation, fostering stronger, more loyal client relationships while enhancing their professional reputation and business success.

A high-trust culture - Internally, with management and staff

A high-trust culture in FSPs brings numerous benefits, impacting various aspects of the workplace. Here are some key advantages:

- Employees in high-trust environments are more engaged, motivated, and willing to go the extra mile, leading to higher productivity and better performance.
- Trust fosters open communication and collaboration among team members. Employees are more likely to share ideas, provide honest feedback, and work together effectively.
- A trusting environment encourages risk-taking and experimentation, which are essential for innovation. Employees feel safe to propose new ideas and solutions without fear of criticism or failure.
- When employees trust their leaders and colleagues, they are more satisfied with their jobs and less likely to leave the FSP. This reduces turnover rates, and the costs associated with recruiting and training new employees.
- Trust contributes to a positive work environment where employees feel valued and respected. This leads to higher morale and job satisfaction.
- Leaders who build and maintain trust are more effective in their roles. They can inspire and motivate their teams, leading to better overall FSP performance.
- In a high-trust culture, employees experience lower levels of stress and burnout. They feel supported and confident in their roles, which contributes to better mental health and well-being.
- Trust within the FSP extends to external relationships. Employees who trust their FSP are more likely to build strong, positive relationships with customers, leading to improved customer satisfaction and loyalty.
- High-trust FSPs are more agile and resilient. They can adapt quickly to changes and challenges because employees trust that their FSP will support them through transitions.
- A reputation for having a high-trust culture makes an FSP more attractive to top talent. Prospective employees seek workplaces where they feel they will be trusted and valued.

Overall, a high-trust culture creates a positive feedback loop that benefits both employees and the FSP, leading to sustained success and growth.

TRUST
Culture
Respect
Integrity
Diligence
Excellence
Accountability

A value proposition is a statement that outlines the unique benefits or advantages that a product, service, or solution offers to its customers. It essentially answers the question:
'Why should a customer choose your product or service over alternatives?'

Chapter 15

Your value proposition to clients

At the heart of every strong business model is a compelling value proposition.
— Isaac Jeffries —

A value proposition is NOT:

- your slogan
- who you are
- what you do
- a catchphrase
- your experience
- your designation
- your qualifications
- a list of general benefits
- a positioning statement
- your job description or title
- a corporate positioning statement
- your status as an authorised financial services provider

People do not buy 'things'.
They buy the benefits and experience those things can deliver
and they measure the benefits against the cost.
— Theodore Levitt, Harvard marketing professor —

What is a value proposition?

Your value proposition is part of your marketing strategy, and one of the most important elements of your business. It's your strongest selling point, the main reason why someone should buy your service[1]. In its most basic form, a value proposition is a summary of how your product or service benefits your customers. By focusing on the benefits instead of features, you are able to show people how your products and services can improve their life. The value proposition is not just about the services you offer and the products you sell, no. It is that 'why' behind everything, a much deeper reason. It is the 'cause' that is driving your business[2]. Simply put, a value proposition is essentially a written promise of what your business will deliver. It introduces your audience and sets a clear understanding of what you do, whom you do it for, and how you do it differently.

Your value proposition will ultimately determine whether you will attract new clients, whether your existing clients will continue to do business with you and refer more clients to you – or not. For any business, getting your value proposition right is a must. This topic deserves a lot of attention because it is fundamental to the success of your business.

1 How To Determine Your Value Proposition | RSM (rsmconnect.com)
2 Step-By-Step Guide to Writing a Unique Value Proposition [2022 Examples] (310creative.com)

As you will see, it is not just one thing. It is the combination of a few key parts that work together to create a valued client experience. A value proposition goes far beyond what you can do for your clients. It is the unique benefit you offer to clients, setting you apart from your competitors. Your value proposition matters for several reasons:

- A compelling value proposition engages clients, fostering trust and loyalty.
- Impressed clients are loyal and share their positive experiences, generating referrals.
- A strong value proposition establishes a competitive advantage, driving business growth through increased client acquisition, and just as important, client retention.
- A clear value proposition differentiates your practice, attracting clients seeking specific services and experiences.
- A sound, well-defined value proposition enhances the practice's reputation and credibility.
- A strong value proposition attracts and retains top talent in the business.
- A unique value proposition can lead to industry recognition and awards.

To develop a strong value proposition, an FSP must:

1. Identify its target market and client needs

Identify your specific niche or target audience.

2. Define its unique services and benefits

Develop a strategy to differentiate your practice from competitors.

3. Client-centric approach

Prioritise your clients' needs, goals, and well-being.

Offer distinct services and benefits that meet your clients' needs.

4. Develop a clear, concise and compelling message or statement

Craft a clear, concise, and compelling value proposition message. A value proposition statement is a clear, compelling, and credible expression of the value experience that a customer will receive from an advisor's value offering. It articulates the essence of an FSP's business, aimed specifically towards the circumstances, needs, and objectives of prospects and clients, defining exactly what it intends to deliver for the customer.

Examples:

While **BlackRock** doesn't have a short value proposition like many consumer brands, its overarching value proposition can be summarised as follows:

We help more and more people experience financial well-being.

Morgan Stanley's core mission and value proposition can be summarised as:

Helping you achieve your financial goals and aspirations through expertise, innovation, and global reach.

5. Communicate the value proposition consistently

It is important to communicate the value proposition consistently across all channels.

6. Deliver on promises, ensuring client satisfaction

Ensure that services and benefits meet or exceed client expectations.

7. Client feedback and insight

Regularly solicit client feedback and insight to inform your value proposition development.

8. Continuous improvement

Regularly assess and refine the value proposition to stay competitive.

9. Innovation and adaptability

Embrace innovation and adaptability to stay ahead of industry trends.

10. Competitor analysis

Conduct regular competitor analysis to stay informed and adapt.

By addressing these key issues, FSPs can develop a strong value proposition that drives a competitive advantage, attracts and retains clients, and fuels business growth. Perhaps some of these famous value proposition statements may inspire you to craft your own.

Apple

'The best experiences. Only on Apple.'

Amazon

'Earth's most customer-centric company. To build a place where people can come to find and discover anything they might want to buy online.'

Google

'Organize the world's information and make it universally accessible and useful.'

Uber

'The smartest way to get around.'

Zoom

'Video communications empowering people to accomplish more.'

Spotify

'Music for everyone.'

Components of your business that ultimately make up your value proposition:

- Your offering

Your offering refers to your areas of specialisation. A value proposition goes far beyond your offering. For example, many financial advisors and intermediaries offer some or all of the following services:

- Estate planning and advice
- Financial planning and advice
- Medical aid planning and advice
- Investment planning and advice
- Retirement planning and advice
- Employee benefit planning and advice
- Non-life insurance (Short-term) planning and advice

These are disciplines thousands of advisors offer their clients but none of these offerings necessarily makes them unique and therefore it is not what a value proposition is. Your offering is only part of your value proposition.

- Your service model

How and how often do you engage with your clients, review and report on their portfolios?

- Price

Do you offer value for money?

- Your client experience

The ultimate goal is to offer a valued client experience though your service. Every advisor creates a customer experience. Whether it is a good experience, or a bad one largely depends on you. If the customer experience

is good, those customers will return, do more business, and tell others about it. If the customer experience is bad, they will take their business somewhere else and tell even more people about it. The customer experience matters! That is why successful businesses are relentless in pursuing a customer experience that will attract new customers, retain them, and inspire them to tell other people about you.

Client engagement
The 10 step process of professional client engagement and compliance

What are the components that created great customer experience?						
Process	Activity	Professional Standard	Compliance Standard	Advisor Communication	Technology Innovation	Client experience
Step 1	Prospecting					
Step 2	Setting up appointment					
Step 3	Professional introduction					
Step 4	Share info and gather client information					
Step 5	Agree on service(s) to be rendered					
Step 6	Conduct an analysis and prepare report					
Step 7	Present proposal/ recommendation(s)					
Step 8	Agree on financial plan and/or products					
Step 9	Implement financial plan and/or products					
Step 10	Ongoing rendering of (financial) services					

Your customer experience is made up of the following components:

(1) Professional standard of client engagement

The way you engage with clients will determine whether they end up trusting you or not. Best practice conduct will open the door for clients to share confidential information with you so that you will be in a position to offer sound advice that will give them confidence and value you as a trusted advisor. From the very first contact with a client from step 2, every step process is an opportunity to build rapport, confidence and trust. Demonstrating respect, knowledge, care, and diligence during the client engagement process will give you every chance to win client's business. I believe that most people, if not all, prefer to work with professionals when it comes to working with their money.

(2) Compliance standard

Advisors who have the skill to integrate compliance as part of the best practice, professional engagement with clients have a competitive advantage over those who have not yet embraced most of the compliance requirements that actually leads to trust. For example:

Section 8(1)(a) of the General code of conduct requires that-

1. A provider must, prior to providing a client with advice-

   (a) obtain from the client such information regarding the client's needs and objectives, financial situation, risk profile and financial product knowledge and experience as is necessary for the provider to provide the client with appropriate advice…

Notes: Although asking the right questions is an obligation in terms of the Code, it is not a compliance issue, it is primarily a tremendous trust-building opportunity. It is a matter of perspective. Asking the right questions demonstrates professional care for clients, because without a thorough understanding of the client's needs, objectives, financial situation, and risk profile, it would be impossible to offer appropriate advice. Therefore, compliance with these provisions is a basic professional business requirement, which should be embraced.

Advisors who embrace the importance of asking the right questions in a professional way will have a great advantage over advisors who focus on compliance and want the financial needs analysis and risk profile questionnaire, for example, to be as short as possible, instead of focusing on the right questions. The right questions asked in a caring and interested way will give the client peace of mind, build trust, and equip you to offer appropriate advice, which will ultimately establish trust. Therefore, advisors who manage to integrate compliance into a best practice, professional approach with clients will enhance the overall client experience.

(b) conduct an analysis, for purposes of the advice, based on the information obtained;

Notes: Although conducting an analysis is an obligation in terms of the Code, it is not a compliance issue, it is yet another tremendous trust-building opportunity. Any client who can see that you as the advisor have applied your mind to recommend a suitable product will have peace of mind and it will build further trust. For a professional financial advisor conducting a proper analysis and applying his/her mind to give suitable advice is a basic business requirement. For professionals it has nothing to do with compliance. It is part of the job description.

(c) identify the financial product or products that will be appropriate to the client's risk profile and financial needs, subject to the limitations imposed on the provider under the Act or any contractual arrangement…

Notes: Although identifying financial product(s) that will be appropriate to the client's risk profile and financial needs is an obligation in terms of the Code, it is not a compliance issue, it is simply what professionals do. Few things will establish trust as quickly as a client, who is confident that the advice provided is sound and suitable in accordance with the client's risk profile and financial needs.

(3) Advisor communication

Communication is undoubtedly one of the most important skills in life. It is the medium through which we engage with clients successfully. We use communication to demonstrate best practice professionalism, explain the benefits of compliance, build confidence and instill trust.

(4) The use of technology

Integrating best-practice professionalism, compliance and communication and optimising technology to prepopulate and automate the process will enhance the client experience.

Building a **long-lasting sustainable advantage** for your practice

cogence
BlackRock | Discovery

The financial advice industry has become highly competitive. Growing regulatory pressures and increased compliance requirements make it very time consuming to run a compliant financial advice practice. In addition, financial advice and client needs are becoming more complex, requiring more of the adviser's time.

With only 30% of an adviser's time spent on client-facing activities (Source: The Kitches report, volume 2), standing out has become more difficult. However, offering personalised, data-driven retirement and investment solutions that take advantage of global opportunities can enhance your value proposition and client conversations, helping you stand out in a competitive landscape while meeting the regulatory requirements.

To create a sustainable competitive advantage that will set your practice up for long-term success, you should anchor your value proposition on four key pillars: global investing expertise, holistic financial planning, advanced technology, and strong client relationships.

Leverage global expertise

Regulation 28 of the Pension Funds Act permits offshore investments of up to 45% of retirement savings. Increasing global asset allocation will result in a wider range of investment outcomes, and global market expertise is required to manage increased advice risk. Many local investors are hesitant to invest offshore and with South Africa representing only 1% of the global economy, investors can miss out on earning attractive returns from global funds and assets. Investors may be hesitant for various reasons, including currency volatility and geopolitical risk, but you can manage these risks by partnering with a discretionary fund manager (DFM) that understands both local and global markets.

Cogence is the first discretionary fund manager in South Africa to combine global and local investment expertise. By integrating Discovery's leadership in behaviour-change science, BlackRock's global investment capabilities, and RisCura's deep understanding of the local market, Cogence delivers a uniquely comprehensive approach. This partnership enables advisers to offer clients access to diversified portfolios backed by world-class expertise, addressing both global opportunities and local investment needs with precision.

Embrace holistic financial planning

Cogence understands that a comprehensive financial plan goes beyond managing investment risk, and should also consider the crucial aspects of savings behaviour, and health and longevity risks. In a competitive landscape, having access to accurate personal data on your clients, such as their savings behaviour, health habits, and lifestyle choices, is a game changer. It gives you key insights into your clients' expected longevity and healthcare costs, which are critical considerations in retirement. Cogence technology uniquely combines the advanced portfolio analytics from Aladdin Wealth™ with Vitality's health and longevity data.

These insights are considered alongside a client's savings behaviour and packaged into a single investment report that you can use to assess the key factors influencing your clients' multi-dimensional financial plans.

Harness the power of technology

Imagine stepping into a client meeting equipped with tools that go beyond historical performance reviews. With Cogence's advanced technology, powered by Aladdin Wealth™, you can illustrate how a portfolio might respond to various market scenarios. This capability not only highlights potential risks but also reinforces your role as a forward-thinking adviser who actively manages portfolios with precision and insight.

Time-consuming tasks like compliance, administration, and regulatory requirements often detract from client-facing activities. Cogence simplifies these processes through seamless digital onboarding, comprehensive co-branded reporting that integrates investment, health, and wealth insights, and robust portfolio analytics. These efficiencies allow you to focus on what truly matters: providing exceptional, personalised service that strengthens your client relationships.

Focus on strong client relationships

Building strong relationships with your clients is crucial to remaining competitive in this industry. Satisfied clients are loyal and more likely to refer others to you. To deepen your relationships with your clients, it's important to maintain regular check-ins where you discuss their needs and financial goals, and provide relevant updates on the performance of their portfolio. Doing so regularly – and not just once a year – demonstrates your value and is key to helping your clients remain invested despite volatile markets.

Gear up for your practice's long-term success

Achieving a sustainable advantage requires a blend of global expertise, holistic financial planning, technology, and strong client relationships. By partnering with Cogence, you not only gain access to leading global investing expertise, cutting-edge technology, and the insights to holistically manage health and savings risk – you partner with a discretionary fund manager that's invested in the long-term success of your practice and measures its success by yours.

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Chapter 16

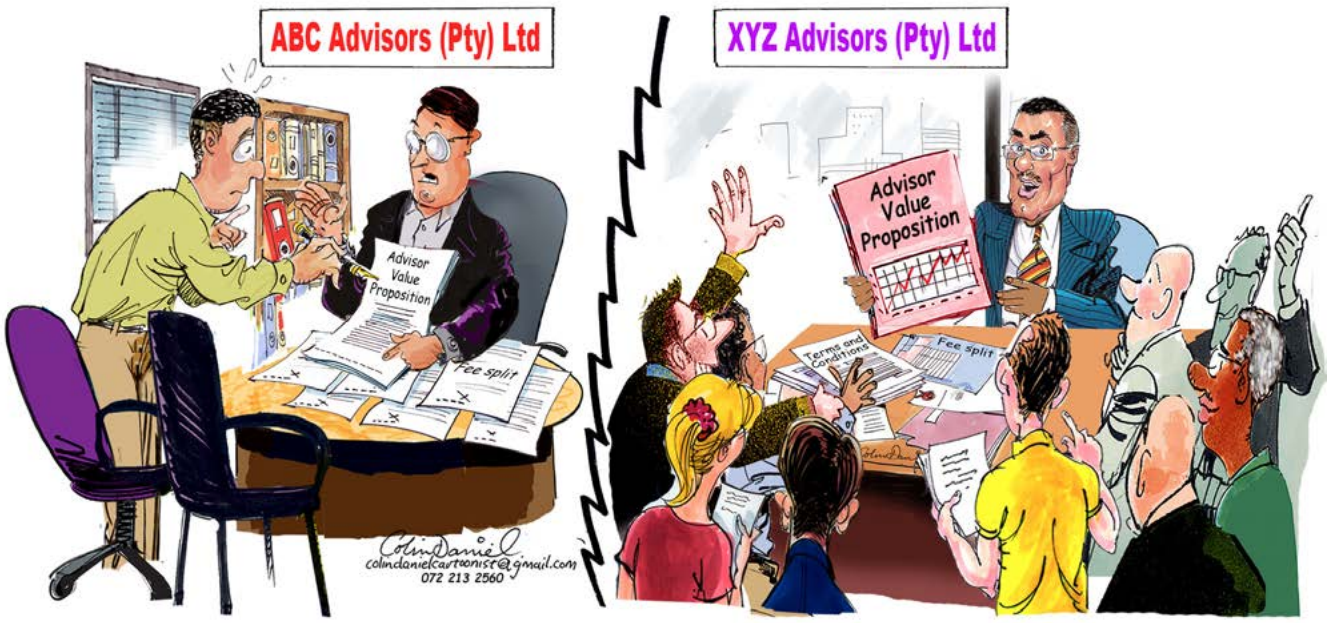
Your value proposition to advisors

In the words of Isaac Jeffries, with a little twist:

At the heart of every strong FSP business model is a compelling advisor value proposition.
— Isaac Jeffries —

Many medium - to large financial services providers have the desire to grow their footprint by attracting advisors with a superior value proposition. The question is:

What is it that makes one advisor value proposition superior to another?



A financial advisory practice's value proposition to advisors is the unique benefit it offers to its advisors, and it is the advisor experience that ultimately sets it apart from other FSPs. When advisors benefit from a sound value proposition and have a great FSP experience, they will tell other advisors about it. For those who aspire to attract more advisors, your value proposition matters for the following reasons:

1. Attracting and retaining talented advisors

A strong value proposition attracts and retains top talent. You want good advisors who can add to your brand value, reputation and bottom line.

2. Advisor engagement

A compelling value proposition engages advisors, fostering commitment, motivation and collaboration.

3. Productivity and efficiency

A clear value proposition inspires the development of streamlined operations, increasing productivity, efficiency, and profitability.

4. Growth and scalability

A strong value proposition supports growth and scalability of the business.

5. Competitive advantage

A unique value proposition establishes a competitive advantage in the industry.

6. Advisory satisfaction

A value proposition that provides a great advisor experience consistently ensures satisfaction and loyalty.

7. Practice reputation

A strong value proposition enhances the practice's reputation among advisors and clients.

8. Business growth

A clear value proposition drives business growth through increased advisor retention and acquisition.

9. Industry recognition

A unique value proposition can lead to industry recognition, awards and further advisor acquisitions.

10. Succession planning

A strong value proposition supports succession planning by attracting and retaining leading advisors.

What are the key factors that can help to develop a superior value proposition and drive great advisor experience?

Constructive culture

Your FSP's culture is top of my list. Culture is the unique way that your FSP lives out your FSP's purpose and how it delivers its value proposition to clients. Your FSP culture can give you a significant competitive advantage in the marketplace. Your FSP's culture is often the unique attraction that invites quality advisors to your FSP, gets them interested in working with you, retains them and turns them into great FSP ambassadors. According to Gallup, culture creates alignment and people who most align with their FSP's culture consistently perform higher on internal performance metrics than those who least align. Your FSP's culture will help to attract the right people. Culture always trumps strategy. Most advisors can easily align themselves with FSPs that consistently demonstrate ethical and treating customers fairly values. In my view the ultimate culture you want is a high trust culture in the FSP.

Understanding

Advisors generally appreciate it if management has a deep understanding of the world and challenges of an advisor and diligently work towards finding solutions to make life easier in a highly competitive and onerous environment.

Advisor Experience
The 10 step process of professional client engagement and compliance - automation

What are the components that created great advisory experience?						
Process	Activity	FSP Culture	Compliance Standard	Company Collaboration	System Innovation	Advisor experience
Step 1	Prospecting					
Step 2	Setting up appointment					
Step 3	Professional introduction					
Step 4	Share info and gather client information					
Step 5	Agree on service(s) to be rendered					
Step 6	Conduct an analysis and prepare report					
Step 7	Present proposal/ recommendation(s)					
Step 8	Agree on financial plan and/or products					
Step 9	Implement financial plan and/or products					
Step 10	Ongoing rendering of (financial) services					

One of the key components of your value proposition is operational efficiencies during the client engagement process. This is where 80% of an advisor's time should be spent. It is during the client engagement process that trust is established, and revenue is earned. This is where most of the advisor's work is done and there is nothing like inefficiencies during the client engagement and compliance process that can break the spirit of advisors. It is difficult enough to win business in an extremely competitive environment. What advisors really do not need is a cumbersome client onboarding process. The ease of concluding transactions, submitting and processing business, and getting paid for services rendered efficiently is of fundamental importance if you want any chance of creating a great advisor experience and sustainable competitive advantage. It is a key component of a cutting-edge advisor value proposition.

The key aspects of the operational client engagement process are driven by the company culture. A strong, constructive culture of the FSP will have a positive ripple-effect throughout the entire business. Culture is key to creating and unlocking an FSP's full potential. Part of a constructive culture is the habit of following best practice client engagement principles, like demonstrating respect, acting professionally, and optimising the trust building moments with clients during the engagement process.

Compliance standards

Compliance does not need to be too complicated. It is possible for FSPs to simplify their compliance processes and documentation if they focus on the key components of compliance that are business enablers. This can also help to establish trust and enhance the level of professionalism in the business. If advisors are still complaining about compliance, it means that either the documents are too complicated and/or the compliance process has not been automated yet. The simplification and automation of compliance is one area that FSPs will do well to review and enhance. FSPs with a sound compliance culture empowered by simplification and automation of the compliance process will significantly enhance the advisor-experience during the client engagement process. My research indicates that many, if not most, FSPs are still battling to get this right.

Collaboration

Company collaboration

Advisors simply cannot do everything themselves. They need the support of the rest of the people in the business to make sure that proposals to clients are prepared correctly and professionally and that business is submitted effectively and efficiently. Assistants, para-planners, administrators, compliance officers, managers, key individuals, and shareholders are all members of a team that must collaborate to ensure that business resources, business efficiencies, client satisfaction, advisor satisfaction, healthy cash flows, profitability, and sustainability are optimised.

Service provider and product provider collaboration

FSPs must have high trust relationships with their service and product providers as all the businesses are interdependent on one another. These relationships will also contribute to efficiencies and the ease of doing business.

System innovation

If you put good advisors in a bad system, you will get poor results. The right system is one of the key pillars of an FSP's advisor value proposition and experience. Winning FSPs invest in their system and technology innovation as it drives business efficiencies and creates capacity for people in the business. The integration of best practice business and compliance processes, prepopulating of documentation, and automation are fundamental to consistent great advisor experiences.

Remuneration

Another important part of a winning advisor value proposition is a competitive remuneration model. Of course, getting the fee split right between advisors and the FSP is extremely challenging because advisors generally want as much of the revenue as possible. At the same time the FSP also needs its fair share of the commissions and fees earned to sustain the business and ensure its profitability and profit growth.

To ensure a competitive advantage, apart from the components highlighted above, the following key issues related to a financial advisory practice's value proposition to advisors must be in place:

- Offer distinct benefits and services that add value to advisors
- Provide ongoing training, education, and career advancement opportunities
- Communicate the value proposition consistently but make sure that the value proposition is not simply words; advisors must experience it
- Deliver on promises – breaking promises destroys trust
- Regularly solicit advisor feedback and insight to inform value proposition development
- Recognition and rewards

By putting all the key issues highlighted in this chapter in place, FSPs can establish a strong value proposition to advisors, and they will be able to attract and retain top talent, drive growth, and it can contribute to establishing a sustainable competitive advantage.

Designing a strong value proposition will require a deliberate effort by the leadership of every FSP and the management team must be able to answer the following key questions:

- What type of advisor we want to attract to our business?
- What are the values that we want our advisors to demonstrate?
- Are we going to be a cultural fit?
- What do we offer advisors?
- Do we have an advisor induction program?
- Is our product range competitive and attractive?

- Is our client onboarding process effective and efficient?
- Are our compliance documents simple and non-repetitive?
- Are our compliance documents integrated into our client engagement process?
- Can our documents prepopulate and be automated into our systems?
- Is our payment system efficient?
- Do we have a succession plan in place for our advisors?

The fundamental basis of above-average performance in the long run is sustainable competitive advantage
— Warren Buffett —

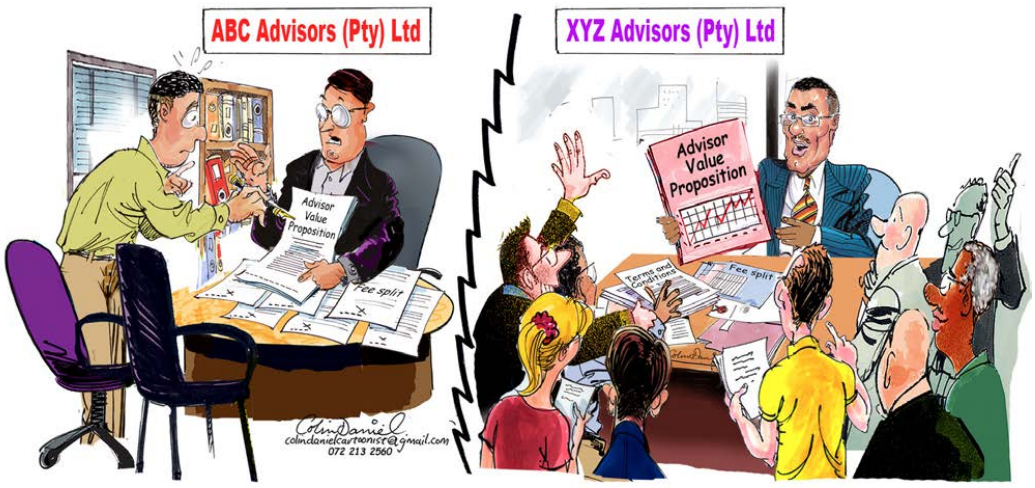
Chapter 17

In search of a sustainable competitive advantage

If you don't have a competitive advantage, don't compete.
— Jack Welch —
the former CEO of General Electric

According to the Oxford dictionary, a competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and better servicing facilities that could justify higher prices. This advantage may be achieved in various ways, including increased product performance, superior distribution methods, or creative advertising. Most forms of competitive advantage cannot be sustained in the longer term because competitors will initiate or find substitutes for the innovations that created it[1]. We will first take a look at the concept of 'competitive advantage' but then we must also consider the key to long-term competitive advantage, which is 'sustainable competitive advantage'.

In an extremely competitive and onerous industry and in these very challenging conditions, you will simply have to be competitive to survive and to grow your business. Developing a competitive advantage in the marketplace is crucial because it enables FSPs to distinguish itself from its competitors, attract and retain customers, and ultimately achieve long-term success. A competitive advantage allows a company to offer something unique or superior to competitors. This differentiation helps attract customers who are looking for specific benefits, such as higher quality advice, better client service, innovation, at a value for money price. A competitive advantage equips a company to not just survive but thrive in the marketplace, establishing a foundation for enduring success, resilience, and growth. Simply put, a competitive advantage answers the question; why would clients rather do business with you than another advisory practice?



According to Alexandra Twin, a publisher for Investopedia, the two main types of competitive advantages are:

1. Comparative advantage: when a business produces more, and at a lower cost than competitors.
2. Differential advantage: when a business's products or services are seen as superior or of greater value than those offered by competitors.

1 Source:https://www.oxfordreference.com

She further explains that an organisation can use one of the following methods to build a competitive advantage:

1. **Cost:** provide services at a lower price
2. **Differentiation:** provide services that are of a superior quality or offer superior features
3. **Specialisation:** offering services specifically tailored to a niche market

Theory & Industry Literature

Renowned Harvard Business School professor, Michael E. Porter, developed Porter's Five Forces in 1979 as a business strategy tool which can be used to analyse your competitive landscape. This model is still used today. The five critical dimensions are highlighted below[2]:

1. Competitive Rivalry

Competitive rivalry evaluates the amount and level of establishment of your competitors within the industry. There are several factors that contribute towards the intensity of competition within an industry, namely: the number of competitors, industry growth, similarity in product or service offering, exit barriers and fixed cost considerations.

2. Supplier Power

How much power does your suppliers have in the industry? Here are the factors that measure supplier power in an industry:

- The number of suppliers: the fewer suppliers within an industry, the greater their negotiating power.
- Uniqueness: if a supplier offers a product that is not easily replicated, it has greater power within an industry.
- Switching costs: if switching costs are high, then companies are less likely take their business to another supplier. This was a tactic historically, but experience in the industry shows that this may be very well something that deters financial advisory practices from entering into a business relationship with a supplier in the first place.
- Forward integration: if a product provider can enter the industry themselves, for example, a product provider also offering financial advisory services, this will increase their power.

3. Buyer Power

Buyer power refers to the influence customers have over the practice. Considering the nature of the service industry, the number of available options and the regulatory requirements, our customers have significant power. The key to gain competitive advantage in the financial advisory industry is the ability to offer a unique value proposition, otherwise price will be the differentiator, and then big FSPs with economies of scale will win every time.

4. Threat of Substitution

If customers find a substitute for the services offered by a financial advisory practice, this will be a major threat to practices in this industry. Customers could, for example, opt for self-financial management or employ the services of a robo-advisor instead.

5. Threat of New Entrants

How difficult is it for new players to enter the industry? Here are the factors that influence the barriers of entry for new competitors:

- Economies of scale
- Product differentiation
- Capital requirements
- Access to distribution channels

2 Sources:https://www.forbes.com/advisor/business/porters-five-forces/ and https://www.investopedia.com/terms/p/porter.asp

- Regulations
- Switching costs[3]

How to build a competitive advantage

Market research

Market research entails gathering specific information within a market sector. It is important to know what your target market is before starting this exercise as it can be costly. The benefits, however, include refinement of marketing strategies, creating strong brand identity and ultimately leading to greater client satisfaction. A FSP has several options when considering how to conduct market research, namely:

- Face to face interviews: although extremely time-consuming, one will obtain valuable insight.
- Focus groups: less time-consuming and more cost effective but one should bear in mind that there is a possibility that some group members may influence the opinions of other members, thereby compromising the accuracy of the feedback.
- Phone research: this could be a cost effective and engaging way of conducting market research when contacting existing clients. However, considering the POPI Act and the general sentiment of direct marketing, this may not be an efficient method for the broader market or potential clients.
- Survey research: this is another cost-effective way, but in practice we have seen low response rates. The key here would be to offer some sort of incentive for a person to participate in the survey.

Identify unique strengths

Identify your FSP's unique strengths. These would be closely linked to your value proposition. What sets you apart from your competitors? Consider factors such as, technologically advanced systems, the organisation's unique brand identity, technical expertise, superior client service and/ or strategic partnerships.

Evaluate your financial situation

Review your financial statements to identify areas that bring in profits and financial stability.

Research and Development

Secure intellectual property (IP) so that competitors cannot legally copy your know-how or specific business practices.

Review operations

Continuous effort of improving existing service methods, systems and processes to ensure superior customer service and operational efficiency. As mentioned before, one of the greatest obstacles facing financial advisory services is the lack of capacity. It is crucial to invest in technology and automate processes to keep up with the ever-increasing demands from regulators and clients.

Leverage human resources

Humans are your most valuable resource. People within your FSP have the potential to make or break the company. Your staff are the practice's ambassadors. Ensure that you 'get the right people on the bus and allocate them to the right seats'.

3 Sources:
https://www.investopedia.com/terms/c/competitive advantage.asp
https://www.investopedia.com/terms/m/market-research.asp
https://greengarageblog.org/17-advantages-and-disadvantages-of-a-focus-group

Sustainable competitive advantage

Establishing a sustainable competitive advantage is even more important because it provides a long-lasting edge that competitors cannot easily replicate or erode. Every FSP wants to deliver consistent growth in profits to increase its shareholder value and it is one of the main reasons why sustainability in competitive advantage matters.

A sustainable competitive advantage enables FSPs to maintain a lead in our industry for an extended period. Growing a business is an ongoing affair and competition is getting stronger and stronger. An enduring competitive advantage protects the company from constantly shifting market pressures and competitor moves, establishing it as a trusted market leader over time.

Being a cutting-edge competitor, an FSP can secure higher-than-average profits for the long haul. Unlike a short-lived advantage, which might result in temporary gains, a sustainable advantage supports consistent profitability, providing a stable financial foundation even as market conditions change. That will take some serious planning.

A sustainable competitive advantage serves as a barrier to entry and discourages competitors from attempting to copy or enter the market. For instance, advantages based on economies of scale, brand loyalty, or specialised expertise are difficult for others to match without substantial investment or time.

A sustainable competitive advantage creates lasting customer loyalty and trust. Over time, this leads to higher customer retention, repeat business, and a strong reputation, which is often challenging for competitors to replicate or disrupt.

With a sustainable advantage, FSPs are well positioned to reinvest in their own growth, such as advisor acquisition, or market expansion. This continuous investment cycle strengthens the company's position even further, making it harder for others to compete.

Sustainable advantages can help companies to be resilient and adapt more smoothly to changes in market conditions, consumer preferences, and technology. For example, an FSP that prioritises innovation as part of its advantage can stay ahead of industry shifts.

Investors and stakeholders value companies with a sustainable competitive advantage because it signals reliable performance and lower risk. FSPs with such advantages often enjoy higher valuations, making it easier to access capital for future initiatives.

Finally, a sustainable competitive advantage allows FSPs to focus strategically rather than reactively. Instead of constantly reacting to competitor moves, a company with a durable advantage can direct its energy toward initiatives that strengthen its position further.

Essentially, a sustainable competitive advantage not only ensures an FSP's relevance today but also builds a foundation for long-term success, resilience, and growth, securing its position in the marketplace far into the future.

There are only two ways to establish competitive advantage:
do things better than others or do them differently
— Karl Albrecht —

To achieve a sustainable competitive advantage, FSPs should focus on:

1. Their unique value proposition
2. A client-centric approach
3. Innovation
4. Talent development and retention
5. Strategic partnerships and collaborations
6. Continuous learning and improvement
7. Strong leadership and vision
8. Regularly solicit client feedback and insight
9. Embracing technology and digital transformation
10. Fostering a strong company culture

By addressing these key issues, financial advisory practices can establish a sustainable competitive advantage, driving long-term success and growth.

That is the real objective, isn't it? As a financial advisory practice, if you compete on price, you will always compete on price and this method will not be successful over the long term because there will always be someone who is cheaper and offers less value to clients.

According to an article published by Indeed Editorial Team on 16 August 2024, 'sustainable competitive advantage occurs when a company consistently outperforms its competitors in the same industry or field. Most often, companies with this type of advantage create a value for their customers that's superior when compared to other businesses.' Their article highlighted 20 examples of sustainable competitive advantage, but for the purposes of this publication, we will focus on the following:

Excellent customer service:

We are in the service industry, and our regulatory environment is very clear when it comes to our obligations towards our clients. Excellent customer service must therefore be a top priority!

Solving customer problems

Your services should represent a solution to a customer's problem. A financial advisory practice should tailor its products and services to address the specific needs and objectives of clients. The suitability of advice is of fundamental importance for any FSP.

Continuous innovation

Adapt or die. With the ever-changing world we live in, we face new opportunities and challenges. A practice that is proactive instead of reacting to these changes will secure sustainable competitive advantage. Innovation requires problem solving skills, flexibility and vision.

Fostering partnerships

We agree with Steven R. Covey that it is essential to realise that all stakeholders are interdependent. Create and foster mutually beneficial relationships and partnerships with your stakeholders.

Honesty and Integrity

Honesty and integrity are not only a legislative requirement, but they are also a source of sustainable competitive advantage. When genuinely acting in the best interest of clients, you earn trust. If chasing the bottom line is your only focus, you will not build a sustainable business over the long term. Profits may realise over the short term, but it will not carry you in the long term. Maintaining clients' trust is the only currency that sustains FSPs over the long term. We have all seen the cost of compromising on honesty and integrity, and that cost is simply too great.

Company culture

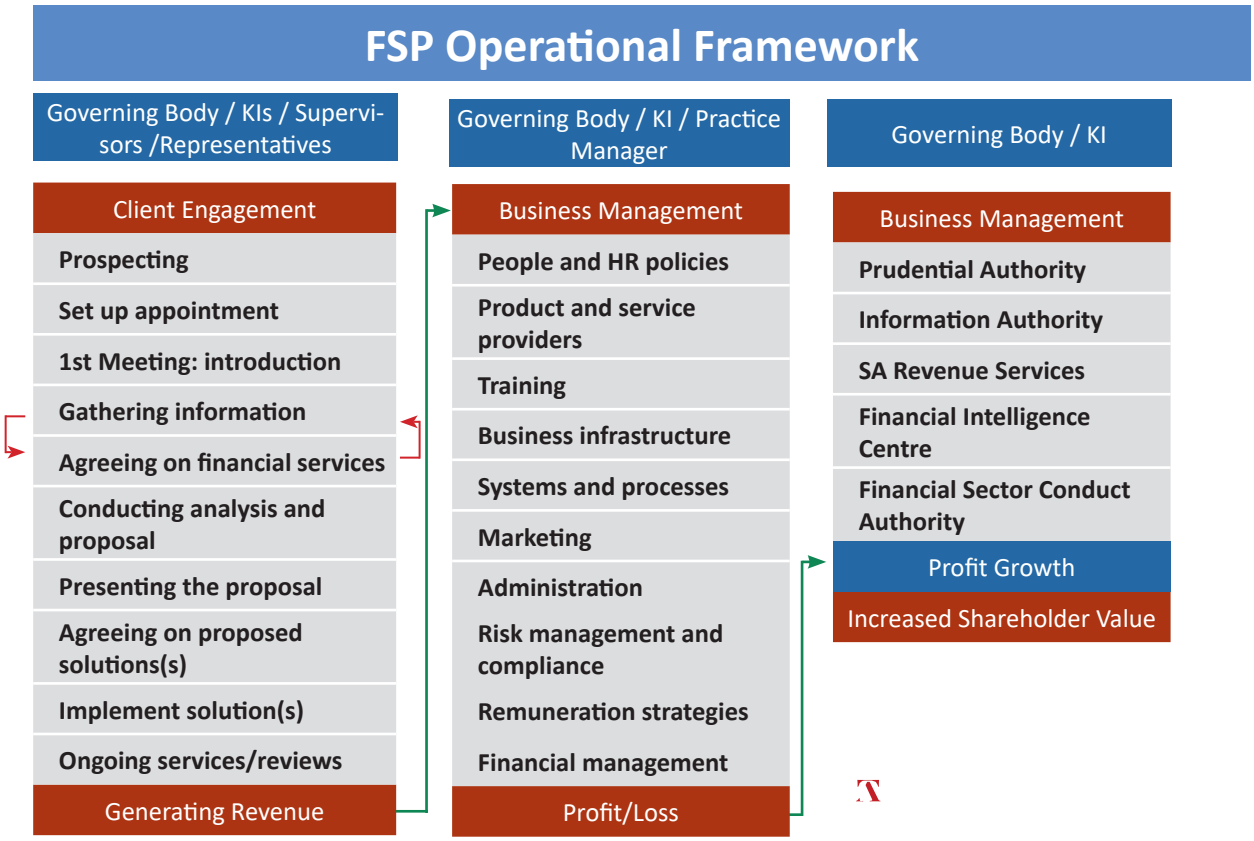
This topic has been discussed in detail in chapter 14 but in summary, improved employee relations lead to a better work environment. A healthy work environment leads to engaged employees which improves customer service and efficiency. Human resources are your most valuable resource in achieving sustainable competitive advantage.

Employees are a company's greatest asset - they're your competitive advantage.
You want to attract and retain the best; provide them with encouragement, stimulus, and make them feel that they are an integral part of the company's mission.
— Anne M. Mulcahy

Your employees are your company's real competitive advantage.
They're the ones making the magic happen – so long as their needs are being met.
— Richard Branson[4] **—**

4 Source: https://www.azquotes.com/quotes

The operations of a business in the financial planning industry can be defined as the comprehensive processes, systems, and activities that support the delivery of tailored financial advice and solutions to clients, while ensuring compliance, efficiency, and long-term success.



Chapter 18

The operational structure of every FSP

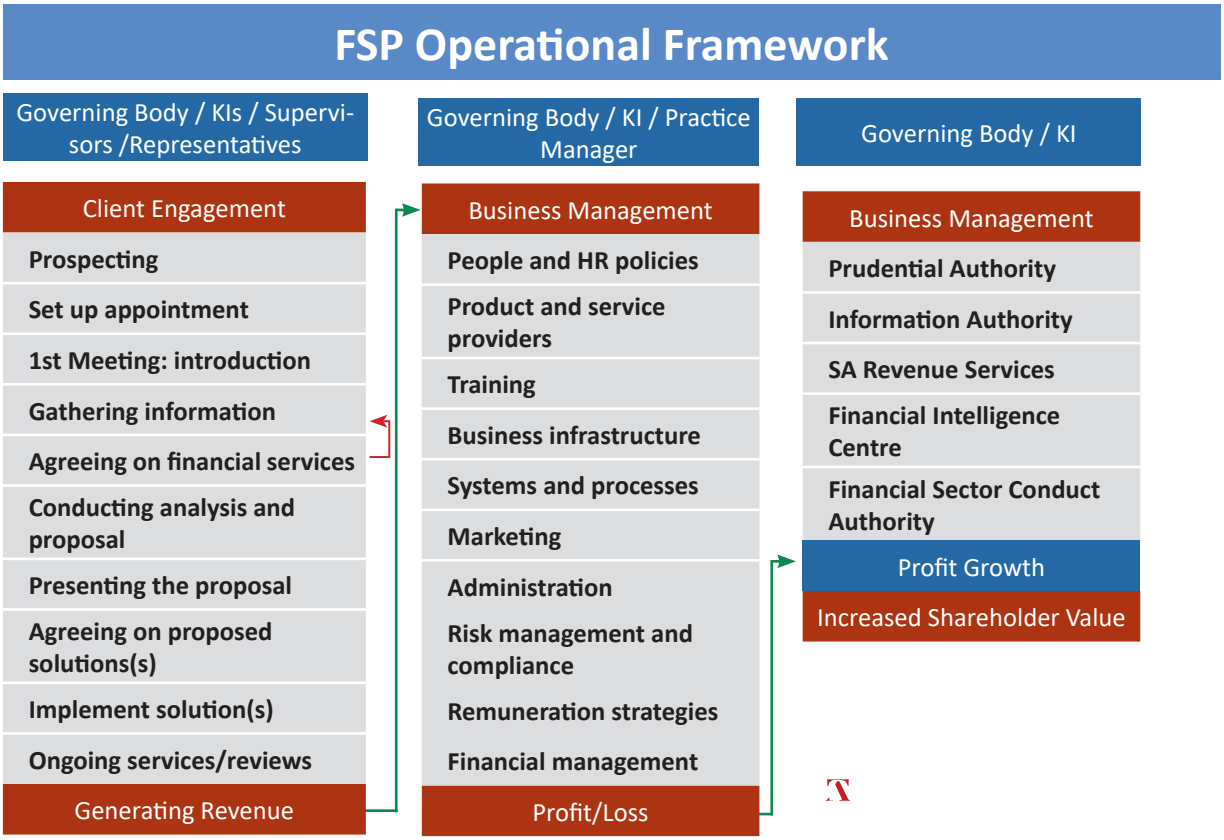
Alfred Chandler, Management guru, Professor of business at Harvard University, argued that a company's structure should be designed to support its overall strategy, meaning that the way an FSP is organised should be aligned with its strategic objectives.

Structure follows strategy

Although it makes absolute sense, I would argue that there are instances where 'structure can also help strategy'. The reason for my argument is based on the following observation by Jeff Bezos, founder of Amazon:

'I very frequently get the question: 'What's going to change in the next 10 years?' And that is a very interesting question; it's a very common one. I almost never get the question: 'What's not going to change in the next 10 years?' And I submit to you that that second question is actually the more important of the two — because you can build a business strategy around the things that are stable in time.'

I have done extensive research over the last 15 years around the operational framework of FSPs, and its underlying components, as illustrated below, and these components have not changed over the last three decades. Of all the advisors I have surveyed over the years, 99% have confirmed that the operational framework has remained 'stable in time' and they do not foresee that the framework will change over time. According to Bezos, you can build a strategy around these elements that are stable.



The operational structure of the business, as illustrated above, can help to initiate an operational strategy, and then there may be further structures that can be put in place to ensure effective and efficient implementation of the strategy. The operational structure of financial service providers is crucial as it determines their efficiency, productivity, and ability to deliver services effectively. This topic matters for the following reasons:

The operational structure helps to create order

There are many variable elements that advisors and intermediaries cannot control. Without a proper operational structure in the business, the variables can cause chaos. A timeless operational structure helps to create order in chaos. It provides a sound, stable structure around which you can build a business strategy.

Efficient service delivery

A well-designed operational structure enables financial service providers to deliver services efficiently, meeting - and sometimes even exceeding, client needs and expectations.

Reducing costs

An optimal operational structure helps to reduce and manage costs, and optimise resource allocation.

Risk management

A robust operational structure ensures effective risk management, minimising potential losses and protecting clients' assets.

Scalability and growth

A sound operational structure allows financial service providers to scale their business and grow, regardless of changing market conditions.

Regulatory compliance

A sound operational structure, as illustrated above, creates a business framework that keeps the order and allows for compliance to fit into the framework, which maintains order in the business even when legislation changes. It creates a business framework where compliance can be integrated into the business instead of tail wagging the dog, as illustrated below.

What you don't want is a business that is constantly under pressure every time legislation changes. It is possible for FSPs to create a stable business environment and just make cosmetic changes to the business when legislation changes without disrupting business processes.

Talent management

A well-designed operational structure attracts, retains, and develops top talent, driving business success.

Technology integration

An operational structure that leverages technology enhances efficiency, productivity, and client experience.

Client satisfaction

An operational structure focused on client needs ensures high satisfaction levels, driving loyalty and retention.

Competitive advantage

A unique, effective, and efficient operational structure can be a competitive differentiator, setting FSPs apart.

Long-term sustainability

A robust operational structure ensures long-term sustainability, enabling financial service providers to thrive.

To optimise their operational structure, FSPs should:

- Conduct regular assessments and reviews
- Streamline processes and eliminate inefficiencies
- Leverage technology and automation
- Foster a culture of innovation and continuous improvement
- Develop flexible and adaptable processes within the structure
- Ensure effective communication and collaboration
- Prioritise client needs and satisfaction
- Invest in talent development and management
- Monitor and address regulatory requirements
- Embrace change and innovation

By optimising their operational structure, FSPs can improve efficiency, reduce costs, and enhance client satisfaction, ultimately driving business success.

To ensure a competitive operational advantage, the following key issues related to the operational structure of financial service providers must be in place:

Make a seamless client engagement experience your mission

Declare it, be intentional with your operational design, implement it, refine it…

Efficient processes and workflows

Streamline processes and eliminate inefficiencies.

Effective risk management

Implement robust risk management practices within your timeless operational framework.

Talent management and development

Attract, retain, and develop top talent. Top people will appreciate a sound operational framework and they will even improve the system and automation of processes and workflows.

Technology integration and leverage

Harness technology to enhance efficiency and productivity. I cannot over-emphasise the importance of optimising the use of technology in your business operations. With escalating regulatory obligations, the only tool that can help your business to be more effective is technology. Embrace it!

Client-centric approach

Prioritise client needs and satisfaction. Make sure your systems, processes, and policies are designed to support suitable recommendations based on client needs and objectives.

Flexible and adaptable structure

It is highly unlikely that the timeless building blocks of the operational framework as illustrated in this chapter will change. However, certain elements within the framework may be affected by client preferences and/or legislation. If and when that happens, the leadership of FSPs must enable rapid responses to changing conditions.

Strong leadership and management

Foster a culture of innovation and continuous improvement. There is always room for improvement within a timeless framework. Good leadership and management will recognise when and where improvement is necessary.

Continuous monitoring and assessment

Regularly review and refine your operational structure. Your ongoing assessments and critical analysis of existing processes and workflows within the framework will ignite ongoing improvements needed to establish a truly great operational structure for the business and its stakeholders.

Regulatory compliance

Ensure adherence to regulatory requirements. A timeless operational framework makes it easy to adapt to regulatory changes. When legislation changes, you must simply identify which part of the operational structure the change will affect and then amend what needs to be amended in the relevant part of your structure, and evaluate if it will have a ripple-effect into other areas of the business.

Data-driven decision making

Leverage data analytics to inform operational decisions.

Collaboration and communication

Foster effective communication and collaboration across teams. With a stable operational structure communication and collaboration will be easier over time.

Innovation and continuous improvement

Encourage innovation and ongoing improvement. A seamless operational structure and efficient processes benefit all the stakeholders, and as highlighted above, there is always room for improvement.

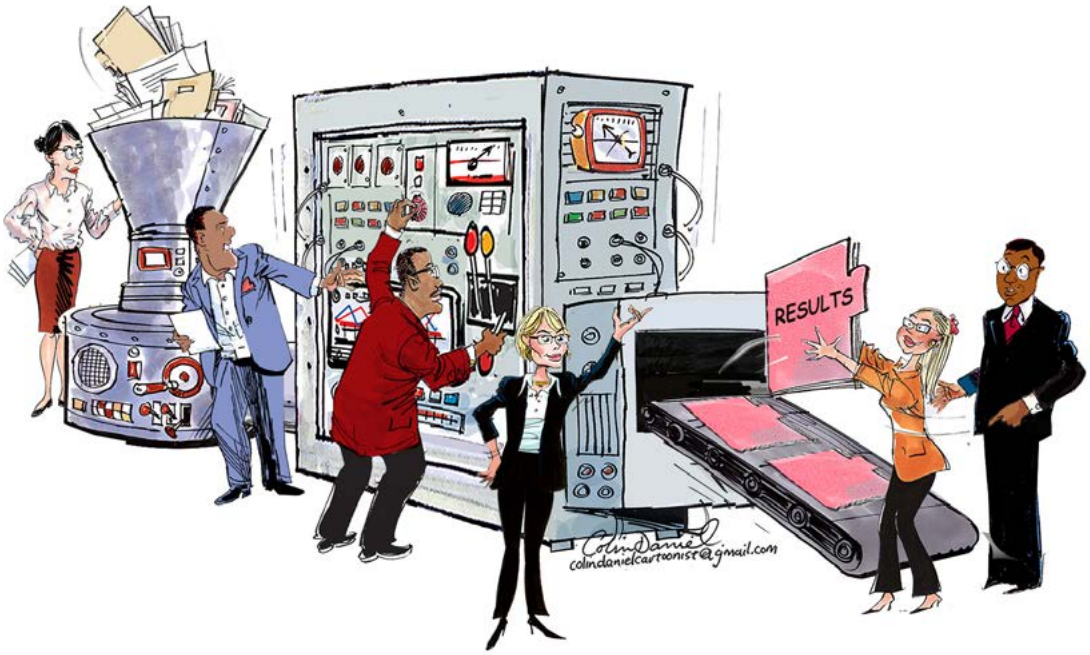
Scalability and growth

Develop an operational structure that supports growth. One of the greatest benefits of the operational structure, as illustrated in this chapter, is that the underlying building blocks are timeless, and if your technological systems can prepopulate documents and automate your business processes, it offers a system that can scale your business effortlessly.

Business continuity planning

Your timeless operational structure with the integrated and automated technological system designed to scale your business also makes it easier to facilitate business continuity plans.

By addressing these key operational issues, financial service providers can establish a significant competitive advantage, driving business success and long-term sustainability.


RESULTS
colindanielcartoonist@gmail.com

Strategy is about making choices, trade-offs;
It's about deliberately choosing to be different.
— Michael Porter —
Professor and Author

You have to be burning with an idea, or a problem,
or a wrong that you want to right.
If you're not passionate enough from the start,
you'll never stick it out.
— Steve Jobs —
Co-founder of Apple

Chapter 19

The value of strategy

Strategy matters because it helps to offer clear direction for everyone in your FSP. Luck is not a strategy.
— Jim Collins[1] —

Strategy is essential for guiding a business towards its goals, making informed decisions, creating and maintaining a competitive advantage, managing risks and ensuring long-term sustainability and growth. A well-defined strategy is crucial for financial advisory practices to achieve success and stay competitive. Without a clear strategy, businesses risk losing direction, wasting resources, and falling behind competitors.

Without a strategy, an organisation is like a ship without a rudder, going around in circles. It's like a tramp; it has no place to go.
— Joel Ross & Michael Kami[2] —

In his research, business professor and bestselling author Jim Collins asserted the following regarding taking proactive, deliberate steps in a strategic approach to business.

Deliberate decision making was associated with good outcomes. By deliberate, we mean that there was evidence that the leaders took a step back, zoomed out, and considered at a deeper level why things were happening. In contrast, using the term 'reactive' we mean decision making that lacked rigorous deliberation. 63 percent of the good-outcome cases were associated with a deliberate approach, while a full 97 percent of the bad-outcome cases were associated with a reactive approach[3]. Strategy is proactive, and it is fully aligned with Stephen R. Coveys first habit of highly effective people, namely – Be proactive.

Strategy is a comprehensive plan of an FSP - a set of actions designed to achieve specific long-term goals and objectives with specific timelines. Strategy is about making informed choices and taking deliberate actions to steer an FSP toward its desired future state, while effectively navigating challenges and seizing opportunities along the way. It involves allocating resources in a way that positions an FSP to compete and succeed in a very competitive and onerous environment. In a business context, strategy typically includes the following elements:

Vision

Establishing a clear understanding of what the FSP aims to achieve in the long term (vision).

Every business plan begins with a vision[4].

Mission

A deep understanding of the purpose of the FSP and what needs to be done now to achieve the vision.

1 Jim Collins: Great By Choice, Random House Business Books 2011, p 174
2 David 8th Edition: Strategic Management Concepts: Prentice Hall; p 3
3 Jim Collins: Great By Choice, Random House Business Books 2011, p 239
4 Mark C. Tibergien and Rebecca Pomering: Practice Made Perfect, Bloomberg Press, p65

Goals and objectives

Defining specific, measurable, achievable, relevant, and time-bound (SMART) goals that the FSP seeks to accomplish. **SMART** is an acronym that stands for:

S – Specific:

Goals should be clear and specific, answering the who, what, where, why, and which questions.

Example: Instead of saying 'Increase new business,' a specific goal would be 'Representatives to increase new business by 12% in the Gauteng region by the end of the year.'

M – Measurable:

The goal should include criteria to measure progress and determine when it has been achieved. This involves quantitative or qualitative benchmarks to track performance.

Example: Increase referrals by 20% in the next 12 months,' is measurable because it provides a clear number to track progress.

A – Achievable:

Goals should be realistic and attainable, taking into consideration the available resources, skills, and constraints. The goal must be challenging but it must be within reach.

Example: To increase referrals by 20% through existing clients using existing staff and technology by the end of the year could be achievable, whereas doubling it might be unrealistic without additional resources.

R – Relevant:

Goals should align with broader business objectives and be relevant to the mission and long-term plans.

Example: A goal to introduce an additional service offering that appeals to our clients by year-end is relevant if your company is focused on client retention and enhancing its value proposition.

T – Time-bound:

Every goal needs a deadline for completion to create urgency and focus, otherwise it never gets done. It enhances accountability and helps to measure progress and success within a defined period.

Example: Reducing expenses by 10% over the next three months is time-bound because it specifies the timeframe in which the goal should be achieved.

Analysis

Conducting internal and external analyses, such as SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, to understand the FSP's current capabilities, market conditions, and competitive landscape.

Competitive advantage

Identifying what will set the FSP apart from its competitors and how it can leverage its unique strengths to create value.

Resource allocation

Determining how to best allocate resources (e.g. human resources, training and development, technological systems, compliance, and financial) to support the strategic plan and achieve the set goals.

Action Plans

Developing detailed action plans and initiatives that outline the specific steps needed to implement the strategy.

Monitoring and evaluation

Establishing criteria to measure progress and key performance indicators (KPIs) to monitor progress, assess performance, and make adjustments to the strategy when necessary.

Flexibility

Remaining adaptable and responsive to changes in the external environment, such as competitive pressures, technological disruptions and advancements, and market trends.

Strategy to ensure a competitive advantage

To ensure a competitive advantage, the following key issues related to strategy in financial advisory practices must be in place:

- Strong leadership and management to drive strategy and execution
- A unique value proposition
- Identify and understand the target market and client segments
- A client-centric approach
- Clear goals and objectives
- Foster a culture of innovation and ongoing improvement
- Talent management and development
- Harness technology and data analytics to enhance efficiency and productivity
- Ensure robust risk management and compliance practices
- Regular competitor analysis
- Regularly review and refine strategy to stay relevant and competitive
- Ensure effective communication

To develop a valuable strategy, financial advisory practices should again consider the statement by Jeff Bezos, founder of Amazon, as mentioned in the previous chapter:

'I very frequently get the question: 'What's going to change in the next 10 years?' And that is a very interesting question; it's a very common one. I almost never get the question: 'What's not going to change in the next 10 years?' And I submit to you that that second question is actually the more important of the two — because you can build a business strategy around the things that are stable in time.'

If we apply this principle as stated by Bezos, it will help us in our strategy, because our research shows that the operational fundamentals in the client engagement process and underlying business building blocks in FSPs in the tables below have been constant for decades. Therefore, we can build a strategy around the timeless (stable) client engagement process and the underlying operational components of FSPs. The two illustrations below provide a comprehensive framework for a strategic planning session for the leadership of FSPs. The client engagement process is the heartbeat of the business whilst business management represents the brains of the FSP. Each FSP will have its own unique shortfalls and every FSP will have to put some time out to do some serious planning in 2025. The tables below will be helpful in that process.

Client engagement

Strategy: Professional client engagement and compliance standards						
Process	Engagement	Current Best Practice Standards	Current Compliance Standards	Current Technology Standards	Current Advisor Experience	Current Client Experience
	Activity	Improved Standards Required	Improved Standards Required	Improved Standards Required	Define Experience Required	Define Experience Required
Step 1	Prospecting	Strategy	Strategy	Strategy	Strategy	Strategy
Step 2	Setting up appointment	Strategy	Strategy	Strategy	Strategy	Strategy
Step 3	Professional introduction	Strategy	Strategy	Strategy	Strategy	Strategy
Step 4	Share info and gather client information	Strategy	Strategy	Strategy	Strategy	Strategy
Step 5	Agree on service(s) to be rendered	Strategy	Strategy	Strategy	Strategy	Strategy
Step 6	Conduct an analysis and prepare report	Strategy	Strategy	Strategy	Strategy	Strategy
Step 7	Present proposal/ recommendation(s)	Strategy	Strategy	Strategy	Strategy	Strategy
Step 8	Agree on financial plan and/or products	Strategy	Strategy	Strategy	Strategy	Strategy
Step 9	Implement financial plan and/or products	Strategy	Strategy	Strategy	Strategy	Strategy
Step 10	Ongoing rendering of (financial) services	Strategy	Strategy	Strategy	Strategy	Strategy

Business management

Strategy: Business Management And Compliance Standards						
Process	Engagement	Current Best Practice Standards	Current Compliance Standards	Current Technology Standards	Current Advisor And Employee Experience	Current Client Experience
	Activity	Improved Standards Required	Improved Standards Required	Improved Standards Required	Define Experience Required	Define Experience Required
Item 1	People	Strategy	Strategy	Strategy	Strategy	Strategy
Item 2	Product and service providers	Strategy	Strategy	Strategy	Strategy	Strategy
Item 3	Training	Strategy	Strategy	Strategy	Strategy	Strategy
Item 4	Infrastructure	Strategy	Strategy	Strategy	Strategy	Strategy
Item 5	Systems and processes	Strategy	Strategy	Strategy	Strategy	Strategy
Item 6	Marketing	Strategy	Strategy	Strategy	Strategy	Strategy
Item 7	Risk management and compliance	Strategy	Strategy	Strategy	Strategy	Strategy
Item 8	Administration	Strategy	Strategy	Strategy	Strategy	Strategy
Item 9	Remuneration strategies	Strategy	Strategy	Strategy	Strategy	Strategy
Item 10	Financial management	Strategy	Strategy	Strategy	Strategy	Strategy

Cautionary:

Leaders of FSPs will do well to remember the timeless truth from Bernard Reimann, considered by many to be one of the greatest mathematicians of all time:

The greatest strategy is doomed if it is implemented badly.[5]

1.1 Strategy to establish your practice

The single most important aspect of any successful practice is that it must be built on a sound foundation. Like any building, or in any sport, the fundamentals of an FSP must be firmly in place. 'Fundamentals' refer to the basic, essential principles or elements that serve as the foundation for a system, subject, or skill, building or business. These are the core components that must be understood and mastered in order to achieve a more advanced understanding or success in an FSP. Without a strong grasp of the fundamentals, it is difficult to progress or excel at higher levels.

Sometimes it is easier to use an analogy to understand concepts better, and I do not think there is a better analogy to illustrate the importance of a sound foundation for an FSP than that of the foundation of a house or building. The foundation of a house or any building is crucial because it serves as the structural base upon which everything else is built. The same principle applies to FSPs. Here are the key reasons why a foundation is so important:

Stability and support

The foundation is the essential component that anchors the structure to the earth and ensures its stability, durability and safety. The foundation provides stability by distributing the weight of the building evenly across the ground. Without a strong foundation, the building would be unstable and could settle unevenly, leading to cracks, structural damage, or even collapse. The same can happen to an FSP if it is built on a weak foundation. This book contains most of the fundamentals on which successful FSPs are built.

Bearing the load

A well-designed foundation ensures that the ground beneath can support the walls, the furniture, the roof, and occupants without shifting or sinking. An FSP consists of technical knowledge, skills and services to clients, compliance, practice management, and ethical bahaviour. All of these fundamentals must be in place to support the establishment and growth of the business.

Even support

A strong foundation ensures even support over time. Foundations prevent differential settlement, where parts of the building sink or shift at different rates, causing structural stress and damage. When an FSP is more concerned about getting business than it is about compliance, the business may do well for a period of time but at some point, the lack of compliance will cause uneven support in the business, leading to structural stress and even collapse.

Protection against natural forces

A solid foundation helps the building withstand environmental forces like wind, earthquakes, and soil pressure. FSPs work with people and clients sometimes complain about advice and/or services. A solid foundation helps an FSP to withstand client complaints on merit and quality evidence.

Moisture and insulation barrier

Foundations help protect the building from moisture intrusion, which can weaken materials and cause mold or rot. Foundations also provide insulation from the cold ground, keeping interior temperatures more stable. Every now and then FSPs are challenged with people in the business that go rogue and operate outside the cultural boundaries, which often leads to non-compliance and even theft or fraud. A sound ethical foundation, compliance processes and monitoring help to protect FSPs against the weakening of their ethical standards.

5 David 8th Edition: Strategic Management Concepts: Prentice Hall; p 275

Durability of the building

The quality of the foundation often determines the lifespan of the structure. A poorly designed or constructed foundation can lead to premature aging, while a solid foundation can ensure a building remains sound for decades or even centuries. Similarly, a poorly designed or constructed FSP foundation can lead to the demise of the business, while a solid foundation can ensure that an FSP remains successful for a long time.

The fundamentals that must be put in place to establish a successful practice are:

- Ethical values
- Determination
- Technical knowledge and skills
- Communication skills
- Ability to build report with clients
- Ability to build, establish and maintain trust with clients
- Establishing self-leadership and taking extreme ownership of the FSP
- Establishing and maintaining the sound operational framework as highlighted in this book

1.2 Strategy to grow your practice

FSPs will not survive if they do not go beyond mere established status. Inflation alone will force you to grow your business. In addition, regulatory changes in the financial advisory industry added significant operational and financial burdens that force advisors to think carefully about their business models and seek additional revenue streams. Regulatory changes and other market forces, like cyber security risks have created a basic need for growth, simply to survive, never mind thrive. Regulatory changes impose both direct and indirect operational and financial burdens on financial advisory practices. FSPs are required to invest in compliance, reporting, and risk management, which increases costs and reduces the time available for client-facing activities. To cope, advisors are compelled to grow their businesses—whether by acquiring more clients, offering more services, or merging with larger FSPs—to offset these costs and maintain profitability.

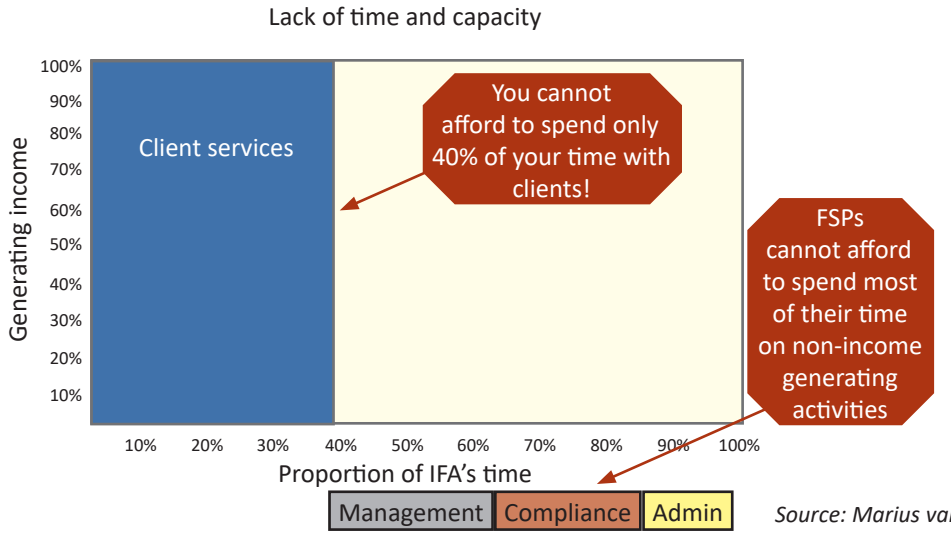
During a COFI workshop in October 2024, I conducted a survey to establish what the biggest challenges in FSPs are. These were the results and all of them confirm the need to be able to scale businesses effectively and to enhance capacity in FSPs to meet the demand.

Time and the lack of capacity to perform all my duties	48%
Systems and technology	20%
Compliance	15%
Total	83%

In another informal survey I conducted on the 18th of September 2024, compliance, lack of time, and lack of capacity were the biggest problems in FSP business.

Many, if not most, FSPs face these hurdles that reduce efficiency, hinder growth and put FSPs at risk of having to merge with other FSPs or sell out. However, with proper strategic planning these obstacles can be mitigated effectively.

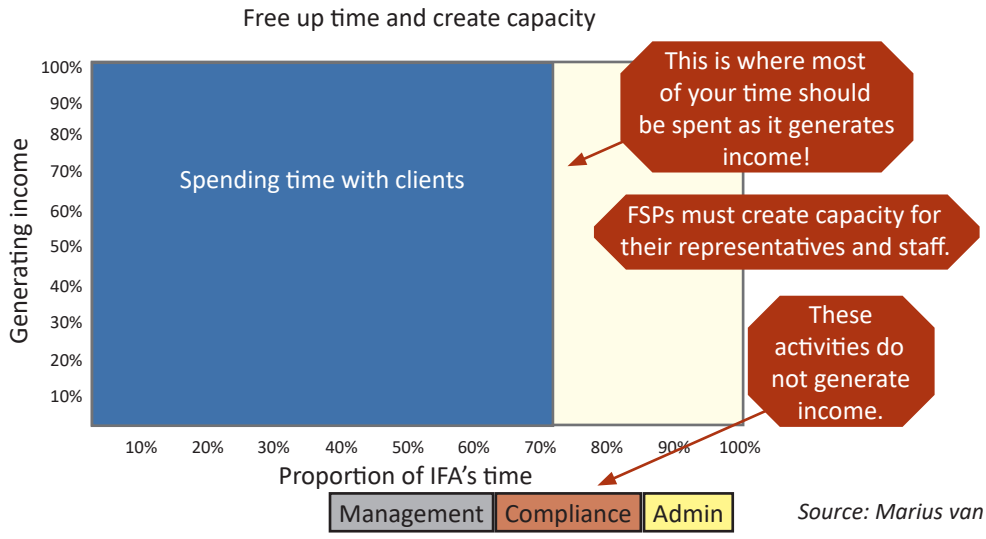
In 2017, one of the leading FSPs in South Africa reported that due to increased compliance, admin and management responsibilities, their effective time spent with clients on averaged reduced to approximately 40%, which has a severe impact on their ability to increase their revenue. During my consultations with FSPs over the last 15 years, and the most recent surveys conducted in 2024, I have found that most FSPs in South Africa are facing the same challenges, and they are struggling to find the right balance.



Source: Marius van der Merwe

Scalability

During the plan for growth phase of an FSP, the focus must be on scalability and the leaders in the business must develop a strategy for sustainable growth and expansion, not only for solving the problems as highlighted above but also to create shareholder value in the FSP. Scaling an FSP business means increasing its capacity to grow and manage greater demand without a proportional increase in costs. The foundation for scalability must be rock-solid!



Source: Marius van der Merwe

Successful scaling requires strategic planning and efficient use of resources so that the business can grow rapidly while maintaining or even improving profitability. Here are the key steps involved in scaling a business:

Improve operational efficiency

As your business grows, you need to streamline operations to handle increased demand smoothly.

The 10 steps of professional client engagement and compliance framework						
Process	Engagement	Best Practice	Compliance	Technology	Advisor	Client
	Activity	Standards	Standards	Innovation	Experience	Experience
Step 1	Prospecting					
Step 2	Setting up appointment					
Step 3	Professional introduction					
Step 4	Share info and gather client information					
Step 5	Agree on service(s) to be rendered					
Step 6	Conduct an analysis and prepare report					
Step 7	Present proposal/ recommendation(s)					
Step 8	Agree on financial plan and/or products					
Step 9	Implement financial plan and/or products					
Step 10	Ongoing rendering of (financial) services					

To achieve improved operational efficiency, you will have to take everything you did to establish your business, as highlighted above, and then take it to the next level.

Embrace your CRM (customer relationship management) and financial planning system: Leverage technology because it is a key enabler for scaling. It allows businesses to grow without requiring exponential increases in labour or capital. Use technology to embed your client engagement process, prepopulate compliance and engagement documents, automate repetitive tasks, and create workflows. Create detailed documentation for every critical business process, from client engagement to customer service. It increases efficiencies and reduces the need to hire more staff as you grow. If you do have to appoint staff at some point, it also allows new employees to get up to speed quickly and ensures that the business can operate consistently as it expands.

Inspire or drive technology so that everybody in the business uses the same system and process. One system, one process, and one set of documents will have a positive ripple effect in the business that will benefit everybody.

Standardise processes and documentation

As the business grows, standardising processes become essential to ensure consistency, efficiency, and scalability. The leaders in the business simply must find a way to get everybody in the FSP to buy into the same system, the same client engagement process and the same compliance documents.

Outsource non-core tasks

Outsourcing tasks (like accounting, IT, or HR) frees up internal resources to focus on core activities that drive growth.

Increase customer acquisition

To scale successfully, you need to grow your customer base rapidly while keeping customer acquisition costs low.

Focus on customer retention

Retaining customers is typically less expensive than acquiring new ones. Offer excellent customer service, personalised experiences, and loyalty programs to keep customers engaged and reduce churn. If you manage to do that, satisfied customers will refer others, lowering the cost of customer acquisition.

Create a strong company culture

A positive work culture will help retain top talent, which is essential during periods of rapid growth.

Delegate effectively: As the business scales, leaders should delegate more responsibilities and empower managers to make decisions. This prevents bottlenecks and increases operational efficiency.

Create training programs

Develop scalable training programs that can help onboard new employees efficiently without consuming too much time from existing team members.

Expand your footprint

When your internal systems are ready for growth, expand your business with confidence.

Focus on customer experience

Scaling should not come at the expense of customer experience. It should enhance it. Maintain high levels of customer satisfaction as the business grows.

Monitor and adjust

Growth doesn't happen in a straight line, and scaling a business requires constant monitoring and adjustment. Spot inefficiencies or processes that are hindering growth. Be prepared to adapt your strategy if certain aspects of your business are not scaling as expected.

Conclusion - scaling

Scaling a business is not just about growth; it is about growing efficiently and sustainably. By streamlining operations, investing in and embracing technology where everybody in the FSP uses the same system, processes and workflow, building a strong team, and ensuring that your service can meet demand at scale, you can expand without compromising profitability or customer satisfaction.

To grow your practice, in addition to laying a strong foundation for scaling, consider the following strategies:

Develop a growth plan

Define specific, measurable, achievable, relevant, and time-bound (SMART) goals, as highlighted above.

Expand services and offerings

Diversify services to attract new clients.

Invest in marketing and branding

Enhance visibility and reputation.

Foster strategic partnerships and collaborations such as attorney and auditor FSPs.

Prioritise client satisfaction and retention

Focus on delivering exceptional client experiences.

Attract and retain top talent:

Develop a strong team to drive growth.

Monitor and adjust

Regularly review and refine growth strategy.

Competitive advantage

By developing a comprehensive growth strategy, financial advisory practices can drive business expansion, enhance reputation, and achieve long-term success. Part of this strategy is to make sure that your FSP has a competitive advantage. To ensure a competitive advantage, the following key issues, in addition to the growth plan and its key elements, must be in place when growing a financial advisory practice:

- Strong brand identity
- A unique value proposition
- A client-centric approach
- Strong leadership and management
- Adaptive and innovative culture
- Continuous learning and improvement
- Client feedback and insight

Conclusion – growth strategy

Growth factors	Current assessment	Define your ideal future state	GAP Analysis & Strategy
Leadership			
Value proposition			
The right people			
The right product and service providers			
Appropriate training			
Appropriate infra-structure			
Client engagement process – seamless?			
Integration of compliance documents			
Systems, process and workflow			
Effective marketing			
Risk management & Compliance			
Effective administration			
Effective Financial Management			
Effective Financial Management			

Laying a strong foundation

Prepare for growth

Growing your FSP

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We partner with leading financial advisers who portray our passion for financial planning and our values of integrity, trustworthiness, and resilience to offer our clients world-class service. We have access to products and solutions from the most reputable companies in South Africa to ensure each client's unique needs are met with tailormade solutions and financial advice.

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- **Accelerate growth:**

  Uncover detailed growth analysis insights that reveal opportunities and strategies to significantly expand your business.

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With the launch of GrowthX, our rapid valuation tool, we are transforming the way financial advisers evaluate and grow their practices:

Using our rapid online book valuations:

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Carmel Wealth invests in Independent Advice Practices, providing succession and growth solutions.

At Carmel Wealth, we understand the power of entrepreneurship and independence. We invest in advice businesses looking to deliver superior results for clients through effective growth and succession strategies. By recognising that no one knows your business as well as you do, we respect your choices, while supporting your business with long-term capital, compliance and risk services, technology enablement, and client-experience enhancements.

Learn more about how Carmel Wealth can tailor a solution for your business;
contact us at info@carmelwealth.co.za. or visit **www.carmelwealth.co.za**

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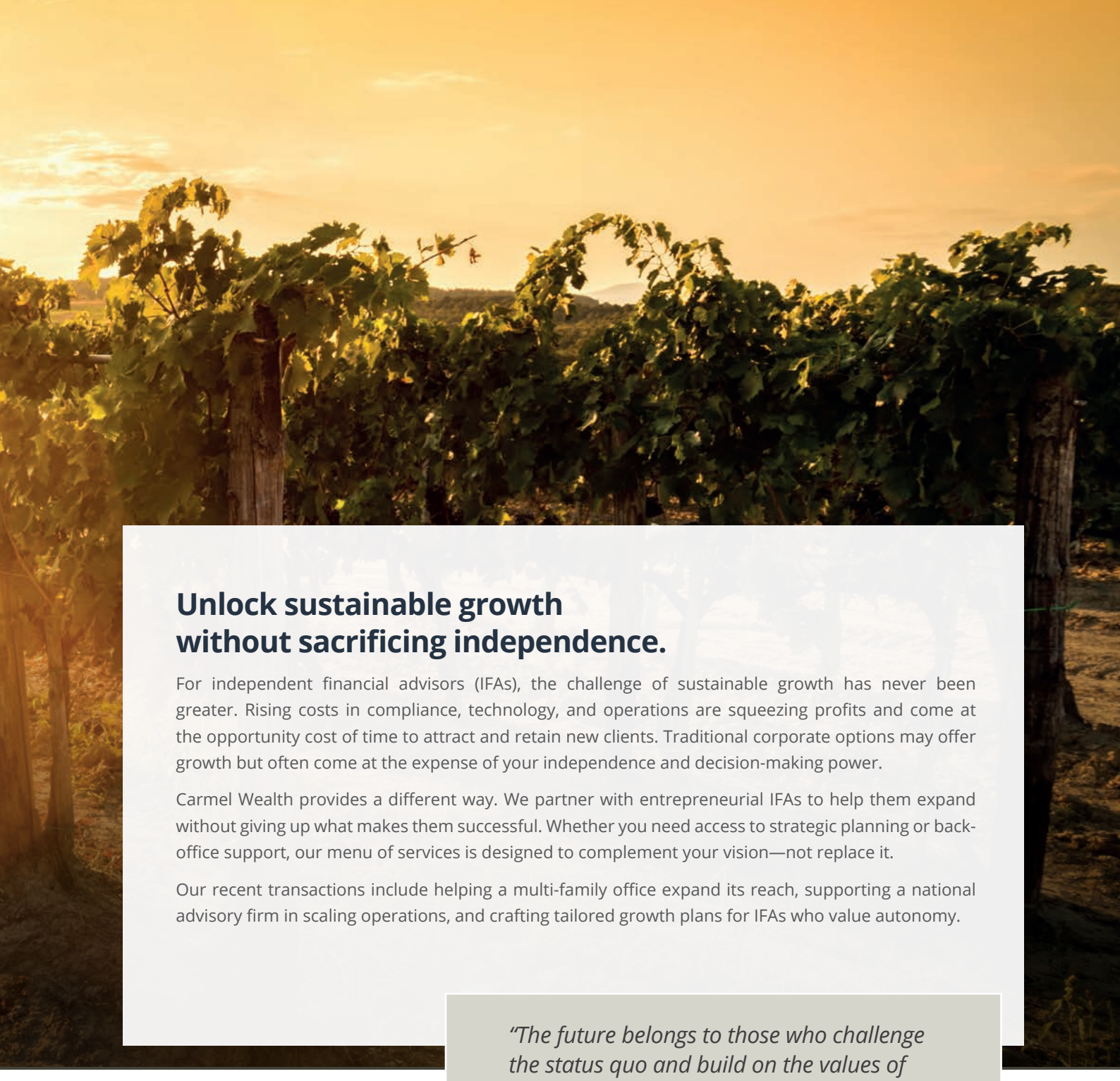
Stellentia Street, Stellenbosch, 7600 | Tel: +27 (0)21 204 5680



Unlock sustainable growth without sacrificing independence.

For independent financial advisors (IFAs), the challenge of sustainable growth has never been greater. Rising costs in compliance, technology, and operations are squeezing profits and come at the opportunity cost of time to attract and retain new clients. Traditional corporate options may offer growth but often come at the expense of your independence and decision-making power.

Carmel Wealth provides a different way. We partner with entrepreneurial IFAs to help them expand without giving up what makes them successful. Whether you need access to strategic planning or back-office support, our menu of services is designed to complement your vision—not replace it.

Our recent transactions include helping a multi-family office expand its reach, supporting a national advisory firm in scaling operations, and crafting tailored growth plans for IFAs who value autonomy.

> *"The future belongs to those who challenge the status quo and build on the values of independence, choice, and true partnership."*
>
> Nico Marais, Chair of Carmel Wealth.

If you're ready to grow while your choices are respected, Carmel Wealth can help.
Email us at info@carmelwealth.co.za to explore how.

carmel wealth

1.3 Strategy to sustain the growth of your practice

Sustaining growth in a financial advisory practice requires a well-planned strategy to maintain momentum, adapt to changing market conditions, and continue delivering value to clients.

Maintenance

Maintaining a house is essential for preserving its value, ensuring safety, and preventing costly repairs. It must be cleaned regularly, which includes:

Sweeping, vacuuming, and mopping floors. Dusting surfaces, cleaning kitchen counters, sinks, and appliances. Taking out the trash and recycling.

Checking for water leaks under sinks or around appliances and looking for signs of pests or mold. Replacing batteries as needed and inspecting plumbing. Cleaning gutters after leaves fall and servicing the heating system before winter. Inspect the fireplace and chimney. Maintaining water systems, repaint walls and seal exterior surfaces every 5-10 years and replace worn items. Replacing roofing, flooring, or appliances as they age. Upgrading and/or renovating. Modernising outdated systems or areas to maintain property value. These are just a few examples of what the maintenance of a house may consist of.

Maintaining an FSP

Like a house needs attention to maintain its value, an FSP requires a lot of work to sustain its growth. The first thing that you will have to do if you want to sustain the growth of your business is to look after your existing customers. Attracting one new client and losing one at the same time is not helpful. This is a timeless truth, and it does not matter in which phase you are in the development of your business. If your aim is to maintain the growth of your business your first priority is to retain your clients because happy clients not only maintain and even grow your existing revenue stream, but they also serve as a powerful extension of your marketing team which you do not have to pay for. Word of mouth referrals remains the most effective marketing tool for any business.

In addition, to sustain growth, FSPs must implement the following strategies:

- Ensure effective leadership and management because poor leadership and management will destroy even the best of companies.
- Attract and retain top talent because the right people are your FSP's greatest asset.
- Maintain strong relationships and focus on turning satisfied clients into raving fans because they will be your best advocates and become your secret marketing division.
- Regularly solicit client feedback.
- Maintain a strong brand identity.
- Maintain your competitive advantage.
- Regularly review and refine the business plan.
- Stay ahead of competitors and industry disruptors.
- Ensure regulatory compliance and minimise potential risks.
- Continuously monitor and assess the competitive landscape.
- Stay current with industry trends and technological advancements.
- Continue to invest in technology and innovation.
- Foster a culture of continuous learning and improvement.
- Continue to develop strategic partnerships and collaborations.
- Stay adaptable and agile.
- Maintain healthy financials and profitability.
- Plan for the practice's future and leadership succession.
- Plan for succession and legacy.

By implementing these strategies, financial advisory practices can sustain growth, maintain a competitive advantage, and ensure long-term success. However, it takes deliberate, proactive planning and diligent effort.

graviton
member of Sanlam group

Plug and Power Your Financial Practice: Maximising Value with Graviton

for your future

If the following components of your business are becoming more and more taxing, Graviton may just be the solution for you:

- Practice management
- Capacity to get to everything that is necessary to manage your practice and grow your business
- Limited access to a wide range of product suppliers and doing due diligences on all of them
- A sound and consistent client engagement process
- Compliance that is integrated in your client engagement process
- Workflow
- Training
- Marketing your advisory brand
- Succession planning

We work to add to your value proposition, not to remove it. Join our network, build relationships and empower your practice journey.

Through our Graviton advice network, we allow our advisers and partners access to the international Sanlam research capabilities offered through the Multi Manager to strengthen the quality of advice while also using technology to enable the alignment of investments and advice.

With Sanlam being a trusted brand in the market as the largest black-owned multi-manager and network, there is an ease to doing business.

Advisers have access to a large corporate balance sheet, securing competitive pricing through our DFM and working with the COFI compliant framework of compliance, all while maintaining the benefit their own advisory brand.

And once we have built value with our advisers, how do we help them to create a legacy for their practice?

Succession planning is a key value proposition for financial advisers. Many independent advisers' partner with financial services networks like Graviton specifically to safeguard the continuity of their practices.

What sets Graviton apart is our unique ability to provide the regulatory framework and support needed, all while respecting and preserving advisers' unique brand and way of dealing with their clients.

To address the challenges of succession planning, we've developed a comprehensive solution designed to mitigate risk and ensure seamless business continuity.

Our approach includes a framework of governance and plan structuring, including the management of:

- Matching suitable, like-minded advisers within the Graviton network.
- Providing the legal and governance framework necessary for structuring succession deals.
- Offering valuation methodologies and facilitating agreements on terms.
- Structuring the sale of the practice, whether through share sales, book buys, or earn-out models.
- Enforcing agreements and ensuring adherence to key clauses.
- Offering funding solutions where needed.

Let us take care of the complexities of succession, so you can focus on what you do best - serving your clients.

Graviton Wealth Management (Pty) Ltd is an authorised financial services provider.
Registration No. 2000/029/158/07 | VAT Registration No. 4310 204 468 | Financial Services Provider No. 8772

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Transition with trust – safeguarding your practice for the next generation.

Future-proof your business by partnering with us to create a succession structure that reflects your unique vision and values.

for your future

Join our network, build relationships and empower your practice journey.

Contact us to find out more:

E: info@gravitonwm.com
T: 012 683 3417
A: The Terraces, Claremont,
West End Office Park, Centurion

Graviton Wealth Management (Pty) Ltd is an authorised financial services provider.
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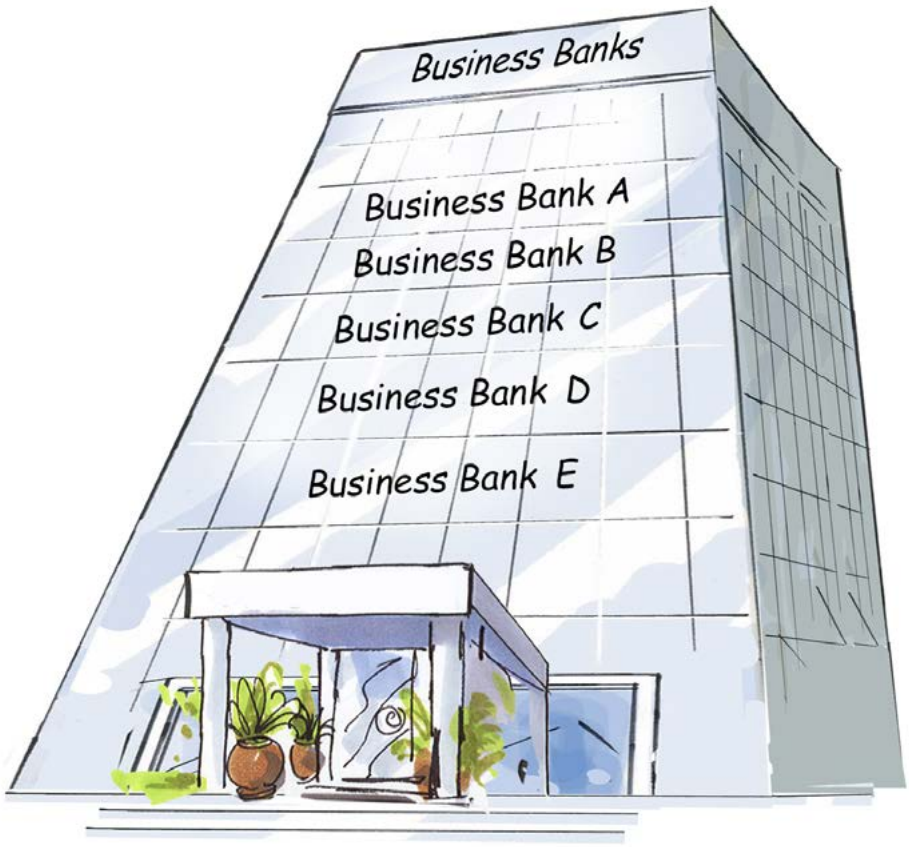
The purpose of a bank in the life of its business clients is to serve as a trusted financial partner, providing the essential services and resources businesses need to manage their finances, support growth, and navigate challenges.



Chapter 20

Your business bank

A bank plays a crucial role in helping businesses operate, innovate, and achieve their goals, acting as both a financial backbone and a strategic partner.

Financial management

Your business bank offers tools and services like business accounts, payment processing, and cash flow management to help businesses manage their daily financial operations efficiently.

Access to capital

Your bank can provide loans, lines of credit, and other financing solutions to support business growth, whether for expansion, equipment purchases, or working capital needs.

Facilitation of transactions

Your business bank enables smooth domestic and international transactions, including currency exchange, trade financing, and payment solutions, to support business activities across borders.

Deposits and savings

It offers deposit accounts, parking of capital to help with cashflow planning and optimising operations.

Advisory services

Acting as an advisor by providing insights, guidance, and industry-specific expertise to help businesses make informed decisions.

Trust and security

Ensuring the safety of funds and sensitive financial data through robust cybersecurity measures and regulatory compliance.

Reporting

Bank statements that can be integrated into your accounting systems can enhance business efficiencies.

#1 Bank in South Africa for the third year in a row

Discovery Bank, launched in 2019, is the world's first shared-value bank. It is fully digital and provides a branch in your hands that's available 24/7. It's a bank that is good for you and for your clients. As a shared-value bank, Discovery Bank encourages positive financial behaviours to help our clients manage their money well. The bank shares the value from positive behaviour change through Dynamic Interest Rates, lifestyle and travel rewards, and many ways to earn Ðiscovery Miles – our shared-value rewards currency that's more valuable than cash. In 2024, over Ð10 billion were paid out, with a potential redemption value of up to R1.4 billion when using the Ðiscovery Miles spend discount.

Continued product innovation

The bank is growing fast and reached the milestone of one million clients in September 2024.

In addition to a range of transaction, credit card, savings and forex accounts, the bank also offers lending products. These include a flexible revolving credit facility and a shared-value home loan. With a Discovery Bank Home Loan, clients get personalised, competitive interest rates that can reduce even further by up to 1% when they manage their money well with Vitality Money and have protection products for their home through Discovery Insure and Discovery Life.

Reasons to join **Discovery Bank**

01 **Join in on boosted Vitality rewards**, which include up to 75% back on HealthyFood items at Checkers and Woolworths, and up to 75% off local and international flights.

02 **Earn Ðiscovery Miles for getting active**, driving well and spending responsibly. They are more valuable than cash, with 5% to 15% off throughout the month when spending them at over 40 in-store and online retail partners. This discount doubles to up to 30% off on Miles Ð-Day, on the 15th of every month.

03 **Get state-of-the-art systems** for secure and seamless transactions using a wide range of digital wallets for tap-and-go payments, free virtual cards, Discovery Pay, real-time forex accounts, share trading with EasyEquities, and more.

04 **Use the Discovery Bank app** for a truly digital, innovative and intuitive banking experience in the palm of your hand. View and access Discovery Bank products, Vitality programmes, and your Discovery portfolio, through a simple, clear and intuitive user interface.

05 **Experience the best service** that's personalised and available 24/7. The 2024 Ask Afrika Orange Index® survey voted Discovery Bank the best overall for client experience among 200 companies across 26 industries in South Africa. The bank also ranked first in the retail-banking segment for the third year in a row and ranked the highest in the very competitive private-banking segment.

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Discovery Bank was recognised as the best in customer experience across all brands in the 2024 Ask Afrika Orange Index®. Discovery Bank is an authorised financial services provider. FSP48657. Rewards based on your engagement in Vitality programmes, Discovery products, and monthly qualifying card spend. Limits, terms & conditions apply.

Discovery Bank

We've been voted the bank with the best client experience in South Africa...again. Why? Because **Discovery Bank is designed to be different!**

Yes, Discovery Bank is a bank, but we're a bank that cares about your financial health. We have no branches, yet more than a million clients enjoy our full-service bank in their pockets anytime, anywhere.

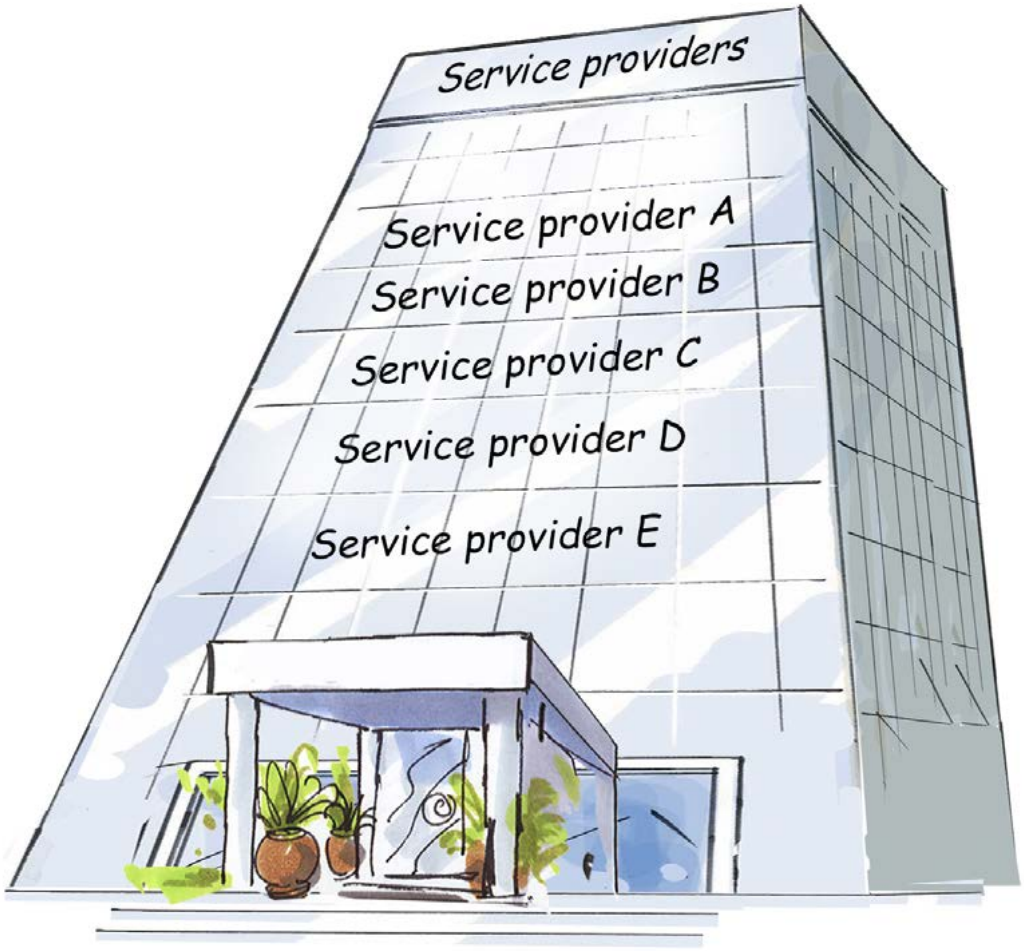
We're fully digital, but we've been repeatedly voted SA's most human bank – with the best customer experience in retail and private banking. And while we're still new, Discovery Bank's service is already better than any organisation in South Africa.

Isn't it time you and your clients felt the difference?

The Future of Banking.
Now.

For more information, visit
www.discovery.co.za

Outsourcing certain non-core competencies to external service providers or FSPs that offer specialised services to support various aspects of business operations, management, financial and/or customer services can offer several advantages to FSPs.



Chapter 21

Essential strategic stakeholders: Services providers

A services provider to a financial services business is an external entity that offers specialised services to support the operational, regulatory, and/or customer service needs of financial institutions. These providers offer expertise in areas such as technology, compliance, risk management, consulting, outsourcing, and customer support. They help financial services businesses to optimise their operations, adhere to regulatory requirements, improve customer satisfaction, and achieve strategic goals. Key types of services providers to financial services businesses include:

Technology providers

Offering software solutions, IT infrastructure, and cybersecurity services tailored to financial institutions' needs.

Compliance and risk management consultants

Providing expertise in regulatory compliance, risk assessment, and mitigation strategies. Later in the book, we dedicate a full chapter exclusively to compliance services.

Outsourcing partners

Handling back-office functions such as accounting, payroll processing, and customer support to improve operational efficiency.

Consulting firms

Offering strategic advisory services related to business strategy, market analysis, mergers and acquisitions, and FSP development.

Customer service and support providers

Delivering specialised customer service solutions and call center operations to enhance customer satisfaction and retention.

Data and analytics providers

Offering data management, analytics, and business intelligence services to help financial institutions make informed decisions and improve performance. Later in the book, we dedicate a full chapter to system providers.

Legal advisors

Providing legal counsel, financial management services to support business operations and client services.

In summary, services providers to financial services businesses play a crucial role in supplementing internal capabilities, addressing regulatory requirements, enhancing operational efficiency, and supporting strategic initiatives to drive growth and success in a highly regulated and competitive industry.

Outsourcing certain non-core competencies to service providers can offer several advantages to businesses:

Focus on core activities

By outsourcing non-core functions such as IT support, customer service, or payroll processing, businesses can redirect their internal resources and focus on core activities that directly contribute to their competitive advantage and strategic goals. This focus can lead to increased efficiency and productivity.

Access to specialist expertise

Service providers often specialise in specific areas, such as technology, legal compliance, or marketing. By outsourcing to these providers, businesses can leverage their expertise and benefit from best practices, advanced technologies, and industry knowledge that may not be available internally.

Cost savings

Outsourcing can result in cost savings by reducing the need for in-house infrastructure, staffing, and training related to non-core functions. Service providers can often achieve economies of scale and operational efficiencies, which can translate into lower costs for the business.

Improved service quality

Service providers are typically accountable for delivering high-quality services within agreed-upon service level agreements (SLAs). They often have dedicated teams, processes, and technologies in place to ensure consistent and reliable service delivery, which can improve overall service quality and customer satisfaction.

Flexibility and scalability

Outsourcing allows businesses to scale their operations more flexibly in response to changing demand or seasonal fluctuations. Service providers can adjust resources and capacity to accommodate business growth or contraction without the need for significant internal restructuring.

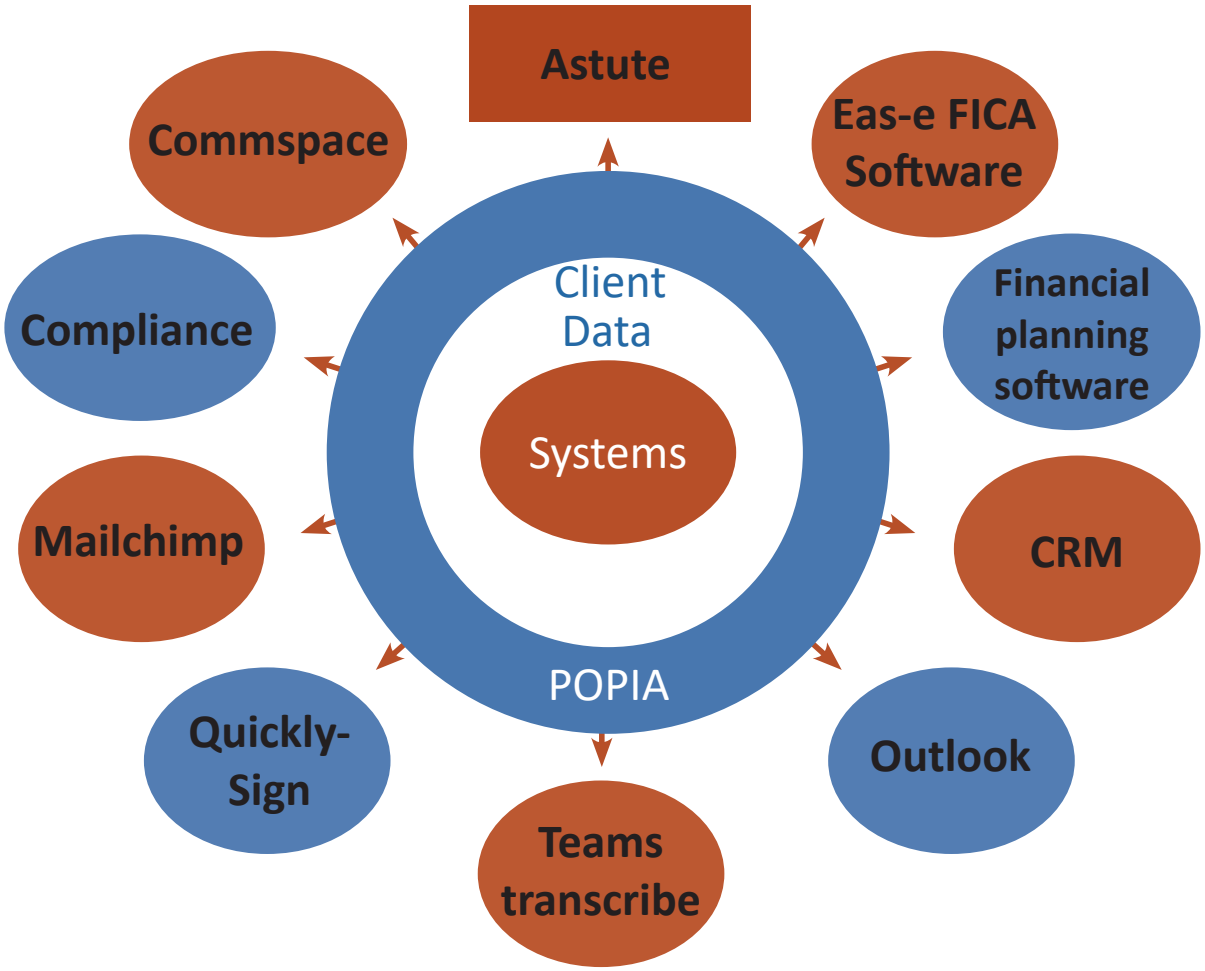
Risk mitigation

Outsourcing certain non-core activities can help mitigate risks associated with regulatory compliance, technology obsolescence, and operational disruptions. Service providers often bear some responsibility for managing these risks, providing businesses with greater assurance and peace of mind.

Focus on innovation

By freeing up internal resources and reducing administrative burdens associated with non-core functions, outsourcing can enable FSPs to allocate more time and effort to innovation, and strategic initiatives that drive long-term growth and competitiveness.

Overall, outsourcing non-core competencies allows FSPs to streamline operations, reduce costs, access specialised expertise, and improve agility, ultimately enhancing their ability to focus on core competencies and achieve strategic objectives more effectively.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FINANCIAL SERVICES EXCHANGE

Unlocking Financial Possibilities

Grow your business with efficient data solutions.

In an industry that's becoming increasingly digitised, leveraging data ensures that financial advisors can stay competitive, offering services that match or surpass what automated platforms provide.

Astute supports and enhances the effectiveness of data-driven tools utilised within advisor practices to streamline administrative tasks and reduce manual errors, allowing advisors to focus on strategic client interactions and business growth.

Data Driven Financial Needs Analysis

We provide consolidated financial portfolio data across life insurers, enabling fast and efficient needs analysis and portfolio reporting.

Sales Opportunities

Our data subscriptions enable your business to unlock timely insights on life changes within your client base through integrations with Home Affairs and other trusted data sources.

Single Integration Point

We provide a single integration point for Financial Needs Analysis and software system providers.

0861 278883 marketing@astutefse.com www.astutefse.com

astute

FINANCIAL SERVICES EXCHANGE

As a trusted industry-owned Financial Services electronic data exchange company, Astute has been indispensable to financial advisers and Financial Service Providers providing fast and efficient data solutions for over 24 years, significantly reducing the time required for data collection. With a security-by-design approach and adherence to ISO standards, we ensure robust, world-class data exchange solutions and protection of data.

Unlocking Financial Possibilities

Astute empowers the Financial Services Industry to meet client commitments by delivering exceptional financial advice, fair pricing, and efficient claims processes. Our innovative services unlock financial opportunities for both the industry and its clients

Our experience, passion, and deep understanding of the Financial Services Industry empower participants to create meaningful impacts and make financial services more accessible to everyday people.

In addition to our expanding Intermediary Services, we have introduced Compliance Services. These services, seamlessly integrated with the central industry representative database, help intermediaries and product providers comply effortlessly with legislative requirements.

Our direct integration with the Department of Home Affairs and other essential data sources, supports fraud prevention efforts and provides critical insights, enabling Financial Advisors to tailor their value propositions effectively to their target markets.

With the trust of over 20,000 intermediaries and comprehensive integration with the business systems of most Life Insurers in South Africa—covering more than 150 integration points—we successfully support our clients' goal of achieving a single view of an individual.

DOES YOUR COMPANY FACILITATE CHILD TRAFFICKING?

Money laundering is at the root of much of the organized crime in our country – from the illicit trade in rhino horn, to child trafficking and drugs manufacture. To effectively eradicate money laundering eas-e Fica offer a comprehensive anti-money laundering service which will assist your business identifying financial crime in its early stages, ensuring that money laundering becomes a thing of the past.

eas-E Fica set the highest standards and guarantee compliance.

To find out more about how we can help you become a part of an anti-crime solution, contact us on info@easefica.co.za or click on www.easefica.co.za for a demonstration, and ensure that money laundering becomes a thing of the past.

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Financial Intelligence Compliance

QuicklySign

Simple • Secure • e-Signatures

UNLOCK SECURE DOCUMENT SIGNING

with QuicklySign

The Leading eSign Platform for Financial Advisors

QuicklySign was proudly voted the **Top Compliance Tool of 2024** by the **LinkTank Advice Technology Survey**. Trusted by both leading financial service providers and independent financial advisors, QuicklySign delivers secure, efficient, and fully compliant electronic signatures.

UNMATCHED DOCUMENT SECURITY

Secure Signing:

End-to-end encrypted signing process with two-factor authentication for enhanced security.

Complete Audit Trails:

Transparent records detailing who signed, messages sent, signatures used, access times, and signing completion.

Tamper-Proof Documents:

PDFs are cryptographically signed using an Adobe Approved Trust Certificate, ensuring any document edits are flagged in Adobe Reader.

EFFORTLESS USER EXPERIENCE

Sign Anywhere, Anytime: Clients can sign documents on any smartphone, tablet, or computer—no printing, scanning, or emailing required.

Automated Workflows: Simply send the signing request, and QuicklySign manages the follow-ups and reminders for you.

SEAMLESS INTEGRATION WITH ADVISOR TOOLS

QuicklySign integrates effortlessly with the most popular financial advisory tools: no printing, scanning, or emailing required.

• **AtWork** • **Xplan** • **Avalon** • **Elite Wealth** • **InsureSuite** • **FSPHub**

TRUSTED BY INDUSTRY LEADERS

Enterprise-Grade Security: Chosen by top enterprises like Sanlam, PPS, and Momentum.

Proven Track Record: Trusted by thousands of advisors across the financial industry.

High-Volume Processing: Facilitating over 350,000 legally signed contracts every month.

Ready to Simplify Your Signing Process?

Join thousands of financial professionals—from leading FSPs to independent advisors—who are enhancing compliance and efficiency with secure, legally binding electronic signatures.

QuicklySign Financial — The Trusted eSign Solution for Financial Advisors

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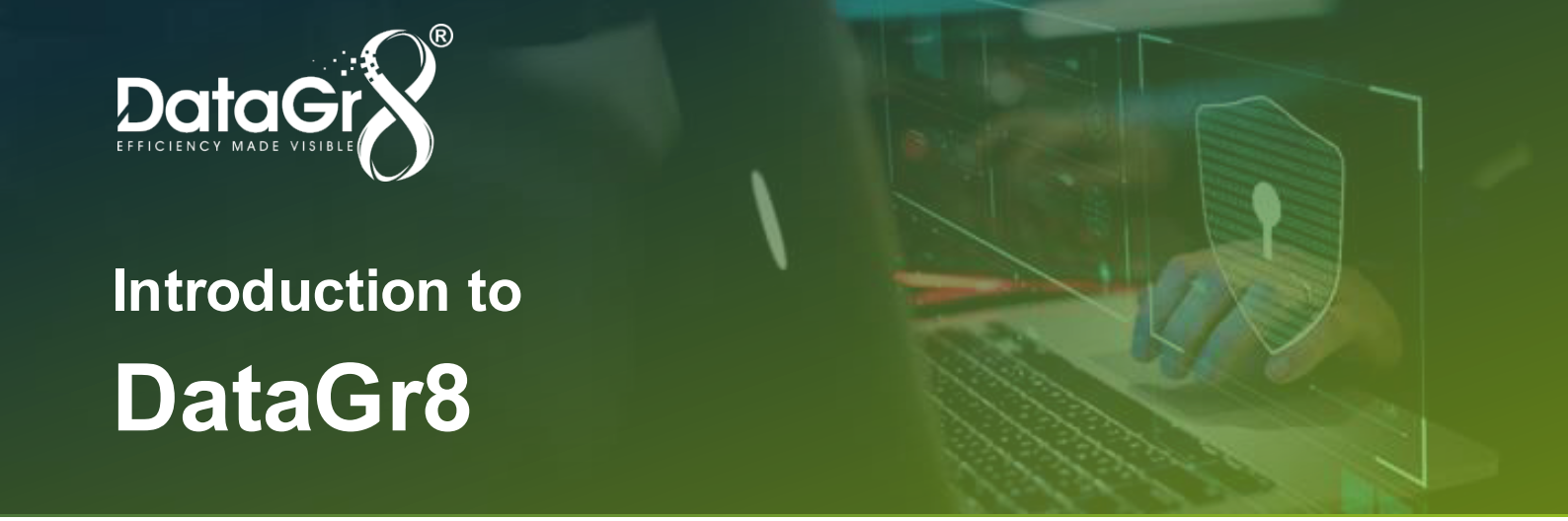

Introduction to DataGr8

The Datagr8 Organisation

DataGr8, headquartered in South Africa, delivers a comprehensive range of services to clients throughout Africa. Founded in 2009, our initial focus was on Email and File Data Archiving. We have since expanded our expertise to include unstructured data and SAP migration, maintaining our commitment to innovation while recognising the ongoing relevance of traditional data management.

As we look to the future, our focus has shifted towards emerging technologies, positioning DataGr8 as a forward-thinking provider of technological solutions and services. We are committed to leveraging the potential of the Cloud and the Fourth Industrial Revolution (4IR). Currently, DataGr8 offers various services designed to store, backup, secure, migrate, and orchestrate data from both IT and IoT sources.

DataGr8 is a recognised cybersecurity business and an expert in bridging the gap between compliance and security through a cyber-driven strategy. At DataGr8, we understand that the importance of cybersecurity transcends the size of your business. Small enterprises often encounter challenges in accessing adequate cyber support for these essential tasks. To address this, we provide robust cybersecurity solutions. We are dedicated to assisting organisations of all sizes in protecting their valuable data and ensuring their cyber resilience, all while maintaining high quality and affordability.

DataGr8 Vision

To be the leading innovator in cybersecurity, transforming how businesses approach and achieve compliance and security through strategic bespoke solutions.

DataGr8 Mission

To safeguard our clients' future by delivering cutting-edge cybersecurity solutions that align with their business objectives, ensuring compliance, protecting their data, and enhancing their overall security posture.

DataGr8 Cyber Solutions for Security & Compliance

At DataGr8, we are committed to delivering premium solutions and services that significantly enhance our customers' safety, efficiency, and quality of life. Our offerings are meticulously designed to elevate our clients' cybersecurity landscapes, enabling them to achieve desired compliance levels and enhance their cyber maturity. Our comprehensive suite of products specialises in two critical areas: cyber compliance and cyber controls.

Comply/Respond

Comply/Respond, exclusively developed and owned by DataGr8, is an advanced compliance management platform designed to provide users with the critical tools to manage adherence to laws, standards, tenders, contracts, and various regulatory documents containing specified requirements.

This technologically sophisticated platform offers an extensive range of features, including:

Streamlined compliance document creation.

- Efficient management of compliance responses
- Compliance tools covering:
  - Risk management functionalities.
  - Project management capabilities.
  - Incident handling protocols.
  - Process oversight mechanisms.
- Auditing facilities ensure transparency and accountability.
- System and business administration functionalities to support seamless operations.

$1 MILLION BREACH COVERAGE

Your Trusted Cyber Defense Partner

DataGr8, a renowned South African company, excels in delivering comprehensive Software Solutions, adeptly managing a spectrum of data services including storage, backup, security, migration, and orchestration for diverse IT and IoT applications. Catering to a wide range of industries across Africa, our innovative approaches and local expertise ensure that every data challenge is met with precision, reliability, and the utmost security, positioning DataGr8 as a leader in transformative data management solutions.

DataGr8 Big 5 Cyber Solutions Overview

Cybersecurity poses a significant challenge for organisations due to its complexity, rapid evolution, and constant threat landscape. At DataGr8, we offer a comprehensive suite of managed cybersecurity services, collectively known as the Big 5, designed to protect critical assets and ensure operational continuity.

Terranova Cyber Security Awareness Training

DataGr8's comprehensive security awareness program includes four annual training campaigns with quarterly deployment. Each quarter features phishing simulation assessments and reinforcement training on key topics like data leakage, email security, and incident reporting. Our curriculum covers a spectrum of security from basics to advanced threats like social engineering, supported by communication tools like newsletters and posters to reinforce cyber hygiene.

Sophos MDR (Managed Detection and Response)

Our MDR service provides 24/7 protection with real-time monitoring, expert-led threat hunting, and managed incident response. Key features include breach prevention warranty, detailed reporting, root cause analysis, and dedicated support, ensuring proactive defense against cyber threats.

Sophos Email and Domain Security

Enhance email security with our cloud solution, protecting against malware, phishing, and impersonation attacks. Features include advanced protection techniques, dynamic analysis and response, robust authentication and encryption, enhanced detection capabilities, and data loss prevention measures, seamlessly integrating with Microsoft 365 for comprehensive inbox security.

AvePoint Office 365 Backups

AvePoint Cloud Backup offers a cloud-to-cloud backup solution for Microsoft 365, ensuring unlimited automated backups and granular restores for critical data such as emails, files, and Teams conversations. Key features include ransomware detection, extensive coverage, versatile restore options, and user-centric functionality through AVA, AvePoint's Virtual Assistant.

Nucleus Vulnerability Management

Nucleus streamlines vulnerability management (VM) by integrating Mandiant intelligence to automate prioritisation and accelerate decision-making. Services include continuous vulnerability monitoring, patching, external scanning, risk-based reports, and intelligence-driven prioritisation platforms, enabling proactive security posture and effective vulnerability mitigation.

These solutions form DataGr8's Big 5, delivering proactive cybersecurity measures to mitigate risks, safeguard operations, and ensure resilience against evolving cyber threats.

This overview encapsulates DataGr8's commitment to providing robust cybersecurity solutions tailored to meet the complex challenges faced by modern organisations.

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Caught in a never-ending commission **spreadsheet nightmare?**

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The ultimate solution for managing, tracking, splitting and analysing Financial Adviser revenue.

Built with simplicity and ease of use in mind capture and collate all your commission and fee statements onto one platform

Generates insightful and powerful, yet easy-to-understand analytics

Manage your commission and fees Beautifully.

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Commspace: Your Ultimate Wingman in Financial Advising

At Commspace, we know being a financial adviser is more than just crunching numbers—it's about empowering your clients to reach their goals. That's why we equip independent financial advisers (IFAs) with the tools and support they need to save time, build trust, and focus on what matters most.

Work Smarter, Not Harder

In the fast-paced world of financial advising, time is money! Our automation and real-time analytics streamline your operations, freeing you up to focus on what truly counts: providing personalized, meaningful service to your clients. Delegate non-critical tasks, reduce admin, and take back your time—without compromising on quality.

Build Trust Through Authenticity

Financial advising isn't just about numbers—it's about relationships. Authenticity and transparency are key to building trust, which helps you connect with your clients on a deeper level. Active listening goes beyond understanding financial goals; it dives into the emotions and motivations behind them. With Commspace, you've got the tools to turn these connections into long-lasting partnerships.

Leverage Technology to Enhance Service

The financial world is changing fast, and so are the tools you need to stay ahead. Commspace integrates cutting-edge tech to simplify compliance, deliver personalized insights, and make client interactions smoother than ever. These tools don't replace the human touch—they just help you deliver it more efficiently. (And yes, they'll make your life a whole lot easier!)

Empower Clients Through Clarity

Making complex financial concepts simple? That's your superpower. When clients understand their options and feel confident, they can make decisions that align with their goals. With Commspace's data-driven insights and tailored strategies, you're not just advising—you're guiding with clarity and a touch of magic. (No wand required; we promise!)

Never Stop Growing

The financial industry moves quickly, and staying informed is essential to staying competitive. At Commspace, we provide the tools and resources to help you adapt, learn, and thrive—whether that's mastering new regulations or leveraging the latest tech.

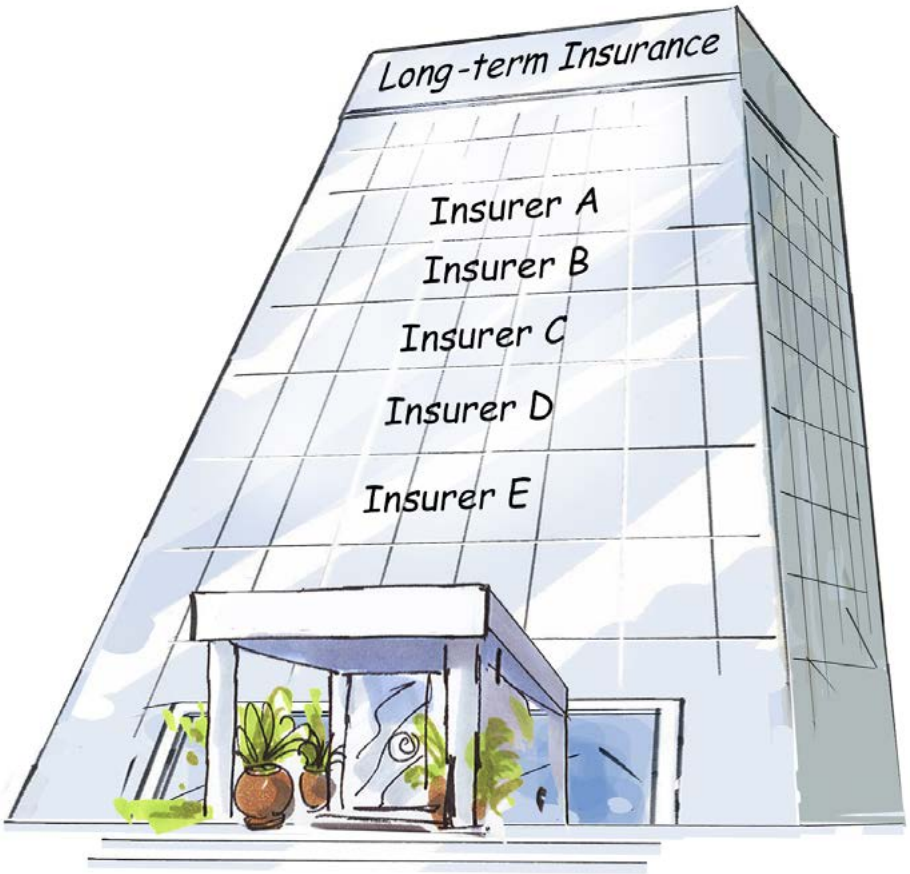
Manage Your Commission and Fees. Beautifully.

At the heart of every successful advisory practice is a clear, efficient system for managing fees and commissions. With Commspace, you can handle these critical processes with ease—keeping everything accurate, transparent, and stress-free for both you and your clients.

We're here to help you grow your practice, strengthen client relationships, and stay ahead in a competitive industry. Ready to take your advising to the next level? Let's shape the future together!

commspace

Long-term insurance products offer numerous benefits to individuals, families, and businesses by providing financial security and peace of mind over extended periods. Financial advisors depend on quality long-term insurance products which they can offer to their clients, and they look for Insurers that they can trust with their clients' insurance.



Chapter 22

Strategic stakeholders: Long-term insurance product providers

The benefits of financial products like long-term insurance products

One of the most underappreciated benefits of a financial advisory services business is that it operates differently from stock-intensive businesses like retail stores. The often-overlooked benefits, as highlighted on this page, apply to all FSPs, regardless of the products they offer to clients. Therefore, the introduction on this page will be repeated in the other chapters that apply to short-term, health, and investments. As authors we assume that advisors who only advise on short-term or health may not necessarily read this chapter, or the chapter that relates to investments. Likewise, if you specialise in long-term insurance and investments, you may not read some of the other chapters, like short-term and health that do not apply to you. So, please bear with us in the chapters where we repeat the hidden benefits highlighted on this page.

Long-term insurance products are intangible opposed to a furniture store, for example, that sells tangible products (furniture). We often think that our industry is the most difficult because of onerous legislation but we forget that there are other businesses that face different challenges which are equally challenging. Here are some of the key benefits for FSPs that do not carry stock compared to those that do:

FSPs have no inventory costs: They avoid expenses related to purchasing, storing, and managing physical stock. FSPs do not need to rent or maintain warehouse facilities, further reducing fixed overhead costs. There's no risk of inventory loss due to theft, damage, or obsolescence, which is common in stock-carrying businesses.

Higher scalability: Without the burden of managing inventory, FSPs can scale more easily by adding clients and expanding services without needing additional physical resources. Expansion typically involves increasing personnel or digital infrastructure, which is often more cost-efficient than expanding storage or supply chains.

Cash flow efficiency: Retail businesses need significant upfront capital to purchase inventory, while FSPs primarily focus on human capital and technology. FSPs often operate on retainer fees, commissions, or other revenue models that can provide steady cash flow without waiting for inventory to sell.

Simplified business operations: FSPs do not require supply chain management, inventory tracking, or logistics systems. This allows FSPs to focus on their core competencies, such as providing personalised advice and building relationships with clients.

Flexibility in service delivery: Non-stock businesses can adjust their offerings more easily to meet changing market demands without being constrained by unsold inventory. For example, FSPs can introduce new products (like additional insurance options) with minimal delay compared to a retailer managing physical stock.

Reduced market risk: Stock-dependent businesses face risks from market fluctuations, supply chain disruptions, and demand uncertainty that can lead to overstocking or stockouts. FSPs are less exposed to these risks since their 'products' are intangible (e.g., contracts, policies, or investments).

The relationship between FSPs and Long-term insurers

The relationship between an independent financial advisory business and long-term insurance companies is significant because it establishes a framework for collaboration that benefits clients, the FSP, and the insurers. Key aspects of this relationship include:

Access to long-term insurance products and solutions

The intermediary agreement allows the financial advisor to offer a range of long-term insurance products, such as life insurance, disability cover, income protection, and cover for dreaded diseases, providing tailored solutions to meet clients' needs.

Enhanced credibility

Partnering with reputable life insurance companies boosts the advisor's credibility and instills confidence in clients that the solutions offered are backed by reliable providers.

Revenue generation

These agreements include flexible commission or fee structures, enabling the advisory business to generate income for the sale and servicing of long-term insurance products.

Regulatory compliance

The relationship ensures that the advisor operates within the regulatory framework set by financial authorities and the insurance companies, safeguarding both client interests and the FSP's reputation.

Risk mitigation for clients

By collaborating with insurers, the advisor provides clients with access to critical risk management tools that protect their income and secure the financial future of their families.

Market differentiation

The breadth of solutions and support offered through partnerships with multiple insurers helps the advisor remain competitive and meet diverse client preferences.

Ongoing support and training

Insurance companies provide advisors with product training, technical support, and marketing resources, enabling them to stay informed and better serve their clients.

The relationship is symbiotic because advisors rely on insurers for products and operational support, while insurers depend on advisors to service clients and drive product distribution. Advisors who achieve the status of trusted advisors are widely recognised by all stakeholders, particularly life insurers, as invaluable partners within the value chain. This distinction not only solidifies their reputation but also fosters goodwill and strengthens their professional relationships with insurers. When FSPs and insurance companies appreciate each other's roles and responsibilities, and they execute them well, these relationships are some of the most rewarding 'win-win' business relationships in the financial services industry. When there is mutual respect and trust between FSPs and insurers, both serving the best interest of financial customers, everybody wins.

Basic due diligence

When financial advisors and intermediaries evaluate long-term insurance companies for a strategic partnership, they should focus on several key factors to ensure alignment with their advisory practice and long-term success. Here's what they should look for:

Financial strength and stability

The long-term financial stability of an insurer is crucial to ensuring its ability to meet claims and honor commitments over the long term. To assess this, consider key indicators such as credit ratings, solvency ratios, and the company's financial track record. In South Africa, the leading insurance companies generally meet or exceed these essential benchmarks, and they would mostly automatically comply with this requirement.

Reputation and credibility

Partnering with a well-regarded company enhances client trust and reinforces the advisor's professional image. Assess customer reviews, industry awards, and regulatory compliance history.

Product offering

Evaluate the insurer's product range that will meet a variety of client needs, product flexibility, pricing competitiveness, innovation, underwriting requirements, and suitability for your specific target market.

Cultural fit and partnership philosophy

A strong cultural alignment fosters a collaborative and mutually beneficial relationship. Evaluate the company's values, transparency, communication style, and commitment to long-term partnerships.

Ease of doing business

Seamless policy quote-, submission-, underwriting-, and issuing processes reduce operational headaches, allowing advisors to focus on client relationships. Consider the quality of digital platforms, claims processing efficiency, underwriting practices, and ongoing administrative support.

Commission structure and compensation models

Fair and transparent compensation aligns the insurer's goals with those of the FSP. Look for competitive commission rates and ensuring there are no hidden penalties.

Training and development

Advisors need continual upskilling to stay competitive in a dynamic market. Look for comprehensive onboarding, product specific training, ongoing education, and potential access to other industry related training.

Marketing and business support

Insurers that actively support business growth contribute to the advisor's success. Assess the availability of co-branded marketing materials, lead generation tools, and support for client events.

Technology and innovation

A tech-savvy insurer helps streamline processes and provides tools to improve client engagement. Examine digital tools, client portals, and integration with CRM systems used by your practice.

Regulatory compliance and governance

It ensures that the company operates ethically, and it minimises reputational risk. Verify adherence to industry regulations, ethical practices, and corporate governance standards.

Flexibility and customisation

The ability to tailor solutions to your practice's unique needs enhances value to your clients. Assess how well the company accommodates bespoke product solutions, and potential underwriting exceptions.

Track record with advisors

A company's history with intermediaries indicates its ability to maintain productive relationships. Speak with other advisors or intermediaries about their experience with the insurer.

Enhancing business relationships between FSPs and insurers

Enhancing business relationships between financial advisory firms and life insurance companies can drive mutual growth and provide better value for clients. Here are some strategies that may be worth investigating to achieve this:

Strengthen communication and collaboration

Schedule recurring strategy meetings to align on mutual objectives and enhance understanding of market trends. Collaborate on understanding client needs and preferences, leveraging shared data, without compromising confidentiality.

Co-develop client-centric solutions

Work together to design life insurance solutions that align with specific client demographics served by the advisory firm. Integrate life insurance into broader financial strategies, showing clients how it complements wealth preservation and estate planning.

Leverage technology for efficiency

Use shared digital platforms to simplify underwriting, policy servicing, and client communications. Collaborate on analysing data to identify opportunities for upselling, cross-selling, and improving client outcomes.

Education and training

Offer advisors continuous education on life insurance products, trends, and regulatory changes. Partner to create materials and workshops to educate clients on the role of life insurance in their financial plans.

Enhance trust and transparency

Ensure that compensation structures and responsibilities are mutually understood and fair. Both parties should uphold high standards of integrity and prioritise client needs.

Create synergies through innovation

Experiment with innovative insurance products or delivery models tailored to client needs. Collaborate on marketing campaigns or financial wellness programs that highlight the partnership's value to clients.

Measure and adapt

Regularly review what is working and adjust the strategy as needed to remain competitive, and client focused, ensuring that the relationship is optimised.

Leverage for growth

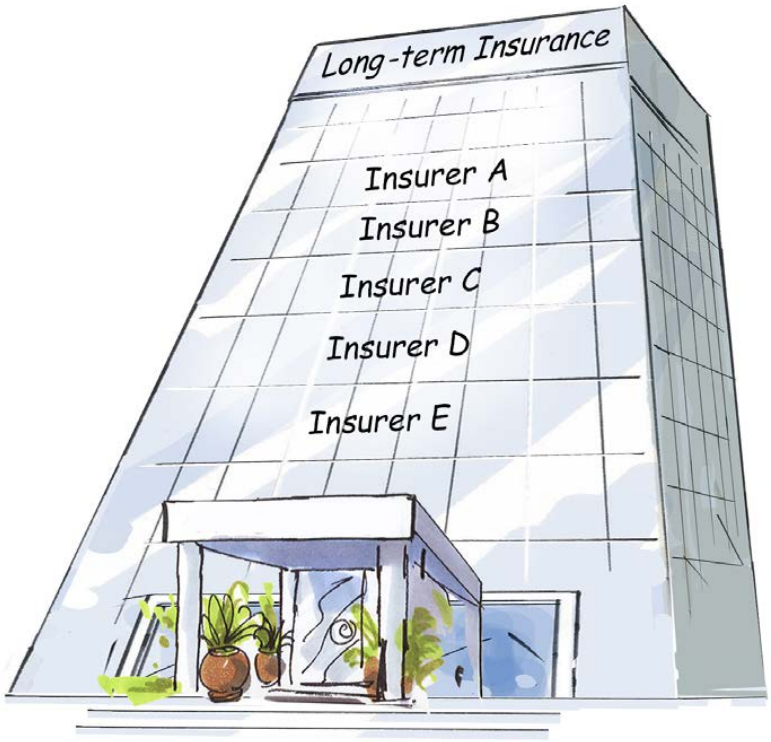
Advisors can strategically leverage partnerships with long-term insurers to drive practice growth by enhancing their collective value proposition, improving client retention, and expanding their market reach. Here are actionable ways to maximise these partnerships:

Strengthen your brand and credibility

Partnering with reputable insurers enhances your brand image, as clients associate you with reliable, trustworthy providers. Example: Highlight partnerships with highly rated insurers in marketing materials to build trust, attract, and retain clients.

Mitigate business risks

Investigate how to leverage insurers' expertise in risk management for your advisory practice.



Discovery Life

Real-time access to the

Discovery Life Plan

With the Discovery Life Plan, your clients can get access to award-winning life cover, disability and severe illness, as well as income protection benefits. Your clients also get access to the PayBack benefit, which gives them up to 100% of their life premiums back in cash, simply through managing their health and wellness. This is in addition to up to 48% upfront and ongoing integration premium discounts.*

Your clients can make every healthy step they take today count with the Discovery Life Plan. They can see the value they get through their healthy choices and behaviour on their mobile phone, with a real-time view of how their engagement with Vitality enhances their financial rewards.

Encourage your clients to join Discovery today for life insurance that provides unmatched value and rewards.

Visit **www.discovery.co.za** for more information.

The Future of Life Insurance. Now.

www.discovery.co.za | @Discovery_SA | discoverysouthafrica | Discovery_SA | youtube/DiscoverySA

Discovery Life Limited, registration number 1966/003901/06, is a licensed life insurer and an authorised financial services and registered credit provider. NCR registration number NCRCP3555. Product rules, terms and conditions apply. *Efma-Accenture and ICON recognition.

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Discovery Life

Discovery Life's claims payouts protect clients' lives as they navigate uncertainties

Over the past 23 years, Discovery Life has shown the true value of insurance, in providing comprehensive protection against today's risks. In 2023, R8.4 billion in life insurance claims was paid out to almost 9,000 individuals across group risk and individual life policies.

The value of living benefits

The R6.4 billion paid out to individual life clients in 2023 included almost R3 billion for death claims, R1.5 billion for severe illness claims, R1 billion in disability claims and R613 million under the Income Continuation Benefit.

Although death claims make up most of the claims, Discovery Life paid out over 50% of claims for illnesses, disabilities and loss of income. This was compared with an industry average of 22% of payouts for living benefits. The combined value of all living benefits that Discovery Life paid out while a person is still alive is higher because of the unique Shared-value Insurance model. "Our 2023 claims experience shows that 1 in 5 life-cover claimants had already claimed for a different life-changing event before they passed away," says Discovery Life's head of research and market analytics, Kashmeera Kanji.

Proactive claims feature helps to fast-track claims

A small portion of the claims paid out in 2023 were a result of proactive claims management.

The feature kickstarts the claim process for clients who are members of Discovery Health Medical Scheme. "We noticed that clients might not know that they have a valid claim or are not thinking of claiming while going through medical life-changing events," says Kanji, adding that this has helped to accelerate claims for these clients.

The Shared-value Insurance model helps clients financially in a tough economy

With more clients adopting healthy lifestyles and financial habits, Discovery Life has paid R11.8 billion in PayBacks to date, R2.5 billion in Cash Conversions to date and, in 2023, clients enjoyed R1.9 billion in premium savings through Integration with other Discovery products. Discovery Life is projected to pay R2.9 billion towards tertiary education through the University Funder Benefit over the next 21 years, where clients have not claimed but have actively engaged in healthy behaviours to fund their children's education.

R69 million to help parents secure their children's education

With the growing concern parents have about securing their children's education, Discovery Life's Global Education Protector covers the actual costs of a child's education from crèche to tertiary education, if you or your spouse passes away or becomes severely ill or disabled. In 2023, Discovery Life paid out R69 million under the Global Education Protector benefit, with 598 children receiving payouts on individual policies.

The value of comprehensive cover

In navigating life's highs and lows, it's important to make informed decisions about your life insurance cover based on the unique challenges that you face, so that you have adequate financial protection to protect your wellbeing and that of the people you care about the most.

SCAN HERE FOR MORE

Visit the claims website to make sure that your clients are financially protected and rewarded, with award-winning* life insurance for today's risk.

www.discovery.co.za @Discovery_SA discoverysouthafrica Discovery_SA youtube/DiscoverySA

2023 Internal statistics based on Individual Life and Group Risk claims and shared-value payouts. *Efma-Accenture and recognition by the Independent Clinical Oncology Network (ICON).
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LifeReturns® and FastTrack

It's life insurance with a tech advantage!

Be part of the **LifeReturns®** and **FastTrack** revolution.

An **industry-first digital screening innovation** that enables **product discounts** and facilitates **streamlined underwriting**.

At Momentum Life Insurance we redefine flexibility, ensuring peace of mind and convenience. We deliver unbeatable value.

As the market leader, we seize the opportunity to provide innovative benefits tailored to meet the unique needs of hundreds of thousands of South Africans.

No matter the twists and turns or the unexpected challenges life throws your way, with Momentum Life Insurance, you and your clients will always be prepared.

Protecting your clients' journey to success.

momentum
life insurance

momentum.co.za

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momentum
life insurance

Momentum Life Insurance:
A partnership that changes lives, every day.

At Momentum Life Insurance, we redefine the standards of excellence in life insurance with our flagship product, Myriad. Myriad offers unparalleled benefits tailored to your clients' unique needs. Here's why partnering with us is the smart choice:

1. **Flexibility and value:** We provide innovative and flexible life insurance products that combine comprehensiveness with unbeatable value for your clients. Whether it's death, critical illness, income protection, impairment, or longevity cover, Myriad leads the market with unmatched solutions.
2. **Client-centric approach:** We believe in giving back through enhanced benefits. That's why we go the extra mile to understand your clients' needs, enabling us to develop forward-thinking products and benefits. Our approach is built on four pillars:
    - **Building block flexibility:** Myriad offers a customisable approach, allowing you to tailor solutions to your clients' unique requirements. No more one-size-fits-all solutions; each benefit is a separate building block with its own rules and features.
    - **Living product solution:** Our products evolve over time to meet changing needs. We continually enhance benefits, ensuring existing clients enjoy the latest improvements automatically or through easy policy alterations.
    - **Best-of-breed solutions:** Momentum Myriad is dedicated to paying clients' claims, and as such, we strive to ensure that our benefit definitions are as comprehensive and objective as possible.
    - **Accurate pricing:** We price risk more accurately by applying personal risk rating based on individual criteria, ensuring fairer premium calculations.

Partnering with us means your clients can benefit from our unique benefits and features, such as the following:

- **Breadth of Cover Guarantee®:** We have the most comprehensive critical illness cover in the market. We are so confident in our breadth of cover that we guarantee it. With us your clients' critical illness cover automatically include claim events covered by any of our competitors. This ensures peace of mind that a Myriad client always enjoys the most comprehensive cover that changes the moment new claim events are introduced into the market. No other competitor can match this.
- **Longevity protection:** With advances in modern medicine, most people will be able to live long lives, but they are not guaranteed to be healthy in their older ages. With our unique Longevity Protector® benefits your clients can ensure that they won't be a financial burden on their families. Myriad's unique longevity protection benefits offers ongoing funds at various longevity milestones and a lump sum at age 80 if they haven't claimed under their Myriad disability or critical illness benefits.
- **Retirement Booster:** The Retirement Booster can significantly enhance Myriad policyholders' retirement funding, at no extra cost. Clients who have qualifying Myriad benefits and an Investo Retirement Annuity can receive up to 15% of their qualifying Myriad premiums back through the unique Retirement Booster. When linked to a Longevity Protector, this can increase to as much as 45%.
- **One solution for income and lump sum disability:** Myriad's Complete Income Protector Benefit, combined with the Permanent Disability Enhancer Benefit will give your clients the best features of both income and lump sum disability cover, in one affordable solution. This solution gives them the freedom and flexibility to choose between a regular income or a lumpsum payout at claim stage, to meet their unique and changing needs.
- **LifeReturns® premium discounts:** LifeReturns® is Momentum's modern risk selection and pricing mechanism that we use to accurately determine your clients' life insurance risk. By completing a quick and easy digital health screening with their smartphone, a process similar to taking a selfie video, we can assess your clients' health risk factors and give them personalised discounts of up to 35% on their life insurance premiums.

Partner with Momentum Myriad to protect and enhance your clients' journey to success. Stand out in the financial advisory landscape with unbeatable flexibility, client-focused solutions, and comprehensive coverage. Your partnership with us changes lives, every day.

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Unlock your practice's business potential

Success in a financial planning practice isn't just about the numbers. It's about people – their hopes, dreams, goals and fears. It's about delivering a service that demonstrates they are the reason we exist and building truly lasting relationships that will span generations. And it's about building a business you can be proud of. One that is centred around the client, that operates efficiently, has a well-developed succession plan, embraces innovation and meticulously manages risk.

If your goal is turning your practice into a strategically-run, client centred business, we are ready to partner with you so that you can build your business with confidence.

Contact a Sanlam consultant for more information.

Sanlam

Live with confidence

Financial Planning | Retirement | Insurance | Health | Investments | Wealth | Credit

Sanlam Life Insurance Limited is a licensed life insurer, an authorised financial services provider and a registered credit provider (NCRCP43).

Sanlam offers brokers **bolstered data-driven solutions**

A thriving independent broker sector is not just important for the financial services industry, it is important for the greater good of our country and instrumental for so many individuals. What makes the independent broker unique is the ability to do financial planning and advice and put in place solutions from across the industry that best meets the client's needs, goals and pocket.

At Sanlam we believe fundamentally in the importance of keeping this avenue available to clients to meet their financial dreams and goals. And that means we continuously are looking for opportunities to support independent broker practices to better engage with clients and provide in their requirements. To support brokers in meeting and exceeding client expectations, giving them the experiences in the way that they want, which forms the basis of that all important trust relationship between the broker and the client over his or her entire lifetime.

And in attaining this, client relationships are key. To scale this ability, leveraging technology and data is now more important than ever before.

While much of the focus around the digital conversation has been on providing information and facilitating transactions, the challenge is to remain relevant amidst growing competition from other channels that offer clients convenience and ease. Brokers must rethink their offerings to better meet evolving client expectations.

The key to addressing this challenge lies in effectively leveraging data. A comprehensive understanding of client portfolios can unlock significant opportunities for cross-selling and upselling. Currently, many brokers face difficulties accessing this data consistently, often relying on periodic reviews. Imagine having real-time access to your clients' product portfolios, enabling targeted outreach and tailored solutions that directly address unmet financial needs.

Sanlam has partnered with a well respected, professional outsourced service provider to provide brokers with a robust data aggregation and analysis solution. This solution isn't just data aggregation and analytics, but also a campaign- and leads management capability. It collects and consolidates client data from various product providers, allowing brokers to run analytics and identify sales opportunities efficiently. It not only simplifies the prospecting process but also empowers brokers to manage their client bases more effectively. With access to a comprehensive dataset, brokers can enhance their engagement and marketing efforts.

This collaboration represents a significant opportunity for independent brokers to enhance their practices and client relationships. By utilising this platform, brokers can immediately benefit from improved client engagement, efficient prospecting, and actionable insights. If you're serious about advancing your practice, connect with your Sanlam consultant to explore the potential of this offer and start transforming your business today.

Advising your clients on funding patterns can ensure the long-term sustainability of their cover

By Sean Hanlon, BrightRock Executive Director

Ever since BrightRock's market entry, our focus has been on partnering with independent financial advisers to help get clients cover that can precisely match their needs at the start and change with them as those needs change. One of the ways advisers can ensure their clients get sustainable cover is through predictable and transparent funding patterns. With the rising cost of living, clients need to know exactly how they will pay for their cover today and in the future.

Funding patterns are key to sustainable cover

One of the levers that financial advisers can use to address the affordability of cover is premium funding patterns. However, they need to weigh up both the short-term affordability as well as long-term sustainability of premiums, as there is essentially a trade-off between initial premium affordability and the long-term affordability of cover and premium increases.

In principle, the most cost-efficient funding pattern over time is the least aggressive option, as it's also the most sustainable funding pattern. However, clients often opt to 'buy now, pay later' through a lower initial premium – and a lower initial level of cover – which then increases aggressively with age. These age-rated funding patterns are among the most prevalent funding patterns in the market, despite the fact that they are, for the most part, neither efficient nor sustainable. As premiums increase and become increasingly more expensive, clients are likely to buy down or lapse their cover owing to affordability constraints.

Funding patterns are often misunderstood

There's a lot of complexity and confusing terminology that surrounds premium patterns in the industry. For example, a "level" funding pattern may, in fact, be age-rated. A financial adviser who has quoted their client on a yearly cover increase of 5% and a 5% compulsory premium increase, may be forgiven for expecting their premium will increase by 5% every year to pay for the 5% increase in cover. At worst, they might expect a 10% increase to fund the cover increase plus the compulsory premium increase. In most instances, however, if cover is added with a scheduled annual cover increase, it will actually be priced for the client's age at the time of the increase (and with many providers, this component of the premium increase isn't guaranteed, despite the contract containing a premium guarantee). So instead of the 5% or 10% premium increase implied by the 5/5 funding pattern, the client's actual yearly increase could be anything between 11% and 13%, with their premiums becoming unsustainable in just a few years.

BrightRock offers certainty and transparency

When BrightRock entered the market, we identified premium funding patterns as an area where insurers have too often failed to treat clients and advisers fairly. To address these shortcomings, our product design aims to offer clients predictable, consistent premium increased that are clearly disclosed through detailed premium projections that show both the rand amount and percentage increase. The full premium increase is guaranteed for 10 years, irrespective of cover increases, and we have opted to tell clients what to expect through plain language descriptions rather than brand names. This approach helps to demystify premium patterns for clients and advisers alike, supporting informed decision-making and sustainability of cover.

Is your finely crafted financial **plan a grand masterpiece?**

Or will it be let down by traditional life insurance products that don't match your clients' needs?

Inspired by Botticelli's Birth of Venus

As a highly skilled financial adviser, you know that every financial plan is carefully designed to meet your client's needs today, and as their life changes. BrightRock's needs-matched life insurance lets you create a product solution that precisely matches the financial plan you've crafted for your client.

For example, we can offer your client up to double the capital disability cover on their current policy for the same premium, so they can afford the cover they need. With traditional disability products, your client's cover is designed to offer the lowest level of cover today, with the promise of more cover in the future. It's priced to keep growing, even when your client is close to retirement and needs far less of it. We cut out this waste, without compromising on meeting your client's needs, giving them up to double the disability cover for the same premium now.

Only with needs-matched life insurance do you have unrivalled flexibility and efficiency, so that your finely crafted financial plan becomes an enduring masterpiece in your client's hands.

Get the first ever needs-matched life insurance that changes as your life changes.

LOVE CHANGE

BRIGHTROCK

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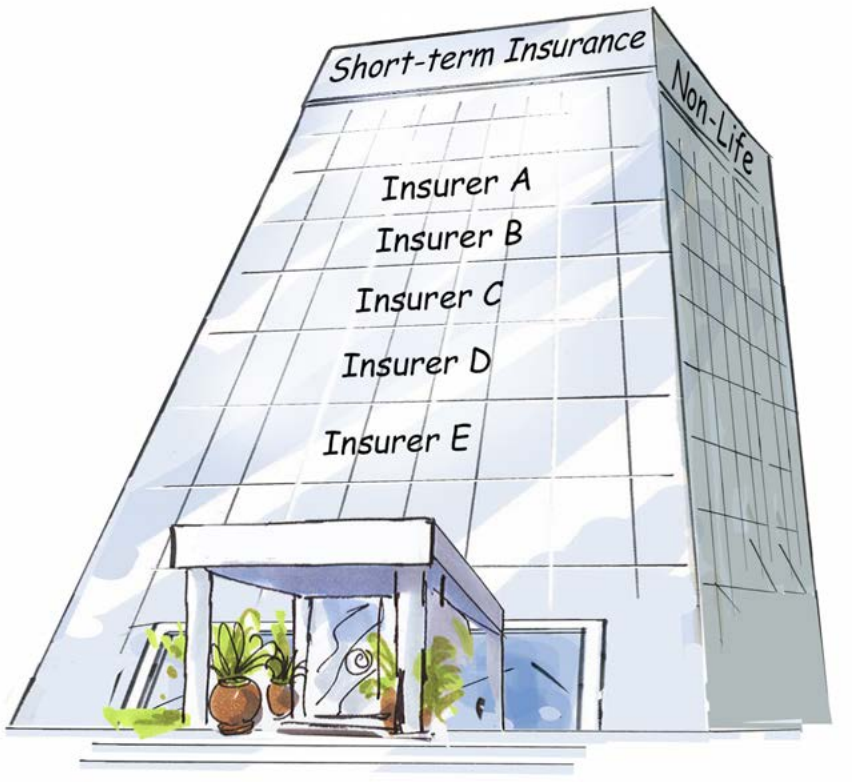
brightrock.co.za

BrightRock Life Ltd is a licensed financial services provider and life insurer.
Company registration no: 1996/014618/06, FSP 11643. Terms and conditions apply.

Short-term (non-life) insurance products provide critical protection against unexpected risks, such as fire, floods, and theft, offering financial security and peace of mind for individuals, families, and businesses. Short-term advisors and intermediaries depend on quality short-term (non-life) insurance products which they can offer to their clients, and they look for Insurers that they can trust with their clients' insurance.



Chapter 23

Strategic stakeholders: Short-term (non-life) insurance product providers

The benefits of financial products like short-term insurance products

One of the most underappreciated benefits of a financial advisory services business is that it operates differently from stock-intensive businesses like retail stores. The often-overlooked benefits, as highlighted on this page, apply to all FSPs, regardless of the products they offer to clients. Therefore, as highlighted in the previous chapter, the introduction on this page will be repeated in the other chapters that apply to long-term, health, and investments. As authors we assume that advisors who only advise on long-term or health may not necessarily read this chapter, or the chapter that relates to investments. Likewise, if you specialise in long-term insurance and investments, you may not read this chapter, or health which do not apply to you. So, please bear with us in the chapters where we repeat the hidden benefits highlighted on this page.

Short-term insurance products are intangible opposed to a furniture store, or cellphone store for example, that sells tangible products (furniture or cellphones). We often think that our industry is the most difficult because of onerous legislation but we forget that there are other businesses that face different challenges which are equally challenging. Here are some of the key benefits for FSPs that advise on short-term insurance products and do not carry stock compared to those that do:

FSPs have no inventory costs: They avoid expenses related to purchasing, storing, and managing physical stock. FSPs do not need to rent or maintain warehouse facilities, further reducing fixed overhead costs. There's no risk of inventory loss due to theft, damage, or obsolescence, which is common in stock-carrying businesses.

Higher scalability: Without the burden of managing inventory, FSPs can scale more easily by adding clients and expanding services without needing additional physical resources. Expansion typically involves increasing personnel or digital infrastructure, which is often more cost-efficient than expanding storage or supply chains.

Cash flow efficiency: Retail businesses need significant upfront capital to purchase inventory, while FSPs primarily focus on human capital and technology. FSPs often operate on retainer fees, commissions, or other revenue models that can provide steady cash flow without waiting for inventory to sell.

Simplified business operations: FSPs do not require supply chain management, inventory tracking, or logistics systems. This allows FSPs to focus on their core competencies, such as providing personalised short-term insurance related advice, building, and maintaining relationships with clients.

Flexibility in service delivery: Non-stock businesses can adjust their offerings more easily to meet changing market demands without being constrained by unsold inventory. For example, FSPs can introduce new products (like additional insurance options) with minimal delay compared to a retailer managing physical stock.

Reduced market risk: Stock-dependent businesses face risks from market fluctuations, supply chain disruptions, and demand uncertainty that can lead to overstocking or stockouts. FSPs are less exposed to these risks since their 'products' are intangible (e.g., contracts, policies, or investments).

The relationship between FSPs and Short-term (non-life) insurers

The relationship between an independent financial advisory business and short-term insurance companies is significant because it establishes a framework for collaboration that benefits clients, the FSP, and the insurers. Key aspects of this relationship include:

Access to short -term insurance products and solutions

The intermediary agreement allows the financial advisor to offer a range of short-term insurance products, such as car and household (personal lines) insurance, and insurance for commercial lines, providing tailored solutions to meet clients' needs.

Enhanced credibility

Partnering with reputable short-term insurance companies boosts the advisor's credibility and instills confidence in clients that the short-term (non-life) solutions offered are backed by reliable insurers.

Revenue generation

These agreements include flexible commission and/or fee structures, enabling FSPs to generate income for the sale and servicing of short-term insurance products.

Regulatory compliance

The relationship ensures that FSPs operate within the regulatory framework set by financial authorities and the insurance companies, safeguarding both client interests and the FSP's reputation.

Risk mitigation for clients

By collaborating with insurers, FSPs provide clients with access to critical risk management tools that protect their assets, reduce financial losses, and secure the financial future of them and their families.

Market differentiation

The breadth of short-term risk solutions and support offered through partnerships with multiple insurers helps FSPs remain competitive and meet diverse client preferences.

Ongoing support and training

Insurance companies provide FSPs with product training, technical support, and marketing resources, enabling them to stay informed and better serve their clients.

The relationship is symbiotic because advisors rely on insurers for products and operational support, while insurers depend on advisors to service clients and drive product distribution. Advisors who achieve the status of trusted advisors are widely recognised by all stakeholders, including short-term insurers, as invaluable partners within the value chain. This distinction not only solidifies their reputation but also fosters goodwill and strengthens their professional relationships with insurers. When FSPs and insurance companies appreciate each other's roles and responsibilities, and they execute them well, these relationships are some of the most rewarding 'win-win' business relationships in the financial services industry. When there is mutual respect and trust between FSPs and short-term insurers, both serving the best interest of mutual financial customers, everybody wins.

Basic due diligence

When FSPs evaluate short-term insurance companies for a strategic partnership, they should focus on several key factors to ensure alignment with their advisory practice and long-term success. Here's what they should look for:

Financial strength and stability

The long-term financial stability of any short-term insurer is crucial to ensuring its ability to meet claims and honor commitments over the long term. To assess this, consider key indicators such as credit ratings, solvency ratios, and the company's financial track record. In South Africa, the leading short-term insurance companies generally meet or exceed these essential benchmarks, and they would mostly automatically comply with this requirement.

Reputation and credibility

Partnering with a well-regarded company enhances client trust and reinforces the advisor's professional image. Assess customer reviews, industry awards, and regulatory compliance history.

Product offering

Evaluate the insurer's product range that will meet a variety of client needs, product flexibility, pricing competitiveness, innovation, underwriting requirements, and suitability for your specific target market.

Cultural fit and partnership philosophy

A strong cultural alignment fosters a collaborative and mutually beneficial relationship. Evaluate the company's values, transparency, communication style, and commitment to long-term partnerships.

Ease of doing business

Seamless policy quote-, submission-, underwriting-, and issuing processes reduce operational headaches, allowing advisors to focus on client relationships. Consider the quality of digital platforms, claims processing efficiency, underwriting practices, and ongoing administrative support.

Commission structure and compensation models

Fair and transparent compensation aligns the insurer's goals with those of the FSP. Look for competitive commission rates.

Training and development

Advisors need continual upskilling to stay competitive in a dynamic market. Look for comprehensive onboarding, product specific training, ongoing education, and potential access to other industry related training.

Marketing and business support

Insurers that actively support business growth contribute to the advisor's success. Assess the availability of co-branded marketing materials, lead generation tools, and support for client events.

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A tech-savvy insurer helps streamline processes and provides tools to improve client engagement. Examine digital tools, client portals, and integration with CRM systems used by your practice.

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It ensures that the company operates ethically, and it minimises reputational risk. Verify adherence to industry regulations, ethical practices, and corporate governance standards.

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The ability to tailor solutions to your practice's unique needs enhances value to your clients. Assess how well the company accommodates bespoke product solutions.

Track record with advisors

A company's history with intermediaries indicates its ability to maintain productive relationships. Speak with other advisors or intermediaries about their experience with the insurer.

Enhancing business relationships between FSPs and insurers

Enhancing business relationships between financial advisory firms and short-term insurance companies can drive mutual growth and provide better value for clients. Here are some strategies that may be worth investigating to achieve this:

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Schedule recurring strategy meetings to align on mutual objectives and enhance understanding of market trends. Collaborate on understanding client needs and preferences, leveraging shared data, without compromising confidentiality.

Co-develop client-centric solutions

Work together to design short-term insurance solutions that align with specific client demographics served by your FSP. Integrate short-term insurance into broader financial strategies, showing clients how it complements wealth preservation and estate planning.

Leverage technology for efficiency

Use shared digital platforms to simplify underwriting, policy servicing, and client communications. Collaborate on analysing data to identify opportunities for upselling, cross-selling, and improving client outcomes.

Education and training

Offer advisors continuous education on short-term insurance products, trends, and regulatory changes. Partner to create materials and workshops to educate clients on the role of non-life insurance in their financial plans.

Enhance trust and transparency

Ensure that compensation structures and responsibilities are mutually understood and fair. Both parties should uphold high standards of integrity and prioritise client needs.

Create synergies through innovation

Experiment with innovative insurance products or delivery models tailored to client needs. Collaborate on marketing campaigns that highlight the partnership's value to clients.

Measure and adapt

Regularly review what is working and adjust the strategy as needed to remain competitive, and client focused, ensuring that the relationship is optimised.

Leverage for growth

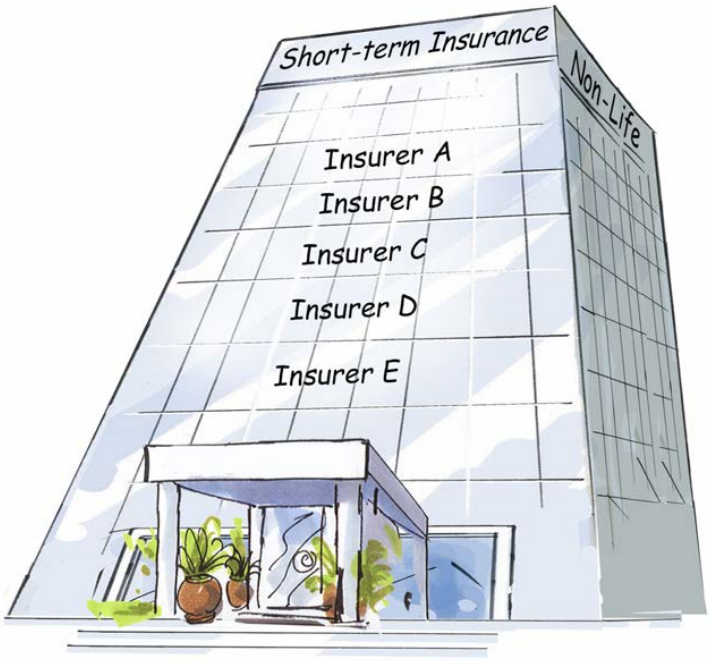
Advisors can strategically leverage partnerships with short-term insurers to drive practice growth by enhancing their collective value proposition, improving client retention, and expanding their market reach. Here are actionable ways to maximise these partnerships:

Strengthen your brand and credibility

Partnering with reputable insurers enhances your brand image, as clients associate you with reliable, trustworthy providers. Example: Highlight partnerships with highly rated insurers in marketing materials to build trust, attract, and retain clients.

Mitigate business risks

Investigate how to leverage insurers' expertise in risk management for your advisory practice.



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Innovative safety features like **Safety Alert**, **Accident Alert** and **Digital Safety** on the **Momentum App**.

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- **Scratch and Dent** cover available with vehicle cover only, for minor and exterior damages to the vehicle such as minor chips, dents and scratches, repair to wheel rims and mag wheels, and an unlimited number of tar removals.
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5 Great reasons to join Discovery Insure

01 Find your perfect plan with Discovery Insure

we understand that every client is unique, which is why we offer a range of plan options tailored to your needs. Whether you're a client looking for ultra-comprehensive coverage, a tech-savvy individual seeking the latest innovations, a budget-conscious customer focused on affordability, or a family in need of well-rounded protection, there's a plan designed for you.

02 Become a better driver with Vitality Drive

Vitality Drive is Discovery Insure's unique driver behaviour programme that rewards you for driving well. By engaging in better driving behaviours, you reduce your driving risk and we are able to share the benefits of this through our shared-value model.

03 Earn incredible rewards with Vitality Drive

You can earn up to R1,500 of your fuel spend back in cash every month, along with other benefits such as discounts on new tyres or vehicle maintenance. We also offer Vitality Car Rating, a completely new way to reward your good driving when you decide to sell your vehicle.

04 Stay protected with our innovative safety features

At Discovery Insure, safety goes beyond just protection – it's about proactive prevention. Our advanced safety offerings include Stolen Vehicle Recovery, Motion Alert, and Impact Alert, ensuring you're always aware of what's happening with your vehicle and staying safe.

05 Choose between a variety of unique optional benefits

You have the flexibility to choose the cover that fits your lifestyle. We offer you innovative benefits such as the retail value booster and write-off accelerator allowing you to adjust your cover as your needs change. You can also choose our cover extensions like Vehicle Warranty and the new Scratch and Dent cover to ensure you are always covered just the way you want.

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Risk: The fine print of the future

In a world where risks lurk around every corner, clients depend on you to understand the risks they are exposed to. Be the broker who deciphers the fine print of tomorrow, ensuring their protection is as bespoke as their risks. Because true value lies not in the premium, but in the foresight.

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Santam
this is freedom

Santam is an authorised financial services provider (FSP 3416), a licensed non-life insurer and controlling company for its group companies.

The freedom to live and grow

For over 106 years we've been offering insurance good and proper to safeguard what is important to our mutual clients. And now, we encourage South Africans to change their perception of insurance and see it in a new way. We have witnessed how the industry has capitalised on fear, worry, regret, and remorse. Rather than fear, we want people to view insurance as a tool that enables them to live, explore, grow and dream freely. Insurance is not just about protection; it's a partnership that empowers individuals and businesses to take risks and pursue opportunities they might otherwise have avoided. We believe that safeguarding the freedom to make the most of every day is worth protecting.

Freedom to rebuild

Insurance is only valuable if clients can trust their insurer to be there when they need them. When the unexpected happens, we are available 24/7 and process claims quickly and efficiently. In 2023, Santam paid out claims totalling R29.9 billion (compared to R29.8 billion in 2022), ensuring that individuals and businesses are restored to the same financial position they were in before the loss occurred. This not only helps the affected parties but also contributes to the economy. This has been our philosophy since we first opened our doors - to help individuals and businesses remain financially stable in the face of hardships, enhancing their financial security and peace of mind.

Insurer of choice for individuals, small businesses and large corporates

Our broad range of insurance solutions, stretching into all areas of general insurance, across personal, commercial, agriculture and specialist markets can be built up or cut down as needed and adapted to suit each client's individual lifestyle or business needs. These solutions are shared with more than one million policyholders through a country-wide network supported by over 3,600 intermediaries. We have been offering insurance for over 106 years and over this time, we have made it our business to understand what is important to our clients and the risks they face.

The important role of brokers

The role of brokers as trusted risk advisors is crucial in today's increasingly complex and unpredictable risk environment. Clients rely on brokers to do more than just provide a policy or a quote. They must also understand the risks clients are exposed to by constantly exploring potential risk scenarios to improve the suitability and affordability of cover for their clients. At Santam, we empower brokers with data-driven insights and risk management training so that they can guide their clients to build resilience through risk prevention and mitigation. Santam is committed to working alongside our intermediary partners to provide future-fit products, advice, and support to become trusted risk advisors – now and in the future.

Partner with South Africa's leading insurer, Santam.

Santam

this is freedom

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2022
2023
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THINK BACK. THINK AHEAD.
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western
Rethink Insurance

Tech trends bring new risks for insurers

April 2024: Technological development has been changing the insurance landscape for some time already. The agriculture sector is a prime example of an industry that has undergone significant transformation, driven by the development of new tech-enabled machinery and data-driven management systems such as precision farming. These trends, combined with the impact of inflationary forces, are changing the face of the South African insurance industry and the prevailing risk landscape.

Nowhere have the effects of digitalisation been felt more acutely than in the agricultural sector. AI and automation are behind the emergence of precision farming – a method that employs several strategies to optimise soil quality, crop yields, and increase productivity. These technologies have given rise to countless opportunities but in doing so, has introduced new risks.

Weighing in on the technological trends behind the advancement of the agricultural industry is Jan-Hendrik Botha – Head of Underwriting at Western, who argues that process automation and new farming techniques that harness the power of data are effective means by which to increase efficiency.

Along with the en masse adoption of electric utility vehicles and the cost and risk implications thereof, today's agricultural implements rely on a complex network of electrical components. For example, a diesel-fueled harvester operates by means of an intricate electronic system that includes GPS navigation, computer systems and cameras. According to one study, in one series of combine harvesters, the number of electronic controllers involved in the operation of the implement has increased fivefold within just 15 years.

The value of the electronic and computer systems that power today's harvesters has seen the cost of these kinds of implements increase dramatically over the last few years, with the sum total of these components reaching over R1 million. In South Africa, where lack of capital has served as a barrier to entry, adoption of these kinds of innovations has been relatively slow but is steadily increasing.

Expanding on how this trend has influenced product development in the insurance industry, Botha explains that previously, insurance for an agricultural vehicle required a straight-forward motor policy. But with the advent of electronically powered machinery, policies have been adapted to require cover for a mix of motor and electronic equipment to cover new risk exposures. This additional cover has resulted in higher insurance premiums.

He explains that rating structures have remained fairly consistent, or even decreased, due to the competitive nature of the industry. While the advanced technology being introduced into essential implements has boosted capabilities, these components are more susceptible to risks like lightning strikes and fires.

Drones are another prime example of how technology is being harnessed by the agriculture sector to improve efficiency, reduce the cost of labour and introduce more sustainable farming methods. Currently, drones can be flown without insurance, but must be operated in accordance with the South African Civil Aviation Authority's legislations. High-performance drones can cost in excess of R350 000 and introduce a new level of risk that requires specialist cover.

Botha explains that standard insurance products provide static coverage for drones (does not apply when in operation) and does not include liability coverage. Specialist products provide more extensive cover, which includes third-party liability and is subject to specific terms and conditions. Technological trends are playing a key role in revolutionising the insurance sector through the development of new insurance solutions.

> "Adaptability is one of the cornerstones of futureproof insurance companies, not only because of the indelible change that the risk landscape is undergoing but because of South Africa's unique economic standing post-pandemic."

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Speak to your broker about Hollard agriculture insurance.

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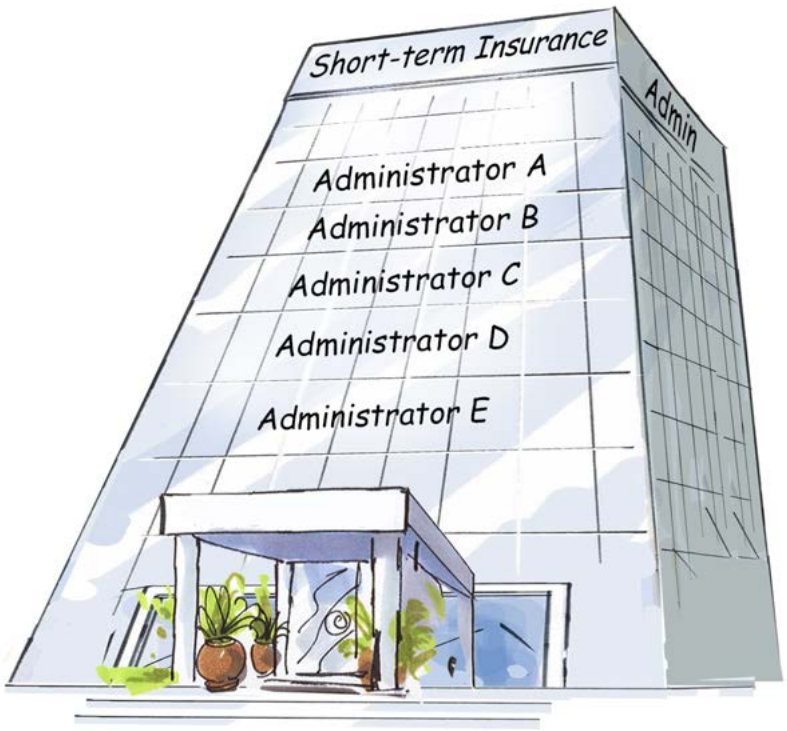
Short-term (non-life) insurance administration involves a range of tasks aimed at ensuring efficient policy issuance, claims processing, compliance, and customer service. Outsourcing the administration of short-term insurance can help advisors and intermediaries to focus on their core business, which is advising their clients while ensuring administrative tasks are handled efficiently, accurately, and in compliance with regulatory standards.



Chapter 24

Strategic stakeholders: Short-term (non-life) insurance administrators

Short-term advisors and intermediaries may consider outsourcing administration for several key reasons:

Cost efficiency

Outsourcing allows FSPs to reduce overhead costs, such as hiring, training, and maintaining an in-house administrative team. This can be particularly beneficial for smaller or more agile FSPs that need to keep operational costs down while still offering a high level of service to clients.

Expertise

Administration tasks, such as data entry, compliance checks, and recordkeeping, can require specialised knowledge. By outsourcing to FSPs with expertise in these areas, advisors and intermediaries can ensure high-quality, accurate results without needing to invest heavily in internal training.

Focus on core activities

By outsourcing administrative functions, advisors and intermediaries can focus more on their core business—such as client relationships, financial advising, and strategy—rather than getting bogged down in operational details.

Scalability

Outsourcing offers the flexibility to scale operations quickly. As the FSP grows or experiences fluctuations in workload, outsourcing partners can adjust resources to meet the demand, avoiding the need for internal restructuring or hiring.

Risk Management

Compliance and regulatory requirements can be complex and ever-changing. Outsourcing administrative tasks to specialised FSPs ensures that these processes are handled according to current regulations, reducing the risk of non-compliance.

Time savings

Outsourcing time-consuming tasks frees up internal resources to work on more strategic and client-focused activities. This can help FSPs improve productivity and responsiveness.

Technology Integration

Many outsourcing providers use advanced technology to streamline administrative processes, which can be more sophisticated and cost-effective than maintaining an in-house system. This can lead to more efficient and error-free operations.

Basic due diligence

When FSPs evaluate short-term insurance companies for a strategic partnership, they should focus on several key factors to ensure alignment with their advisory practice and long-term success. Here's what they should look for:

Financial strength and stability

The long-term financial stability of any short-term administrator is crucial to ensuring its service levels over the long term.

Reputation and credibility

Partnering with a well-regarded company enhances client trust and reinforces the advisor's professional image. Assess customer reviews, and regulatory compliance history.

Service offering and timelines

Evaluate the administrator's service offering and commitment to timelines that will enhance the overall client experience.

Cultural fit and partnership philosophy

A strong cultural alignment fosters a collaborative and mutually beneficial relationship. Evaluate the company's values, transparency, communication style, and commitment to long-term partnerships.

Ease of doing business

Seamless policy quote-, submission-, underwriting-, and issuing processes reduce operational headaches, allowing advisors to focus on client relationships. Consider the quality of digital platforms, claims processing efficiency, underwriting practices, and ongoing administrative support.

Commission structure and compensation models

Fair and transparent compensation aligns the insurer's goals with those of the FSP. Look for competitive fee structures that are fair and creates a win-win relationship for both parties (FSP and Administrator).

Training and development

Advisors must understand the administration process to ensure good communication to clients and manage their expectations. FSPs and Administrators may need training on the advice and administration processes to ensure a seamless partnership that will benefit their mutual clients.

Business support

Administrators who understand how great service enhance business growth and contribute to an FSP's success is essential. Evaluate the Administrator's understanding of this principle and investigate how they ensure great service.

Technology and innovation

A tech-savvy Administrator helps streamline processes and provides tools to improve client engagement. Examine the Administrator's administration system and integration with the CRM system used by your FSP.

Regulatory compliance and governance

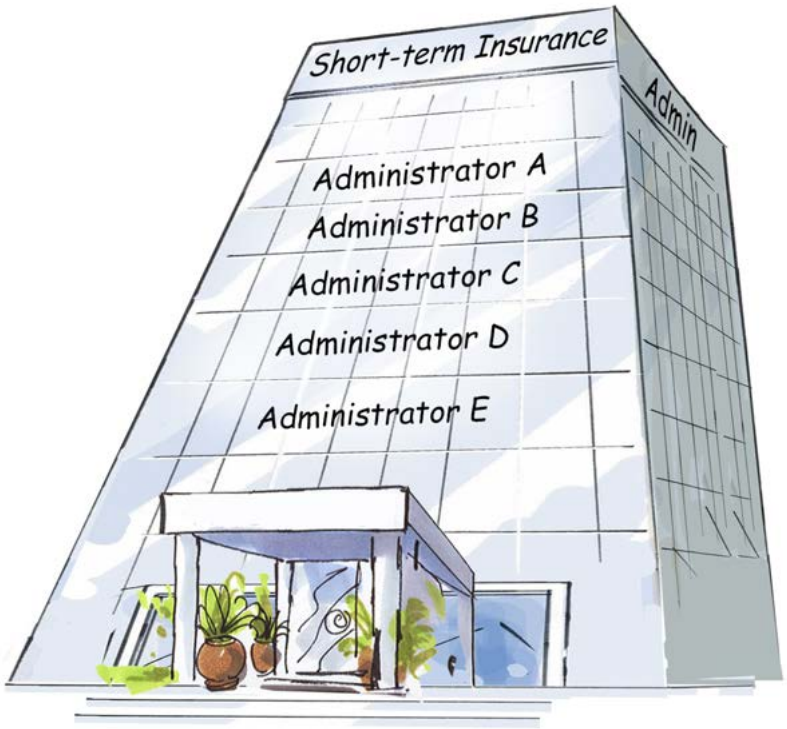
Verify the administrator's adherence to industry regulations, ethical practices, and corporate governance standards.

Flexibility and customisation

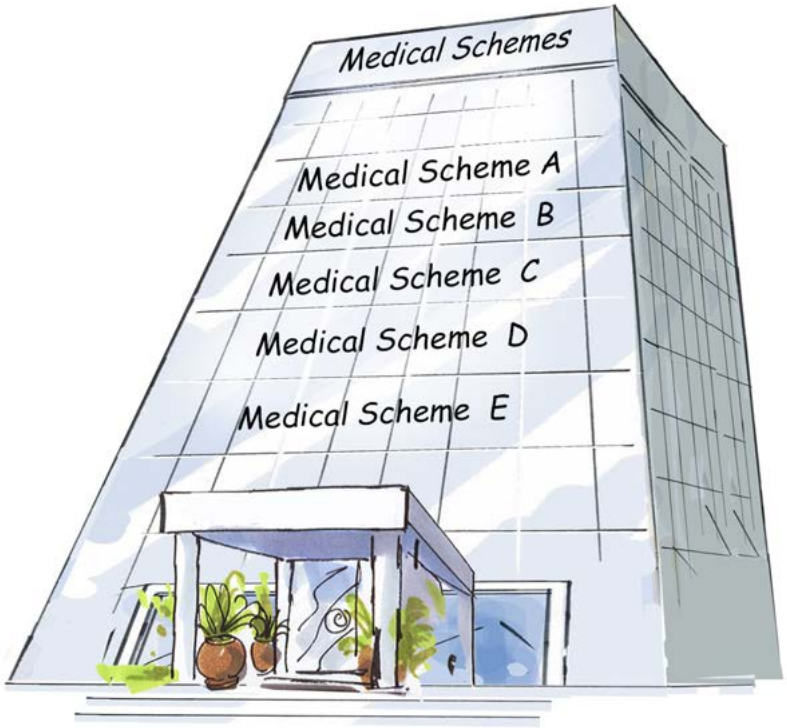
It may not be possible to negotiate administration processes to meet your specific needs because effective administration is usually based on process and workflow. Investigate the administrator's ability to tailor administration solutions to your practice's unique needs but bear in mind that effective administration depends on processes and workflows that are automated, and it contributes to their effectiveness. It is possible that the Administrator's processes and workflows are already more effective and efficient than yours, and I would therefore encourage you to be open-minded when considering administration processes and workflows.

Track record with advisors

A company's history with intermediaries indicates its ability to maintain productive relationships. Speak with other advisors or intermediaries about their experience with the Administrator.



Medical schemes can offer several benefits for financial advisors and intermediaries, both in terms of their business operations and the value they can provide to clients.



Chapter 25

Strategic stakeholders: medical aid/health insurance product providers

The benefits of financial products like medical aid / health insurance products

One of the most underappreciated benefits of a financial advisory services business is that it operates differently from stock-intensive businesses like retail stores. The often-overlooked benefits, as highlighted on this page, apply to all FSPs, regardless of the products they offer to clients. Therefore, as highlighted in the previous chapters, the introduction on this page will be repeated in the other chapters that apply to long-term, health, and investments. As authors we assume that advisors who only advise on medical aid or health products may not necessarily read this chapter, or the chapter that relates to investments. Likewise, if you specialise in long-term insurance and investments, you may not read this chapter, which do not apply to you. So, please bear with us in the chapters where we repeat the hidden benefits highlighted on this page.

Medical aid / health insurance products are intangible opposed to a furniture store, or cellphone store for example, that sells tangible products (furniture or cellphones). We often think that our industry is the most difficult because of onerous legislation but we forget that there are other businesses that face different challenges which are equally challenging. Here are some of the key benefits for FSPs that advise on medical aid / health insurance products and do not carry stock compared to those that do:

FSPs have no inventory costs: They avoid expenses related to purchasing, storing, and managing physical stock. FSPs do not need to rent or maintain warehouse facilities, further reducing fixed overhead costs. There's no risk of inventory loss due to theft, damage, or obsolescence, which is common in stock-carrying businesses.

Higher scalability: Without the burden of managing inventory, FSPs can scale more easily by adding clients and expanding services without needing additional physical resources. Expansion typically involves increasing personnel or digital infrastructure, which is often more cost-efficient than expanding storage or supply chains.

Cash flow efficiency: Retail businesses need significant upfront capital to purchase inventory, while FSPs primarily focus on human capital and technology. FSPs often operate on retainer fees, commissions, or other revenue models that can provide steady cash flow without waiting for inventory to sell.

Simplified business operations: FSPs do not require supply chain management, inventory tracking, or logistics systems. This allows FSPs to focus on their core competencies, such as providing personalised short-term insurance related advice, building, and maintaining relationships with clients.

Flexibility in service delivery: Non-stock businesses can adjust their offerings more easily to meet changing market demands without being constrained by unsold inventory. For example, FSPs can introduce new products (like additional insurance options) with minimal delay compared to a retailer managing physical stock.

Reduced market risk: Stock-dependent businesses face risks from market fluctuations, supply chain disruptions, and demand uncertainty that can lead to overstocking or stockouts. FSPs are less exposed to these risks since their 'products' are intangible (e.g., contracts, policies, or investments).

The relationship between FSPs and Medical aid / Health product suppliers

The relationship between an independent financial advisory business and medical aid / health insurance providers is significant because it establishes a framework for collaboration that benefits clients, the FSP, and the insurers. Key aspects of this relationship include:

Access to medical aid / health insurance products and solutions

The intermediary agreement allows the financial advisor to offer a range of medical aid / health insurance products, such as car and household (personal lines) insurance, and insurance for commercial lines, providing tailored solutions to meet clients' needs.

Enhanced credibility

Partnering with reputable medical aid / health insurance providers boosts the advisor's credibility and instills confidence in clients that the medical aid / health insurance products offered are backed by reliable insurers.

Revenue generation

These agreements include flexible commission and/or fee structures, enabling FSPs to generate income for the sale and servicing of medical aid / health insurance products.

Regulatory compliance

The relationship ensures that FSPs operate within the regulatory framework set by financial authorities and the insurance companies, safeguarding both client interests and the FSP's reputation.

Risk mitigation for clients

By collaborating with medical aid / health insurance providers, FSPs provide clients with access to critical risk management tools that help to protect their clients' future health and those of their families.

Market differentiation

The breadth of medical aid / health insurance products solutions and support offered through partnerships with multiple insurers helps FSPs remain competitive and meet diverse client preferences.

Ongoing support and training

Medical aid / health insurance providers provide FSPs with product training, technical support, and marketing resources, enabling them to stay informed and better serve their clients.

The relationship is symbiotic because advisors rely on medical aid / health insurance providers for products and operational support, while insurers depend on advisors to service clients and drive product distribution. Advisors who achieve the status of trusted advisors are widely recognised by all stakeholders, including short-term insurers, as invaluable partners within the value chain. This distinction not only solidifies their reputation but also fosters goodwill and strengthens their professional relationships with insurers. When FSPs and medical aid / health insurance providers appreciate each other's roles and responsibilities, and they execute them well, these relationships are some of the most rewarding 'win-win' business relationships in the financial services industry. When there is mutual respect and trust between FSPs and short-term insurers, both serving the best interest of mutual financial customers, everybody wins.

Due diligence

When FSPs evaluate medical aid / health insurance providers for a strategic partnership, they should focus on several key factors to ensure alignment with their advisory practice and long-term success. Here's what they should look for:

Financial strength and stability

The long-term financial stability of any medical aid / health insurance provider is crucial to ensuring its ability to meet claims and honor commitments over the long term. To assess this, consider key indicators such as solvency

ratios, and the provider's financial track record. In South Africa, the leading medical aid / health insurance providers generally meet or exceed these essential benchmarks, and they would mostly automatically comply with this requirement.

Reputation and credibility

Partnering with a well-regarded provider enhances client trust and reinforces the advisor's professional image. Assess customer reviews, industry awards, and regulatory compliance history.

Product offering

Evaluate the medical aid / health insurance provider's product range that will meet a variety of client needs, product flexibility, pricing competitiveness, innovation, underwriting requirements, and suitability for your specific target market.

Cultural fit and partnership philosophy

A strong cultural alignment fosters a collaborative and mutually beneficial relationship. Evaluate the provider's values, transparency, communication style, and commitment to long-term partnerships.

Ease of doing business

Seamless medical aid / health insurance quote-, submission-, underwriting-, and issuing processes reduce operational headaches, allowing advisors to focus on client relationships. Consider the quality of digital platforms, claims processing efficiency, underwriting practices, and ongoing administrative support.

Commission structure and compensation models

Fair and transparent compensation aligns the medical aid / health insurance provider's goals with those of the FSP. Look for competitive commission rates.

Training and development

Advisors need continual upskilling to stay competitive in a dynamic market. Look for comprehensive onboarding, product specific training, ongoing education, and potential access to other industry related training.

Marketing and business support

Medical aid / health insurance providers that actively support business growth contribute to the advisor's success. Assess the availability of co-branded marketing materials, lead generation tools, and support for client events.

Technology and innovation

A tech-savvy provider helps streamline processes and provides tools to improve client engagement. Examine digital tools, client portals, and integration with CRM systems used by your practice.

Regulatory compliance and governance

It ensures that the provider operates ethically, and it minimises reputational risk. Verify adherence to industry regulations, ethical practices, and corporate governance standards.

Flexibility and customisation

The ability to tailor solutions to your practice's unique needs enhances value to your clients. Assess how well the provider accommodates bespoke product solutions.

Track record with advisors

A provider's history with intermediaries indicates its ability to maintain productive relationships. Speak with other advisors or intermediaries about their experience with the insurer.

Enhancing business relationships between FSPs and medical aid / health insurance providers

Enhancing business relationships between financial advisory firms and medical aid / health insurance providers can drive mutual growth and provide better value for clients. Here are some strategies that may be worth investigating to achieve this:

Strengthen communication and collaboration

Schedule recurring strategy meetings to align mutual objectives and enhance understanding of market trends. Collaborate on understanding client needs and preferences, leveraging shared data, without compromising confidentiality.

Co-develop client-centric solutions

Work together to design medical aid solutions that align with specific client demographics served by your FSP. Integrate medical aid / health insurance solutions into broader financial strategies, showing clients how it complements their overall financial wellness.

Leverage technology for efficiency

Use shared digital platforms to simplify underwriting, medical aid / health insurance servicing, and client communications. Collaborate on analysing data to identify opportunities for upselling, cross-selling, and improving client outcomes.

Education and training

Offer advisors continuous education on medical aid / health insurance products, trends, and regulatory changes. Partner to create materials and workshops to educate clients on the role of medical aid / health insurance in their financial plans.

Enhance trust and transparency

Ensure that compensation structures and responsibilities are mutually understood and fair. Both parties should uphold high standards of integrity and prioritise client needs.

Create synergies through innovation

Experiment with innovative medical aid / health insurance products or delivery models tailored to client needs. Collaborate on marketing campaigns that highlight the partnership's value to clients.

Measure and adapt

Regularly review what is working and adjust the strategy as needed to remain competitive, and client focused, ensuring that the relationship is optimised.

Leverage for growth

Advisors can strategically leverage partnerships with medical aid / health insurance providers to drive practice growth by enhancing their collective value proposition, improving client retention, and expanding their market reach. Here are actionable ways to maximise these partnerships:

Strengthen your brand and credibility

Partnering with reputable medical aid / health insurance providers enhances your brand image, as clients associate you with reliable, trustworthy providers.

Mitigate business risks

Investigate how to leverage insurers' expertise in risk management for your advisory practice.

Integration into advisory services

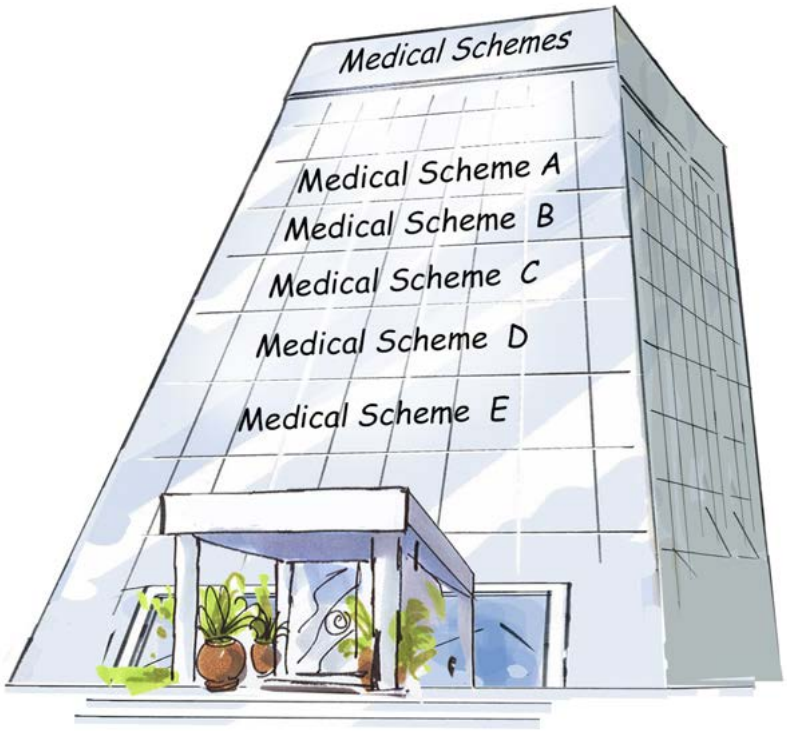
Enhance the level of administrative support provided by the medical scheme, including tools for enrollment, claims tracking, and client management. The more streamlined the process, the easier it will be for the advisor to integrate into their services. Online portals for both advisors and clients to manage policies, track claims, and access information can improve the client experience and reduce administrative burden.

Customer service and claims handling

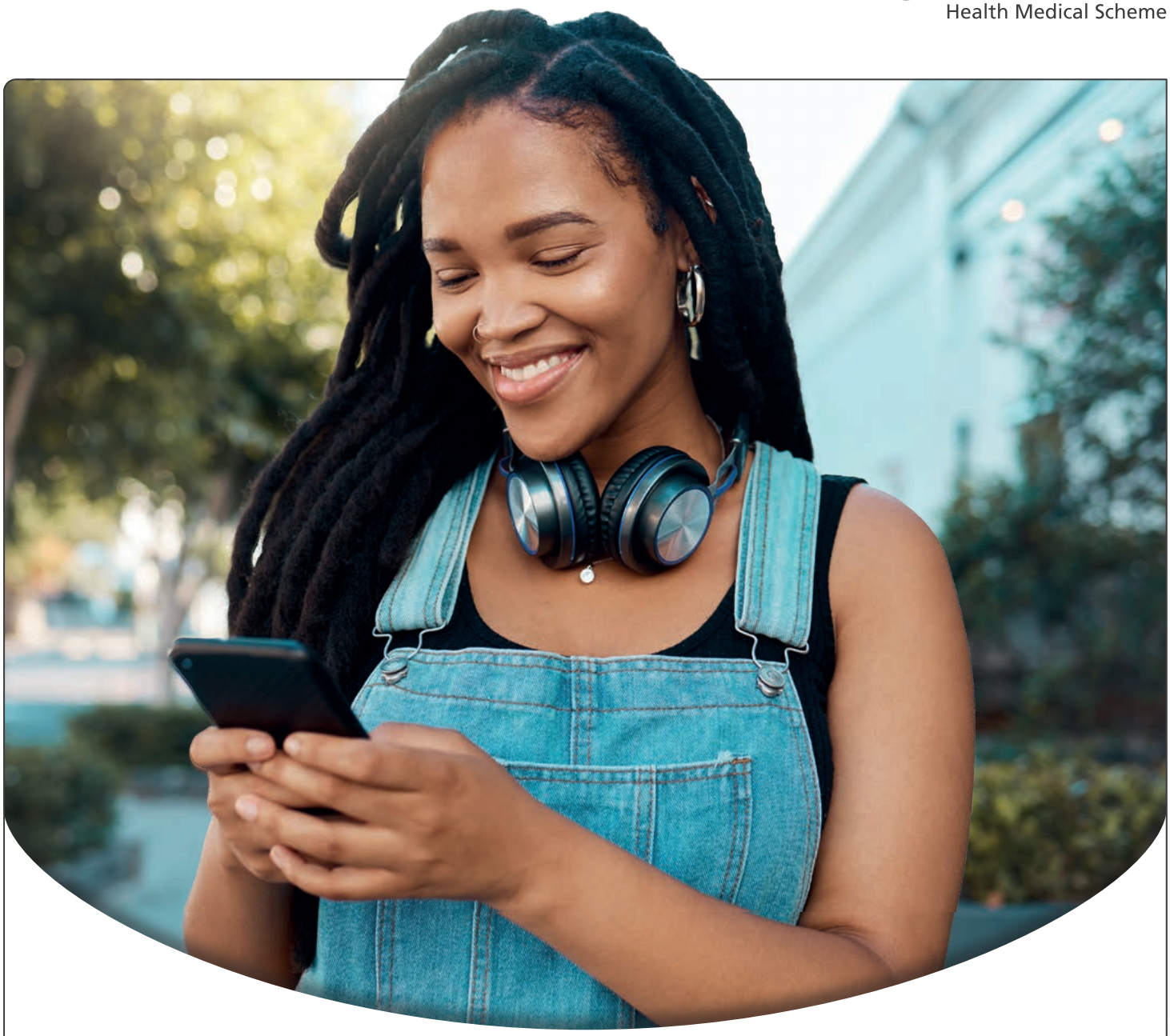
Enhance how claims are handled, how long the process takes, and the quality of communication clients will receive. Enhance robust customer support channels, including a dedicated helpline, online chat, or email support. Enhance medical scheme services that will help advisors support their clients, such as health screenings, wellness programs, or case management services for complex claims.

Innovation and future trends

Schemes that are proactive in adapting to changing healthcare needs and trends will ensure that the scheme remains relevant and competitive in the long term, which supports practice growth. Leverage technology to improve service delivery.



Discovery
Health Medical Scheme



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Discovery
Health Medical Scheme

Discovery Health Medical Scheme launches Active Smart: **affordable Healthcare for new entrants and young professionals**

Discovery Health Medical Scheme is seeking to introduce a new medical scheme plan, Active Smart (subject to approval and registration by the Council for Medical schemes), aimed at addressing the healthcare needs of new entrants and young professionals. With an intended launch date of 1 January 2025, Active Smart will be the most affordable medical scheme option in the open medical scheme market, offering a tailored benefit package for individuals starting out in their careers.

Addressing coverage gaps for young professionals

Most young people who start out in their careers often have limited disposable income available and this results in them delaying joining a medical scheme.

Research conducted by Discovery Health (Pty) Ltd highlights the financial barriers faced by young adults when considering medical aid coverage. Medical scheme contributions consume a larger share of younger people's disposable income. Discovery Health data analysis shows that for members aged 20 – 29, approximately 7% of their income goes toward medical scheme contributions, whereas for older working adults approximately 4% or lower of their monthly income goes toward medical scheme contributions.

About 109,000 uncovered young professionals would take up medical scheme cover if there was an affordable option and where contributions amount to roughly 5% of their income, according to research conducted by Discovery Health.

The Active Smart plan is designed to carefully balance needs of new entrants and affordability, thereby enabling greater access to private healthcare for young professionals. Priced at just R1,350 per principal member per month, the Active Smart plan will offer the lowest entry point in the open medical scheme industry. This monthly contribution enables Discovery Health Medical Scheme to expand access to medical scheme cover for new entrants and young professionals who may have otherwise foregone medical scheme cover due to cost constraints.

Key features of the Active Smart plan:

Hospital Coverage: Full coverage for emergencies in any private hospital. In addition members will have access to planned hospital admission in the Dynamic Smart Hospital Network, subject to a fixed deductible per admission. Discovery Health data highlights that young adults face a 36% higher risk of trauma events compared to older adults, making private hospital cover for accidents and emergencies a crucial component of their healthcare.

Day-to-Day Benefits: Unlimited virtual and in-person consultations with a Smart GP, a dental check-up, an eye test, and over-the-counter medication. A Discovery Health survey of young adults in South Africa shows that access to day-to-day benefits including GP, dental and optometry consultation, and over-the-counter and prescription medicine is highly valued.

Personal Health Fund: Active Smart plan members can accumulate up to R1,000 per adult in addition to the day-to-day benefits set out above, based on their engagement in their Personal Health Pathway, which is a feature that delivers specific healthcare actions based on individual needs. The Personal Health Fund, which is subject to approval by the Council for Medical Scheme, can then be used for a variety of medical expenses, including prescription medicines, physiotherapy, and contraceptives.

Digital access: The Active Smart plan offers members access to the Dynamic Smart Hospital Network, underpinned by sophisticated technology that advises members on high-quality healthcare providers and Smart network hospitals in their preferred region.

With the launch of the Active Smart plan, Discovery Health Medical Scheme will offer a solution designed to support the next generation of professionals as they navigate the unique challenges of early career life. Built on a deep understanding of the unique health and wellness needs of young professionals, the Active Smart plan will provide a tailor-made solution at a very affordable price.

Discovery Health Medical Scheme, registration number 1125, administered by Discovery Health (Pty) Ltd, registration number 1997/013480/07, an authorised financial services provider.

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Why Momentum is good for your health and your pocket

Momentum Medical Scheme has the **youngest average age** of members, which is why it has one of the **lowest annual increases** per year for the past five years among large open schemes

Momentum Health complements your medical aid cover with

HealthSaver, so you can invest in healthcare savings

Multiply, a wellness programme to maximise your rewards

HealthReturns, the reward for taking ownership of your health

GapCover, for co-payments, out-of-benefit expenses and more

Health4Me, affordable healthcare insurance

more health

for **more** South Africans

for **less**

momentum health

Don’t buy down – *buy better value*

Many clients can find a Momentum Medical Scheme option that provides similar benefits to that of their current option, at a price close to what they paid in 2024. This means they don’t need to downgrade their plan to save on contributions, instead, they can maintain their cover while getting better value with Momentum Medical Scheme. Downgrading healthcare cover to a lower option may seem like a cost-saving measure, but it often leads to reduced benefits and higher out-of-pocket expenses.

Prioritising one’s health and investing in a solution with strong preventive care benefits can lead to long-term savings. Regular check-ups, screenings and vaccinations help detect and prevent serious health issues early, reducing the need for costly treatments down the line.

The value of lower medical scheme contributions

Momentum Medical Scheme maintains one of the lowest average risk contributions of all the large open medical schemes in SA and announced one of the lowest average annual contribution increases, without reducing benefits.

It offers a variety of flexible options, which means that members can select benefits tailored to their individual needs and affordability. This flexibility ensures access to top-tier medical professionals and facilities, delivering the best possible care at an affordable cost.

Healthcare should be rewarding

Momentum’s wellness rewards programme, Multiply, enables members to earn more rewards quickly and effortlessly. By simply doing the digital health and fitness assessment on the Momentum App, members can start earning cash rewards through HealthReturns in less than 12 minutes.

Individuals are rewarded for being physically active, prioritising their mental wellness and pursuing holistic wellbeing.

Enhancing your healthcare cover

Momentum GapCover offers clients supplementary cover to assist with shortfalls in the event of hospitalisation involving surgery or medical treatment, as well as for certain procedures performed out of hospital or in a day clinic. To ensure optimal flexibility, clients can choose between the more affordable GapCover Primary, or the more extensive benefits offered by GapCover Supreme.

Affordable healthcare cover for everyone

Momentum’s affordable healthcare insurance product, Health4Me, has grown significantly over the last few years and now provides cover to more than 160 000 principal members and over 220 000 beneficiaries, making it the largest health insurance solution in South Africa.

This market-leading solution enables employers to extend healthcare cover to all their employees. Momentum Health4Me offers its clients great value by applying Momentum Health’s extensive experience and skill in the field. It offers a strong provider network to facilitate cost-effective provision of day-to-day benefits, as well as major medical event benefits which can be taken in conjunction with day-to-day benefits.

momentum health

Employer groups benefit from combining integrated solutions

Momentum Health embraces the principle of building on a foundation to offer South Africans greater access to healthcare that costs less.

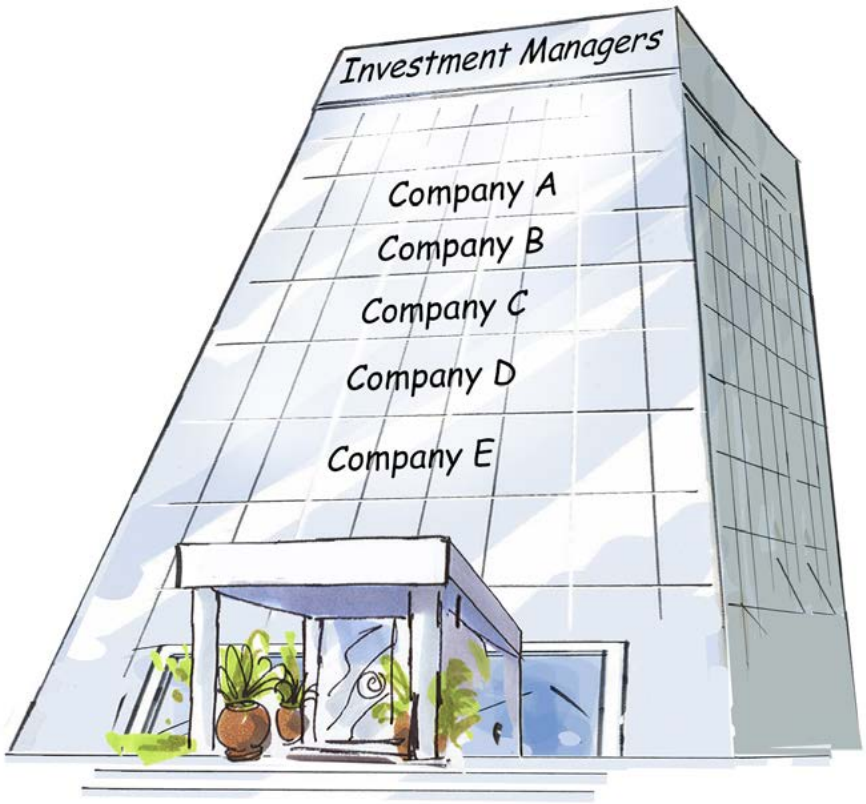
We offer innovative, flexible solutions that provide employees with healthcare cover that suits their needs and affordability. Through the integration of our solutions, we are able to unlock additional value and in so doing, provide meaningful cover to employers and their employees.

An employer group that offers traditional medical aid cover, plus healthcare insurance and complementary products like a rewards programme, seamless healthcare savings and transaction account, gap cover and wellness programmes stands to benefit greatly, not only from the combined savings it unlocks, but through the improved mental and physical wellbeing of its workforce. This not only makes the company more attractive to prospective employees, but enables a productive and engaged workforce. There is no other healthcare solution provider in South Africa that provides this flexibility and offers the benefits that employees can unlock.

Our purpose is to offer more health to more South Africans for less. Consumers can enjoy more value without paying any more than they would for competitor offerings in South Africa.

For more information, visit momentum.co.za.

Investment management companies have been extremely valuable as one of the key stakeholders in the financial services industry. Partnering with reputable investment companies offering multiple investment funds can enhance advisors' value proposition by combining professional asset management with personalised client advisory services.



Chapter 26

Strategic product providers: Investments

A much needed partnership in the value chain

Financial advisors need to partner with good asset managers because they play a crucial role in delivering the best outcomes for clients while enabling advisors to focus on their core responsibilities, namely financial and investment planning. Here are some of the benefits of partnering with reputable asset managers:

Expertise

Asset managers specialise in analysing markets, selecting securities, and constructing portfolios that align with specific investment objectives. Advisors rely on this expertise to provide high-quality, diversified investment options to their clients.

Time-saving and efficiency

By outsourcing portfolio management to asset managers, advisors can dedicate more time to understanding their clients' needs, objectives and risk profile, developing personalised financial and investment plans, and fostering strong client relationships.

Risk management

Asset managers have the expertise, resources, tools and experience to monitor and mitigate risks in portfolios. They help advisors navigate market volatility and provide strategies to preserve and grow client wealth.

Consistency with client goals

Good asset managers understand the importance of managing their portfolios in accordance with their stated objectives and benchmarks, because advisors chose their funds based on the alignment with their clients' financial objectives and risk tolerance. This alignment helps advisors ensure their recommendations are suitable and meet compliance requirements.

Access to specialised solutions

Asset managers often offer access to products and strategies that may not be available to individual advisors, such as alternative investments, global portfolios, or institutional-grade funds.

Credibility and trust

Partnering with a reputable asset manager enhances the advisor's value proposition, as clients appreciate knowing their investments are handled by skilled professionals with a strong track record.

Regulatory support

Asset managers must be authorised by the regulator to act as an asset manager, which means that they are subject to onerous legislation, which helps advisors to meet their fiduciary and compliance obligations, making it easier to demonstrate due diligence and ensuring that they are acting in the best interest of clients.

Due diligence

When conducting due diligence on asset/investment managers, investment advisors should evaluate the following aspects, starting with the 5 P's – People, Philosophy, Process, Performance, and Portfolio management:

People

Leadership: Ensure the decision-makers have a strong track record and a clear understanding of investment management and client needs.

Team expertise and team stability: Assess the qualifications, experience, and specialisation of the team responsible for discretionary investment decisions. High staff turnover may signal internal issues or lack of stability.

Cultural Fit: Verify that their values and approach align with your FSP's ethical standards, philosophy and clients' goals.

Continuity and succession: Evaluate the depth of the team and plans for continuity in leadership roles.

Philosophy

Investment philosophy: Understand the guiding principles behind the asset manager's approach, for example: active versus passive, value investing, risk tolerance levels, etc.

Client-centric approach: Confirm that the philosophy prioritises client objectives and not just short-term portfolio returns.

Consistency: Check whether the philosophy has remained stable across different market environments.

Process

Research and analytics: Assess the quality and depth of their market research and analysis.

Decision-making framework: Understand how decisions are made, including who has final authority and how conflicts are managed.

Risk management: Scrutinise how risks (market risk, interest rate risks, inflation risks, currency risks, credit risk, liquidity risk, political and regulatory risk etc.) are identified, monitored, and mitigated.

Performance

Experienced advisors know that investment performance is relative. Compare performance to relevant client needs and objectives over specific investment terms, benchmarks and peer groups. Review historical performance across different mandates and market cycles and assess consistency. We also know that historic investment returns do not provide any guarantee of future performance.

Risk-adjusted returns: Assess metrics such as Sortino ratio, Sharpe Ratio, Information Ratio, and downside protection. Look for managers who deliver strong returns relative to the level of risk taken.

Portfolio management

Determine how portfolios are structured and managed to ensure that clients will have positive outcomes. Look for diversification strategies: Look for diversification strategies, and review portfolio diversification across asset classes, regions, and sectors.

Use of alternatives: Assess the inclusion and management of alternative investments, such as hedge funds, and verify whether the instruments are regulated or not.

Compliance

Verify the asset manager's status as an authorised investment or fund manager.

Client reporting

Review the clarity, frequency, and depth of reporting provided to clients and advisors. Look for clear, user-friendly reporting that you can easily present to clients. Ensure clients have full visibility into portfolio holdings, changes, and rationales.

Fees and costs

Fee structure: Understand management fees, trading costs, and any performance-related fees. Ensure their fee structure is clear and aligns with the value they provide. Compare their fees to industry standards, ensuring they are competitive without compromising quality.

Transparency: Ensure that fund management costs can be explained to clients and that there are no hidden costs.

Communication and relationship management

Advisor interaction: Evaluate how well the manager or management company communicates with advisors, including updates on performance and market outlooks.

Responsiveness: Confirm management companies' availability and responsiveness to advisor and client queries.

Communication: Ensure they are committed to clear, regular updates and reporting on portfolio performance and strategy changes.

Business model and stability

Stability: Review the financial health and stability of the management company.

Business continuity plans: Ensure they have robust plans to handle unforeseen events or disruptions.

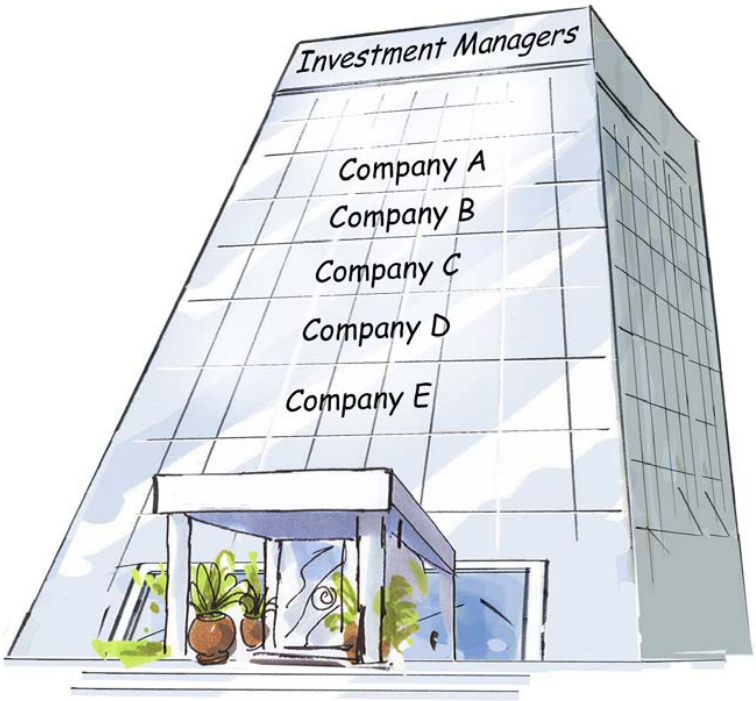
Reputation: Investigate their reputation in the industry, including feedback from other advisors or clients, if possible.

Training and education

Some asset managers provide excellent training to advisors on their process and products, which can enhance your confidence and credibility. Speak to other advisors who have partnered with asset manager(s) for insights into their experience.

In closing

Good asset managers will continue to play a vital role in the lives of FSPs and investors.



A good curator
selects only the best.
At Curate, we handpick the
best people to look after your money.
That is the art of investing.
Speak to one of our fund specialists
to find out more about Curate.
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curate.co.za
info@curate.co.za
curate
THE ART OF INVESTING
Curate Investments (Pty) Ltd is an authorised financial services provider (FSP No. 53549). Registration number 2023/747232/07.
MI-8-AZ-197130-CL

Curate, SA's newest **global fund manager**

curate
THE ART OF INVESTING

At Curate, we handpick only the best people to look after investors' money. Our unique range of funds takes the complication out of choosing between funds because we have identified exceptional teams of people with different skills to manage each of our funds. Quite simply, what we do comes from the quality of the people we work with.

Why choose Curate?

As a global fund manager, we give investors the simplicity of a range of unit trust funds to meet their requirements:

- **Investor-centred range:** Each of our funds is designed to meet a particular investor need.
- **Global reach:** We research managers across the world to find the people who are most suited to delivering what investors require.
- **Simplicity:** We give investors the comfort of knowing that we have handpicked top managers for each of our funds.
- **High standards:** The people we handpick to be our long-term partners must bring a unique perspective and show integrity, loyalty, and a record of delivering returns for investors.

We believe the art of investing goes beyond just numbers.

All of Curate's funds are managed by different teams of highly skilled people who are handpicked as the best managers for each strategy.

Unlike most asset managers, we do not manage any of the funds ourselves. We want specialists who offer something unique for each of our strategies, because we do not believe one manager can do everything equally well. We are confident that our managers can deliver what we and our investors are looking for. It also means that investors can feel secure that their money is in good hands.

When researching any fund manager, Curate's primary interest is always in the people who work there.

While we want to see that a manager has delivered top performance over many years, they must also have demonstrated qualities that we won't see just by looking at the numbers. They must be people who have the humility to admit and learn from mistakes, the passion to always give their best efforts for investors, and who hold a core belief system that guides their decision making so that they aren't simply swayed by their emotions. They must have a distinct approach or quality that makes them stand out, so that we know we are offering investors something they won't find anywhere else.

Our manager selection process

Curate goes through a disciplined and rigorous selection process that seeks out outstanding teams, wherever they may be across the world.

There are talented managers in many different parts of the world, and our aim at Curate is to find them so that we can assure investors that we have found the best people to look after their money.

Our process entails the following steps:

- Find managers who have shown their ability to deliver
- Analyse managers to find the qualities we are looking for
- Visit the managers to better understand them
- Select the best people for our investors
- Monitor managers to ensure that they keep meeting our high standards

At Curate, we believe in keeping things simple. We offer a comprehensive and focused range of international and local funds so that investors have access to all the strategies they may need, in one place.

Our goal is to engage with investors and financial advisers to help people reach their financial goals through simplified, yet sophisticated investment solutions. By fostering clear communication, we aim to empower investors to make informed decisions about their financial future.

Investors can find detailed information about each fund, the fund manager and their investment approach, on the Curate website at curate.co.za.

sasfin | Asset Managers

Appropriate risk at the appropriate time

Daunting, isn't it?

It doesn't have to be when your investment decisions are well-considered and based on proven expertise.

At Sasfin Asset Managers, we provide exceptional personalised attention and a disciplined approach to balancing investment strategies for both you and your members to leave a lasting legacy.

All things considered

MULTI-STRATEGY BOUTIQUE WITH A BRAND

At Sasfin Asset Managers we understand the importance of lasting and sustainable legacies, which we achieve by navigating a path to growth through a disciplined investment approach. Our focus is not just on the return side of the equation, but also by having a significant focus on risk management, with our belief being that as stewards of capital, we should only be taking the appropriate risks at the appropriate time.

We have garnered a reputation as one of South Africa's leading boutique investment managers. Our offering incorporates a range of award-winning equity, income, multi-asset class and alternative solutions designed to suit the needs of institutional and retail clients.

Our investment team includes some of South Africa's most highly regarded Fund Managers, several of whom have managed large-scale institutional money for decades. This ability to attract top talent has also ensured that the meticulous research produced by our in-house team, coupled by close partnerships with leading global research houses, is always of the highest calibre.

OUR INVESTMENT PHILOSOPHY

Sasfin Asset Managers is a multi-strategy boutique asset manager. Underpinning our investment proposition is a thematic, scenario-driven approach to achieve optimal risk-adjusted returns across investment cycles.

All things considered, our investment philosophy is built on three core pillars:

- **Superior Investment Outcomes:** Leveraging a multi-strategy approach to uncover and capitalise on investment opportunities.
- **Risk Management:** Diligently balancing risk and reward to ensure appropriate risks are taken at the appropriate times.
- **Research-driven Sustainability:** We harness the collective expertise of our multi-faceted team, in a rigorous research-driven process to deliver sustainable performance.

PARTNER WITH US

We understand the importance of lasting and sustainable legacies, and pride ourselves in the long-term partnership we create with the individuals and institutions we serve.

To this end, our priority is foremost to protect and preserve our clients' capital, while remaining accessible.

RAGING BULL AWARDS
2018 | 2019 | 2020 | 2021 | 2022

MORNINGSTAR AWARDS
2020 | 2021 | 2022

Sasfin Wealth comprises Sasfin Securities (Pty) Ltd, JSE member; Sasfin Asset Managers (Pty) Ltd, FSP No. 21664; Sasfin Wealth Investment Platform (Pty) Ltd, FSP No. 45334; Sasfin Fiduciary Services (Pty) Ltd; and Sasfin Financial Advisory Services (Pty) Ltd, FSP No. 5711. This advert is general in nature and is not advice. Sasfin Wealth accepts no liability for errors or changes. As clients are responsible for their decisions, they should obtain independent advice before taking any action.

Discovery Invest

SHOW YOUR MONEY THE WORLD

Get access to some of the best global investment opportunities at a **discounted exchange rate.**

Scan here for more

https://www.discovery.co.za/investments/offshore-investing

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Product rules, terms and conditions apply. This document does not include the full details of how our investment plans work. The information in this document must be read with the relevant fact files.

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Discovery Invest

R20,000,000,000

IN SHARED-VALUE BENEFITS

The power of shared value

Since the launch of our shared-value model, we have been changing the way clients invest. Our boosts and benefits drive positive behaviours that manifest in additional value for our clients, with more than R20 billion created to date. These benefits encourage our clients to invest longer, invest more and withdraw wisely.

Discovery Invest is the first investment provider to reward healthy investment and lifestyle behaviours.

Our shared-value approach to investing can create more value for your clients

The earlier your clients start investing, the longer their money has to grow in the market. This positive behaviour change creates surplus profit which we channel back into **boosts and extra rewards** that encourage clients to **invest for longer, invest more, live well, and manage their money wisely** in retirement. These rewards have resulted in our existing investors starting their investments three years earlier and making 82% more contributions. Since the launch of shared value in 2015, clients' Living Annuity withdrawals have decreased by 11%.

Through shared value, our wide range of investment options rewards your clients' healthy behaviours

Our product range includes pre- and post-retirement investments, global investments and discretionary investments.
When investing with us, not only can your clients **secure their financial future**, they can also receive valuable benefits, including:

RETIREMENT INVESTMENTS

- A **boost of up to 20%** on our lump-sum Retirement Annuity and Preserver Plans, **for investing more and investing longer**
- A contribution **boost of up to 15%** on our recurring Retirement Annuity for **investing longer and living well**
- A retirement income **boost of up to 50%** with our Living Annuity, for **living well and withdrawing wisely.**

DISCRETIONARY INVESTMENTS

- The ability to **invest below the prevailing exchange rate** with our Global Endowment
- An upfront **boost of up to 20%** on our local Endowment, for **investing more**
- An admin fee **discount of up to 100%** with our Flexible Investment, for **investing longer and living well.**

This document is meant only as information and should not be taken as financial advice. For tailored financial advice, please contact your financial adviser.

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Real relationships are an investment worth nurturing.

At Fairtree, we believe meaningful relationships are the cornerstone of success. By partnering with financial service providers, we navigate the complexities of financial markets together, delivering consistent returns so their clients can achieve their long-term financial aspirations.

fairtree.com

FAIRTREE

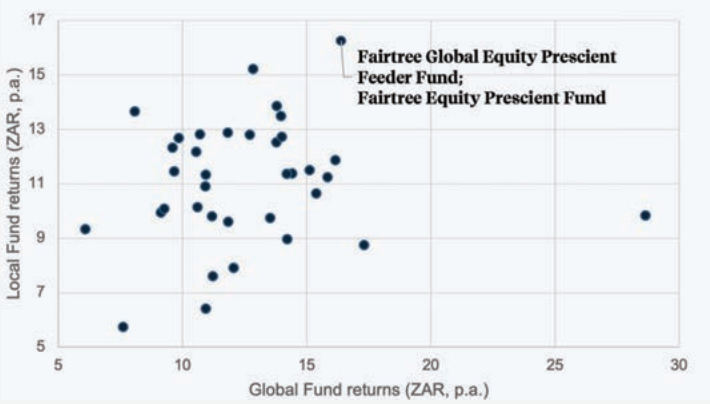
Values-driven Investing

The Fairtree Blended Equity Prescient Fund turns one

We recently celebrated the one-year anniversary of the Fairtree Blended Equity Prescient Fund in November. This milestone marks the success of our vision to create an integrated solution that delivers consistent, superior returns by integrating local and global investment expertise.

South Africa's investment landscape often forces a choice between local and global investment opportunities. Many managers perform well in one area but struggle in the other, as shown in the graph below. Recognising this, we launched the Fairtree Blended Equity Prescient Fund ("the Fund") to provide a seamless solution that delivers outstanding results in both markets.

Asset Managers: Local & Global Equity Funds 5 year % returns



The Fund is built on the strong track record of the Fairtree Equity Prescient Fund, a leader in local markets for over a decade, and the Fairtree Global Equity Prescient Feeder Fund*, which won the Raging Bull Global Equity award in 2023 and 2024 for best risk-adjusted performance over five years.**

Source: Morningstar as at November 2024.

This innovative approach allows us to navigate opportunities with unparalleled flexibility. For instance, when identifying opportunities in the energy sector, we are no longer confined to only local options like Sasol. Instead, we can leverage global leaders such as TotalEnergies and Petrobras.

The Fund represents an integrated solution that eliminates the inefficiencies of splitting local and global asset management. Investing in general, especially on the JSE, requires a global perspective. With a single, cohesive strategy, we deliver seamless execution and adaptability across markets.

In its first year, the Fund has exceeded expectations, outperforming both the standalone Fairtree Equity Prescient Fund and the Fairtree Global Equity Prescient Feeder Fund. This strong performance demonstrates the value of an integrated investment approach, ensuring consistent returns while minimising risk.

As we celebrate this first year, we are energised by the possibilities ahead and remain focused on driving innovation and delivering long-term value.

Contact us ⟶

Ryanj@fairtree.com

Disclaimer:

Fairtree Asset Management (Pty) Ltd is an authorised financial services provider (FSP 612). Collective Investment Schemes in Securities (CIS) should be considered as medium to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. CISs are traded at the ruling price and can engage in scrip lending and borrowing. A schedule of fees, charges and maximum commissions is available on request from the Manager. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate. Performance has been calculated using net NAV to NAV numbers with income reinvested. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of re-investments and dividend withholding tax. Full performance calculations are available from the manager on request. There is no guarantee in respect of capital or returns in a portfolio. Annualised performance shows longer-term performance rescaled to a 1-year period. Annualised performance is the average return per year over the period. Actual annual figures are available to the investor on request. The highest and lowest returns for any 1 year over the period since inception have been shown. NAV is the net asset value that represents the assets of a Fund less liabilities. Prescient Management Company (RF) (Pty) Ltd is registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002). For any additional information, such as fund prices, fees, brochures, minimum disclosure documents and application forms, please go to www.fairtree.com.

* A Feeder Fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levies its own charges and which could result in a higher fee structure for the feeder fund.
**The full details and basis of the awards are available from the manager.

Authorised Financial Service Provider | FSP# 43488

GROWING WEALTH

FOR AN UNCERTAIN TOMORROW

WE ARE A BOUTIQUE ASSET MANAGER offering a diverse range of investment options, including unit trust funds and managed portfolios. With over R12 billion in assets under management, we have enough scale to withstand market turmoil whilst still being nimble to act fast when necessary.

WE PRIORITISE PERSONALISED INVESTMENT MANAGEMENT, fostering long-term relationships based on trust, transparency, and integrity. Our funds and portfolios are tailored to meet unique investor goals and are suitable for various time horizons and risk tolerance levels. Our seasoned professionals blend market expertise with a deep understanding of client needs to craft bespoke strategies.

WE FOCUS ON CREATING PRODUCTS TAILORED TO MEET OUR CLIENTS' WEALTH CREATION NEEDS. We are dedicated to delivering consistent, risk-adjusted returns, prioritising our investor's financial success and wealth creation. Our commitment to innovation and excellence drives us to continually evolve our investment strategies and adapt to changing market conditions, ensuring sustained growth and prosperity for our clients and our firm.

We believe future wealth is shaped by global macro changes, unfolding exponentially through diverse themes. Therefore, we pursue a targeted thematic strategy at fair value, aiming for sustainable long-term performance.

OUR APPROACH INTEGRATES THOROUGH RESEARCH AND FORWARD-LOOKING INSIGHTS to identify key trends shaping markets. By staying attuned to evolving macroeconomic dynamics and thematic developments, we aim to capitalise on emerging opportunities while effectively managing risks.

Through our dedicated approach to active management, we navigate market complexities, seize opportunities, and deliver sustainable value to our clients for an uncertain tomorrow.

OUR GLOBAL PRESENCE SPANS ACROSS SOUTH AFRICA AND THE UK. Our South African investment team is situated in Cape Town with another macro strategist and portfolio manager based in London.

- Boutique Asset Manager Established 2014
- Thematic investing and strategic alternatives are central to OIG's approach.
- Personalised investment management
- Global presence - S.A. and UK

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Unit 209, The Cliffs
Office Block 2
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Tygervalley, 7530

OUR CORE VALUES

INTEGRITY
Maintain trust through unwavering honesty.

PASSION
Relentlessly pursue innovative solutions.

DEVELOPMENT
Prioritise growth in business and investments.

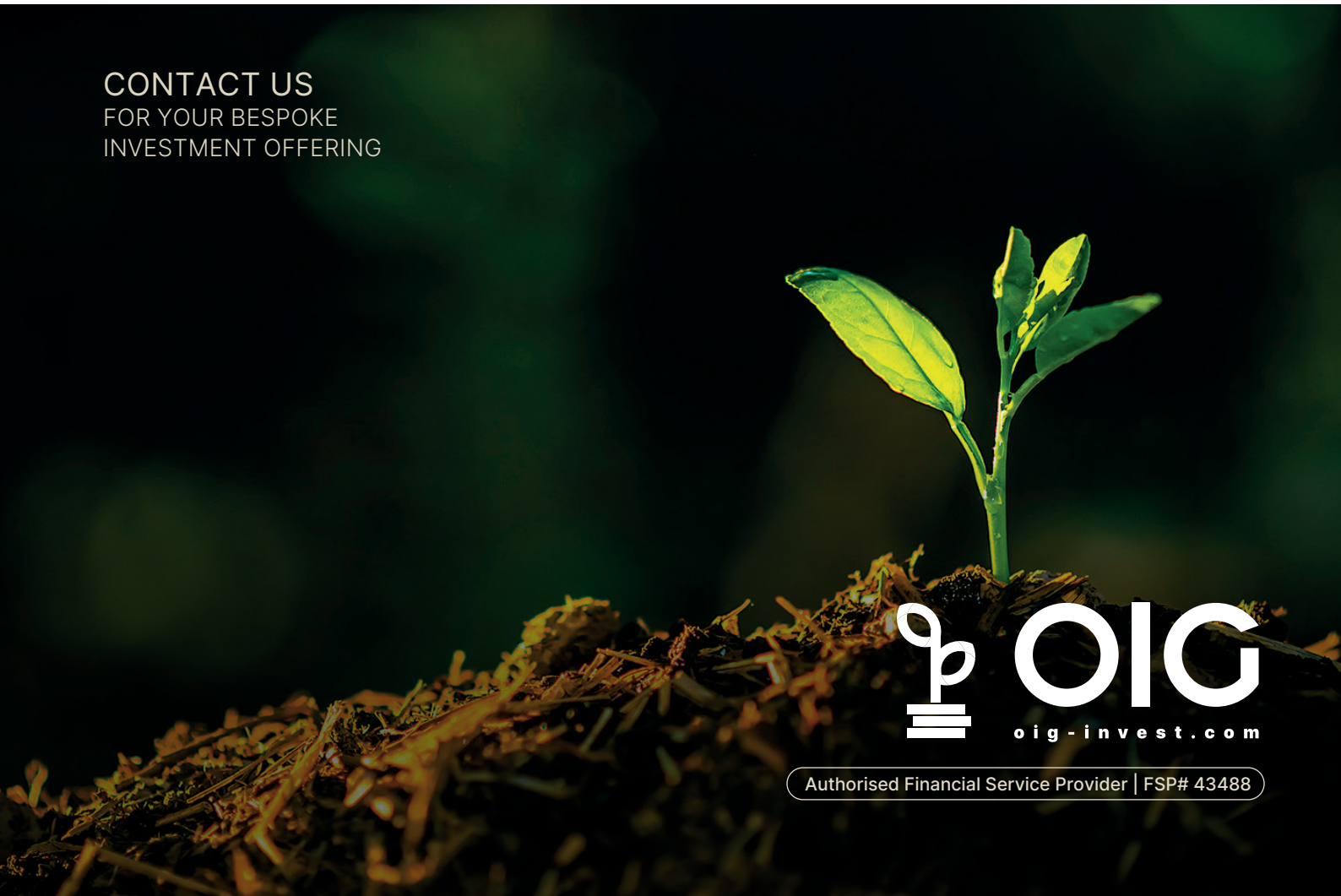
ACCOUNTABILITY
Ensure transparency and meticulous accuracy.

FOCUS
Collaborate closely with clients to build their wealth, aligning efforts with their goals for mutual success.

EXCELLENCE
Strive for proficiency in all endeavours, recognising that our success is synonymous with our client's investment outcomes.

WE PROVIDE ACTIVELY MANAGED INVESTMENT SOLUTIONS. At OIG, we believe future wealth is shaped by global macro changes, unfolding exponentially through diverse themes. By staying attuned to evolving macroeconomic dynamics and thematic developments, we aim to benefit from emerging opportunities while managing risks effectively. We incorporate thematic investing, at fair value.

WE AIM TO FOSTER ENDURING CLIENT RELATIONSHIPS BUILT ON TRUST AND PERSONALISED SERVICE, striving to exceed expectations in every aspect of our operations. Our commitment to innovation and excellence drives us to continually evolve our investment strategies and adapt to changing market conditions, ensuring sustained growth and prosperity for both our clients and our firm.



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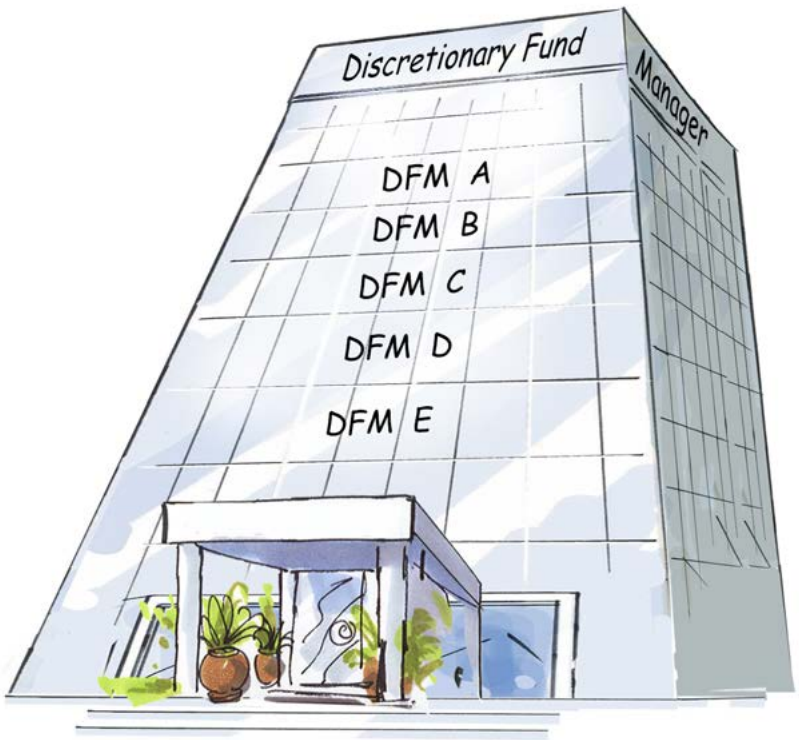
Discretionary Investment Manager (DIM) and a Discretionary Fund Manager (DFM) are terms that are often used interchangeably. A Discretionary Investment Manager (DIM) and a Discretionary Fund Manager (DFM) are similar in their use of discretionary authority, but they differ in scope and role. In this chapter we will focus on the important role that Discretionary Fund Managers (DFMs) can play in the overall practice management strategy of FSPs that focus on investments.



Chapter 27

Strategic discretionary investment managers: (DFM)

Definition:

A DFM is a specialist entity (investment manager) responsible for creating and managing pooled investment solutions or model portfolios on a discretionary basis. Financial and investment advisors typically use these solutions for their clients.

Key characteristics

DFMs operate at a fund or model portfolio level, focusing on broader strategies rather than individual customisation for each client. DFMs work with financial advisors or institutions, rather than directly with individual investors.

DFMs offer access to multi-asset portfolios, actively managed funds, or bespoke strategies tailored to specific investment objectives and risk levels.

Primary focus

DFMs focus on delivering cost-effective, scalable, and diversified investment solutions for clients through investment advisors and/or financial planning firms.

Benefits of using a DFM

As an investment advisor, appointing a Discretionary Fund Manager (DFM) to manage the investment portfolios you recommend to your clients can offer several benefits, including:

Professional expertise

DFMs are qualified professionals with specialised expertise in portfolio management. They possess deep knowledge of markets, asset classes, and investment strategies, ensuring that your clients' portfolios are managed using the best practices and up-to-date market insights.

Time efficiency

By outsourcing portfolio management to a DFM, you can focus your time and energy on client relationship management, financial planning, and other advisory functions. This allows you to grow your business and provide exceptional client service without being overwhelmed by the complexities of day-to-day portfolio management.

Enhanced client outcomes

DFMs have access to sophisticated tools, research, and resources that can result in better investment performance and risk management. They can tailor portfolios to specific risk tolerances and objectives, ensuring alignment with your clients' goals.

Responsiveness to market changes

DFMs can make swift investment decisions in response to market conditions without requiring your or your clients' prior approval. This agility helps protect and grow client wealth in dynamic markets.

Risk diversification and management

DFMs use strategic asset allocation and diversification techniques to minimise risk while optimising returns. They often conduct stress testing and scenario analysis to ensure portfolios remain resilient across varying market conditions.

Compliance and regulation

DFMs handle regulatory requirements and reporting for investment portfolios, reducing the compliance burden on you. This ensures that portfolios are managed in accordance with legal and regulatory standards.

Tailored client solutions

Some DFMs offer bespoke investment solutions that cater to the unique needs of individual clients, such as tax-efficient strategies, ethical investments, or income-focused portfolios. This level of customisation can enhance client satisfaction and retention.

Alignment with fiduciary duty

Appointing an approved DFM demonstrates a commitment to acting in your clients' best interests when you may not have the necessary skills or time to conduct proper due diligence on asset managers. It signals that you prioritise financial and investment planning and understand the fundamental difference between financial planning and professional investment management.

Competitive advantage

Partnering with a reputable DFM can differentiate your advisory practice from competitors. Clients may view this partnership as an added layer of professionalism and sophistication. Most of the award-winning financial planning firms in South Africa have appointed DFMs to manage their clients' portfolios in accordance with their agreed financial plans and aligned with their investment proposals.

Shared responsibility

By collaborating with an authorised, reputable DFM, you separate the responsibility of the suitability of investment planning and advice from investment performance, reducing personal liability risks. It also adds credibility to your investment recommendations, as they are backed by a team of seasoned investment professionals.

By integrating a DFM offering into your practice, you can create a seamless and efficient service model that can enhance your value proposition to clients while focusing on your role as their trusted advisor.

Due diligence

Before conducting any due diligence, it is important to define the roles and responsibilities of the FSP and the DFM you are investigating. Advisors are responsible for the client engagement process, financial planning and investment recommendations, and manage the client relationship. DFMs take responsibility for portfolio construction and investment management according to the mandates agreed to between the parties.

With this in mind, here are a few important guidelines on what to look for during your FSP due diligence process, starting with the 5 P's – People, Philosophy, Process, Performance, and Portfolio management:

People

Leadership: Ensure the decision-makers have a strong track record and a clear understanding of investment management and client needs.

Team expertise and team stability: Assess the qualifications, experience, and specialisation of the team responsible for discretionary investment decisions. High staff turnover may signal internal issues or lack of stability.

Cultural Fit: Verify that their values and approach align with your FSP's ethical standards, philosophy and clients' goals.

Continuity and succession: Evaluate the depth of the team and plans for continuity in leadership roles.

Philosophy

Investment philosophy: Understand the guiding principles behind the discretionary manager's approach, for example: active versus passive, value investing, risk tolerance levels, etc.

Client-centric approach: Confirm that the philosophy prioritises client objectives and not just short-term portfolio returns. Confirm the DFM's alignment with your clients' goals, time horizons, and risk tolerance.

Onboarding and transition: Evaluate how smoothly they can onboard new clients or transition existing ones.

Consistency: Check whether the philosophy has remained stable across different market environments.

Process

Evaluate the process for exercising discretion in asset allocation, security selection, and rebalancing.

Confirm their ability to tailor portfolios to individual client goals and risk profiles.

Research and analytics: Assess the quality and depth of their market research and analysis.

Decision-making framework: Understand how decisions are made, including who has final authority and how conflicts are managed.

Risk management: Scrutinise how risks (market risk, interest rate risks, inflation risks, currency risks, credit risk, liquidity risk, political and regulatory risk etc.) are identified, monitored, and mitigated.

Performance

Please remember that performance is relative. Compare performance to relevant client needs and objectives over specific investment terms, benchmarks and peer groups. Review historical performance across different mandates and market cycles and assess consistency.

Risk-Adjusted Returns: Focus on metrics such as Sortino ratio, Sharpe Ratio, Information Ratio, and downside protection. Look for managers who deliver strong returns relative to the level of risk taken. If you are not very familiar with these concepts, all the more reason to consider partnering with a DFM. Ask them to explain it to you and how they manage risk.

Portfolio management

Determine how portfolios are structured and managed to ensure that clients will have positive outcomes. Look for diversification strategies: Review portfolio diversification across asset classes, regions, and sectors.

Turnover and costs: Examine turnover rates and their impact on fees and tax efficiency.

Use of alternatives: Assess the inclusion and management of alternative investments, such as hedge funds or private equity, and verify whether the instruments are regulated or not.

Compliance

It is important to verify the following:

- The DFM's status as an authorised financial services provider
- Their FSP profile on the FSCA website
- The DFM's compliance officer
- The frequency and quality of audits, compliance reviews, and oversight mechanisms
- The DFM's Treating Customers Fairly (TCF) Policy and Conflict of Interest Policy to ensure that your values are aligned when it comes to acting in the best interest of your clients

Governance

Confirm the DFM's governance processes to identify and manage compliance with governance requirements and compliance with all applicable laws pertaining to discretionary investment management.

Technology

Ensure that the DFM use advanced technology for portfolio analysis, reporting, and management.

Scalability: Ensure that their systems and processes can accommodate your client base without compromising quality.

Client reporting

Review the clarity, frequency, and depth of reporting provided to clients and advisors. Look for clear, user-friendly reporting that you can easily present to clients. Ensure clients have full visibility into portfolio holdings, changes, and rationales. Check if they provide online portals for you and your clients to track investments.

Fees and costs

Fee structure: Understand management fees, trading costs, and any performance-related fees. Ensure their fee structure is clear and aligns with the value they provide. Assess whether the discretionary manager adds enough value to justify their fees. Check for strategies to minimise trading and operational costs.

Competitive rates: Compare their fees to industry standards, ensuring they are competitive without compromising quality.

Transparency: Ensure that investment management costs can be explained to clients and that there are no hidden costs.

Communication and relationship management

Advisor interaction: Evaluate how well the discretionary manager communicates with advisors, including updates on performance and market outlooks.

Client education: Determine their ability to help clients understand their portfolios and investment decisions.

Responsiveness: Confirm their availability and responsiveness to advisor and client queries.

Communication: Ensure they are committed to clear, regular updates and reporting on portfolio performance and strategy changes.

Business model and stability

DFM stability: Review the financial health and stability of the DFM.

Business continuity plans: Ensure they have robust plans to handle unforeseen events or disruptions.

Reputation: Investigate their reputation in the industry, including feedback from other advisors or clients, if possible.

Training and education

Some DFM provide training to advisors on their process and products, which can enhance your confidence and credibility. Speak to other advisors who have partnered with the DFM for insights into their experience.

Enhancing the relationship between FSPs and DFMs

Enhancing the relationship between FSPs and DFMs can lead to better alignment, better collaboration, improved client outcomes, and streamlined operations. Here are a few key strategies to achieve this:

Build strong personal relationships

Foster mutual respect and understanding between your FSP and your DFM that will encourage long-term collaboration.

Value and enhance open and transparent communication

Schedule regular check-ins to discuss portfolio performance, market outlooks, and changes to client needs or risk profiles. Ensure your DFM provides clear, consistent, and detailed performance reports that advisors can easily share with and explain to their clients.

Leverage technology and tools

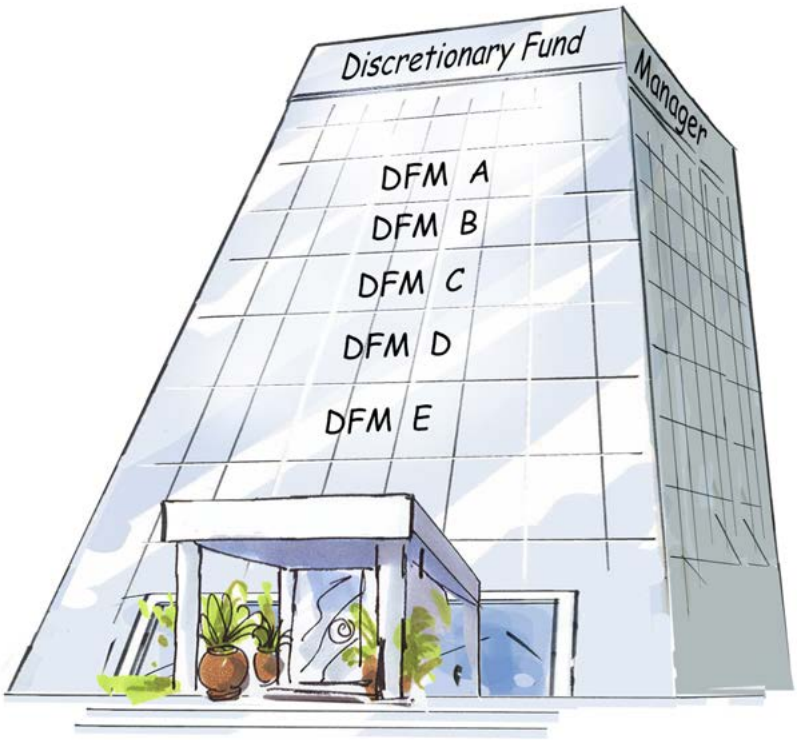
Use technology to improve collaboration, such as platforms that allow for real-time performance tracking and reporting.

Promote joint marketing and education efforts

You can partner with your DFM to host seminars, webinars, or educational events for clients, showcasing the value of discretionary fund management.

Address challenges proactively

Develop a clear process for resolving challenges to maintain a productive relationship.



Market-leading capabilities, world-proven results

Building tailored investment portfolios is a complex process. With Morningstar Investment Management, it doesn't have to be. We provide the tools for you to help your clients reach their goals, from asset allocation to manager selection to portfolio construction.

Capabilities like these come from experience—three decades of it, learned worldwide. We defined best practices and leveraged local expertise to craft a unique discretionary investment management experience delivered with top-tier service. The result? Empowered advisers, in South Africa and around the globe.

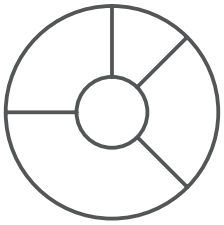
Explore capabilities from Morningstar South Africa
morningstar.com/en-za/products/investment-management

MORNINGSTAR

Morningstar Investment Management South Africa is an authorised Financial Services Provider with FSP number 45679.

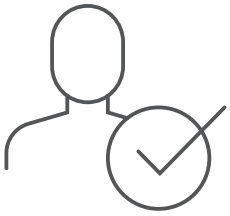
Morningstar Investment Management offers asset allocation, manager selection, and portfolio construction through a variety of solutions designed to fit your needs.

Our Core Capabilities



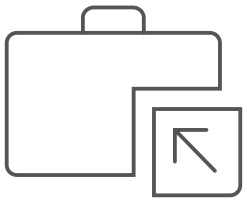
Asset Allocation

Our access to global data and research allows us to identify specific sources of returns across an unmatched range of investment opportunities.



Manager Selection

We select the best managers for our funds and ensure their quality with an ongoing structured review programme.



Portfolio Construction

We construct diversified, actively managed local and global portfolios. All of our risk-profiled portfolios aim to minimise costs and aid investors in reaching their goals.

Plug and Play Solutions

Morningstar Managed Portfolios

We offer a range of local model portfolios that serve as our off-the-shelf range, available on several LISP platforms. Partnering with Morningstar as your Discretionary Fund Manager gains access to these portfolios, content, and tools.

Global UCITS Funds

Morningstar offers three global USD-denominated UCITS funds, leveraging our global investment expertise in capital markets research and fund selection, and bringing a cost-effective, robust solution to South African investors. These funds are available on several offshore platforms, and access is provided to advisers on request.

Customised Solutions

Customised Model Portfolios for Cat I Firms

Firms with a CAT I license can partner with Morningstar as a Discretionary Manager to create and manage customised model portfolios on their behalf, containing your advice firm's branding and portfolio names on factsheets.

Outsourced CIO Service for CAT II Firms

Firms with a CAT II license can outsource the portfolio management and operations to Morningstar for a range of model portfolios, funds, and fund-of-funds, plus quarterly investment committee meetings and ad-hoc investment support.

graviton
member of Sanlam group

Plug and Power Your Financial Practice: Maximising Value with Graviton

for your future

If the following components of your business are becoming more and more taxing, Graviton may just be the solution for you:

- Practice management
- Capacity to get to everything that is necessary to manage your practice and grow your business
- Limited access to a wide range of product suppliers and doing due diligences on all of them
- A sound and consistent client engagement process
- Compliance that is integrated in your client engagement process
- Workflow
- Training
- Marketing your advisory brand
- Succession planning

We work to add to your value proposition, not to remove it. Join our network, build relationships and empower your practice journey.

Through our Graviton advice network, we allow our advisers and partners access to the international Sanlam research capabilities offered through the Multi Manager to strengthen the quality of advice while also using technology to enable the alignment of investments and advice.

With Sanlam being a trusted brand in the market as the largest black-owned multi-manager and network, there is an ease to doing business.

Advisers have access to a large corporate balance sheet, securing competitive pricing through our DFM and working with the COFI compliant framework of compliance, all while maintaining the benefit their own advisory brand.

And once we have built value with our advisers, how do we help them to create a legacy for their practice?

Succession planning is a key value proposition for financial advisers. Many independent advisers' partner with financial services networks like Graviton specifically to safeguard the continuity of their practices.

What sets Graviton apart is our unique ability to provide the regulatory framework and support needed, all while respecting and preserving advisers' unique brand and way of dealing with their clients.

To address the challenges of succession planning, we've developed a comprehensive solution designed to mitigate risk and ensure seamless business continuity.

Our approach includes a framework of governance and plan structuring, including the management of:

- Matching suitable, like-minded advisers within the Graviton network.
- Providing the legal and governance framework necessary for structuring succession deals.
- Offering valuation methodologies and facilitating agreements on terms.
- Structuring the sale of the practice, whether through share sales, book buys, or earn-out models.
- Enforcing agreements and ensuring adherence to key clauses.
- Offering funding solutions where needed.

Let us take care of the complexities of succession, so you can focus on what you do best - serving your clients.

Graviton Wealth Management (Pty) Ltd is an authorised financial services provider.
Registration No. 2000/029/158/07 | VAT Registration No. 4310 204 468 | Financial Services Provider No. 8772

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Transition with trust – safeguarding your practice for the next generation.

Future-proof your business by partnering with us to create a succession structure that reflects your unique vision and values.

for your future

Join our network, build relationships and empower your practice journey.

Contact us to find out more:

E: info@gravitonwm.com
T: 012 683 3417
A: The Terraces, Claremont,
West End Office Park, Centurion

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Fuelling the success of top financial advisers

Pioneering Precision Investment Management

portfoliometrix.com

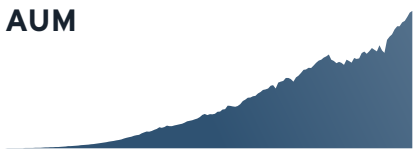
PortfolioMetrix Asset Management SA (Pty) Ltd is an Authorised Financial Services Provider, FSP number: 42383

With **PortfolioMetrix** as investment partner, advisers are free from the distractions that hold them back, giving them the space to achieve their full potential.

We are a global investment management and technology partner to financial professionals, with a focus on high-performing advisers and specialist multi-managers.

Financial advisers benefit from our ability to customise portfolios and from our proprietary **WealthExplorer™** technology, which enhances adviser effectiveness, business efficiency and the client journey. PortfolioMetrix manages over R85 billion, and employs 65 people in offices in London, Johannesburg, Dublin, and Cape Town.

We achieve consistent, market-leading investment outcomes through our precision-engineered portfolios, and have been recognised by the industry, our peers and financial advisers through multiple awards, which span investment outcomes, best DFM services, best technology, best client service, and best risk profiling service.



WealthExplorer™

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PORTFOLIOMETRIX

PortfolioMetrix Asset Management SA (Pty) Ltd is an Authorised Financial Services Provider, FSP number: 42383

Where artistry and science meet

Just as the best pastry chefs in the world do, we take the finest ingredients, blend them well, using intricate, tried-and-tested techniques, to produce the most appealing creations for any occasion.

Solutions Architecture is the creation of blueprints for wealth which blend timeless investment truths with the skill and artistry of experts.

Imagination, science and experience intersect to create **purpose-driven, flexible solutions** for your practice and clients.

Purpose-driven investment solutions

Glacier Invest draws on the full expertise of a leading discretionary fund management team to expertly craft solutions that meet both our intermediaries' and their clients' needs. We do this by meeting specific and customised investment outcomes through flexible solutions design.

Our revolutionary view on discretionary fund management adds ease, flexibility and simplicity to our intermediaries' lives and those of their clients. Alongside our manager and market research teams based around the world, we aim to create solutions that address unique investment needs.

Our experienced portfolio managers, operational teams and business development teams also partner with financial intermediaries to understand their unique business and client requirements.

Whether our intermediaries seek solutions for a sustainable living annuity income, desire tailored building-blocks for global portfolios, or need assistance in establishing a sustainable practice, we collaborate closely to expertly craft customised solutions that address their specific needs.

At Glacier Invest we blend world-class capabilities, operational scale and pricing power, and revolutionary technology to bring you the future of portfolio construction.

More time for your clients.

Equilibrium is a discretionary fund manager that brings balance into your advice practice.

We enable you to do what really matters.

That is the power of balance.

equilibrium

eqinvest.co.za

Equilibrium Investment Management (Pty) Ltd (Equilibrium) (Reg. No. 2007/018275/07) is an authorised financial services provider (FSP 32726) and part of Momentum Group Limited, rated B-BBEE level 1.

EQ-CL-569-AZ-0545

The key factors that matter to financial advisers

Florbela Yates, Managing Director at Equilibrium

To effectively serve their clients, advisers need certain essential elements to streamline their operations, enhance client interactions, and provide access to accurate and up-to-date information. There are seven key factors that can contribute to their success and in delivering top-notch financial advice:

1. Saving time

By using efficient tools, technology, and streamlined processes, advisers can minimise administrative tasks and focus on providing valuable advice to their clients. Time-saving measures can include automated data inputs and analysis, streamlined client onboarding, and efficient portfolio management systems.

Advisers can also look to a discretionary fund manager (DFM) like Equilibrium to find ways to enhance the value of their advice practices.

Some of the benefits that a DFM brings are in aligning portfolios across advisers in a practice or network, establishing a fund list, helping advisers with succession planning, and even the alignment of books during an acquisition.

2. Making conversations with clients easier

Advisers need tools and resources that facilitate seamless communication with their clients, such as secure messaging platforms, video conferencing capabilities, and client portals. This is especially important during times of increased market uncertainty and high volatility. Over the past three years, the demand for real-time communication and access to underlying holdings in the portfolio has increased substantially. Since advisers don't typically have access to this information, they rely on us to provide regular updates literally at the touch of a button.

3. Access to real-time information, manager insights, and portfolio information

Access to real-time information is crucial for advisers to make informed decisions and provide accurate advice. Having access to market data, economic insights, and portfolio performance analytics allows advisers to stay ahead of market trends, identify investment opportunities, and provide timely advice to their clients.

4. Access to portfolios that tie in with their advice process

Advisers require access to a range of investment options and portfolios that align with their unique advice process. This includes diversified portfolios, model portfolios, and customisable investment solutions. By having access to a wide range of investment options, advisers can tailor their recommendations to meet their clients' financial goals.

5. Reasonable fees

Advisers understand the importance of providing value to their clients while ensuring their services remain affordable. Offering reasonable and transparent fee structures builds trust and reinforces the adviser-client relationship. It is essential for advisers to communicate their fee structure clearly and demonstrate the value they provide in exchange for their fees.

6. Access to a human being

Despite advancements in technology, the human touch remains invaluable in the financial advisory industry. Advisers appreciate having access to dedicated support teams and experts who can assist them and enhances the adviser's ability to deliver high-quality advice.

7. Access to data and other information

Accurate and comprehensive data is necessary to make informed decisions and provide reliable advice. Access to reliable market data, research reports, economic indicators, and industry insights enables advisers to stay informed and offer well-informed recommendations. Additionally, access to educational resources and industry updates helps advisers stay up-to-date with the latest trends.

Conclusion:

By prioritising these factors, advisers can enhance their efficiency, improve client interactions, and provide valuable advice that aligns with their clients' goals and objectives.

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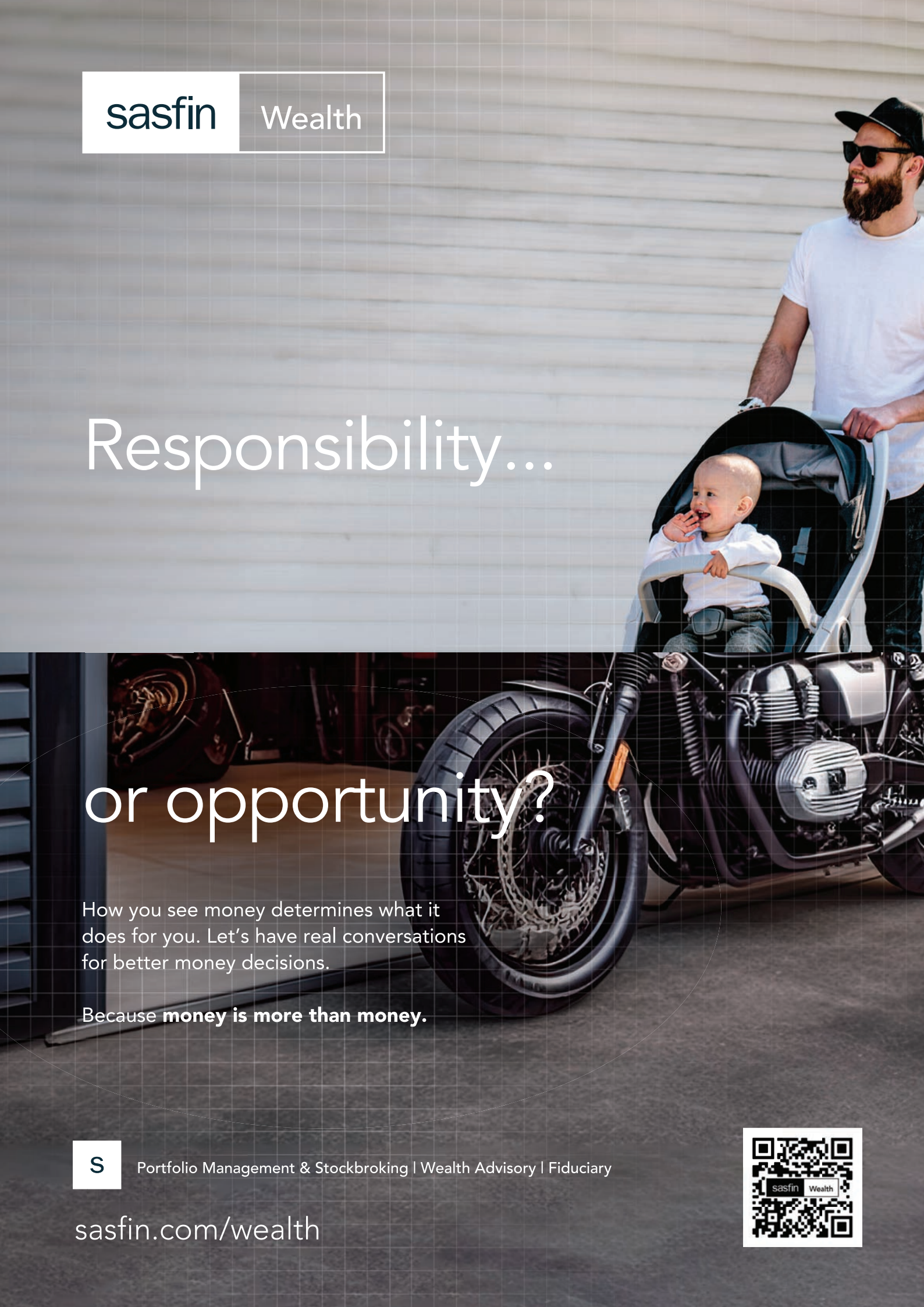
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Responsibility...
or opportunity?
How you see money determines what it does for you. Let's have real conversations for better money decisions.
Because **money is more than money.**
S
Portfolio Management & Stockbroking | Wealth Advisory | Fiduciary
sasfin.com/wealth
sasfin Wealth

Tailored Investment Solutions to meet your unique needs

At Sasfin Wealth, relationships are the cornerstone of our business, which is why we view each client engagement and investment strategy as unique. We manage assets on behalf of our clients, and their investment strategies are continually reviewed and adjusted to account for global trends.

Our ability to think and act globally enables us to tailor investment solutions, ultimately empowering our clients to retire with dignity and leave a lasting legacy.

Global as an Investment Framework

Investing globally has the advantage of allowing investors to manage their risk more efficiently by diversifying exposure across asset classes, geographical regions, as well as business sectors.

For South Africans today, it has never been easier or more cost-effective to own a diversified offshore investment solution. For the discerning investor who wants to own shares directly in specific companies, our investment solutions allow them this flexibility, as well as the opportunity to complement their other investments.

Why invest in a Personal Share Portfolio?

A Personal Share Portfolio allows astute investors to own a truly tailored investment solution which can be adapted to their lifestyles. This is done by owning securities globally in a portfolio constructed specifically for them, through the expertise and experience of a dedicated Portfolio Manager.

Some potential advantages of investing in **Personal Share Portfolios:**

- Exclusivity
- Active market participation
- Selective market entry/exit
- Flexibility
- True

Our Investment Philosophy

Sasfin Wealth has managed global portfolios for over a decade and has developed a well-structured research process to focus on the highest quality companies from around the world driving these global trends.

Our investment team's philosophy combines company research with global macroeconomic themes which are shaping the future. Our key goal is to be custodians for our clients and their wealth.

Our duty is primarily to manage our clients' money, but at the same time to empower them and ensure that they understand how and why they are investing. Quite simply, we look to invest in the highest quality companies globally – companies that produce and are projected to produce good earnings, are leaders in their respective sectors and have a high quality, trustworthy management team with a proven track record.

Contact us

Get in touch with our team of investment professionals who are committed to growing the wealth of our clients through high touch service and tailored local and global investment portfolios.

Sasfin Wealth refers to Sasfin Wealth (Pty) Ltd and its subsidiaries. This advert does not constitute advice and no liability is accepted. Data used is illustrative only and not guaranteed. Past performance may be uncorrelated to future performance. Clients should obtain advice from an authorised representative before taking any action

VEGA

ASSET MANAGEMENT

Bespoke investment management

Ready to explore new frontiers?

VEGA Asset Management is a boutique financial services firm specialising in the management of bespoke local and offshore investment portfolios.

www.vegaassetmanagement.co.za

Authorised financial services provider & registered asset manager | FSP reg no 776

VEGA
ASSET MANAGEMENT

Chosing a long term partner is one of life's most daunting decisions. The consequences of picking the wrong partner may even be more detrimental.

Select VEGA Asset Management as your partner when embarking on your most important financial journey.

We have the experience to navigate complex and challenging markets.

Contact us for -

- Bespoke local and offshore investment portfolios
- Tax free savings accounts
- Regulation 28 compliant share portfolios
- Wealth structuring

500+
High net worth clients

+17 Years
Proven track record

admin@vegacapital.co.za

Authorised financial services provider & registered asset manager | FSP reg no 776

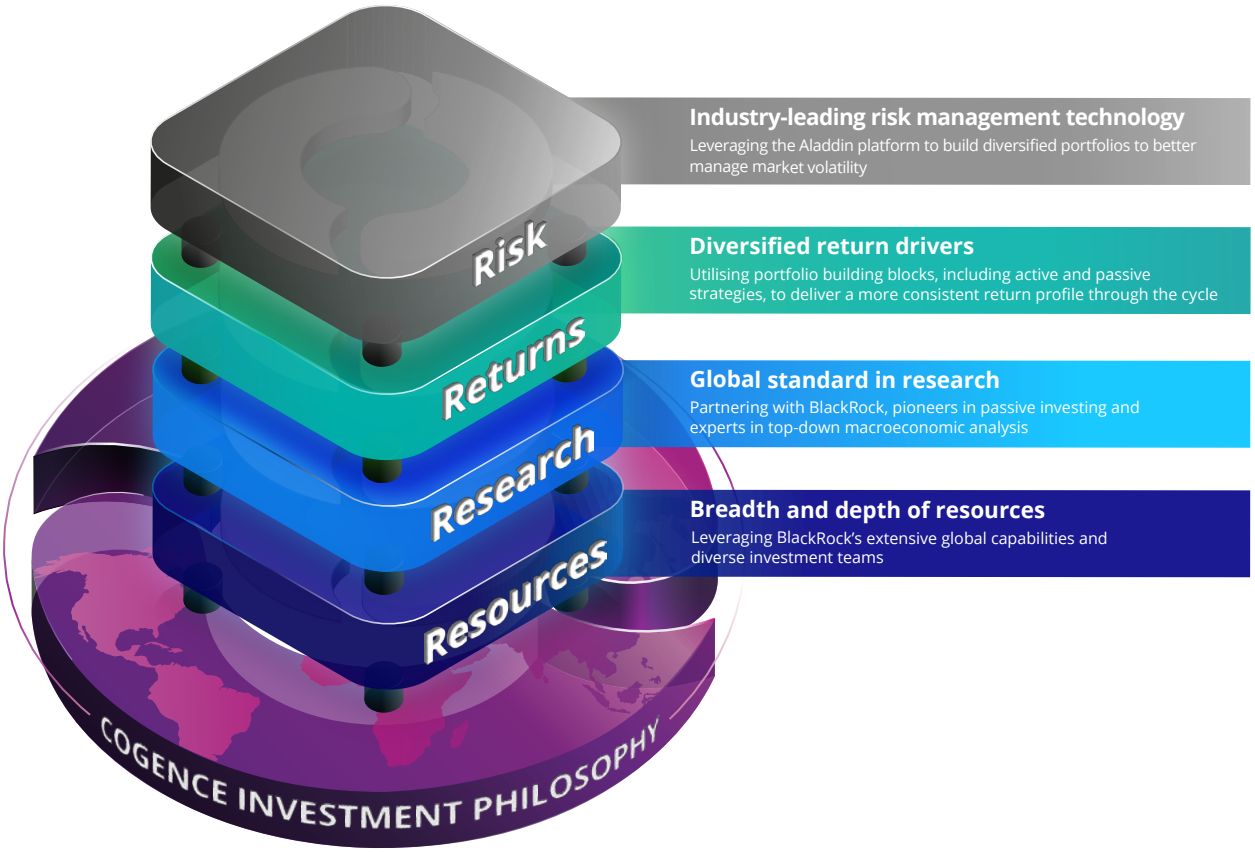
How a DFM like Cogence **can become your best ally**

cogence
BlackRock | Discovery

The investment landscape is evolving, shaped by technological advancements, regulatory changes, and market volatility influenced by geopolitical and economic factors. Keeping pace with the wide range of global fund and asset choices is an overwhelming challenge for any local business.

Given all this, financial advisers are looking for clarity to act in a complex world, and perspective to guide their clients more accurately. They require significant time and resources to maintain the high standard of service excellence and responsiveness that clients have come to expect.

By teaming up with a discretionary fund manager (DFM), advisers can better serve their clients in this complex financial environment by outsourcing the investment decision-making to a specialist partner. DFMs can complement local advisers' expertise with access to world-class investment management and technological capabilities that remove complexity and help clients achieve their financial goals.

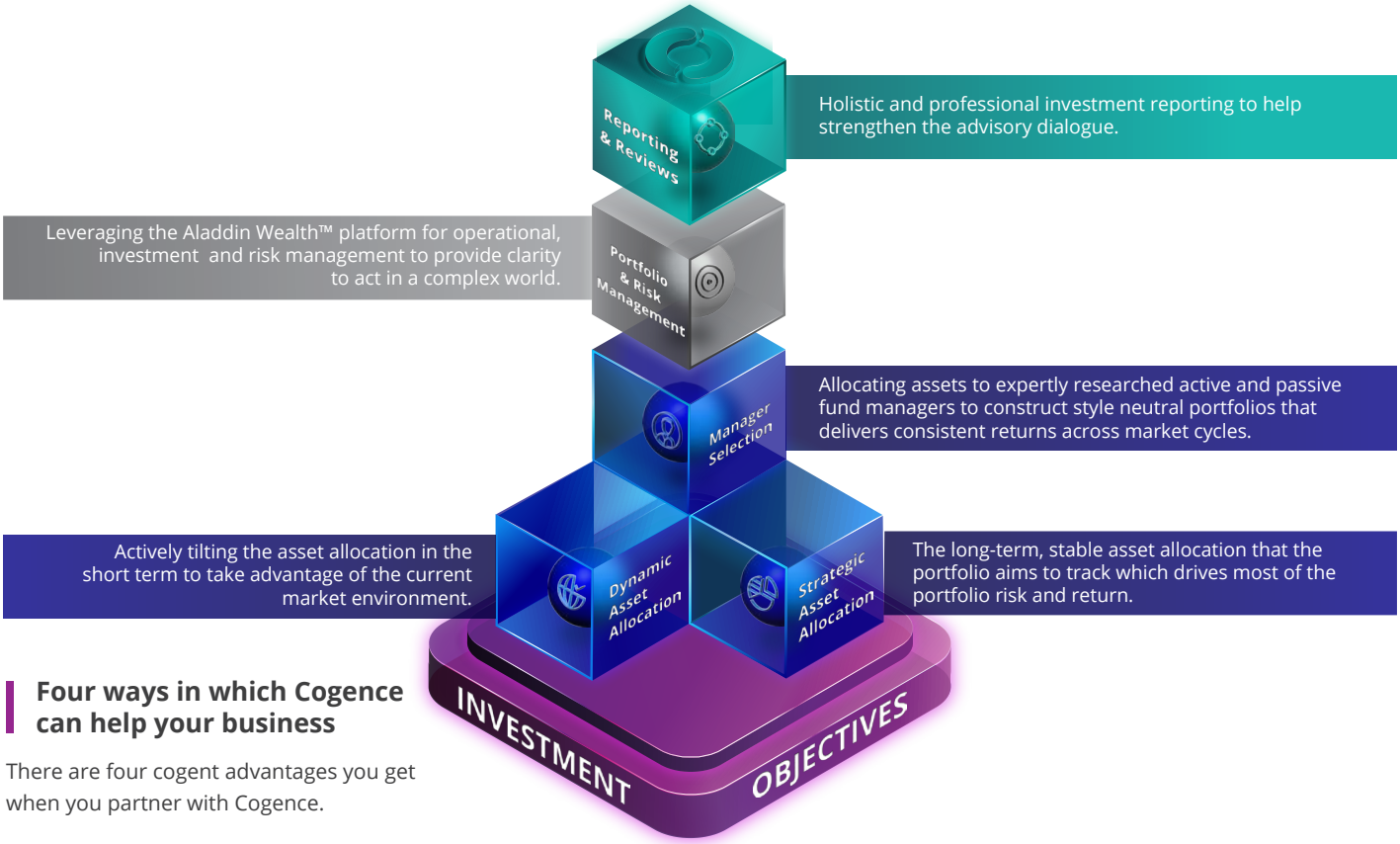


True global reach for diversification that matters

Finding a DFM that turns complexity into opportunity

In South Africa, top-tier DFMs are emerging as critical partners for financial professionals seeking a competitive edge. Of these, Cogence stands out by uniquely merging BlackRock's world-leading asset management capabilities, RisCura's local market expertise, and Discovery's behavioural insights from Vitality Healthy Futures.

These powerful partnerships enable Cogence to deliver investment intelligence that cuts through the noise with clarity, offering holistic, personalised investment solutions that meet clients' needs.



Four ways in which Cogence can help your business

There are four cogent advantages you get when you partner with Cogence.

01 | True global reach for diversification that matters

Partnering with Cogence provides you with access to BlackRock's unparalleled global resource capabilities, which include over 2,700 investment professionals across 38 markets worldwide (as at December 2024). BlackRock, a leader in global asset management, brings unmatched expertise in passive investing and top-down macroeconomic research. Their global-standard insights inform asset allocation and manager selection, ensuring portfolios are optimally positioned for diverse market conditions. Leveraging BlackRock's cutting-edge risk management platform, Aladdin Wealth™, portfolios are designed to manage volatility effectively, balancing active and passive strategies to achieve diversification and consistent results that deliver consistent returns across market cycles. This in turn reduces the impact of behaviour tax on clients' long-term returns.

02 | Technology that elevates engagement

Cogence aims to ensure an uncomplicated, seamless investment journey for all clients from start to finish. Our platform's seamless digital client onboarding and cutting-edge portfolio analysis capability improves efficiency, elevating the adviser experience to new heights. Once onboarded, Cogence enables you to generate co-branded holistic reporting, tailored to your clients' individual financial planning needs. Taking it one step further, uniquely, through BlackRock's Aladdin Wealth™ stress-testing capability, you can understand the impact of potential market events on clients' goals, providing the clarity to make informed investment decisions. This approach enables data-driven conversations, which are key to helping clients remain invested despite volatile markets.

03 | Holistic reporting incorporating all risks clients face

Cogence takes a holistic approach to retirement planning, recognising that addressing investment risk alone is insufficient. Financial plans must also account for clients' savings habits, health, and the impact of longevity on their financial needs in retirement. Cogence is the world's first discretionary fund manager that fully models retirement solutions, taking health experience into account. The outcome is a personalised, professional client report incorporating multi-dimensional financial planning aspects to help holistically manage clients' wealth.

04 | Futureproofing through powerful partnerships

Cogence has partnered with leaders in the industry who have a demonstrated track record of being at the forefront of innovation and investment prowess. With these strong partnerships, Cogence is well-positioned to deliver sustained success, aligning with the growth and ambitions of our advisers. Cogence can help advisers grow their practices and manage advice risk by streamlining their investment proposition. A centralised, repeatable investment approach leads to better client outcomes by reducing poor investor behaviour, boosting client satisfaction, and improving retention. This consistency supports practice growth while reducing variable costs through more efficient processes for managing clients. Ultimately, having an attractive value proposition enhances the scalability of an adviser's practice, creating value not just for immediate growth but also for long-term succession planning.

So why not embrace the future of investing with Cogence? Visit cogence.co.za to learn more.

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EXPERIENCE TRUE PEACE OF MIND

At MitonOptimal, we understand that managing your clients' investments can be a complex journey. That's why we're here – to provide you with peace of mind every step of the way. Our established investment expertise, dedicated support, and commitment to long-term partnership empower advisers to navigate the financial landscape with confidence. Contact us to experience the reassurance that comes from having a reliable partner by your side.

MitonOptimal

George Dell | Executive Director, DFM
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THE POWER OF BEING AN INDEPENDENT DISCRETIONARY FUND MANAGER

MitonOptimal stands as a proudly independent Discretionary Fund Manager (DFM) and Model Portfolio Service (MPS) provider, committed to offering tailored, client-focused investment solutions that align with an advisers' practice while adhering to all regulatory requirements.

What is an Independent DFM?

An independent DFM operates autonomously, free from the constraints and onerous governance structures of larger financial institutions. This independence not only facilitates a more personalised approach but also ensures that investment decisions are made with agility and precision. By following stringent internal processes, the portfolio managers can act decisively while maintaining rigorous standards of oversight and accountability, minimising the bureaucratic delays and inefficiencies often associated with larger firms. This structured yet flexible framework allows for enhanced responsiveness to market opportunities and client needs.

The Benefits of Independence

1. Personalised Service:

Independent DFMs prioritise building strong relationships with advisers. This means understanding their book of clients, risk tolerance, and investment preferences – resulting in tailored portfolios that are an honest reflection of the adviser in meeting the needs of clients.

2. Agility and Flexibility:

The financial market is ever-evolving, and an independent DFM can adapt swiftly to changing market conditions. They have the freedom to pivot strategies without the lengthy approval processes that larger institutions face, ensuring clients benefit from timely investment decisions.

3. Focus on Client Interests:

With no external pressures from shareholders or corporate mandates, independent DFMs can prioritise advisers' best interests. This 'adviser-centric' approach fosters trust and transparency, essential components of a successful investment relationship.

4. Diverse Investment Strategies:

Independent DFMs have the liberty to explore a broader range of investment opportunities. They can select from a wide array of asset classes, sectors, and geographical markets, tailoring strategies that capitalise on emerging trends and niche markets.

5. Customisation:

Independent DFMs can offer bespoke solutions, crafting unique investment strategies based on individual client circumstances rather than relying on standardised products.

Why Choose an Independent DFM?

Choosing to work with an independent DFM means opting for a partnership that values an adviser's needs and aspirations – portfolio management, client service, practice management and compliance.

In a world where investment decisions and proper due diligence can be overwhelming, independent DFMs stand out as advocates for advisers, combining expertise with a personalised touch.

Conclusion

The power of being an independent DFM lies in the steadfast commitment to prioritising advisers and their clients. Independent DFMs, like MitonOptimal, bring unmatched expertise and flexibility, offering investment solutions and services that are not only tailored to client needs but also exceed expectations.

As a leading independent DFM in the South African Financial Services Industry, MitonOptimal provides financial advisers with a distinct advantage, delivering a level of value and peace of mind that strengthens their client relationships. By partnering with MitonOptimal, advisers can confidently enhance their client value proposition, knowing they have access to a suite of investment solutions and services backed by rigorous, world-class research and client centric focus. This partnership enables advisers to establish a professional and cohesive Centralised Investment Proposition (CIP) for their business, ensuring consistency, compliance, and quality across all client interactions.

With MitonOptimal, advisers gain a reliable ally dedicated to supporting their practice and helping them achieve superior client outcomes reinforcing their position as trusted, forward-thinking professionals in an increasingly competitive market.

OUR PERFORMANCE SPEAKS FOR ITSELF.

INN8 Invest, an award-winning DFM, supports advisers by managing investment decisions and portfolio construction. Built on pedigree, power, and partnerships, INN8 Invest delivers flexibility, expertise, and accountability.

DFMs allow advisers to focus on client relationships and financial planning, while the DFM manages the day-to-day investment decisions, portfolio construction, and market analysis.

In 2024, INN8 Invest took home three top awards at the 2024 Citywire DFM Awards: Overall Performance, Equity General – Global, and Multi-Asset High Equity.

A True Partnership

At INN8 Invest, we understand your advice process is unique. That's why we work with you to create tailored solutions that integrate seamlessly with your business. With this partnership, you benefit from specialised expertise, which ultimately enhances the investment experience for your clients and supports long-term performance.

We're more than a provider—we're a partner who:

- Aligns our services with your business and client needs
- Empowers you to deliver the results your clients expect
- Keeps advisers involved throughout the investment journey

Pedigree: best-in-class expertise

- 300+ years of collective industry experience
- R120bn+ in Assets Under Management
- R500bn+ in Assets Under Stewardship

Power: financial stability and future-focused innovation

- Backed by a large balance sheet for sustainability and longevity
- Expertise in local and global manager research with flexible execution approaches
- Competitive fees leveraged through our scale
- ESG and technology innovations at the core of what we do

The DFM Multiplier Effect

INN8 Invest unlocks potential in your advisory practice. In partnership with you, we:

- Deliver investment alpha
- Unlock practice alpha
- Enhance adviser alpha

Discover the INN8 Invest Difference

Visit inn8.co.za/inn8-invest to learn more about how we can transform your practice.

FUTURE FOCUSED. ENGAGED INVESTING.

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WINNER
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SOUTH AFRICA
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DFM AWARDS 2024
SOUTH AFRICA
MULTI ASSET SOUTH AFRICA - HIGH EQUITY
INN8 INVEST
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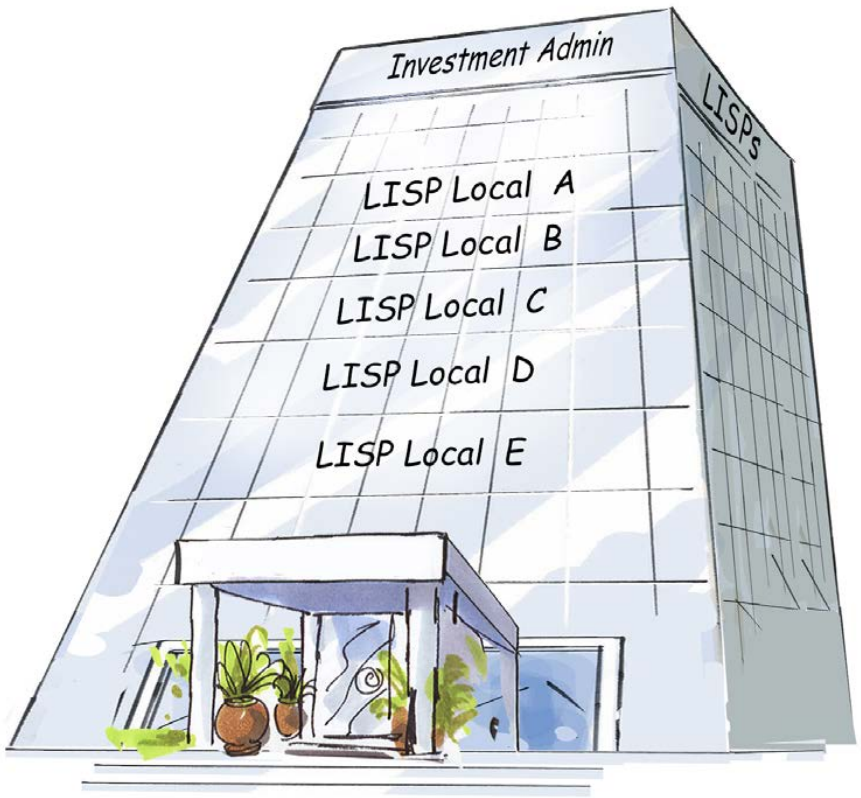
INVEST

A Linked Investment Services Provider (LISP) is a financial services entity that provides investors with access to a wide range of investment products and services. LISPs act as intermediaries between investors and the investment markets, offering administrative and operational platforms that simplify investing.



Chapter 28

Strategic investment administration providers: Local Linked Investment Services Providers (LISPs)

Benefits

Using a Linked Investment Services Platform (LISP) to administer your clients' investment portfolios offers several advantages, benefiting both you as the advisor and your clients. Below are the key benefits of the local investment administration platforms:

Business efficiency through consolidated administration

A LISP allows you to manage multiple client portfolios on a single platform, simplifying administration and reporting and reducing manual tasks, which can contribute to reduced costs for your FSP and your clients. Automating administration and transaction processes frees up time for you to focus on providing value-added advice. Clients can view all their investments across different asset classes and products in one place, enhancing the client experience. LISPs also offer investment reports on FSP level which provide important client data for practice management purposes.

Access to a wide range of investment options

Investment administration platforms typically offer a broad selection of investment options, including unit trusts, ETFs, shares, other instruments and tailored model portfolios.

Cost efficiency

Many platforms leverage economies of scale to offer lower administration fees, fund fees, and trading costs.

Transparent fee structures

LISPs provide clear breakdowns of costs, helping you and your clients make informed decisions.

Client reporting

Platforms provide detailed reports, including performance, asset allocation, and tax summaries, making it easier to communicate with clients. Annual tax certificates simplify clients' tax reporting obligations.

Simplified transactions

Switching between funds or asset classes within the platform is seamless, with minimal paperwork or delays. Clients can benefit from automated contributions, rebalancing, and withdrawals, adding convenience and consistency.

Regulation and compliance

LISPs are authorised financial services providers and subject to the provisions of the onerous Financial Advisory and Intermediary Services (FAIS) Act, and the Code of conduct for Administrative FSPs. LISPs are strictly regulated and therefore reduce your administration burden and compliance risks. All transactions and changes are recorded, ensuring transparency and accountability.

Flexibility

Platforms allow you to customise investment solutions for clients based on their unique goals, risk profiles, and preferences.

Scalability

As your client base grows, the platform can handle larger volumes of portfolios without adding operational complexity.

Integration with financial planning tools

Many LISPs integrate with financial planning software, enabling holistic advice and better alignment of investments with client goals. Some platforms often include tools for projecting future portfolio performance, helping with goal-based planning.

Real-time access

Clients can monitor their portfolios in real-time through online dashboards or mobile apps, increasing engagement and trust. FSPs can access client information anytime, enabling prompt responses to inquiries or changes.

Risk management

LISPs offer diversification through access to a wide range of asset classes and products which helps mitigate risk.

Enhanced client experience

A streamlined, centralised approach makes investing simpler and more accessible for clients, which makes it convenient. Clear, transparent reporting and fee structures build trust and improve client satisfaction and peace of mind.

Competitive advantage

Leveraging an investment administration platform demonstrates that you use advanced technology to manage investments, and optimising your application of the LISP's functionalities can differentiate you from competitors. A reputable LISP allows you to offer a comprehensive investment administration service, adding to your FSP value proposition.

Professional Image: Partnering with a reputable, and efficient investment administration platform enhances your credibility and professionalism in your clients' eyes.

Due diligence

When selecting a Linked Investment Services Platform (LISP) to partner with for investment administration, thorough due diligence is essential. Below are the key factors to evaluate to ensure the platform meets your needs and aligns with your FSP's goals:

Regulatory compliance: Licensing and registration

Confirm the platform complies with regulatory requirements and is licensed by relevant authorities. Assess the platform's internal controls, risk management processes, and commitment to compliance.

Range of investment options

Ensure the platform provides access to a wide range of investment products, including unit trusts, ETFs, shares, structured products, and alternative investments. Check if the platform supports bespoke model portfolios and discretionary fund manager solutions.

Alignment

The platform's values and mission should align with your practice's goals and client-centric philosophy. Evaluate their willingness to work collaboratively with you to enhance client outcomes.

Administrative efficiency

Look for streamlined, efficient processes for transactions such as fund switches, withdrawals, and rebalancing. Assess features like automated investment contributions, income reinvestments, and rebalancing which save time and reduce errors. Evaluate the platform's processing speed for instructions and requests, ensuring it aligns with your clients' expectations.

Security and data protection

The platform should have robust cybersecurity measures to protect sensitive client information. Confirm that the platform has reliable data backup and disaster recovery processes. Ensure adherence to data protection regulations like GDPR or local equivalents.

User-friendly technology

Evaluate the ease of use and functionality of the advisor interface, including reporting, portfolio management, and client onboarding. Confirm compatibility with your financial planning and CRM software for seamless operations. Assess the client-facing portal with features like real-time access to portfolio performance and statements.

Cost structure

Look for clear and detailed pricing structures, including administration fees, transaction costs, and fund charges. Compare costs with other platforms to ensure that they are competitive and that you and your clients are getting value for money. Verify that there are no hidden charges for additional services like reporting or account transfers.

Robust reporting and analytics

Ensure the platform provides detailed, customisable reports for clients, including performance, and asset allocation. Investigate access to real-time portfolio performance and analytics which enhances the quality of client engagement. Confirm compliance with regulatory reporting requirements, such as tax certificates and transaction audit trails.

Service and support

Check if the platform offers a dedicated relationship manager or support team for your FSP. Look for ongoing training opportunities and access to resources like webinars, guides, and updates. Assess the quality and availability of support provided to your FSP, including helpdesk hours and responsiveness.

Flexibility

Look for flexibility in customising portfolios and incorporating external investments, if needed. Check if the platform accommodates features like beneficiary nominations and trust structures for purposes of estate planning.

Scalability

Ensure the platform can adapt to your business's growth and client needs over time. The platform should be able to handle increasing volumes without compromising service quality.

Reputation and track record

Platforms with an established history are more likely to have proven systems and processes. Speak to other advisors using the platform to gather insights into their experiences.

Tax administration

Ensure the platform provides detailed tax summaries and supports tax-efficient investment strategies.

Innovation

Investigate the platform's commitment to continuous improvement and innovation. Evaluate their readiness to adapt to regulatory changes and market trends.

Enhancing the business relationship between your FSP and the LISP

Enhancing the business relationship between an investment advisory firm (FSP) and a LISP platform requires a deliberate approach focused on mutual respect, collaboration, trust, alignment of objectives, and a mutually beneficial partnership. Below are actionable steps:

Clear communication of needs and expectations

Define specific service standards and operational requirements upfront, such as turnaround times, reporting formats, or access to data. Provide feedback on platform functionality and highlight areas for improvement regularly. Participate in platform surveys or advisory boards to contribute to the LISP's ongoing development. Provide constructive feedback based on client experiences to ensure the platform evolves to meet the needs of the FSP and clients.

Shared client-centric goals

Prioritise an ongoing mutual commitment towards a client-first approach by aligning and collaborating with the LISP platform to improve the client experience, from simplified documentation, investment statements and improved investment reporting.

Compliance

Stay proactive in addressing compliance requirements to reduce administrative delays and/or regulatory risks.

Transparency

Maintain transparent operations, providing the platform with accurate data and documentation to facilitate smooth administration.

Collaborative problem-solving

Work closely with the platform's account managers to address administrative challenges or inefficiencies. Seek solutions for shared pain points, like simplifying the onboarding process or streamlining compliance requirements. Work together on tools and towards solutions that simplify compliance without overwhelming the client.

Technology integration and innovation

Work towards integration between the platform's systems and the FSP's CRM or financial planning software to enhance data flow and efficiencies.

Training and education

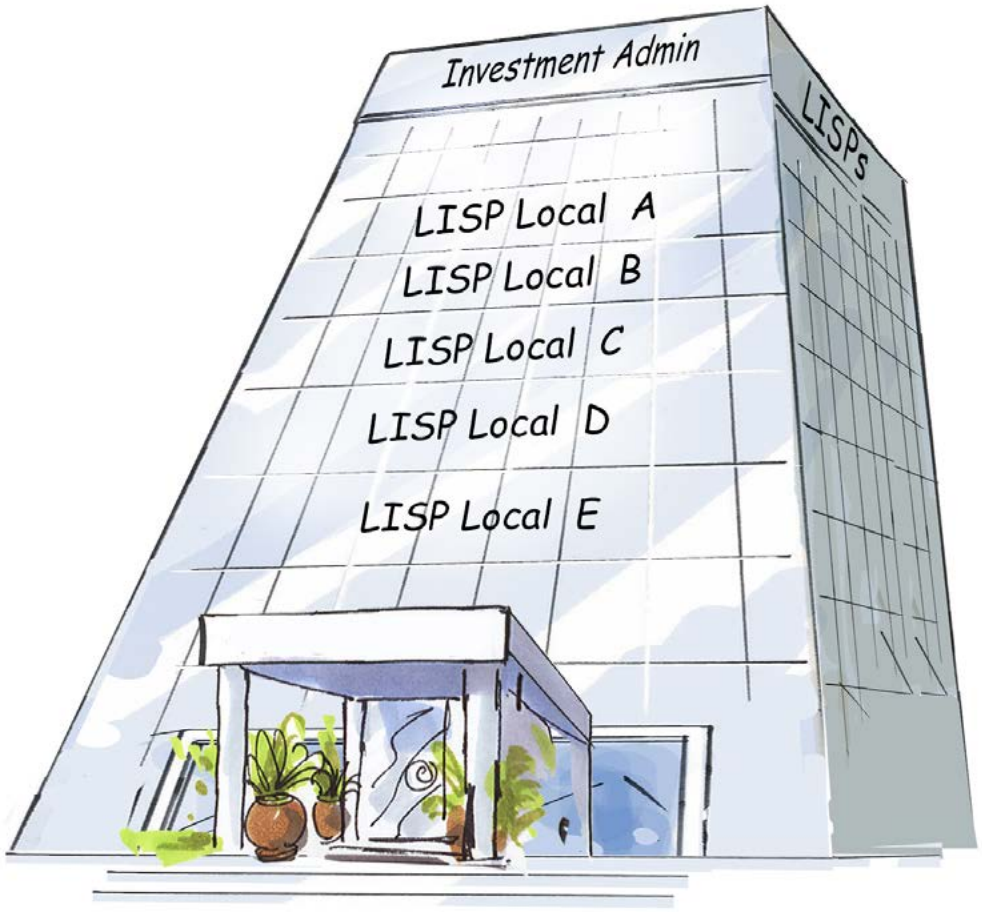
Invest in training staff to effectively use the platform's tools and features. Collaborate with the platform to provide workshops or webinars for advisors to maximise the platform's value.

Regular reviews

Conduct periodic review meetings with the platform's representatives to evaluate service delivery, address concerns, and discuss strategic plans relationship. Review service-level agreements (SLAs) that align and manage expectations for both parties.

Loyalty

Offer loyalty in return for consistently high-quality service, strengthening the relationship over time.


Investment Admin
LISPs
LISP Local A
LISP Local B
LISP Local C
LISP Local D
LISP Local E

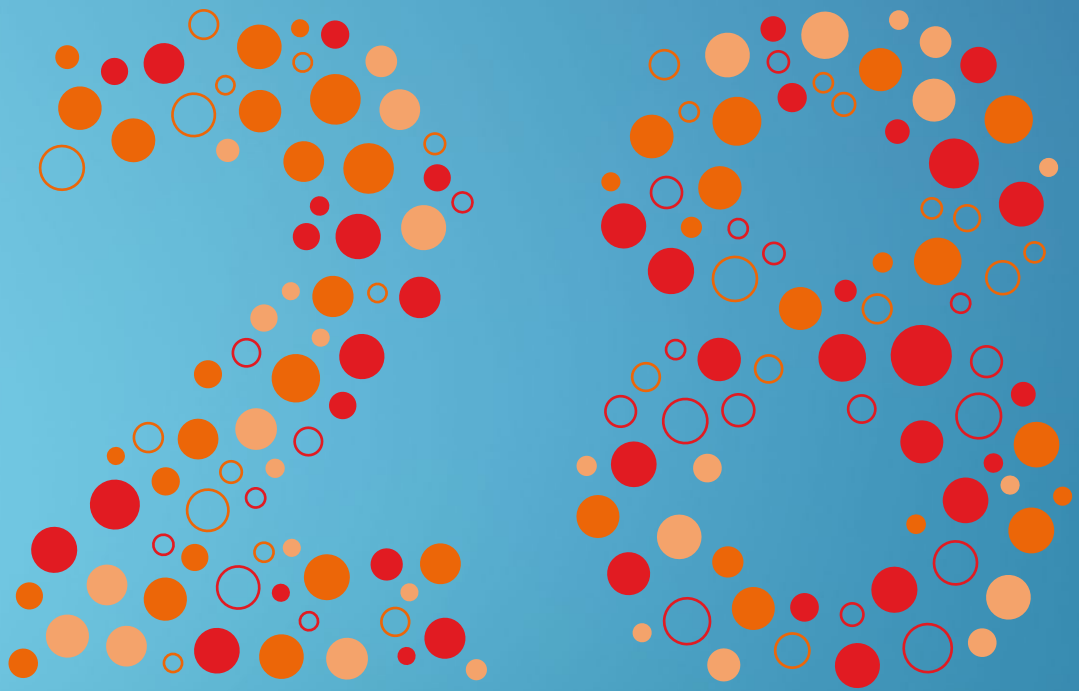
glacier
by Sanlam

Partner with us to unlock **infinite investment opportunity.**

Unlocking infinite investment opportunities

Before all else, Glacier's purpose is to enable financial freedom now and for generations to come. It's what gets us out of bed in the morning. This purpose finds expression through our solution set which encompasses local investments, including fixed-term investments and investments with guarantees, international investments, retirement savings solutions and retirement income solutions. While each solution has its own distinct purpose, they all share the superior quality and commitment that have come to distinguish Glacier.

Our continuous performance and growth, even amid global financial crises, attest to the success of our approach. We are flexible, consistent and committed to being the best. We never forget that we're dealing with people's hard-earned savings, and that with our combined expertise, we can help clients to achieve a life of confidence.



years of helping people

on their investing journey to success.

Personal relationships and strong partnerships are in our DNA.

With us, financial advisers and clients are not just numbers – they are our friends and our family. Together we help people build and protect their financial dreams on their investing journey to success.

Speak to your Investment Consultant or visit **momentum.co.za**

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Momentum Wealth

Momentum Wealth is part of Momentum Investments and Momentum Group Limited. Momentum Wealth (Pty) Ltd is an authorised financial services provider (registration number 1995/008800/07, FSP number 657). Momentum Metropolitan Life Limited is an authorised financial services and credit provider (registration number 1904/002186/06, FSP number 6406).

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Leveraging technology to enhance business growth for financial advice practices

- Hymne Landman, CEO of wealth management at Momentum Wealth

Fintech is barely a generation old but already has a daily impact on billions of humans across the globe.

Financial advisers can leverage fintech to strengthen their individual client value propositions and accelerate their business growth. Like most businesses, today's financial advisers need to create time, scalability, and client growth.

Technology can help overcome these challenges.

A creator of time

According to the results from the 2019 United States Advisor Metrics report from Cerulli Associates, advisory firms that have fully adopted technology spend 34% less time resolving client service issues and have 24% more time for practice management activities. Heavy technology-using advisory firms also report an average of double the assets under management of their 'light' technology-using counterparts, due to time and scalability benefits.

A creator of scalability

Technology can enable advice practices to build efficiencies to enhance processing and administration by taking care of their back-office, which ultimately lowers costs. By automating processes, we gain efficiency and speed and reduce human error, and the service experience can be enhanced and personalised.

A stronger client proposition

How do financial advisers secure a client growth and retention strategy? Many advisers have used client segmentation models for years, based on age or size of wealth. Fintech offers powerful tools for advisers to personalise the client experience and develop a differentiated proposition.

Data has power when it comes to personalisation

As a Linked Investment Service Provider (LISP) platform, Momentum Wealth is increasingly exploring ways to use the power of data and information in our systems to hyper-personalise client communication and reporting.

Data can be used to prove whether the advice given has truly helped clients achieve their personal financial goals or predict whether it will. Where the data proves otherwise, it can provide guidance to adapt the plan or strategy.

The reasonable approach is for an adviser to identify the key aspects of their business that they believe need improvement and then consider technology that provides a solution for their specific pain points.

Doing business with us digitally is already easy, fast and secure, but it will become even more personalised with limitless possibilities as we rapidly advance our grasp on technology with our platform of the future. We will never lose the human touch – we believe that singular personalisation is the way of the future: We provide you and your clients the individual attention they need on their investing journey to success.

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WEALTH IS ABOUT MUCH MORE THAN MONEY

It's about how you see yourself, the impact you want to make, the legacy you want to leave, your priorities for today and tomorrow. Together with your financial planner, our team of experienced specialists go to great lengths to understand what really drives you. Then we offer you a range of specialist wealth management solutions to help you grow, protect, leverage and ultimately, transfer your wealth for generations to come.

TAKE YOUR WEALTH FURTHER

ADVICE | RETIREMENT | PORTFOLIO MANAGEMENT | FIDUCIARY

Speak to your financial planner or visit oldmutual.co.za/wealth

WEALTH

DO GREAT THINGS EVERY DAY

Old Mutual Wealth is an elite service offering brought to you by several licensed FSPs in the Old Mutual Group.

A PARTNER IN GROWTH FOR YOUR BUSINESS

EMPOWERING FINANCIAL PLANNERS TO BUILD STRONGER PRACTICES

At Old Mutual Wealth, we understand the unique demands of being both a financial planner and a business owner. Our mission is to help you build a profitable practice while providing expert financial advice to your high-net-worth clients. With a focus on long-term relationships and a comprehensive range of specialist support, we work with you to enhance your business and grow your clients' wealth.

YOUR GATEWAY TO LOCAL AND OFFSHORE INVESTMENT SOLUTIONS

With an extensive selection of South African and global investment solutions, Old Mutual Wealth offers a personalised, integrated approach to wealth management. From inflation-targeting strategies to tailored investment portfolios, our solutions are designed to meet the sophisticated needs of your clients.

HOLISTIC WEALTH SOLUTIONS FOR ULTRA-HIGH-NET-WORTH CLIENTS

Private Clients by Old Mutual Wealth creates bespoke wealth solutions through a personalised point of contact, ensuring every aspect of your clients' portfolios is carefully managed to adapt to their evolving lives. Our Private Client Portfolio Managers craft and manage tailored share portfolios, investing directly into high-quality companies. Whether it's investment management, fiduciary services, or access to exclusive opportunities, we offer the expertise and guidance to secure multi-generational wealth.

TRUSTED, TRANSPARENT, AND OUTCOME-FOCUSED SOLUTIONS

Old Mutual International offers access to top-tier global investment funds, specifically designed for the South African resident and tailored to be relevant to the needs of the local market while remaining compliant with regulatory requirements. We help you build diversified portfolios to maximise returns while spreading risk across global markets.

Old Mutual Multi-Managers, together with our **Tailored Fund Portfolios** capability, are asset allocation and manager selection specialists that provide expertly managed, inflation-beating investment strategies, backed by research and a blend of active and passive management for cost-effective solutions.

ENHANCE YOUR CLIENT EXPERIENCE

We've developed a structured and rigorous lifestyle financial planning process that enhances the way you engage with your clients. Our client engagement tools, financial planning frameworks, and coaching programmes empower you to deliver a seamless, personalised experience that helps your clients take control of their financial future. With Old Mutual Wealth, you can offer advice that is not only sound but also life-changing.

TRANSFORM YOUR PRACTICE

Our **Business Transformation Services** are designed to help you take your practice to the next level. Through tailored consulting and cutting-edge business planning tools, we provide a future-fit approach to growing your business while enhancing your clients' experience.

Transform your business. Empower your clients. Partner with Old Mutual Wealth.

For more information, contact us at 0860 999 199 or email service@omwealth.co.za.

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WEALTH

Old Mutual Wealth is an elite service offering brought to you by several licensed FSPs in the Old Mutual Group.

An International Linked Investment Services Provider (International LISP) operates similarly to a domestic LISP but focuses on providing access to offshore investment opportunities and services in multiple jurisdictions. These providers allow investors to diversify their portfolios globally by offering administrative platforms for accessing international funds, asset classes, and markets. For any investment advisor who is serious about being competitive in the future, partnering with an international LISP or more is essential.

Chapter 29

Strategic investment administration providers: International Linked Investment Services Providers (LISPs)

Benefits

Using an International Linked Investment Services Platform (LISP) to administer your international clients' investment portfolios offers distinct advantages. Here are the key benefits:

Access to global investment opportunities

An international LISP platform provides access to international markets, enabling clients to invest in a wide range of asset classes and regions. Clients can hold investments in multiple currencies, reducing exchange rate risk and enhancing portfolio resilience. The platform typically offers global funds, ETFs, shares, bonds, and alternative investments that are typically not available on local LISP platforms.

Enhanced portfolio diversification

Spreading investments across different countries and regions helps reduce risk tied to any single market. Access to global industries, such as technology, healthcare, and renewable energy, emerging and frontier markets provide broader diversification opportunities.

Access to global expertise and insights

International administration platforms demonstrate your ability to offer sophisticated, international investment solutions. You can attract and retain high-net-worth and globally mobile clients with tailored global solutions. Using an international platform showcases your professionalism and broad capabilities. Most international LISPs provide research and insights on international markets, helping you make informed recommendations. FSPs can also gain access to data on emerging trends in different regions and sectors. By leveraging an international investment platform, you can offer your clients world-class solutions that address their international investment needs while positioning your practice as a sophisticated and forward-looking advisory FSP. A reputable LISP allows you to offer a comprehensive investment administration service, adding to your FSP value proposition. Partnering with a reputable, and efficient investment administration platform enhances your credibility.

Business efficiency through consolidated administration

A LISP allows you to manage multiple international client portfolios on a single platform, simplifying administration and reporting and reducing manual tasks, which can contribute to reduced costs for your FSP and your clients. Automating administration and transaction processes frees up time for you to focus on providing value-added advice. Clients can view all their investments across different asset classes and products in one place, enhancing the client experience. LISPs also offer investment reports on FSP level which provide important client data for practice management purposes.

Seamless cross-border transactions

The international investment administration platform simplifies transferring funds and investments across borders. It also allows clients to transact in different currencies without frequent conversions, and facilitates investment management for expatriates, international businesses, and globally mobile clients.

Centralised administration across jurisdictions

LISPs allow FSP's to manage portfolios spanning multiple jurisdictions from a single platform. Consolidated global reporting gives clients a comprehensive view of their international investments.

Estate planning

International LISP platforms support clients with estate planning across jurisdictions, including trusts and offshore entities. These platforms simplify investment transfers for heirs or beneficiaries and ensure seamless transitions of assets across borders in the event of a client's death or relocation.

Integration with financial planning tools

Some LISPs integrate with financial planning software, enabling holistic advice and better alignment of investments with client goals. Some platforms often include tools for projecting future portfolio performance, helping with goal-based planning.

Cost efficiency and transparent fee structures

Many platforms leverage economies of scale to offer lower administration fees, fund fees, and trading costs. LISPs provide clear breakdowns of costs, helping you and your clients make informed decisions.

Simplified transactions

Switching between funds or asset classes within the platform is seamless, with minimal paperwork or delays. Clients can benefit from automated contributions, rebalancing, and withdrawals, adding convenience and consistency.

Client reporting

Platforms provide detailed reports, including performance, asset allocation, and tax summaries, making it easier to communicate with clients. International LISPs often provide tools to optimise tax efficiency, such as withholding tax recovery services. Platforms also assist with effective and consolidated tax reporting for clients with international tax obligations. Consolidated annual tax certificates simplify clients' tax reporting obligations.

Regulation and compliance

LISPs are authorised financial services providers and subject to the provisions of the onerous Financial Advisory and Intermediary Services (FAIS) Act, and the Code of conduct for Administrative FSPs. LISPs are strictly regulated and therefore reduce your administration burden and compliance risks. All transactions and changes are recorded, ensuring transparency and accountability. Adherence to international regulations reduces compliance risks for both advisors and clients.

Flexibility

Platforms allow you to customise investment solutions for clients based on their unique goals, risk profiles, and preferences. International platforms cater to complex client needs, such as multi-generational wealth management and high-net-worth individuals.

Scalability

As your client base grows, the platform can handle larger volumes of portfolios without adding operational complexity.

Access to portfolios

Online access to investment portfolios ensures FSPs can view and manage portfolios from anywhere in the world.

Risk management

LISPs offer diversification through access to a wide range of asset classes and products which helps mitigate risk.

Enhanced client experience

A streamlined, centralised approach makes investing simpler and more accessible for clients, which makes it convenient. Clear, transparent reporting and fee structures build trust and improve client satisfaction and peace of mind.

Due diligence

When selecting an International Linked Investment Services Platform (LISP) to partner with for investment administration, thorough due diligence is essential. Below are the key factors to evaluate to ensure the administration platform meets your needs and aligns with your FSP's goals:

Regulatory compliance: Licensing and registration

Confirm the platform complies with regulatory requirements and is licensed by relevant authorities. Assess the platform's internal controls, risk management processes, and commitment to compliance. Ensure the platform is compliant with regulations in all jurisdictions where your clients invest. Confirm the platform's adherence to global Anti-Money Laundering (AML) and Know Your Customer (KYC) requirements.

Range of investment options

Ensure the platform provides access to a wide range of international investment products, including unit trusts, ETFs, shares, structured products, and alternative investments. Check if the platform supports bespoke model portfolios and discretionary fund manager solutions.

Multi-currency functionality

Check if the platform supports multi-currency accounts and enables seamless transactions in multiple currencies. Evaluate the costs and frequency of currency conversions. Look for tools that enable currency risk hedging when needed.

Alignment

The platform's values and mission should align with your practice's goals and client-centric philosophy. Evaluate their willingness to work collaboratively with you to enhance client outcomes.

Administrative efficiency

Look for streamlined, efficient processes for transactions such as fund switches, withdrawals, and rebalancing. Assess features like automated investment contributions, income reinvestments, and rebalancing that save time and reduce errors. Evaluate the platform's processing speed for instructions and requests, ensuring it aligns with your clients' expectations.

Security and data protection

The platform should have robust cybersecurity measures to protect sensitive client information. Confirm that the platform has reliable data backup and disaster recovery processes. Ensure adherence to data protection regulations like General Data Protection Regulation (GDPR) or other equivalents.

User-friendly technology

Evaluate the ease of use and functionality of the advisor interface, including reporting, portfolio management, and client onboarding. Confirm compatibility with your financial planning and CRM software for seamless operations. Assess the functionality of client-facing portals.

Cost structure

Look for clear, detailed and competitive pricing structures, including administration fees, transaction costs, and fund charges. Ensure that your clients are getting value for money.

Robust reporting and analytics

Ensure the platform provides detailed, customisable reports for clients, including performance, and asset allocation. Investigate access to real-time portfolio performance and analytics which enhances the quality of client engagement. Confirm compliance with regulatory reporting requirements.

Service and support

Check if the platform offers a dedicated relationship manager or support team for your FSP. Look for ongoing training opportunities and access to resources like webinars, guides, and updates. Assess the quality and availability of support provided to your FSP, including helpdesk hours and responsiveness.

Flexibility

Look for flexibility in customising portfolios and incorporating external investments, if needed. Check if the platform accommodates features like beneficiary nominations and trust structures for purposes of estate planning.

Scalability

Ensure the platform can adapt to your business's growth and client needs over time. The platform should be able to handle increasing volumes without compromising service quality.

Reputation and track record

Platforms with an established history are more likely to have proven systems and processes. Speak to other advisors using the platform to gather insights into their experiences.

Tax administration

Ensure the platform provides detailed tax summaries and supports tax-efficient investment strategies.

Innovation

Investigate the platform's commitment to continuous improvement and innovation. Evaluate their readiness to adapt to regulatory changes and market trends.

Enhancing the business relationship between your FSP and the LISP

Enhancing the business relationship between an investment advisory firm (FSP) and a LISP platform requires a deliberate approach focused on mutual respect, collaboration, trust, alignment of objectives, and a mutually beneficial partnership. Below are actionable steps:

Clear communication of needs and expectations

Define specific service standards and operational requirements upfront, such as turnaround times, reporting formats, or access to data. Provide feedback on platform functionality and highlight areas for improvement regularly. Participate in platform surveys or advisory boards to contribute to the LISP's ongoing development. Provide constructive feedback based on client experiences to ensure the platform evolves to meet the needs of the FSP and clients.

Shared client-centric goals

Prioritise an ongoing mutual commitment towards a client-first approach by aligning and collaborating with the LISP platform to improve the client experience, from simplified documentation, investment statements and improved investment reporting.

Compliance

Stay proactive in addressing compliance requirements to reduce administrative delays and/or regulatory risks.

Transparency

Maintain transparent operations, providing the platform with accurate data and documentation to facilitate smooth administration.

Collaborative problem-solving

Work closely with the platform's account managers to address administrative challenges or inefficiencies. Seek solutions for shared pain points, like simplifying the onboarding process or streamlining compliance requirements. Work together on tools and towards solutions that simplify compliance without overwhelming the client.

Technology integration and innovation

Work towards integration between the platform's systems and the FSP's CRM or financial planning software to enhance data flow and efficiencies.

Training and education

Invest in training staff to effectively use the platform's tools and features. Collaborate with the platform to provide workshops or webinars for advisors to maximise the platform's value.

Regular reviews

Conduct periodic review meetings with the platform's representatives to evaluate service delivery, address concerns, and discuss strategic plans relationship. Review service-level agreements (SLAs) that align and manage expectations for both parties.

Loyalty

Offer loyalty in return for consistently high-quality service, strengthening the relationship over time.

We know that investing offshore can seem tricky.

With our true offshore investment platform, more than 20 years of delivering excellence, and the latest technology at your fingertips, we make it a personalised and exciting journey for you and your clients.

Speak to your Momentum Consultant today to find out more about a world of investing possibilities, or visit **momentum.co.gg**

momentum
wealth international

Momentum Wealth

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momentum
wealth international

What makes Momentum Wealth International a compelling international platform?

- Martiens Barnard, marketing actuary at Momentum Investments

Momentum Wealth International, Momentum Wealth's offshore investment platform, offers a wide range of investment funds designed to cater for varying market conditions and investor needs. Clients have the flexibility to choose from a range of more than 1 200 funds denominated in various foreign currencies.

Yet, while we bring you this plethora of choices, we also make fund selection easier with the help of our investment partners, Curate and Equilibrium. Curate is an independent, global fund manager, that gives investors the simplicity of a range of unit trust funds to meet their requirements. Equilibrium offers you discretionary fund management services and investment solutions to help your clients achieve their defined investment goals.

The platform provides investors with a comprehensive range of products. We offer the Momentum International Investment Option (IIO) and the Momentum International Endowment Option (IEO). The IEO is available as the Life insurance bond or the Capital redemption bond, a sinking fund without insured lives. These products offer various structuring options for financial advisers to make sure that on death, the transfer of ownership or payment of the proceeds can be handled according to the client's wishes.

In addition, the IEO has another compelling benefit in that situs tax, a type of tax equivalent to South African estate duty and probate, can be avoided. Probate is a procedure where a legal authority approves a will as the valid and last will of a deceased testator. The probate process can be expensive, complex and time-consuming, which means that the winding up of a South African deceased estate could be delayed.

Our comprehensive range of products, investment funds and other investment components, places us at the forefront of international investment solutions catering to every client's offshore investing needs. But those aren't the only reasons that make Momentum Wealth International a compelling international platform.

Momentum Wealth International was established in Guernsey in 1999. Guernsey is a leading offshore investment centre that offers first-class infrastructure for the structuring, management, administration and custody of investment funds, offering valuable investor protection. This means that investments remain domiciled in Guernsey, regardless of where a client currently lives or decides to live in the future. Further protection is added through our nominee structure, where money is safely held in a separate segregated nominee, MWI Nominees Limited.

We see ourselves as responsible stewards of the assets entrusted to us, consistently providing investors with access to international investment expertise.

We understand the importance of being able to monitor investments at any time. This is why we give clients the necessary online tools to view their portfolios securely, access contract details, and request information such as investment statements. As an added benefit, we provide one consolidated statement for an entire portfolio, which contains a detailed audit trail of transactions, fees, and investment growth across multiple investment components. We offer the capability to consolidate and view an investment portfolio value in various currencies, including US dollar, sterling, euro, Japanese yen, Hong Kong dollar, Australian dollar, Swiss franc and South African rand. We also offer online tools to financial advisers for managing investments.

Your offshore investment isn't just another investment. It's personal to you. We can help you with the offshore investment solutions you need to achieve your goals.

Speak to your Momentum Consultant to find out more or visit momentum.co.gg.

The IEO is a life insurance product, underwritten by Momentum Metropolitan Life Limited, a licensed life insurer under the Insurance Act. Momentum Wealth International (Pty) Ltd is part of Momentum Metropolitan Life Limited, an authorised financial services (FSP 6406) and registered credit provider. Momentum Wealth International (Pty) Ltd is an authorised financial services provider (FSP 13495) in terms of the Financial Advisory and Intermediary Services Act No 37 of 2002 in South Africa and part of Momentum Metropolitan Holdings Limited. Any information in this article is not intended nor does it constitute financial, tax, legal, investment, or other advice. Nothing contained in this editorial constitutes a solicitation, recommendation, endorsement or offer by Momentum Wealth International Limited.

MWI-CL-4-AZ-353058

We harness
your change.
There are many futures that make up your life.
Your investment strategy should adapt
to whichever one you choose.
Wherever you are in life, isn't it time
to change how you see investing?
ninetyone.com/change
Ninety
One
Investing for a
world of change
Ninety One SA (Pty) Ltd is an authorised financial services provider.

Ninety One

Investing for a world of change

Designed for advisors, built in collaboration

We understand that you have a fundamental role to play in making investors aware of their financial needs and assisting them to save in a disciplined way towards achieving their goals. Time with clients is precious, so we have worked hard to simplify your life. We offer you:

1 Access to a wide range of investment solutions

Our open architecture platform gives you access to a comprehensive range of funds and managers. In addition to providing the full range of local and international product wrappers, we have also made share portfolios available on our platform.

2 A global approach to investing

Offshore investing has become increasingly complex as investors not only have a vast number of funds and products from which to choose, but also have to deal with a raft of regulations. As a result, investors seek simple and flexible offshore products that are easy to manage. We recognise the importance of giving you access to world-class investment talent, a flexible product offering and superior client service. With this in mind, we have developed a global offering to meet the diverse needs of offshore investors.

3 Web-based technology to simplify your life

A key focus area for us is deploying technology to help you run your business more smoothly. Greater efficiency enables you to grow your business, save costs and spend more quality time with your clients. Our strong online capability means you can manage your client relationships using web-based technology every step of the way.

4 A highly experienced team, employing a personal approach

Our highly experienced management team is constantly looking at ways to add value to you and your clients. We have a dedicated team of people looking after the interests of our advisors. They offer a diverse set of skills from which you can benefit, from business advisory services that can guide you on areas such as information technology, practice management, legal and tax matters, to investment partners who offer investment insight, helping you make sense of market conditions and opportunities.

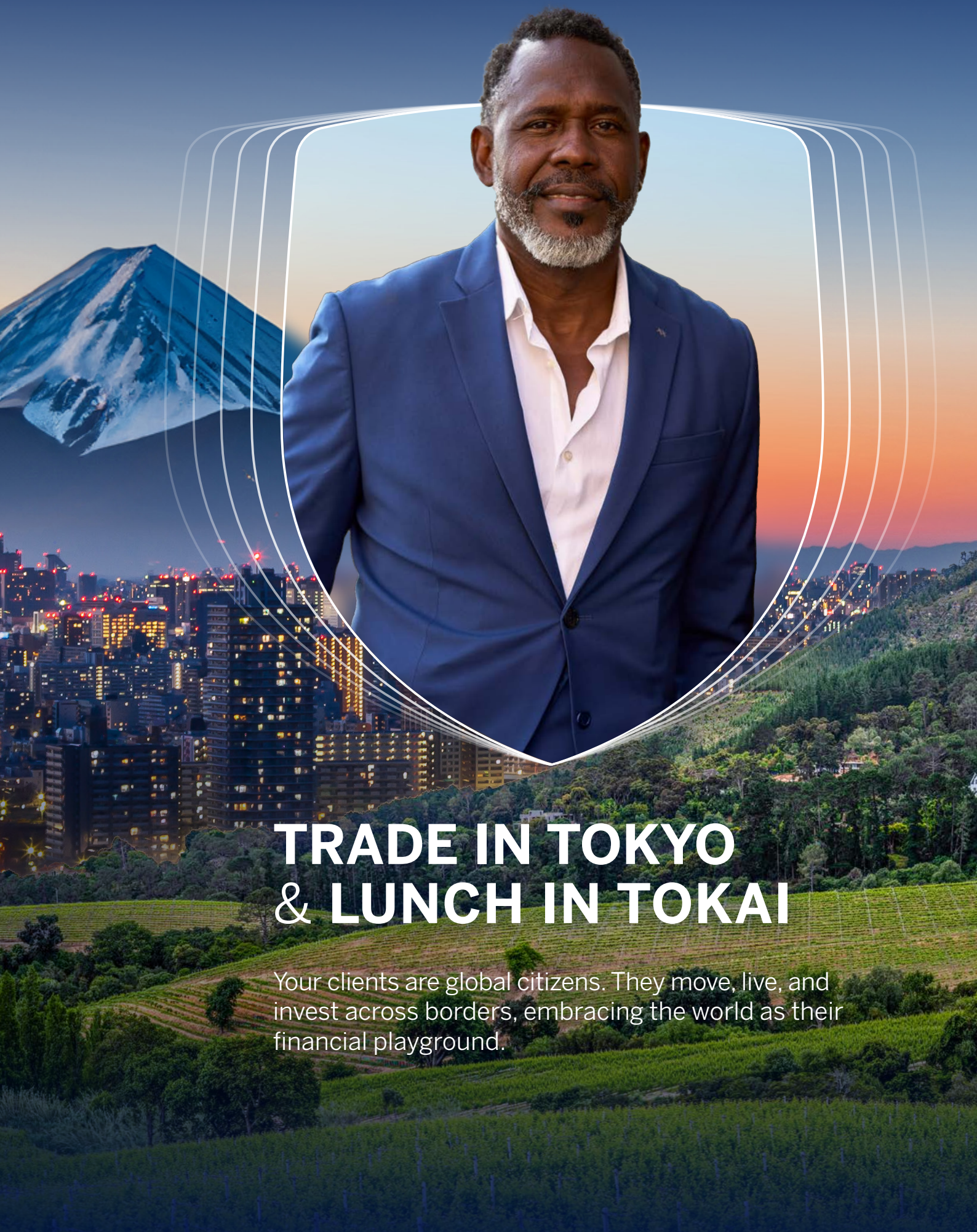
5 Assistance with investment transfers

Transferring a client's legacy assets to one provider could make good business sense. However, they can be time consuming and complex, which can be frustrating. We have established a specialist team focusing exclusively on making book transfers a seamless process.

At a glance

- The leading financial advisor-focused investment platform in South Africa
- An extensive range of investment and product solutions
- Seamless integration – local and offshore investments on one platform
- Global and local investment insights from a range of experts
- A dynamic and secure online capability
- A dedicated team focusing exclusively on your advisor practice
- Competitive and transparent fees
- Business advisory services including input on legal and tax matters

Standard Bank



TRADE IN TOKYO & LUNCH IN TOKAI

Your clients are global citizens. They move, live, and invest across borders, embracing the world as their financial playground.

As your partner, we offer top-tier investment solutions to help your clients grow their wealth internationally and operate seamlessly on a global scale. Whether their financial plan requires international banking, endowments, foreign exchange support, fiduciary services, offshore wills, or family office solutions, we have tailored offerings to meet every need.

From streamlining emigration journeys and managing global property portfolios to accessing stockbroking support or structured products with balanced risk and reward, our comprehensive solutions are designed to simplify complexities.

You are never alone in navigating these challenges—we connect you with experts across risk management, legal counsel, investment strategies, foreign exchange, banking, asset management, and structured products. This collaborative approach ensures you have the support and resources you need at every step.

Get in touch with your Standard Bank/Liberty Investment Consultant at sbi-enquiries@standardbank.com today and **become part of the future of international investing.**

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The structure of a business refers to how an organisation is organised to achieve its goals and operate effectively. It includes the arrangement of roles, responsibilities, authority, communication, and workflows within the company. A business's structure determines how tasks are divided, coordinated, and monitored, as well as how decision-making processes are carried out. The operational framework below goes a long way to introduce this chapter but it is only one of the structures in the FSP that creates order in the business and provides structure.

Chapter 30

Structure follows strategy

The benefits of structure

It creates order

Structure creates order and minimises confusion. When this happens in an FSP with so many moving parts in the business, it helps to facilitate a ripple effect of positive activities that will enhance strategic outcomes significantly.

Clear roles and responsibilities

Structure enables the management of the FSP to communicate clearly and to identify specific roles and responsibilities that will enhance the desired outcomes in the business.

Effective and efficient resource allocation

Clearly defined roles and responsibilities pave the way for effective and efficient resource allocation. It helps to clearly define who is accountable for specific tasks or outcomes but before that can happen, one must make sure that they are the right people for the job. It is vitally important to get not only the right people in the business, but also to get them into the right roles.

Alignment with strategy

Structure can ensure that resources, processes, and decision-making align with the business's strategic goals. It aligns resources with strategic priorities.

Enhanced collaboration

A sound structure can enhance communication and optimise teamwork among different business units.

Effective execution

A well-designed structure can ensure successful strategy implementation.

Scalability

A sound structure supports business growth by automating processes and enhancing efficiencies. This supports scalability and growth.

Attracting and retaining talent

All the benefits of a sound structure, as referred to above, attracts and retains top talent in the FSP.

Client satisfaction

Good people, a sound structure, and automated processes can create great client experiences.

Regulatory compliance

A well-designed structure can support a sound, consistent, and simplified regulatory structure.

Competitive advantage

A sound structure can differentiate the practice through effective strategy execution.

Types of Business Structures

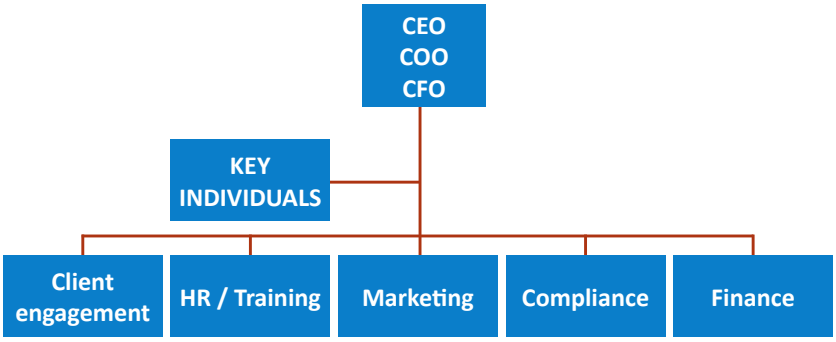
Businesses are structured in various ways to suit their goals, size, operations, and regulatory requirements. Here are the key structures within most FSPs:

Legal structures

Legal structures define the ownership, liability, and taxation setup of a business, like a private company that is privately owned.

Organisational structures

A company organogram, or organisational chart, fits within the organisational structure as a visual representation of the structure. It illustrates how roles, responsibilities, and relationships are arranged within the business. This is a very simplified example, and every FSP needs one.



Your FSP organogram can illustrate the organisational- and functional structure of the FSP as it refers to the hierarchy, internal roles, and departments based on specialised functions, such as client engagement (often referred to as sales), HR, Marketing, Compliance and Finance. A functional structure is an organisational design that groups employees based on specialised functions or roles within the business.

Matrix structure

This combines functional and divisional structures, with employees sometimes reporting to two managers.

Operational structures

As highlighted earlier in this book, the soundness of the operational structure of any FSP is of fundamental importance for its success. The operations of the FSP include a healthy heartbeat (transactions and revenue), a sound mind, and the air that we breathe (leadership and management). The operational structure focuses on client engagement, the workflow, processes, and systems that drive and facilitate day-to-day activities and ensure that the entire business runs smoothly.

Financial Structures

This relates to how the business is funded and financially managed.

For example:

- An equity-based structure refers to capital raised through shareholders.
- A debt-based structure refers to capital raised through loans or bonds.
- How the FSP prepares its budget every year.
- How the FSP allocates capital to resources every year.
- How the business prepares its monthly reports.
- How the business prepares and submits its annual financial statements.

Governance structures

The governance structure in a company outlines who are accountable for the management of the FSP, how decisions are made, monitored, and enforced to ensure accountability, transparency, and alignment with organisational goals. The components of a governance structure typically include:

Board of Directors

- Audit Committee: Oversees financial reporting and internal controls
- Risk Committee: Manages enterprise risk
- Remuneration/Compensation Committee: Sets executive pay and incentives

Executive management

- Comprises the CEO and senior executives responsible for day-to-day operations
- Key individuals will form part of the executive management team, and they are responsible for implementation of the strategy set by the board, and they report on performance

Ethical culture and values

One of the most important components of the governance structure of an FSP is how it promotes integrity, fairness, and accountability within the business. It must be reinforced through leadership behaviour, training, and incentive structures.

Policies and procedures

A sound governance structure also consists of a formalised framework of principles, rules and guidelines to ensure compliance with legal, ethical, and operational standards. It also includes codes of conduct, whistleblower policies, and risk management frameworks.

Risk management framework

Your risk management framework must identify, assess, and mitigate risks to the business. This framework often includes a chief risk officer (CRO) or an equivalent function.

Internal controls and audits

This refers to the systems in the business designed to ensure financial accuracy, operational efficiency, and regulatory compliance. The systems and processes in the FSP must be designed so that it employs the resources, procedures and appropriate technological systems that can reasonably be expected to eliminate as far as reasonably possible, the risk that clients, product suppliers and other providers or representatives will suffer financial loss through theft, fraud, other dishonest acts, poor administration, negligence, professional misconduct or culpable omissions.

Stakeholder engagement - communication

The governance structure must include mechanisms to communicate with and address the concerns of key stakeholders, including shareholders, employees, customers, and regulators.

Compliance function

This is a particularly prominent part of the governance structure of an FSP. It must ensure that the FSP adheres to laws, regulations, and ethical standards. In my view, even sole proprietors and so-called 'one-man bands' in companies should employ an external compliance officer. Our industry is simply too complicated and onerous to allow one person to be captain, player, linesman and referee in his/her own business.

Legal and regulatory oversight

The legal team plays a key role in governance. Their oversight pertaining to obligations under corporate, labour, tax, and industry-specific laws is crucial.

Shareholder rights and relationships

This part of the governance structure defines the rights of shareholders, such as voting, dividend access, and financial transparency. It should include regular general meetings and offer a channel for good shareholder communication.

Performance monitoring and reporting

It includes reporting structures to assess and measure the FSP's strategic and operational performance. It must align with FSP goals, key performance indicators (KPIs), and long-term objectives.

You may recall that in chapter 18 of the book I referred to Alfred Chandler, Management guru, Professor of business at Harvard University, who argued that a company's structure should be designed to support its overall strategy, meaning that the way an FSP is organised should be aligned with its strategic objectives. He famously stated:

'Structure follows strategy'

In chapter 18, I argued that there are instances where 'structure can also help strategy' based on the following observation by Jeff Bezos, founder of Amazon:

I almost never get the question: 'What's not going to change in the next 10 years?' And I submit to you that that second question is actually the more important of the two — because you can build a business strategy around the things that are stable in time

The concept 'structure follows strategy' emphasises that an FSP's design and structure should align with its overall strategy and goals. I submit to you that the underlying components in the operational structure below is a timeless operational framework, which provides a sound basis for strategy, which then requires more structure to enhance effectiveness and efficiencies.

The operational framework simply identifies the essential components of the operations of any FSP, which highlights the different areas that will require strategy to optimise business efficiencies and ensure profitability, sustainability, profit growth and increased shareholder value.

Assess your current structures

Conduct a SWOT analysis on your overall operational framework and then assess your current underlying strategies pertaining to all the activities as well as the effectiveness of your current structures.

Design an optimal structure

If there are any shortfalls, design optimal structures to support your strategies.

Implement changes

We do not need a Harvard degree to understand that 100% of strategies and structures will fail if they are not implemented.

Reviews

Regularly review and refine your strategies and structure to ensure continuous improvement.

By understanding that structure follows strategy, FSPs can create an effective structural design that supports their goals, drives growth, and to create and maintain a competitive advantage.

Creating a competitive advantage through strategy and structure

To ensure a competitive advantage, the following key issues must be in place when applying 'structure follows strategy' in an FSP:

- A great overall strategy based on specific operational strategies as highlighted in this chapter
- Clearly articulated strategies and structures that are aligned with the FSPs objectives
- Effective leadership and management that foster a culture of excellence and innovation

- Management and staff development
- A client-centric approach
- Technology infrastructure that enables your FSP to leverage technology to enhance efficiency and productivity
- Innovation and adaptability
- Ensure regulatory compliance and minimise potential risks
- Establish a distinctive brand and reputation
- Regularly review and refine structure and strategy
- Effective change management
- Performance measurement and accountability
- Embrace and foster collaboration and communication
- Foster teamwork and open communication
- Continue to develop processes and systems to support growth

By addressing these key issues pertaining to strategy and structure, FSPs can create a competitive advantage by aligning their structures with their goals and underlying strategies.

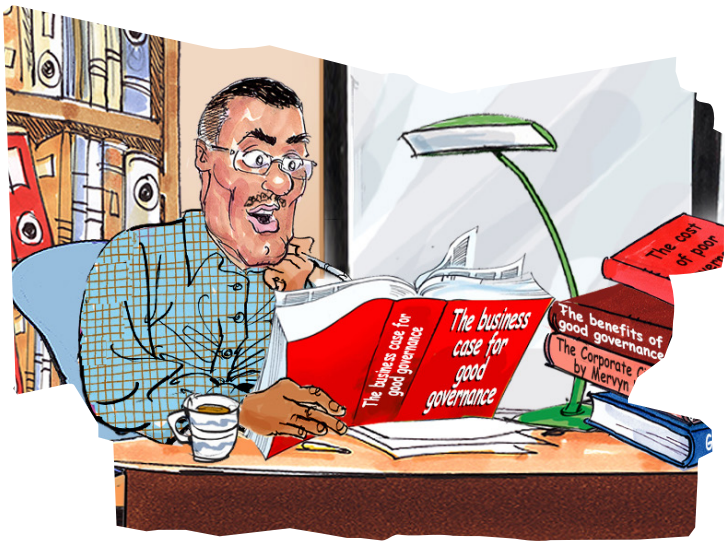
My challenge to you

One of the best things you can do for your business is to review your current client engagement process, assess where you can improve your strategy within each step of the process, and fill in the gaps by creating a sound structure that will enhance the effectiveness, efficiencies, consistency and profitability of your process. After thorough consideration, fill in the gaps.

Structure Follows Strategy:
Professional client engagement and compliance

Process	Client Engagement	Strategy	Structure	Structure	Structure	Structure
	Activity		Organisational Key individual supervisor representatives	Operational Systems Process Workflow	Governance	Financial
Step 1	Prospecting	Strategy				
Step 2	Setting up appointment	Strategy				
Step 3	Professional introduction	Strategy				
Step 4	Share info and gather client information	Strategy				
Step 5	Agree on service(s) to be rendered	Strategy				
Step 6	Conduct an analysis and prepare report	Strategy				
Step 7	Present proposal/ recommendation(s)	Strategy				
Step 8	Agree on financial plan and/or products	Strategy				
Step 9	Implement financial plan and/or products	Strategy				
Step 10	Ongoing rendering of (financial) services	Strategy				

The ordinary meaning of governance is 'the manner of directing and controlling the actions and affairs of an entity'. The governance of incorporated entities is generally described as corporate governance. Whatever the entity. The principles of quality governance apply equally to all of them.
— Mervyn King —
The Corporate Citizen



Chapter 31

The business case for good governance

In this chapter my primary objective is to convince those who believe that governance is a compliance issue, that it is a perception that is far removed from the truth. It is my mission in this chapter to prove to you that good governance is not only good for business; it is great for business, and it has very little to do with compliance! I will demonstrate that good governance is fundamental for long-term business success. I aim to prove that you and all your stakeholders will benefit from good governance if you embrace it as an essential cornerstone of professional and effective practice management.

Definition

Corporate governance refers to the system of principles, rules, policies, systems, practices, and processes by which an FSP is directed and controlled. It encompasses the mechanisms through which an FSP's objectives are set and pursued, taking into account the interests of all stakeholders such as shareholders, management, customers, suppliers, financiers, government, and the community.

Directors who do not practice good governance and make the wrong judgement call will find that they have a disastrous situation on their hands.
— Mervyn King —

The benefits of good governance

Again, contrary to popular belief, corporate governance is not a compliance issue. It is a business issue. The business case for good corporate governance is compelling, as it provides a framework that helps FSPs operate effectively, efficiently, mitigate risks, and ensure long-term profitability and sustainability. Here are key reasons why good corporate governance is essential from a practice management point of view:

Business structure

Good governance practices help to establish a sound structure in the FSP, which creates order in the business.

Reputation and trust

Good corporate governance practices enhance an FSPs reputation in the eyes of its stakeholders, which builds client confidence and trust.

Provider confidence

Product providers want to do business with FSPs that demonstrate good governance. These FSPs are also good for the business of the product providers, and it mitigates their risks significantly.

Investor confidence

Investors, who potentially want to buy into your business are more likely to invest in companies that demonstrate sound governance, knowing their interests will be protected.

Customer loyalty

FSPs that demonstrate sound governance are perceived as more trustworthy, leading to greater customer loyalty and brand value.

Risk mitigation

Reduced legal and regulatory risks

Adherence to legal and ethical standards minimises the risk of financial losses for clients, penalties, lawsuits, and regulatory sanctions, protecting the company from financial and reputational damage.

Proactive risk management

Good governance promotes order, and a culture of risk awareness, allowing companies to identify and address potential risks before they become significant.

Operational efficiency

Clear decision-making

Structured governance processes lead to more effective and timely decision-making, ensuring that strategic goals are met efficiently.

Resource optimisation:

By establishing clear roles, responsibilities, and accountability, companies can better manage resources, leading to improved operational performance.

Access to capital

Attracting investment

Companies with good governance are more likely to attract capital from investors, banks, and other financial institutions, as they are seen as lower-risk investments.

Lower cost of capital

Sound governance can lead to lower borrowing costs and higher valuations, as investors are willing to accept lower returns for investments in well-governed companies.

Long-term sustainability

Strategic alignment

Good governance ensures that a company's activities are aligned with its long-term goals and ethical standards, promoting sustainability and resilience in the face of market changes.

Stakeholder engagement

Effective governance involves considering the interests of all stakeholders, including employees, customers, suppliers, and the community, leading to more sustainable business practices.

Competitive advantage

Innovation and growth

A well-governed company is more likely to foster innovation, as it encourages a culture of accountability and continuous improvement.

Market differentiation

Companies that excel in governance can differentiate themselves in the marketplace, attracting customers, talent, and investors who value ethical and responsible business practices.

Crisis management

Resilience in adversity

Companies with strong governance are better equipped to handle crises, as they have established protocols and a clear chain of command, enabling quicker and more effective responses.

Employee morale and retention

Ethical work environment

Good governance fosters a culture of integrity and fairness, which can improve employee morale, reduce turnover, and attract top talent.

In summary, good corporate governance is a strategic asset that drives performance, reduces risks, and ensures long-term success. Good governance ensures accountability, fairness, transparency, and ethical conduct in a company's relationships with its stakeholders.

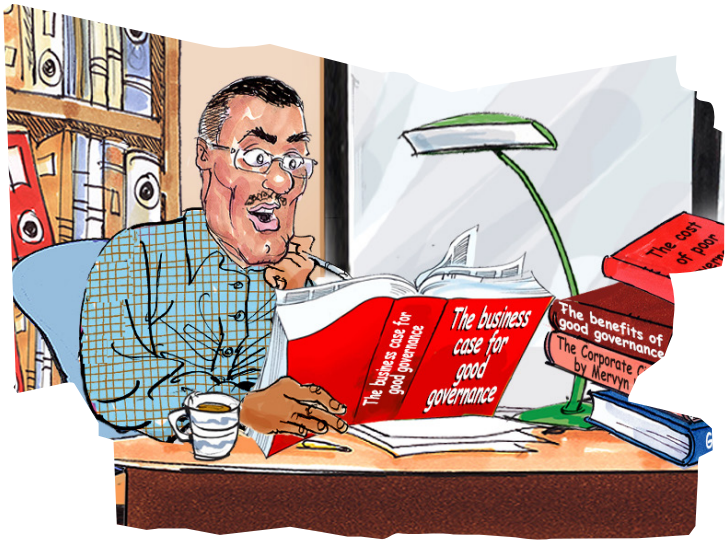
Governance structures

Governance structures have been highlighted in the previous chapter.

In summary

I hope that I could convince you that corporate governance is much more than just a compliance requirement. It is a framework that fosters trust, accountability, and long-term sustainability within a business. If you also believe that the business case for good governance is compelling, the benefit is that you will pay more attention to it with a positive mindset, which will lead to more creativity and innovation that will create a further ripple effect of positive outcomes in your FSP.

The practice of good governance is a journey and not a destination.
— Mervyn King —
The Corporate Citize



Client engagement does for an FSP what the heartbeat does for the human body.

The heartbeat is essential for sustaining life as it drives the circulatory system, which performs numerous critical functions for the human body. In essence, the heartbeat powers a complex delivery and communication system that keeps the human body alive and functioning. Without a steady and coordinated heartbeat, cells would be deprived of oxygen and nutrients, and waste products would accumulate, leading to life-threatening conditions.

In much the same way, successful client engagements are essential for sustaining your practice as it drives the operations of your FSP, which performs numerous critical functions for the business. In essence, client engagement powers a complex delivery and communication system that keeps the entire business sustainable and functioning. Without effective client engagement that produces steady revenue for the business, the rest of the operations would be deprived of much needed capital to sustain and grow the business. Sub-standard service levels would then accumulate, leading to dysfunction and even total collapse of your FSP.

Chapter 32

Client engagement and the significance of trust

Client engagement does for an FSP what the heartbeat does for the human body. Here is what the heartbeat does:

The heartbeat pumps blood through the body

The heart acts as a pump, contracting rhythmically to circulate blood throughout the body. This ensures that oxygen-rich blood is delivered to tissues and organs, enabling them to function properly.

Successful client engagement pumps revenue through the FSP, enabling all the stakeholders in the business to function properly.

It delivers oxygen and nutrients

Blood carries oxygen from the lungs and nutrients from digested food to cells. These components are essential for producing energy and maintaining cellular functions.

Successful client engagement and growth carries with it excitement and a sense of accomplishment, producing a positive mindset and creativity that will not only sustain the FSP but also help it grow.

The heartbeat removes waste products

The circulatory system, powered by the heartbeat, transports waste products like carbon dioxide and metabolic byproducts to the lungs, kidneys, and liver for elimination.

Successful client engagement transports some of the biggest threats to any FSP, namely negativity, fear and even depression and eliminates them.

It regulates body temperature

Blood flow helps distribute heat evenly throughout the body and dissipate excess heat via the skin. This maintains a stable internal temperature essential for enzyme activity and metabolic processes. A metabolic process refers to the chemical reactions and biological activities that occur within a living organism to sustain life. These processes are how the body converts food and other substances into energy, builds and repairs tissues, and maintains the proper functioning of cells and organs.

Successful client engagement creates the opportunity to distribute capital to areas in the business that need it to ensure healthy emotions, and a positive sentiment that stimulate productive activities leading to consistently good outcomes and growth.

The heartbeat transports hormones and signals

Blood carries hormones and chemical signals produced by glands to target organs and tissues. This ensures that the body's systems communicate and work in harmony.

Successful client engagement mostly leads to positive and constructive communication in the FSP.

It supports immune function

The circulatory system delivers white blood cells and antibodies to sites of infection or injury, helping the body fight disease and heal.

With sufficient capital in the FSP the management can fix problems faster and more effectively.

The heartbeat maintains blood pressure

The heartbeat generates the pressure needed to circulate blood effectively. A consistent heartbeat ensures that blood reaches even the smallest capillaries.

Successful client engagement is great for morale and a healthy and consistent revenue stream creates the opportunity to address issues that usually just have to wait until the business makes a profit and it allows the business to pay good bonusses for everyone in the business.

The client engagement process is the heartbeat of every FSP

The 10 steps of professional client engagement and compliance framework						
Process	Engagement	Best Practice	Compliance	Technology	Advisor	Client
	Activity	Standards	Standards	Innovation	Experience	Experience
Step 1	Prospecting					
Step 2	Setting up appointment					
Step 3	Professional introduction					
Step 4	Share info and gather client information					
Step 5	Agree on service(s) to be rendered					
Step 6	Conduct an analysis and prepare report					
Step 7	Present proposal/ recommendation(s)					
Step 8	Agree on financial plan and/or products					
Step 9	Implement financial plan and/or products					
Step 10	Ongoing rendering of (financial) services					

Trust

There is ultimately just one outcome that every advisor wants to achieve during the client engagement process – **Trust!** Trust is the foundation of great client experiences and of all successful client relationships in FSPs.

Trust is the one thing that changes everything.
— Stephen MR Covey —

After years of research and testing thousands of advisors over the last two decades, there is no doubt in my mind that trust is the single most important factor in personal and professional relationships. For any financial advisor, it is the key to becoming a person of influence. Establishing and maintaining trust in the client engagement process is by far the most important aspect that every advisor in practice must understand, because it is the difference between success and failure.

As a financial advisor, trust is part of the job description; an economic necessity.
Every service, every relationship, every transaction is based on trust.
There is no more important competency to master.
— Stephen M. R. Covey[1] —

In the client engagement process, trust is not only the most important thing that matters; it is the only thing that matters if you want to grow your practice. According to Covey, trust always affects two outcomes – speed and cost. When trust goes down, the speed (of any agreement or transaction) will also go down and cost will go up.

Fortunately, the opposite is also true. When trust goes up, the speed of business will also go up and costs will come down.

This is the single, most important, magic formula that every person in business should understand, embrace and work at – relentlessly. The concept of trust and this formula will surely lay the foundation of your success, but the absence of it will surely be the main cause of failure. What follows is an example of a transaction between Warren Buffet and Wal-Mart and it is probably the best example that Covey could have used to illustrate the speed of trust principle across all industries.

Buffet – CEO of Berkshire Hathaway (and generally considered one of the most trusted leaders in the world) – who recently completed a major acquisition of McLane Distribution (a $23 billion company) from Wal-Mart. As public companies, both Berkshire Hathaway and Wal-Mart are subject to all kinds of market and regulatory scrutiny. Typically, a merger of this size would take several months to complete and cost several million dollars to pay for accountants, auditors, and attorneys to verify and validate all kinds of information. But in this instance, because both parties operated with high trust, the deal was made with one two-hour meeting and a handshake. In less than a month, it was completed. In a management letter that accompanied his 2004 annual report, Warren Buffet wrote: 'We did no 'due diligence.' We knew everything would be exactly as Wal-Mart said it would be – and it was.' Imagine – less than one month (instead of six months or longer), and no 'due diligence' costs (instead of the millions typically spent)! High trust, high speed, low cost! [2]

To test the significance of trust in any practice, simply ask yourself whether you will give your money to someone you don't trust. My guess is that you immediately thought, 'Absolutely not!' Therefore, your next question probably is, 'how does one establish and maintain trust to ensure that transactions can happen and that you can benefit from the speed of trust,' as Covey defined it?

In their book The Trusted Advisor, the authors offer a formula that shows how the different elements of trust interrelate. Their formula, proposed as a framework and not as a scientific fact, suggests that trustworthiness depends on four elements, namely[3]:

$$\textbf{Trustworthiness} = \frac{\text{Credibility} + \text{Reliability} + \text{Intimacy}}{\text{Self-orientation}}$$

Let's refer to the Oxford Dictionary to help us understand these terms better:

Trustworthiness means that you can be relied on to be good, honest and sincere[4]. In a business sense I would prefer to add 'competent' to the definition. Then it would read:

- Trustworthiness means that you can be relied on to be competent, good, honest and sincere.
- Credibility is the quality that someone has that makes people believe and/or trust him[5].
- Reliability means that someone can be trusted to do something well[6].

1 Foreword in the book, Essential Habits of Trusted Advisors, by Anton Swanepoel
2 Stephen MR Covey, The Speed of Trust, 2006: p15
3 The Trusted Advisor, David Maister, Charles H. Green and Robert M. Galford, 2002: p69
4 Oxford Advanced Learner's Dictionary, 2005: p1586
5 Oxford Advanced Learner's Dictionary, 2005: p345
6 Oxford Advanced Learner's Dictionary, 2005: p1231

- Intimacy is the state of having a close personal relationship with someone[7].
- Self-orientation implies a focus on oneself.

Based on my own experience as a financial planner and businessman, I would argue that the trust equation proposed by Maister, and his co-authors could be broken down into the 7 Cs of trust, as illustrated below:

$$\text{Trust} = \frac{\text{Competence} + \text{Communication} + \text{Connection} + \text{Commitment} + \text{Character} + \text{Consistency} + \text{Confidence}}{\text{Self-Interest}}$$

[8]

Trustworthiness

As highlighted before, trustworthiness means that you can be relied on to be competent, good, honest and sincere. If you are trustworthy, it means you can be trusted.

The 7 Cs of trust:

Competence

There can be no doubt that knowledge, skill and experience lay the foundation for any advisor's credibility. If you aspire to be trusted in business, the ability to do things well is a basic business imperative and requires both knowledge and skill.

Once you've selected your areas of expertise, give it all you've got to become a master.
— Ken Blanchard[9] —

Communication

You could be the most ethical person in the world, and you could even have a PhD in your field, but if you cannot communicate your expert knowledge effectively, you may lose people in your conversation and in some cases even push them away. To lead staff members, business associates, patients and/or clients in making good decisions demands that we must be good communicators.

Communication is the most important skill in life.
— Stephen R. Covey[10] —

Connecting with people

The ability to connect with people is much more than simply communicating with them. Communication could simply be sharing information to help someone to make an informed decision about something. Such a decision could be made with the mind only. However, some decisions are made with the heart and the most powerful decisions are made with the mind and heart. A true connection between people brings them much closer together, which naturally takes trust between them to another level.

Connecting is the ability to identify with people and relate to them in a way that increases your influence with them.
— John Maxwell[11] —

It is a privilege to be able to do business with other people and a basic mutual respect for one another often creates a positive tipping point in the relationship. One of the quickest ways to connect with people is to show a sincere interest in them, have empathy and care.
People do not care how much you know until they know how much you care.
— John Maxwell —

7 Oxford Advanced Learner's Dictionary, 2005: p783
8 See The Trust Factor by Anton Swanepoel
9 Ken Blanchard, Trust Works, 2013: p61
10 Stephen R. Covey, The Seven Habits of Highly Effective People, Simon & Schuster Ltd. (1992), p237
11 John C. Maxwell, Everyone communicates Few Connect, Thomas Nelson Inc. (2010), p3

Commitment

If there is one thing I admire about some people, apart from their character, it is their passionate commitment to get something done with excellence. By demonstrating your commitment to your clients, your dedication, devotion and diligence in getting a job done will not only win their trust, but their admiration too.

One of the best definitions of diligence was published in the book by Stephen K. Scott, titled, The Richest Man Who Ever Lived. According to Scott, Diligence is a learnable skill that combines: Creative persistence, a smart-working effort rightly planned and rightly performed in a timely, efficient, and effective manner to attain a result that is pure and of the highest quality of excellence.[12]

When you make a commitment, you build hope; when you keep it, you build trust.
— Roger Merrill13 —
Co-founder of the Covey Leadership Center, now Franklin Covey

Character

Honesty and integrity are two non-negotiable cornerstones in any trusted relationship. Albert Einstein asserted that, whoever is careless with the truth in small matters cannot be trusted with important matters.

The benefit of integrity is Trust.
There are no moral shortcuts in the game of business – or life.
There are, basically, three kinds of people: the unsuccessful,
the temporarily successful, and those who become and remain successful.
The difference is character.'
— Jon Huntsman —
Chairman, Huntsman Chemical

Consistency

The importance of consistency of behaviour in your interaction with people and the consistent delivery of your value proposition to your customers should never be underestimated. It is vital to consistently demonstrate all the Cs in any business relationship.

In their book, Raving Fans, authors Ken Blanchard and Spencer Johnson pointed out that the worst thing you can do is meet expectations one time, fall short another, and exceed every now and then.

Success is neither magical nor mysterious.
Success is the natural consequence of consistently applying basic fundamentals.
— Jim Rohn—

Confidence

Confidence breeds confidence. However, confidence must never be confused with arrogance. If you have mastered all the other Cs as highlighted above, you can be confident in your interactions. Confidence will help you in your relationships with your clients but then it must be founded on the other elements as mentioned, whereas arrogance will harm your relationships.

Confidence underlies the performance of individuals, teams, businesses,
schools, economies and nations.
— Rosabeth Moss Kanter —

Self-interest

It must be noted that in business, every service or product contains an element of self-interest, namely the cost and/or the profit of the service or product. Without it no business can be profitable or sustainable. Self-interest implies a self-centered attitude, which is defined as tending to think only about you and not about the needs of other people.[14]

12 Steven K. Scott, The Richest Man Who Ever Lived, WaterBrook Press 2006, p12
13 Stephen MR Covey, The Speed of Trust, p215
14 Oxford Advanced Learner's Dictionary. 2005: p1325

A high level of self-interest occurs when someone considers only his or her own interests. A low level of self-interest implies a selfless attitude which could be defined as tending to think only about other people and not about the needs of the business. A high level of self-interest would almost imply a conflict of interest, where a person only wants to do the transaction to satisfy his own greed, whereas a low level of self-interest may imply a willingness to serve someone else without any reward whatsoever.

In business not one of the two is sustainable, because the first leads to distrust and the latter will lead to bankruptcy. For any business to make economic sense, it is vital to establish a fair level of self-interest based on the concept of win-win.

I believe that the most persistent barrier to trusted business relationships is a heart motivated by self-interest that looks at the world with a win-lose proposition. Nobody wants to be on the losing end of any relationship. The key is to find a sound balance between one's self-interest and the interests of others. Trusted relationships are always based on the concept of win-win.

Explanation and application of the following formula

$$\text{Trust} = \frac{\text{Competence} + \text{Communication} + \text{Connection} + \text{Commitment} + \text{Character} + \text{Consistency} + \text{Confidence}}{\text{Self-Interest}}$$

The trust equation will start making more sense if you rate the various components above the line on a scale of 1 to 10. The total score on the top line is then divided by the number below the line. A rating of 1:1 below the line implies the perfect balance between self-interest and the interests of clients or in other words, the perfect balance between offering value for money. For purposes of this exercise, the perfect score for a healthy self-interest is 1, the score for an unhealthy high level of self-interest is 2 and the score for unhealthy low self-interest is 0. It must always be remembered that, if the business does not make a profit, it is unsustainable, and the business will close down. If self-interest (S) is given a rating of 1, the calculation makes sense, but when it is increased to a 2, the number on the top line is divided by 2. If there is no self-interest and the S is replaced by a 0, the total answer would likewise be 0, meaning that where a person proposes to render a professional service in the normal practice of a business for no reward his or her trustworthiness would equal 0. This highlights three important principles, namely:

- If the cost of your service offers fair (value for money) and is fully disclosed, trust will be high;
- The higher the self-interest, above the value for money threshold, the lower the trust; and
- If there is zero self-interest, the business will close down.

Sales expert, the late Zig Ziglar, believed that there are five basic reasons people will not buy from you. These are: no need, no money, no hurry, no desire, and no trust. Since any 'reason' or 'excuse' for not buying will cost you a sale and will cost the prospect the benefits he would accrue from the purchase – the missed sale is a loss for both buyer and seller[15].

Every step in the client engagement process provides opportunities to build or break trust. Whilst you have very little control over a client's 'no need, no money, no hurry, no desire' it is up to you to use every trust-building opportunity to succeed, and the 7Cs of trust will help you to get there. When you have earned your clients' trust, they will know it, because they will feel it.

People will forget what you said, people will forget what you did,
but people will never forget how you made them feel.
— Maya Angelou —
Author and Poet

15 Zig Ziglar, Secrets of Closing the Sale, Fleming H. Revell, a division of Baker Publishing Group, 2003, p31

Trust Boosters	Trust Busters
Trust builders	Trust breakers
Competence	Incompetence
Communication	No / poor communication
Connection	Disconnection
Commitment	Lack of commitment
Character	Lack of integrity
Consistency	Inconsistency
Confidence	Tentative or uncertain
Servant	High self-interest

Trust in the client engagement process matters for the following reasons:

Open communication

Trust fosters open and honest communication.

Advisor-client relationships

Trust establishes and strengthens the advisor-client relationship, which is fundamental to the FSP's success.

Client attraction and retention

Trust is the currency that attracts clients and leads to long-term client retention and loyalty.

Business reputation

Trust enhances the FSP's reputation and credibility.

Client satisfaction

Trust leads to increased client satisfaction and loyalty.

Client referrals

Satisfied clients refer others, driving business growth.

Business growth

Trust drives business growth through new business, referrals and retention.

Compliance and risk management

Trust inspires sound compliance processes and documentation and reduces the risk of client complaints and governance shortfalls.

Competitive advantage

Trust is deeply personal, and it is the # 1 differentiator between FSPs.

Long-term success

Trust is the single most important ingredient for long-term success of FSPs.

There is only one boss. The customer.
And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else.
— Sam Walton —
Founder of Walmart

The 10 steps of professional client engagement and compliance framework						
Process	Engagement	Best Practice	Compliance	Technology	Advisor	Client
	Activity	Standards	Standards	Innovation	Experience	Experience
Step 1	Prospecting					
Step 2	Setting up appointment					
Step 3	Professional introduction					
Step 4	Share info and gather client information					
Step 5	Agree on service(s) to be rendered					
Step 6	Conduct an analysis and prepare report					
Step 7	Present proposal/ recommendation(s)					
Step 8	Agree on financial plan and/or products					
Step 9	Implement financial plan and/or products					
Step 10	Ongoing rendering of (financial) services					

Chapter 33

The ten-step process of professional client engagement

The purpose of a business is to create a customer and to keep a customer.
— Peter Drucker—
Business consultant, widely regarded as the father of modern management.

As highlighted in the previous chapter, the heartbeat of a human being is a crucial physiological process that sustains life by ensuring the circulation of blood throughout the body. In much the same way, the client engagement process is the 'heartbeat' of the business, because revenue earned in the process sustains life in the FSP by ensuring the circulation of finances throughout the business. A strong heartbeat sustains life, but when the heartbeat of a human stops, the person dies. Similarly, when the heartbeat of an FSP stops, the business will eventually close down. Creating and keeping customers sustains life in the business of an FSP, and that is why a sound, and effective client engagement process in your business matters.

Without an effective client engagement process,
the rest of the operational framework of an FSP would be irrelevant.

Our research shows that the client engagement framework consists of ten key steps. This framework existed before the implementation of legislation such as the FICA, FAIS, and POPIA, and it has remained unchanged after the implementation of these laws.

It is important to highlight that the ten-step process of professional client engagement must not be confused with the six-step process of financial planning as prescribed by the Financial Planning Institute of Southern Africa. The key difference between the two frameworks or processes is that the six-step process of financial planning assumes that the financial planner already has a potential client to do financial planning for. The ten-step process of professional client engagement, on the other hand, is an end-to-end client engagement process, starting with prospecting, the process of finding a prospective client. Those who are familiar with the six steps of financial planning will see that every step forms part of the end-to-end ten-step client engagement process. The one (the ten steps) is a client engagement process, and the other (six steps) is a financial planning process. This is how they are connected and aligned:

The ten-step process of client engagement	The six-step process of financial planning
Step 1: Prospecting	
Step 2: Set up the appointment	
Step 3: Fist meeting – professional introduction	
Step 4: Gather client information	1. Establish and define the relationship with the client
Step 5: Agree on service(s) to be rendered	2. Collect the client's information
Step 6: Conduct an analysis and prepare the client proposal	3. Analyze and assess the client's financial status 4. Develop the financial planning recommendations…
Step 7: Present the client proposal	… and present them to the client
Step 8: Agree on advice and product solution	
Step 9: Implement the agreed solution	5. Implement the client's financial planning recommendations
Step 10: Reviews and ongoing services	6. Review the client's situation

From a practice management point of view, the end-to-end client engagement process, as illustrated above, is the heartbeat of any FSP.

It is during this process that new potential clients are identified, approached, relationships established, and transactions concluded. The client engagement process has always been, and will always be, the revenue generator for FSPs. It is therefore of critical importance to establish and maintain an effective and efficient client engagement process.

The ten-step client engagement process briefly explained

It is important to note that the client engagement process cannot be covered in detail in this publication. We aim to briefly address three questions under each of these steps, namely:

1. Why does this step in the client engagement process matter?
2. What are the key actions to take in each step?
3. How should you go about it?

Step 1 - Prospecting

To prospect means to seek, or search for, potential clients. Management guru, Peter Drucker, said that the purpose of any business is to create and keep customers. Bestselling business author, Brian Tracey, added to it by stating that all business activities must be focused on this central purpose. Creating customers means turning people into prospects and turning prospects into paying customers.

In financial planning terms it simply means that your main purpose as an advisor is to identify individuals or businesses as prospects, turning them into clients, and then keeping them. Simply put, without prospects, you have no chance of building or growing your business. The most successful financial advisors are those who manage to build good relationships with people and establish influential networks. From those relationships and networks one can do good business. This takes diligent effort in the beginning, but those who are disciplined in this area reap wonderful rewards.

A key focus for new-to-industry advisors is that of obtaining names and contact details of new potential clients, whereas experienced advisors understand the value of looking after their existing clients as a valuable source of client referrals.

Just as a reminder, we cannot elaborate in detail what to do to excel at prospecting. For those advisors who battle in this area, we propose that you talk to as many experienced advisors as possible to find out how you can become a great prospector. Most insurance companies have excellent courses that can help you to succeed in this area.

What we can say is that prospecting is both art and science, but above all, if you want to grow your practice, prospecting must be an intentional activity, and you must be relentless in your efforts to obtain the names and contact details of prospects.

From a practice management point of view, it makes sense to record all your prospects in one place, and to capture the following detail:

Name And Surname Of Pro-spect	Designation	Contact No	E-Mail Address	Source/ Referrer	Date Referred	Reason To Contact	Date Of Contact	Outcome

The reasons for the name, surname, designation and contact detail should be fairly obvious, but the name of the source or referrer is important because you want to keep a record of how many people the source referred to you.

If the source turns out to be an ambassador for your business, you may want to thank him or her for all the referrals with a nice dinner or rugby tickets to a test match. The rest of the information serves as business intelligence for management and supervision purposes.

According to international best-selling author and sales guru, the late Zig Ziglar, the sales process can be compared to a baseball match, where there is a first base, a second base, a third base and a home base. We all know that the home base is where all the glamour is, but you cannot take any short-cuts. Before you can get to the home base, you must first get to 1st, 2nd and 3rd base. It is a process, and every step is equally important. If you get a qualified prospect, you are on first base.

Everyone who got to where they are had to begin where they were.
— Richard Paul Evans —
best-selling author of The Christmas Box

Three important questions for any manager, supervisor and representative:

Why must you become great at prospecting?

It is simple. No prospects, no more clients, and your practice will not grow.

What must you do to find quality prospects?

Most advisors start by contacting:

- Family and friends
- Business networks
- School networks
- Sports clubs
- LinkedIn networks

How must you go about it?

Speak to other advisors. Speak to your supervisor or manager. Google it. Attend courses about it. Be relentless in your search for good prospects. Do not give up! Find a way to become good at it! Effective prospecting is the foundation for growth in your practice. Every successful business depends on it. It is a painful exercise in the beginning, but absolutely necessary if you want any chance of success!

Step 2 - Setting up an appointment

Why does it matter that you contact your prospect to set up an appointment?

A prospective client will always remain a prospect until you build up the courage to contact that person on your list. Contacting the client is the first step towards turning a prospect into a client.

What must you do?

Make contact with the client through LinkedIn, email, or by phone. Phoning is better.

How must you do it?

According to Tony Rutigliano and Brian Brim, authors of Strengths Based Selling, all salespeople – new and experienced – can overcome call reluctance by creating and rehearsing the delivery of a value proposition[1]. Be prepared, be friendly, be courteous, be confident.

Step 3 – The first meeting

Make a good and authentic impression when you meet a potential client for the first time, because first impressions matter! **Why?**

The first meeting lays the foundation for all future interactions and can significantly influence the potential for a successful business relationship. A first meeting with a new prospect is crucial for making a strong first impression. It is also an opportunity to assess whether the prospect is a good fit for your business, ensuring that you allocate your resources effectively. A positive initial meeting can set the tone for a fruitful relationship.

What must you do?

Here are a few basic things that you simply cannot afford to get wrong:

Be on time because you want to demonstrate respect for people's time. Look the part. Be presentable and dress appropriately. Look and act the role of the authority you are. Be professional because that is what clients expect.

How must you show up?

Be friendly because you want to build rapport with your clients. Be respectful because people value it. Be confident because confidence breeds confidence. Be prepared because you must take the lead in the conversation.

Step 4 – Gathering client information

Gathering information is a process through which you are trying to get a better understanding of the client's circumstances, needs and goals.

1 Tony Rutigliano and Brian Brim, Strengths Based Selling. Gallup Press. 2010: p31

Why does it matter?

Without a thorough understanding of your client's needs,
your proposal will be no more than a sales pitch.

Gathering information is a process through which you are trying to get a better understanding of the client's personality, personal history, level of understanding of financial matters, current financial position, needs, objectives and life goals, all of which are key building blocks in building trust. This is a vital step in building rapport and connecting with your client. Asking good questions is an opportunity to showcase your understanding of the prospect's challenges, goals, and needs, which are essential for tailoring your offerings and value proposition.

Prescription before diagnosis is malpractice. Any salesperson who attempts to sell a solution before fully understanding the customer's needs from the customer's point of view, is engaging in sales malpractice.
— Eric Taylor and David Riklan[2] —

What must you do when gathering information?

Do not sell to people. Focus on helping them. Good advisors ask great questions. Think carefully about the questions that you should ask. Trusted advisors make sure that they do a proper diagnosis of a client's needs because only then can you provide appropriate advice.

If you don't know your client, you actually have no right to ask them about their money.
— Paul Armson[3] —

How must you gather information?

Be present. Be patient. Do not rush this process. Listen carefully. Demonstrate that you care. Only when people see that you care, will they connect with you. People who are sold to tend to look at price, whereas people who are being helped are happy to pay for value.

Step 5 – Agreeing on services to be rendered

At some point in the engagement process, the client may request you to do some work or instruct you to perform a specific service or a range of services on his or her behalf. The moment you agree to the client's request or instruction, a service agreement is established. In other cases, you as the advisor may offer a specific service or range of services to the client, and when the client accepts your offer, a similar agreement is established.

Why does it matter?

Nothing happens without agreement, whether verbally or confirming it in writing.

What must you do?

Make sure that you understand what was agreed between you and the client.

How should you do it?

Confirm your agreement in writing. It specifies the need(s) to be addressed, and it limits your potential liability. The agreement should be signed by both parties.

2 Eric Taylor and David Riklan, Mastering the world of selling, page 15
3 Life Planning Summit 2020

Step 6 – Conducting an analysis and prepare your client report or proposal

Why should you conduct an analysis and prepare a client proposal?

It demonstrates your credibility and serves as the client's point of reference.

What should you do?

Confirm the client's needs, objectives and risk profile. Recommend the financial product(s) that is/are appropriate and record why you believe that the product(s) is/are appropriate. This is your opportunity to showcase your professionalism.

How should you do it?

Make it clear that you want to help the client. Nothing more, nothing less. Confirm it in writing, and make sure that it can be presented methodically and in plain and simple language, so that the client is in a position to make an informed decision.

Step 7 – Presenting your proposal(s)

Why should you present your proposal?

Your proposal to the client is probably your final opportunity to help the client. This is your opportunity to put the client in a position to understand your advice and establish trust.

What should you do?

Confirm the client's needs and objective. Recommend the financial product(s) that is/are appropriate and explain why you believe that the product(s) is/are appropriate in the circumstances. This is your opportunity to showcase your credibility and care.

How should you do it?

Demonstrate that you want to help the client. Explain your advice methodically and in plain and simple language, so that you can help the client to make an informed decision.

Step 8 - Agreeing on the product solution to implement

The moment the client agrees to your proposal, in whole or in part, an agreement is established.

Why does it matter?

Nothing happens without agreement, whether verbally or confirming it in writing.

What must you do?

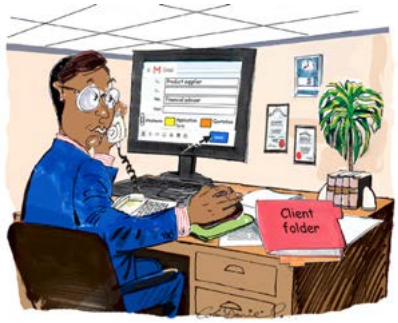
Confirm the quotation (if applicable) and agreement in writing.

How should you do it?

The quotation (if applicable) and agreement should be signed by both parties.

Step 9 – Implementing the product solution(s)

Submitting the application form(s) and making sure that the transaction is issued correctly also forms part of the financial advisor's responsibilities. Although advisors tend to depend heavily on strong administrators to ensure the timeous and correct issuing of the transaction, the ultimate responsibility remains that of the advisor.



Why does it matter?

The correct implementation of the product is a prerequisite for payment of commission, which is essential for sustaining the business.

What must be done?

Complete the application(s) correctly. Submit the application correctly.

How should it be done?

Implement correctly. Follow up diligently. Follow through by keeping the client informed. Follow up on the progress of submission and confirm the correct issuing of the product as intended by the parties. Confirm the correct issuing of the product with the client.

Step 10 – Ongoing reviews, advice and/or services

The personal circumstances of your clients change frequently, which may have a significant impact on their financial health.

Why do ongoing annual reviews matter?

Reviewing your client's life journey and financial position and re-evaluating the appropriateness of the financial solutions that have been implemented in the past, is as valuable for your client as going for an annual health check-up conducted by his/her doctor. Without an annual check-up, your client may be prejudiced, or you may even end up losing the client if another advisor just happens to arrive on the scene.

Contrary to popular relief, annual reviews have nothing to do with compliance. Staying in contact with your clients prevents clients from suffering from the 'out of sight, out of mind' syndrome. Whenever they think of financial planning, you want them to think of you, and nobody else. Annual reviews simply reinforce the trusted relationship that already exists between you and your clients.

What should you do?

Annual reviews must be planned for every client and put in the system to remind you and your staff. At worst, make sure that your clients' annual statements come from you with a personal note. Making contact with your clients annually is better.

How should you do it?

Be consistent, make it personal, and demonstrate care for the client.

Every advisor creates a customer experience during each step in the client engagement process. Whether it is a good experience, or a bad one, largely depends on you. If the customer experience is good, those customers will return, do more business, and tell others about it. If the customer experience is bad, they will take their business somewhere else and tell even more people about it.

The 10 steps of professional client engagement and compliance framework						
Process	Engagement	Best Practice	Compliance	Technology	Advisor	Client
	Activity	Standards	Standards	Innovation	Experience	Experience
Step 1	Prospecting					
Step 2	Setting up appointment					
Step 3	Professional introduction					
Step 4	Share info and gather client information					
Step 5	Agree on service(s) to be rendered					
Step 6	Conduct an analysis and prepare report					
Step 7	Present proposal/ recommendation(s)					
Step 8	Agree on financial plan and/or products					
Step 9	Implement financial plan and/or products					
Step 10	Ongoing rendering of (financial) services					

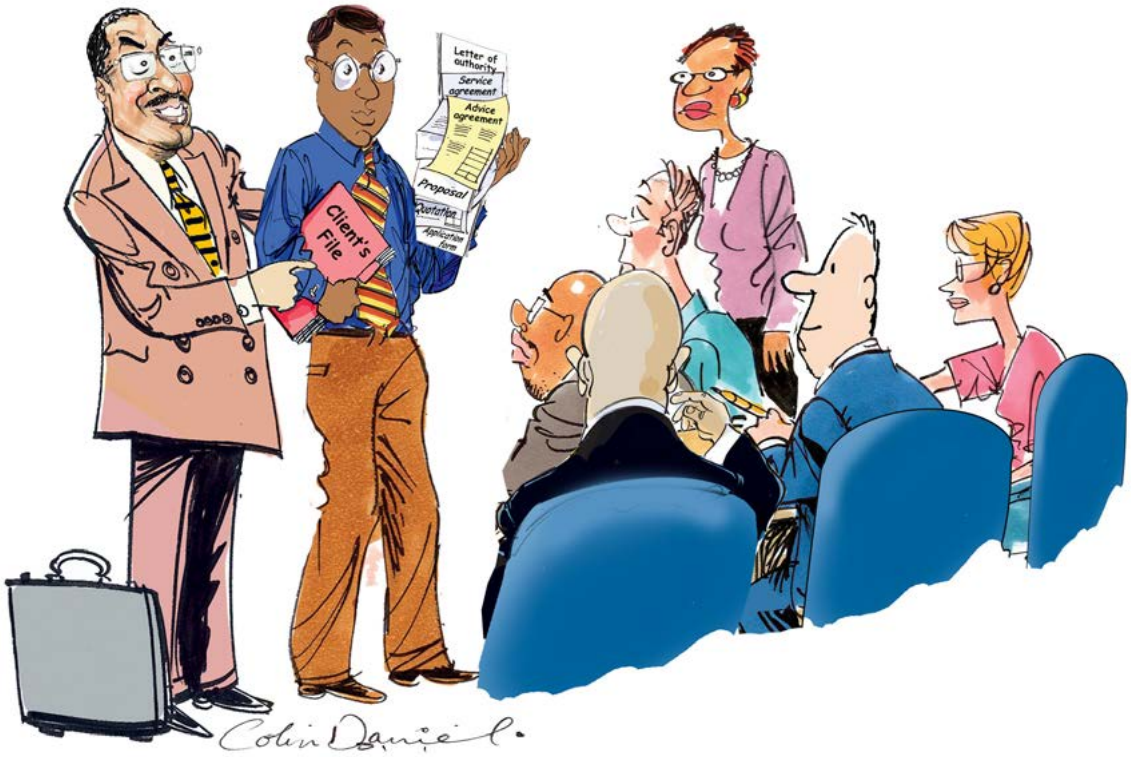
Customer experiences matter! That is why successful businesses are relentless in pursuing a customer experience that will attract new customers and retain them. Therefore, consider the following questions:

Activity	WHAT can I do to improve the client's experience	HOW can I improve the client's experience?
Prospecting		
Setting up an appointment		
First meeting – introduction		
Gathering client information		
Agreeing on services to be ren-dered		
Conducting an analysis and preparing a proposal with rec-ommendations		
Presenting the client proposal and recommendations		
Agreeing on proposal(s) and solutions to be implemented		
Implementing the solutions that were agreed to		
Ongoing client reviews and on-going services to be rendered		

Client engagement is all about sincerely caring more about the client than his/her money and creating a client experience throughout the entire engagement process that leads to trust, and then holding on to that trusted relationship as if your life depends on it.

Effective supervision transforms chaos into clarity and potential into performance. Great supervision in an FSP matters because it creates a positive ripple-effect throughout the business.

- It directly impacts the productivity of the supervisee
- It enhances the representative's morale
- It boosts organisational culture
- It contributes to overall success



Chapter 34

Supervision

The financial advisory industry faces significant challenges in retaining new entrants to the market. According to some international wealth advisors, over 72% of trainee advisors leave the industry before becoming fully qualified advisors, and approximately 80% to 90% of new financial advisors exit the profession within their first three years, indicating a success rate of only 10% to 20%. Based on my discussions with leading FSPs in South Africa I believe that the statistics paint a similar picture here. I have no doubt that excellent supervision strategies and execution can improve these poor statistics significantly.

The supervision 'conundrum' (a complex problem that is often difficult to solve)

There seems to be agreement amongst my colleagues that most FSPs lack the capacity to excel at good supervision. In view of all the market and regulatory pressures all FSPs are under pressure and the lack of capacity is evident across the board, so there is no judgement from my side. It is just a fact. Key individuals and representatives who are qualified to serve as representatives do not actually have the time to spend to guide and mentor other people. Most people are not remunerated for being a supervisor and they have other work like managing and overseeing the activities of the FSP or looking after their own client base, which is taxing enough. At the same time, if one really wants to reap the benefits of good supervision, it needs to go beyond ticking the proverbial compliance box. Supervisors has faced this 'conundrum' for FSPs for decades. To fix this conundrum, it starts with a desire to make a difference and invest in the next generation. For many, this investment is part of a contingency plan, and if done properly, you will reap the benefit. For others, it may be a true desire to give back to the industry and lay the foundation for the next generation of financial advisors. Like leadership guru, Simon Sinek, demonstrated, if your WHY is strong enough, you will find a way to make it work.

The benefits of good supervision

The following benefits may help you to find your WHY:

Advisor development

Good supervision supports advisors' professional growth and development.

Operational efficiency

Sound supervision streamlines processes, improving efficiency and productivity.

Quality control

Good supervision ensures quality and consistency in services delivered.

Client trust and peace of mind

Supervision ensures clients receive appropriate advice, and good service, leading to trust, peace of mind, and loyalty.

Client protection

Sound supervision safeguards clients' interests and financial future.

Business reputation

Effective supervision enhances the practice's reputation and credibility.

Regulatory compliance

Effective supervision ensures adherence to industry regulations and standards and best practices.

Risk management

Supervision identifies and mitigates potential risks, protecting clients and the practice.

Long-term success

Effective supervision is essential for the long-term success of any FSP.

Definition

The Oxford Business English Dictionary defines 'supervise' as 'to be in charge of somebody or something to make sure that everything is done correctly, safely etc.[1]

However, making sure that 'everything is done correctly' as the definition suggests, is so wide and complex for newcomers to the industry that supervision requires much more than training. In view of the complex nature of practice management, compliance, and financial planning and the art and science of working with clients during the client engagement process, supervision is a process that involves a whole lot more than mere guidance.

Supervision has nothing to do with control; it is not just about watching over advisors—great supervisors lead by example, they guide, coach, mentor, monitor and inspire. Great supervisors ensure not only that tasks are successfully completed but that people grow, and that systems improve in the process. The driving force behind any growing and thriving FSP is intentional, competent, empowering, and consistent supervision. sound, professional guidance. A well-supervised person is a well-equipped person.

Good supervisors play a critical role in the growth, performance, and well-being of their supervisees. They create an environment where supervisees can thrive, develop their skills, and feel supported. Here are the key things good supervisors do for their supervisees:

Leadership: Provide clear direction

- Encourage a sense of purpose and motivation
- Define roles, responsibilities, and priorities
- Help supervisees understand how their personal and professional goals align with the FSP's mission
- Set realistic and achievable goals, aligned with the FSP's objectives
- Ensure supervisees understand what success looks like and how their contributions fit into the bigger picture
- Provide clarity on career progression and growth opportunities within the FSP

Create a safe and respectful environment

- Foster a culture of respect and trust
- Address concerns promptly and ensure supervisees feel heard and valued
- Provide emotional support during challenging times, showing empathy, understanding, and encouragement

Model ethical and professional behaviour

- Lead by example by demonstrating integrity, accountability, and professionalism
- Show consistency in your actions and fairness in decision-making
- Inspire supervisees through a strong work ethic and a positive attitude

1 Oxford Business English Dictionary, Oxford University Press, 2008 page 542

Foster professional development

- Identify strengths and areas for improvement and create opportunities for growth
- Provide mentorship and coaching to help supervisees build new skills
- Encourage participation in training programs, certifications, or networking opportunities

Offer support and resources

- Ensure supervisees have the tools, training, and information needed to perform their tasks effectively
- Help overcome barriers by removing obstacles or securing additional resources
- Act as a safety net, providing guidance in challenging situations

Give constructive feedback

- Regularly communicate performance insights, both positive and areas for improvement
- Frame feedback in a way that motivates supervisees and helps them grow
- Offer actionable steps to address performance gaps

Advocate for their needs

- Represent supervisees' interests to higher management
- Protect their workload by setting reasonable expectations and pushing back on unrealistic demands
- Support work-life balance by respecting boundaries and promoting well-being

Empower and encourage independence

- Encourage initiative, innovation, and problem-solving
- Delegate tasks and trust supervisees to make decisions within their scope
- Allow supervisees to take ownership of their work while offering guidance when needed

Provide regular opportunities for communication

- Hold regular check-ins or one-on-one meetings to discuss progress and address concerns

  In the beginning of the supervision period, I propose a meeting at least once a week. When there is progress, the supervisor can make it less frequent – perhaps once every two weeks or as and when the supervisee meets with clients.
- Create an open-door policy where supervisees feel comfortable reaching out
- Foster collaboration and team cohesion through open discussions

Help supervisees to navigate challenges

- Offer problem-solving strategies and help them navigate workplace conflicts or difficulties
- Provide encouragement and reassurance during setbacks
- Help supervisees learn from their mistakes without fear of excessive criticism

Recognise and celebrate achievements

- Acknowledge successes, whether small or large, to boost morale
- Show appreciation for their contributions, both publicly and privately
- Celebrate milestones to create a sense of accomplishment

Supervision is a critical component of a financial advisory practice, playing a vital role in ensuring the delivery of high-quality services, maintaining regulatory compliance, and protecting clients' interests.

To ensure effective supervision, practices should:

1. Establish clear policies and procedures
2. Designate experienced supervisors
3. Provide ongoing training and support for both supervisors and supervisees
4. Regularly review and assess progress and services
5. Maintain open communication channels
6. Foster a culture of compliance and excellence

By prioritising supervision, FSPs can ensure high-quality services, maintain regulatory compliance, and protect clients' interests, ultimately driving long-term success.

Competitive advantage

To ensure a competitive advantage, the following key issues must be in place regarding the client engagement process and creating a great client experience in financial advisory practices:

Strong leadership, management, and supervision

Foster a culture of excellence and innovation.

Values

Good supervisors and supervisees value FSPs with strong values like respect, integrity and excellence.

Unique value proposition

Clearly define and communicate the practice's unique value.

High trust and client-centric culture

Foster a high trust culture, internally and externally, that prioritises client needs and excellent service.

Advisor skills and training

Ensure advisors possess necessary skills and training.

Technology and infrastructure

Leverage technology to enhance client engagement and efficiency.

Data analytics and insights

Use data to provide personalised recommendations and improve services.

Continuous innovation

Stay ahead of industry trends and innovations.

Scalability and efficiency

Streamline processes to accommodate growth.

Regulatory compliance and risk management

Ensure adherence to industry regulations.

Strategic partnerships and collaborations

Foster strategic partnerships to expand offerings.

Create and maintain a culture of continuous improvement

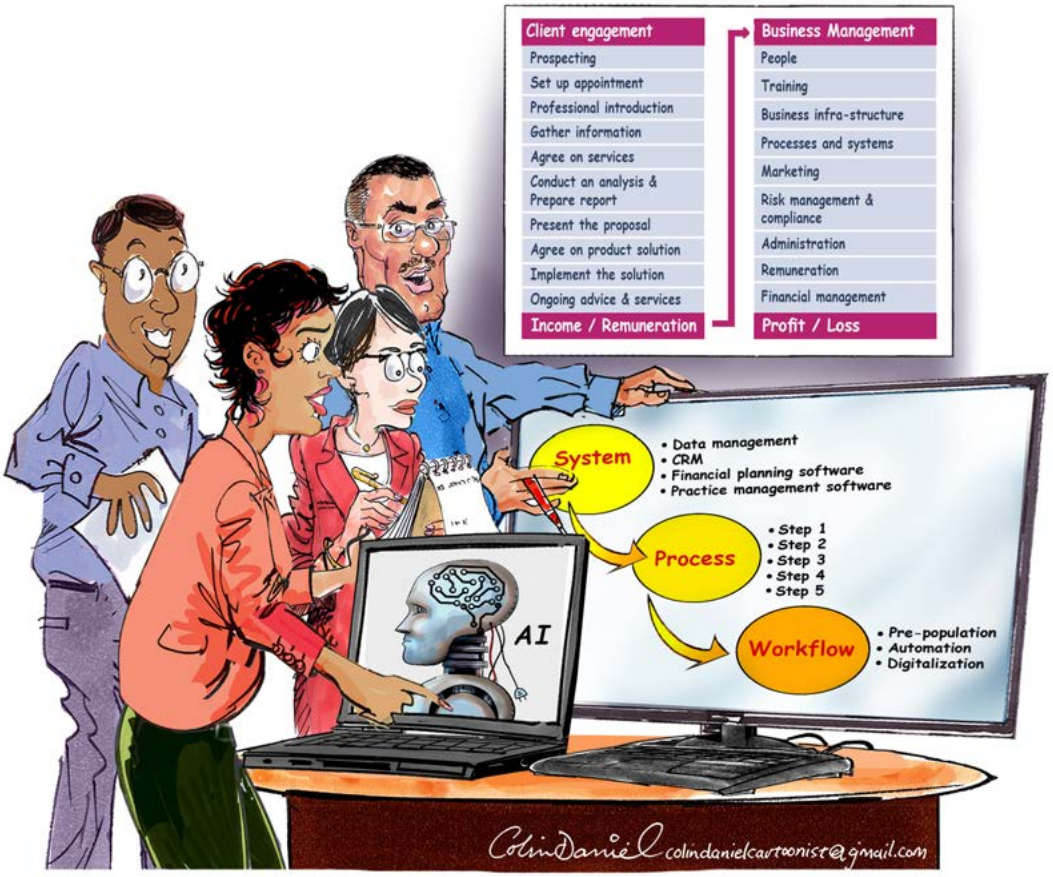
Regularly assess and refine the client engagement process.

By addressing these key issues around supervision, FSPs can create a competitive advantage, drive business growth, and maintain a leadership position in the industry.

Supervision
Activities

The client engagement process and ongoing service model						
Process	Activity	Supervision Leadership	Supervision Direction	Supervision Mentoring	Supervision Monitoring	Supervision Rating
Step 1	Prospecting	Inspire	Teach	Develop	Evaluate	Report
Step 2	Setting up appointment	Inspire	Teach	Develop	Evaluate	Report
Step 3	Professional introduction	Inspire	Teach	Develop	Evaluate	Report
Step 4	Share info and gather client information	Inspire	Teach	Develop	Evaluate	Report
Step 5	Agree on service(s) to be rendered	Inspire	Teach	Develop	Evaluate	Report
Step 6	Conduct an analysis and prepare report	Inspire	Teach	Develop	Evaluate	Report
Step 7	Present proposal/ recommendation(s)	Inspire	Teach	Develop	Evaluate	Report
Step 8	Agree on financial plan and/or products	Inspire	Teach	Develop	Evaluate	Report
Step 9	Implement financial plan and/or products	Inspire	Teach	Develop	Evaluate	Report
Step 10	Ongoing rendering of (financial) services	Inspire	Teach	Develop	Evaluate	Report

Business success does not happen by accident. Effective management is crucial for financial advisory practices to deliver exceptional services, drive business growth, and maintain a competitive advantage. It is not developed overnight. It takes self-imposed, life-long practice!



Chapter 35

The practice of management

The title of this chapter was inspired by two books, namely, The practice of management, by the late Peter Drucker, and Eat that Frog by Brian Tracey. When I read Tracey's book, I was reminded about the story of the man who stopped a musician on the street in New York and asked him how he can get to Carnegie Hall (one of the most famous and prestigious concert venues in the world), and the magician replied, 'Practice, man, practice! At the same time, one of Gary Player's most famous quotes rang in my ears:

The more I practice, the luckier I get!

Many practice managers argue that the main difference between practice management and business management is that practice management is about a professional practice where the firm is dependent on one person. If he or she is not in the practice to do the work, the firm does not earn revenue. They argue that business management is about a firm that earns revenue whether the main person is continuously present to do the work or not. The reality is that many FSP practices have turned into profitable and sustainable businesses over the years, but they still talk about practice management. The truth is that the term, practice management, has become synonymous with financial advisory businesses around the world, and everybody understands the concept. Therefore, the purpose of this chapter is not to argue about whether we should be referring to practice management or business management. The one common denominator is management, and that is what we will focus on.

To manage means to run, direct, administer, supervise and oversee. To oversee means to supervise, manage, run, direct, administer, mastermind and watch over.[1] Although there is a significant overlap, in the context of practice management, management focuses on the day-to-day running of the business and include aspects such as leadership, vision, values, human resources, systems, processes, advertising, marketing, compliance, training and financial management. Oversight on the other hand refers to supervision and watching over the delivering of advice and intermediary services specifically.

Every FSP in the world needs someone to manage and oversee the business. The illustration on the previous page shows that the success of the representative in the client engagement process generates revenue for the FSP. The better and smoother the client engagement process, the better the client experience will be, and the more revenue the representative generates for the FSP. Therefore, logically, all management activities should revolve around the effective distribution of capital in the business to those areas in the practice that enhances a professional, effective, and efficient client engagement process. If the directors, managers, and key individuals of the business are irresponsible or unwise in their distribution of capital, and ineffective in their management (direction, administration and oversight), it will cripple the business. If the fundamentals of business management as illustrated in this book, are not implemented in a way that continuously improves the efficiency of doing business with clients, the management will shoot the business in both feet. It is of paramount importance that the directors, management, and the key individuals invest a lot of time and money to ensure that the building blocks of effective and efficient client engagement are in place.

We believe that good leadership and effective management will be of the utmost importance as we move into yet another season of change. It will take ongoing practice, even for the most skilled.

The principles of 'practice' of management are evident in the sporting world, and the same principles apply to both rookie managers and highly skilled, experienced managers. Apart from Gary Player's unparalleled work ethic during his career, Tiger Woods was interviewed at some point, and this is what he said about his early years:

People don't understand that when I grew up, I was never the most talented.
The only thing I had was my work ethic, and that's been what has gotten me this far.

1 Thesaurus

Then, in later years, when his practicing paid off – big time, he said this:

No matter how good you get you can always get better, and that's the exciting part.

In all the other sports, the same principles apply. For example, basketball legend, Michael Jordan's legendary work ethic was well-known, with many noting that he was often the first to arrive at practice and the last to leave.

These athletes' relentless pursuit of excellence and their belief in the power of hard work have not only defined their careers but have also inspired countless individuals to strive for greatness through dedication and perseverance. As a manager, you can leave the same kind of legacy, but it will take practice, practice, practice!

The main message in this chapter is that our industry is always evolving, and for that reason the ongoing development of your management skills, whether you are just starting out as a manager or key individual, is of fundamental importance for your FSP. At some point there will be a changing of the guard, and you want to be ready! Growing as a manager requires intentional effort, self-awareness, and a commitment to lifelong learning. Like in professional basketball and golf, professional management will take practice! The following framework will help you to improve as a manager year after year:

Adopt a Kaizen mindset

Kaizen is a powerful mindset and strategy for achieving sustainable growth and improvement in any aspect of life or business. In his book the Driving seat, former CEO of Toyota, Brand Pretorius mentioned the power of this principle where Toyota' s employees are encouraged to suggest ideas for improvement, resulting in thousands of small changes that collectively drive efficiency and quality.

Understand your SWOT

Understand your strengths, weaknesses, opportunities and threats: Regularly reflect on your performance, seek feedback, and identify areas for improvement. Any good manager needs a high level of self-awareness.

Focus on relationships

Build trust: Trust is the foundation of a great manager-team relationship. Practice the 7Cs of Trust as highlighted earlier in this book.

Invest in your communication skills

Listen actively: Understand the concerns, aspirations, and ideas of your team members. Make a deliberate effort to improve how you communicate to different team members' needs, preferences, and personalities.

Manage your emotions

Do not react based on emotion. Rather respond appropriately after you have calmed down. Learn emotional intelligence to handle your emotions, stress, and then lead by example.

Hone your leadership skills as a manager

Set clear goals and expectations: Ensure everyone understands their role, responsibilities, priorities, and how their work contributes to the larger mission.

Hone your management skills

Learn to delegate effectively: Empower your team by assigning responsibilities and trusting them to deliver, rather than micromanaging.

Offer recognition

Celebrate achievements, both big and small, to boost morale and to stimulate motivation.

Invest in your personal development

Do not wait for others to motivate you. This must be a self-imposed goal. Read and learn. Learn from experienced managers who can provide guidance and share lessons from their own journey. Stay informed about industry trends, challenges, and innovations to lead and manage with insight.

Create a constructive feedback culture

Regularly solicit feedback from your team, peers, and supervisors. Use constructive criticism to improve and measure your progress.

Master your task management

Set priorities: Focus on high-impact activities and delegate less critical tasks. As Brian Tracey teaches, 'Eat that frog'! Tracey's book with the same title is a must read if you want to want to excel.

Embrace change

Stay flexible and open to new ideas or processes, even if they challenge the status quo.

Learn from setbacks

Treat failures as lessons and use them to improve your strategies.

Think long-term

Consider the future of your team and organisation, and work toward creating a sustainable impact.

Be approachable

Stay connected with your team. Make it easy for your team to reach out to you with concerns or ideas.

Evaluate and rejuvenate

Review the past year, learn from mistakes, and commit to continuous improvement, even when things get tough. Be relentless as a manager, like all the superstar athletes. It is a life-long practice affair. Practice, Practice, Practice!

Over time, the skill with which a company's managers allocate capital has an enormous impact on the enterprise's value.
— Warren Buffett —
CEO of Berkshire Hathaway

Chapter 36

Prudent allocation of revenue generated through the client engagement process

As highlighted earlier in the publication, prudent allocation of FSP capital generated through the client engagement process is crucial. Here are a few reasons:

Optimisation of resources

Effective capital allocation helps to optimise resources, ensuring that capital is directed towards the areas in your FSP which enhances business efficiencies that enhance the client experience in the client engagement process at the same time.

Sustainability

Properly allocated revenue ensures that a business can cover its operating costs whilst making a sustainable profit. Richard Branson, founder of Virgin Group asserted:

Never take your eyes off the cashflow because it's the life blood of business.

Client satisfaction and retention

Revenue allocated to improving client engagement processes, such as enhancing engagement efficiencies, customer service and/or client experiences, can lead to better client attraction and retention. Impressed clients are more likely to stay loyal and refer others, which drives further revenue.

Growth

There is always a fine balance between allocating capital to sustain an FSP and reinvesting capital to utilise growth opportunities. Whilst being mindful of maintaining a healthy cashflow, we will focus on prudent allocation of capital for growth in this chapter.

Cashflow management – reserves

Prudent allocation of capital requires a business to build reserves for unexpected expenses or challenges. Michael Dell, founder and CEO of Dell Technologies highlighted this 'cashflow management risk' when he used the following illustration:

We were always focused on our profit and loss statement. But cash flow was not a regularly discussed topic. It was as if we were driving along, watching only the speedometer, when in fact we were running out of gas.

Sound cashflow management whilst also considering growth in the business helps mitigate risks and ensures the FSP can weather economic challenges without compromising its operations or positive client experiences.

Competitive advantage

Businesses that allocate revenue wisely can invest in differentiating themselves from competitors. This could involve offering unique value propositions, improving service quality, and enhancing customer experiences, all of which can help to attract more clients and retain them.

Profitability

By carefully managing how revenue is spent, a business can ensure sustainable profitability.

Allocation of capital for growth

There are many reasons why the management of any FSP will consider a healthy allocation of capital to each of the following business units:

People

The right people in the business who are skilled and motivated are more productive, make fewer errors, and work more efficiently, leading to higher output, better quality, and innovation. The right people can give your FSP a sustainable competitive advantage.

Outsourced service providers

Allocating capital to outsourced service providers, such as cybersecurity providers, commission tracking services, or providers of electronic signatures can offer significant advantages for business growth.

Training

Quality training and development help employees stay updated with industry trends and technologies, ensuring the business remains competitive.

Business infra-structure

Proper infrastructure—such as facilities, and equipment—enables a business to scale its operations as demand increases.

Systems

Allocating capital to systems is vital for ensuring sustainable growth and efficiency in your FSP. Investing in scalable systems ensures the business can handle increased workloads, more clients, and market demands without compromising quality. Modern systems give businesses a significant competitive advantage by staying ahead of technological trends and offering better, more effective and efficient solutions than competitors.

Processes

Implementing tools like workflow automation software to speed up operations is a great investment in your FSP.

Marketing

Effective marketing creates increased brand exposure and awareness, drives customer acquisition and builds loyalty by engaging potential and existing clients with tailored messaging and value propositions.

Risk management and compliance

FSPs with strong risk and compliance systems gain, and maintain, the trust of all their stakeholders, giving them an edge in the marketplace. Allocating capital to risk management and compliance resources is critical for ensuring sustainable growth and protecting a business from potential threats.

Administration

Strong administrative support in the business of an FSP ensures that daily operations run smoothly, enabling people in other departments to focus on their core functions. Effective administrative systems enhance efficiencies, reduce risk, and free up the leadership of FSPs to focus on strategy and growth initiatives while ensuring back-office functions align with the business's goals. Ensuring administrative roles are filled by competent individuals who contribute to smooth decision-making and execution, contributes to the efficiency and ultimate profitability of the FSP.

Remuneration strategies

Allocating capital to competitive remuneration strategies, such as bonuses and profit-sharing, is an effective way to drive growth and strengthen a business. It helps attract skilled people and reduces turnover, ensuring the business has the right people to drive growth.

Financial management

Allocating capital to sound financial management resources is essential for maintaining financial control, prudent management, stability, and growth in any FSP. Effective financial management provides accurate and timely financial data, allowing business leaders to make informed decisions and strategically allocate resources for growth.

The fundamentals of effective allocation of capital

The following business matrix can help you with decision-making and effective allocation of capital in your FSP.

Business unit / Activity	Priority	Reason(s) why?	Amount	Impact on Budget	Impact on Business
People					
Outsources Service Providers					
Training					
Business Infra-structure					
Systems					
Processes					
Marketing					
Risk Management & Compliance					
Administration					
Remuneration Strategies Bonusses Profit share					
Financial Management					

If there's one overarching message arising from corporate history across all our research- studies that employ comparisons of great versus good in similar circumstances- it would be this:
The factors that determine whether or not a company becomes truly great, even in a chaotic and uncertain world, lie largely in the hands of its people. It is not mainly a matter of what happens to them but a matter of what they create, what they do, and how well they do it.[1]
First who, then what. Get the right people on the bus, the wrong people off the bus, and the right people in the right seats.
— Jim Collins —

1 Jim Collins: Great By Choice, Random House Business Books 2011, p 182

Chapter 37

The power of people

There was a great deal of talk about the sequence of the three P's- people, products and profit. It was decided that people should absolutely come first (products second and profit third).[1]

However:

The old adage that people are your most important asset is wrong. The right people are.
— Jim Collins[2] —

The challenge for the advisor is finding and keeping good people. Without quality staff, time management, efficiency, growth, and the capacity to serve clients all suffer.
— Mark C. Tibergien and Rebecca Pomering[3] —

The right people:

- fit in with the company's core values
- don't need to be tightly managed
- understand that they do not have 'jobs'; they have responsibilities
- fulfill their commitments
- are passionate about the company and its work. Nothing great happens without passion, and the right people display remarkable intensity
- display 'window and mirror' maturity[4]

People (the right ones) are our weapons of mass achievement.
— Richard Templar[5] —

1 James C. Collins and Jerry I. Porras: Build to Last, Random House Business Books 2000, p 52
2 See Jim Collins 2001: Good to great; Random House Business Books, p 64
3 Mark C. Tibergien and Rebecca Pomering: Practice Made Perfect, Bloomberg Press, p73
4 Jim Collins: How the Mighty Fall, Random House Business Books 2009, p 160
5 Richard Templar: The Rules of Management, Pearson Education Limited 2011, p 49

Collins argues that the key to success is not about having the perfect plan, but about assembling the right people first and ensuring they are in roles that align with their strengths and abilities. When you have the right people on board, Richard Branson, founder of the Virgin Group encourages FSPs:

Take care of your employees, and they'll take care of your customers.

This statement reflects Branson's belief in the importance of creating a positive and supportive environment for your staff. When the right people in your FSP feel valued and well-supported, they are more likely to go above and beyond for customers, which ultimately drives business success. Having the right people in a business is crucial for several reasons:

Skills and expertise

The right people bring the necessary skills and knowledge that directly contribute to the success of the business. They are capable of performing their roles effectively and can drive innovation and problem-solving.

Cultural Fit

Employees who align with your FSP values and culture create a harmonious work environment. This leads to better collaboration, higher morale, and increased productivity.

High trust environment

The right, competent people who are aligned with your FSP values help to create a high trust environment.

Collaboration

Collaboration can be a game-changer for a business, offering several powerful benefits, for example:

- It builds trusting relationships
- It enhances employee engagement
- It fosters innovation
- It improves the standard of problem-solving
- Collectively it enhances productivity and efficiency

Efficiency and productivity

The right team members who operate in a high trust environment can work efficiently and can adapt and respond effectively to challenges. Collaboration in a business with a high trust culture is what puts good FSPs on steroids and turn them into great businesses. Like Stephen Covey highlighted in his book, The speed of trust, 'The higher the trust, the quicker things happen, the lower the cost.' People who value high trust are proactive in finding solutions and generally manage their time and resources well, leading to better overall productivity.

Leadership

Effective leaders who understand the business's vision can inspire and guide their teams towards achieving the company's goals. They make strategic decisions that propel the business forward.

Customer experience

The right people who are shaped in a high trust culture will almost automatically extend that culture to clients. Employees who are trustworthy, committed and well-suited to their roles are more likely to deliver excellent customer service. This directly impacts customer satisfaction and retention, which are vital for business growth.

Innovation and growth

The right people are often those who think creatively and are open to new ideas. Their innovative thinking can lead to the development of new products, services, or processes that give the business a competitive edge.

Resilience and adaptability

In a rapidly changing business environment, having the right people in a high trust culture who collaborate ensures that the company can adapt and remain resilient in the face of challenges.

In closing

In essence, the right people are the foundation of a successful business. They drive the company's mission, maintain its culture, and ensure that it becomes and remains competitive and thriving.

This may be a helpful matrix to assist you when appointing people in your FSP.

PERSON	CULTURAL FIT	COMPETENCE	EXPERIENCE	HIGH TRUST	POTENTIAL
Job description	e.g. Respectful, Honesty, Integrity Diligence, etc.	E.g. Qualifications Fit & proper requirements		E.g. Can they demonstrate & inspire trust	E.g. Leadership Growth
Manager					
Key individual					
Representative					
Supervisor					
Administrator					
Para-planner					
Compliance Officer					
Financial Manager					

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According to Section 25 (1) of the Employment Equity Act, employers must display a summary of the Act.

FOR ORDERS CONTACT

Carien Strydom
082 444 8802
carien@law-at-work.co.za

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Education is the most powerful weapon which you can use to change the world.
— Nelson Mandela —

Chapter 38

Training with purpose

Financial advisors are often referred to as knowledge workers because their role involves applying specialised knowledge to analyse complex financial situations, develop strategic plans, and offer sound, tailored advice that often involve financial planning and financial products. They are required to use their knowledge and expertise to interpret financial data, understand the fundamentals of sound financial and investment advice, interpret market trends, and navigate strategies through client emotions, and operate within onerous regulatory boundaries, all while staying informed about evolving client circumstances, volatile financial markets, and changes to financial products, just to name a few variables. Their work requires continuous learning and critical thinking to provide clients with informed recommendations that align with their individual goals and circumstances.

One of the earliest quotes I recall about knowledge is:

Knowledge is power.
— Sir Francis Bacon —

Over time, I have come to understand that the true power of knowledge lies in its effective application. In our industry, as a financial advisor, if knowledge remains theoretical and is not put into practice, its impact is limited. The phrase, **'Knowledge applied is power'** is often attributed to American philosopher and educator William James. He emphasised the practical application of knowledge as the key to its power and effectiveness. This idea underscores the importance of using knowledge in actionable ways rather than just possessing it theoretically.

Today knowledge is free. It's like air, it's like water… There's no competitive advantage to knowing more than the person next to you. The world doesn't care what you know. What the world cares about is what you can do with what you know.
— Tony Wagner —

In the past two decades, financial planning has evolved into a sophisticated profession. Today's 'advice-led' practices are markedly different from merely selling insurance or investment products. Financial advisors now must apply their expertise to offer tailored, strategic guidance, which goes way beyond selling products. Whilst we acknowledge that there is a place for selling insurance products, this manual aims to set the bar at the highest level for our profession, where we compare the training that is required to provide financial advice at top level with the training that is required for doctors in the medical profession. We believe that the medical profession serves as an excellent analogy for the role of financial advisors and intermediaries, because just as doctors are responsible for their patients' physical well-being, financial advisors are tasked with managing their clients' financial health. Both professions require a thorough understanding of their clients' or patients' circumstances and needs in order to provide appropriate and effective solutions.

ChatGPT *articulates this analogy well: Just as a doctor diagnoses, treats, and helps prevent illnesses to safeguard physical health, a financial advisor evaluates, strategises, and guides to protect and grow financial well-being. Both professions are rooted in trust, expertise, and the commitment to improving lives—one for the body, the other for financial security.*

In both fields, these professionals must be well-qualified to ask the right questions and deliver solutions that address their clients' specific needs, and desired outcomes. Knowledge alone is not enough. It must be turned into skills as well.

Training with real purpose

In every profession, there exists a clear distinction between two types of individuals: those who are genuinely captivated by learning and growth, and those who aim to do just enough to meet the bare minimum requirements. True professionals approach their careers with a mindset of curiosity and purpose. They actively seek out education and training opportunities that challenge their thinking, enhance their skills, and empower them to deliver meaningful value to their clients. For them, Continuing Professional Development (CPD) is not just a compliance requirement; it is an investment in their ability to excel and stay relevant in an ever-changing marketplace.

On the other hand, there are those who view professional development and CPD as little more than a box to tick. Their focus is often on finding the quickest, easiest programs to fulfill compliance obligations, rather than on selecting training that fosters personal growth or equips them to better serve their clients.

The difference lies in the intent. Professionals who train with purpose are driven by a desire to grow, genuinely help clients, innovate, and uphold the highest standards of service. Over time, their dedication translates into greater expertise, deeper client trust, and a stronger contribution to their profession. In contrast, those who take shortcuts may meet the requirements on paper, but they miss the opportunity to add significant value to those they serve and truly elevate their careers. Ultimately, the choice between compliance and commitment defines the professional trajectory of individuals, and the level of impact they can have on their clients and their profession.

In our industry, there are many advisors who view training and development requirements as burdensome, even going so far as to complain about the effort required to meet fit and proper standards and CPD requirements. This perspective can be puzzling, especially when you consider that many financial advisors earn incomes comparable to those of medical professionals and specialists, such as spinal surgeons.

The journey from student to surgeon

To put education and training requirements into perspective, consider the journey of a spinal surgeon. These professionals dedicate years of their lives to rigorous study, practical training, and grueling residencies. They are entrusted with the immense responsibility of performing life-altering procedures, often working under intense pressure. Their training isn't merely a requirement—it's a non-negotiable foundation for the trust and confidence their patients place in them. While financial advisors may not be working in operating rooms, the decisions they help clients make can have a profound impact on their financial well-being and future security. Like surgeons, advisors deal with complex challenges, requiring both technical expertise and emotional intelligence. The trust clients place in them demands a high standard of competence, integrity, and continuous professional growth.

For those who find the fit and proper requirements frustrating, the comparison to the training journey of a spinal surgeon offers an opportunity to reflect. Earning the trust of clients and being well-compensated for that trust comes with an inherent responsibility: to continually grow, improve, and honour the privilege of being in a profession that impacts lives in meaningful ways. In the end, professionalism is not just about earning a paycheck; it's about embracing the journey of lifelong learning and striving to be the best for those who rely on you.

Perspective: The education journey of a spinal surgeon

In South Africa, the path to becoming a medical doctor involves several key steps:

Undergraduate medical degree:

Duration: 6 years.

Institutions: Students must first complete an undergraduate medical degree (MBChB) at a recognised medical school. Admission typically requires a high school diploma with strong marks in subjects like mathematics, physical science, and life sciences.

Internship:

Duration: 2 years.

After completing their undergraduate degree, graduates must undertake a mandatory internship at an accredited hospital. This period involves hands-on training in various medical specialties, allowing interns to apply their knowledge in a clinical setting under supervision.

Community service:

Duration: 1 year.

Following the internship, new doctors are required to complete a full year of community service. This involves working in underserved areas or rural communities to provide medical care, aiming to address health disparities.

Registration:

After completing both the internship and community service, graduates must register with the Health Professions Council of South Africa (HPCSA) to practice as a medical doctor.

The education journey of a specialist

After nine years of intensive study and gaining much practical experience, some doctors may choose to pursue further specialisation. This involves additional years of training and examinations in a chosen field of medicine. I interviewed a friend of mine, a spinal surgeon who practices in Pretoria. Spinal surgeons are often categorised under orthopedic spine surgeons or neurosurgeons with a focus on spine surgery. These specialists are trained to diagnose, treat, and perform surgery on conditions affecting the spine, including disorders related to the vertebrae, discs, and spinal cord. Their expertise lies in both surgical and non-surgical interventions for spinal issues. Becoming a spinal surgeon in South Africa involves a rigorous and highly specialised education and training pathway. To become a spinal surgeon, you first need to specialise in orthopaedic surgery or neurosurgery. This involves several years of postgraduate training:

- Complete a Master of Medicine (MMed) in Orthopaedic Surgery, which typically takes four years. This includes clinical rotations, examinations, and a research component.
- Alternatively, you can pursue a Master of Medicine (MMed) in Neurosurgery, also a four-year program with similar requirements.
- Spinal surgery fellowship follows. After completing your specialist training, you can pursue a fellowship in spinal surgery. This is a focused training period, usually lasting one to two years, where you gain advanced expertise in spinal surgery.

Certification and Practice

After approximately 14 years of dedicated study, and completing your fellowship, you are now well-positioned to become a certified spinal surgeon. Continuous professional development is essential, including attending workshops, conferences, and staying updated with the latest advancements in spinal surgery. This pathway involves a significant commitment of time and effort, but it equips you with the expertise needed to excel in spinal surgery.

For those who complain about all the required training, I believe that there are other professions where the training is much more grueling, like the medical profession, for example. Here are more reasons why I believe that it is appropriate to compare our two professions. It comes down to the following process of customer and patient engagement:

Financial planning	Medical profession
Prospective clients	Prospective patients
Setting up appointment	Setting up appointment / Patients usually phone
First meeting: Wait in reception until the advisor is ready to see the customer	First meeting: Wait in reception until doctor is ready to see the patient
The advisor asks questions to determine the customer's financial circumstances, needs and objectives	The doctor asks questions to determine the patient's medical condition, and does a few prescribed checks, like blood pressure, heartbeat, eyes, ears…
The parties agree that the advisor should do an analysis and make recommendations	In the event that the doctor picks up that there may be further tests required, the doctor proposes further tests, and if the patient agrees, the patient goes to pathologists for blood tests and/or goes for X-rays, or even an MRI scan.
The advisor takes all the information gathered, applies his/her mind and formulates financial recommendations and product recommendations.	After considering all the medical evidence, including the results from further tests, X-rays and scans, the medical doctor comes to a conclusion, and sometimes even consults with colleagues to ensure that the appropriate recommendations are offered.
Present financial recommendations and product proposal(s) to the customer	Present the diagnosis, medical procedure recommendations, and prescribe appropriate medication (products).
The client accepts the proposal(s) in whole or in part	If the patient agrees to the procedure and medication, the procedure is scheduled.
After agreement, product(s) are implemented. Paperwork is done and product application forms are submitted, and followed up until contracts are issued.	On the date that the procedure is scheduled, the recommendations are implemented and medication prescribed.
Annual check-ups are prescribed.	From a certain age, annual check-ups are highly recommended.

Training is critical for FSP for the following key reasons:

Technical expertise

Ongoing training helps advisors stay up to date with the latest tax laws, financial solutions, products, and market trends, enabling them to offer the best possible advice to clients.

Client trust and confidence

Well-trained advisors are more knowledgeable and confident in their abilities. They earn the trust of the clients.

Improved client outcomes

Advisors who are well-trained can tailor financial strategies to meet individual client needs more effectively. This leads to better financial outcomes for clients, enhancing client satisfaction and loyalty.

Competitive advantage

A well-trained advisor can differentiate an FSP from its competitors.

Ethical standards

Training reinforces the importance of ethical behaviour in our profession.

Professional development

Continuous training helps financial advisors to stay relevant and grow in their careers, improving their skills and knowledge base. This not only benefits the individual advisor but also contributes to the overall success and reputation of the FSP. Elon Musk's approach to continuous learning is well known. He has taught himself many technical skills, from rocket science to artificial intelligence, through self-study and deliberate practice. Musk's success is often attributed to his relentless focus on learning and development. He once said, *'I think it's possible for ordinary people to choose to be extraordinary,'* reflecting his belief that continuous improvement through learning can lead to exceptional outcomes.

Risk management

Inadequate training can lead to poor decisions, mismanagement of assets, or incorrect advice, all of which can result in significant financial losses for clients and legal consequences for the FSP. Training equips advisors with the skills to manage risks effectively.

Regulatory compliance

The financial industry is highly regulated, with stringent rules governing the advice and services provided to clients. Proper training ensures that advisors understand and adhere to these regulations, minimising the risk of legal issues and maintaining the FSP's reputation.

In summary, training in a financial advisory business is essential for maintaining regulatory compliance, enhancing technical and ethical standards, building client trust, managing risks, and ensuring the professional development of advisors. It ultimately leads to better client outcomes and a stronger, more competitive business.

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Committed to building a better
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VALUE FOR MONEY, **WITH A PROMISE TO CARE**

Time is the most valuable commodity in today's fast-paced world. Mature professionals wish they'd studied more in their formative years. Junior professionals need to find time to balance climbing the career ladder with creating a life of value and meaning. That's why professionals in Financial Services across South Africa need to choose carefully. An educational institute is so much more than a gateway to certification. The right educational institute is a catalyst to a better you.

With so much choice in Financial Services, how do you determine the best option? One name that crops up when it comes to servicing the training needs of South Africa's Financial Services' professionals is the Graduate Institute of Financial Sciences, better known in industry as GIFS.

THE RIGHT EDUCATIONAL INSTITUTE IS A CATALYST TO A BETTER YOU

As a leader in Financial Services education, certification from GIFS carries with it the prestige that you need to boost your career development. FAIS-compliance and COFI-readiness are fundamentals to helping you develop your range of skills in the profession. Those are among the core product offerings from GIFS. However, financial acumen and regulatory compliance are not the key differentiators in today's world of business. It's care.

GIFS, with its internationally-benchmarked and accredited offerings, delivers short courses and programmes that are designed to improve your emotional intelligence, and help you cope with the pressures of balancing your professional development with self-care.

If you're going to invest in your development, you need to invest in the best.

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Integrity Academy

NQF 4

NQF 5

NQF 6

REGULATORY EXAM (RE)

POPI ACT

AML FICA

MICROSOFT OFFICE

CPD COURSES

SOFT SKILLS

- **Broadening Boundaries: The Power of Scalable Learning.**
  Online training excels in scalability, accommodating everyone from small teams to large organisations. This ensures that high-quality learning is accessible to all, regardless of location or team size. Purposeful online training utilizes this flexibility to disseminate essential knowledge and skills widely.
- **Unlocking Success: The Impact of Purpose-Driven Online Training in a Changing World.**
  In today's fast-changing world, education is quickly evolving with technology. Purpose-driven online training is a crucial solution that adapts to these changes and helps us stay proactive. This approach is essential for success in a constantly shifting environment.
- **Dynamic Learning: Dive into Interactive and Engaging Content.**
  Purposeful online training uses interactive elements like quizzes, simulations, and multimedia to make learning engaging and enjoyable. By enhancing understanding and retention, these features help learners stay focused and effective in today's fast-paced environment.
- **Mastering Tech Trends: Adapting to the Future of Innovation.**
  Traditional education often lacks customization and doesn't meet specific needs. In contrast, online training offers a tailored approach, allowing courses to be adapted for individual skills, industry requirements, or organizational goals. This ensures that learning is relevant and directly applicable.
- **Unlocking Potential: The Power of Data-Driven Insights.**
  Online training removes the constraints of traditional classrooms and strict schedules, allowing learning anytime and anywhere. This flexibility is crucial in today's fast-paced world, making education convenient and easy to fit into busy lives.
- **Cultivating a Culture of Lifelong Learning.**
  IIn a constantly evolving world, continuous learning is essential. Purposeful online training provides flexible and relevant education that fosters lifelong learning, enabling individuals and organizations to remain adaptable and ahead of the curve.
- **Unlimited Learning: The Freedom of Flexible Access.**
  Online training removes the constraints of traditional classrooms and strict schedules, allowing learning anytime and anywhere. This flexibility is crucial in today's fast-paced world, making education convenient and easy to fit into busy lives.
- **Custom-Crafted Learning: Your Pathway to Personalised Success.**
  TTraditional education is often not customized, whereas online training provides a tailored approach that fits individual skills, industry needs, and organizational goals. This focus makes learning relevant, impactful, and applicable to real-world situations.
- **Boundless Learning: Flexibility and Access Anytime, anywhere.**
  Traditional training can be expensive due to costs for travel, venues, and materials. Online training removes these costs, enabling organizations to focus more on high-quality content and ongoing development. This method offers great learning experiences while being budget-friendly.
- **Syncing Training with Strategic Success.**
  Purposeful online training aligns with organizational goals by focusing on relevant skills and knowledge, fostering innovation and success while ensuring each session supports overall business objectives.

OUR VALUE PROPOSOSTION

"EMPOWERING YOU TO SUCCEED AND THRIVE, THROUGH ACCREDITED ONLINE EDUCATION."

MISSION STATEMENT

At Integrity Academy, our mission is to improve online education in the financial services sector by providing impactful learning experiences that adapt to industry changes. We aim to meet the specific needs of financial professionals with a top-quality educational platform that sets us apart.

Comprehensive Learning Solutions:
We provide a wide range of courses specifically designed for the financial services industry, featuring content that focuses on regulatory compliance, advanced skills, and practical applications to ensure learners excel.

Tailored Support and Global Reach:
We prioritize dedicated online support, offering personalized assistance and quick feedback to ensure learner success. Our global reach enables access to materials from anywhere, allowing for seamless assignment submissions and overcoming geographical and time-zone barriers.

Efficiency and Innovation:
We pride ourselves on delivering training that is not only effective but also efficient. Our streamlined processes guarantee swift grading, assessment, and feedback, keeping learners on track and motivated. Through continuous innovation, we stay ahead of industry trends, offering cutting-edge solutions that drive growth and success.

24/7 Accessibility and Self-Paced Flexibility:
We offer training that is accessible 24/7, allowing learners to engage with content at their convenience. Our self-paced approach enables individuals to progress according to their own schedules, ensuring flexibility that accommodates their personal and professional commitments.

Diverse Learning Styles and Instant Access:
We cater to various learning preferences—visual, auditory, read/write, and kinesthetic—by incorporating diverse modalities into our courses. Additionally, instant access to materials upon payment promotes immediate engagement and readiness for learning.

VISION STATEMENT

Our vision is to be the top online training provider in the financial services sector, known for offering outstanding educational experiences that foster professional growth. We strive to make education for financial professionals accessible, flexible, and globally relevant. By constantly adapting to industry needs, we equip learners with the tools and knowledge to thrive in a changing financial landscape, helping them reach their full potential and contribute to the industry's success.

VALUE STATEMENT

We are guided by our core values of Integrity, Customer service, Commitment, Trust and Quality:

INTEGRITY: We follow strict ethical standards to ensure our education is honest and transparent, aligning with industry best practices. This builds trust in the quality and accuracy of our training programs.

COMMITMENT: We are focused on our learners' success and provide ongoing support during their education. Our commitment to quality shows in our quick feedback, effective grading, and the easy integration of training into busy lives.

TRUST: We are dedicated to providing high-quality content and experiences that meet the strict standards of the financial services industry, ensuring our learners receive valuable training.

QUALITY: We are committed to delivering high-quality content and experiences that meet the strict standards of the financial services industry, ensuring our learners receive valuable training.

UNRIVALLED SERVICE: Our commitment to excellent service distinguishes us from our competitors. We provide instant access to quality content and support, allowing learners everywhere to benefit from our programs. Focused on efficiency and personalized help, we're always ready to support our learners' success.

By emphasizing these values, we aim to foster an educational environment that is accessible, flexible, and closely aligned with the needs and goals of our diverse audience in the financial services sector.

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(012) 348 1098

info@ialearn.co.za/ johann@ialearn.co.za

www.integrityacademy.co.za

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Qualifications

- Postgraduate Diploma in Financial Planning (NQF 8)
- Advanced Certificate in Financial Planning (NQF 6)
- Occupational Certificate: Compliance Officer (NQF 6)
- Higher Certificate in Wealth Management (NQF 5)
- Higher Certificate in Short-Term Insurance (NQF 5)
- FETC: Short Term Insurance (NQF 4)
- FETC: Wealth Management (NQF 4)

RE Training

This course is designed to help prepare for the Regulatory Examination for Representatives (RE5)

CPD

- Regulatory environment
- Ethics
- Technical
- Business Skills & Abilities

Short Courses

- NCA Courses
- FICA Courses
- POPIA Courses
- Entrepreneurship

COB

- Short-term Insurance: Personal Lines
- Long-term Insurance
- Short-term Insurance: Commercial Lines
- Investments
- Short-term and Long-term Deposits
- Pension Funds Benefits
- Structured Deposits
- Health Services Benefits
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For more information or to enrol:

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Fit and Proper – And Beyond: Elevating Practice Management

For Financial Service Providers (FSPs), achieving and maintaining Fit and Proper status is crucial for compliance and practice success. Moonstone Business School of Excellence (MBSE) offers comprehensive training solutions to help your team meet these critical requirements while also gaining the skills to excel.

Our offerings include:

- Class of Business (COB) Training
- Regulatory Examination (RE5) Training
- Accredited Financial Services Qualifications (NQF4 – 8)
- Continuous Professional Development (CPD) Courses
- Regulatory Short Courses (FICA, POPIA, NCA)

These programmes ensure your practice remains compliant, your team stays informed, and your clients receive the best service.

Our training goes far beyond compliance, focusing on practical application and current industry knowledge, equipping your team to navigate complex financial landscapes effectively.

Our full range of online courses offer the flexibility busy professionals need, allowing learning at their own pace without disrupting daily responsibilities.

Partner with MBSE to confidently meet Fit and Proper requirements and foster a culture of excellence.

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Fit and Proper

For more information or to enrol:

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MOONSTONE
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TRAINING MADE EASY WITH MASTHEAD'S COMPETENCE SOLUTION

Keeping up with Competence requirements is essential, but it doesn't have to slow you down. Masthead's integrated training platform ensures compliance while supporting your business goals.

In the fast-paced world of financial services, staying compliant with the Competence requirements set out in the FAIS Act is crucial.

However, managing these obligations – from Continuous Professional Development (CPD) to Regulatory Examinations (RE), Class of Business (COB) training, and Product-Specific Training (PST) – can be time-consuming and administratively burdensome. That's where Masthead's integrated training platform comes in, offering a streamlined solution that supports your compliance needs without slowing down your operations.

Why Competence Training Is Vital – and Challenging

As a financial services provider (FSP), ensuring your team meets the Fit and Proper standards set by the FAIS Act is not just a regulatory requirement – it's essential for delivering quality advice and maintaining trust with your clients.

Training helps your team stay up-to-date with industry changes, enhances their professional skills, and ensures they provide the best possible service.

However, managing these training requirements can be overwhelming. Some common challenges include:

- **Complex record-keeping:** Tracking the various qualifications, regulatory exams, and training courses is cumbersome without an efficient, centralised system.
- **CPD management:** Financial services representatives need to complete specific CPD hours each year, and managing this paperwork manually can be time-consuming and prone to error.
- **Data accuracy:** Outdated or incomplete records pose significant compliance risks.
- **Administrative burden:** Without the right tools, manual tracking of training and compliance detracts from your core business functions.
- **Preparation for inspections:** Regulatory inspections demand accurate, easily accessible records to demonstrate compliance. Failure to provide the necessary documents can lead to fines or penalties.

Masthead's Learning Centre: The Solution to Compliance Challenges

Masthead's Learning Centre simplifies the entire Competence management process with an integrated training platform designed to help you meet all your regulatory obligations.

Key features of the Masthead Learning Centre include:

1. **CPD-approved Learning Content:** Access a wide range of CPD seminars, webinars, and online learning activities, along with COB and RE preparation courses, all directly through the Masthead Learning Centre.
2. **Personalised Fit & Proper Dashboard:** Each representative has their own dashboard where they can see their training status, CPD progress, and any outstanding requirements in real-time. The dashboard also integrates with the FSCA website and the FAIS Exchange portal to keep records automatically updated.
3. **Supervisor Dashboard:** Designed for Key Individuals and those responsible for overseeing Competence management, this dashboard consolidates all of your representatives' compliance data into one simple interface. It provides a clear overview of each team member's status and deadlines, reducing manual oversight and administrative workload.
4. **Efficient Record-keeping & Reporting:** All training records, certifications, and CPD hours are securely stored and easily accessible. With Masthead's reporting tools, generating compliance reports for the FSCA or other regulatory bodies is effortless, ensuring that you're always inspection-ready.

How Masthead Transforms Competence Management

Masthead's platform takes the stress out of managing training and compliance, allowing you to focus on what matters most: running and growing your business. By automating key aspects of the training and compliance process, our solution saves you time, reduces the risk of non-compliance, and provides peace of mind knowing that your team is always on track with their regulatory obligations.

Let Masthead Simplify Your Compliance Journey

With Masthead's Learning Centre, you can easily manage all aspects of training, reporting, and compliance with a comprehensive, user-friendly platform. From CPD to regulatory exams, we've got your Competence needs covered.

Ready to streamline your Competence management?

Contact Masthead today to learn how we can help you stay compliant while keeping your business running smoothly.

Email us at info@masthead.co.za or call 021 686 3588.

Visit www.masthead.co.za to explore our full suite of compliance, practice management, and business development services.

MASTHEAD

About Masthead
Masthead provides comprehensive compliance, practice management, and business development solutions to financial services providers. Our integrated platform ensures that businesses stay on top of regulatory requirements while maintaining operational efficiency. Let us help you focus on what you do best – growing your business.

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At Discovery, we recognise the crucial role that knowledge and development play in the success of financial advisers. For this reason, we established the Discovery Institute of Training, an award-winning team committed to equipping financial advisers with everything they need to achieve excellence.

Our institute distinguishes itself through a team of highly qualified professionals who offer a variety of learning solutions and resources tailored to address the specific needs of financial advisers.

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Explore DIT's comprehensive library of learning content,
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Discovery

NEW ADVISER TRAINING
Jumpstart your journey with our monthly in-person and online structured inductions, as well as online self-directed training. These programmes will introduce you to our product range, financial planning concepts, and essential sales and soft skills.

COMPREHENSIVE ONLINE LIBRARY
Our extensive online learning library features hundreds of courses, videos, podcasts, infographics, training documents, and presentations. These resources cover product information, financial planning, as well as sales and soft skills, helping advisers develop in specific areas where they need further improvement.

GROW YOUR BUSINESS
We host monthly CPD-registered webinars designed to help you identify new sales opportunities. Join over 12,000 advisers who benefit from using the DIT Portal.

MASTER OUR SYSTEMS
We facilitate online training, giving you access to various support videos and documents that will help you navigate all of Discovery's systems. These resources are essential for financial advisers to succeed in their roles.

STAY COMPLIANT
We ensure that all advisers meet their Class of Business CPD requirements through our Fit and Proper training, offering hundreds of hours of free online CPD content.

STAY UPDATED
Our quarterly Professional Development Days cover the latest product enhancements and industry updates, ensuring our advisers stay informed and up-to-date.

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Obtain knowledge and skills to operate ethically and responsibly as financial adviser while meeting the competency requirements for FAIS Fit and Proper purposes.

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Expand your knowledge and skills necessary for employment and advancement in the financial planning profession.

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Financial Services Advisor (FSA™)

BCom with a major in **Financial Planning**

Specialise in financial planning as applied within the broader field of commerce.

Designations
Financial Services Advisor (FSA™)

Postgraduate Diploma in **Financial Planning**

Equip students with expert knowledge and skills required by professionals in the financial planning industry.

Designations:
Certified Financial Planner (CFP®)

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We've got you. You've got this.

Plot your path to success with Milpark's School of Financial Services

In today's ever-changing financial services landscape, staying ahead of the educational curve is essential. Professionals wanting to deepen their expertise and position themselves as leaders in the financial planning and investment sectors need a comprehensive, flexible and respected educational foundation that keeps pace with industry demands. Milpark Education's School of Financial Services offers just that – an up-to-the-minute, industry-relevant, accredited education that leads working professionals to success.

Milpark's Postgraduate Diploma in Financial Planning (PGDip FP) and *Postgraduate Diploma in Investment Management* (PGDip IM) are designed specifically for those aiming to elevate their careers, with many students leveraging the PGDip FP as a stepping stone to becoming Certified Financial Planner® (CFP®) professionals through the Financial Planning Institute's Capstone course. According to Gerrie van der Merwe, Head of Department: Financial Planning: 'Our PGDip in Financial Planning is our flagship programme - designed to give students not just theoretical knowledge, but also real-world insights that come from our lecturers, who have significant industry experience.'

A flexible, stepped approach to quality online education

What sets Milpark apart from its competitors is its dedication to flexibility without compromising on quality. 'We understand that 95% of our students are working while studying. That's why our online courses are structured to be both rigorous and manageable, with the added benefit that our postgraduate students can progress one module at a time,' van der Merwe explains.

This scaffolded modular structure is combined with frequent assessments and easily accessible support, which helps students fully tackle each topic before moving on to the next. This is a significant benefit for those balancing work, study and home life.

The online format also fosters unique networking opportunities. 'Although the courses are largely individual, we do see valuable networking taking place as students connect through topic-based forums and share struggles around difficult assignments,' he adds.

A learning path informed by extensive practical experience

Milpark's financial planning courses will lead you along a clear educational pathway - from the Higher Certificate in Financial Products to the sought-after Postgraduate Diploma in Financial Planning, providing all the necessary qualifications for those aspiring to become CFP® professionals. Students not only gain technical knowledge along the way but also learn from instructors who have worked on the frontlines of financial planning.

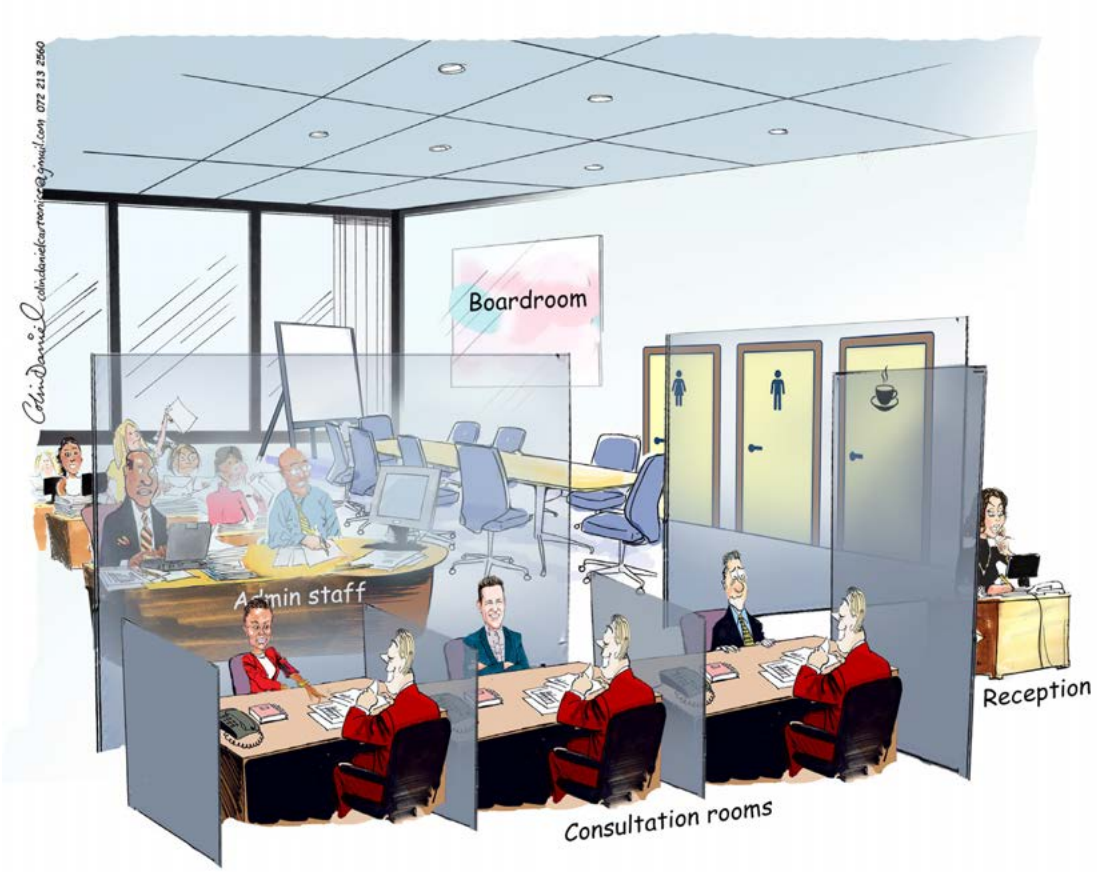
'Our strength lies in understanding our students and the challenges they face in the industry,' van der Merwe notes. 'At Milpark, we're not just delivering theoretical content; we've been in the trenches. We've sat in front of clients, wrestled with real-world issues, and that experience translates into better rapport with our students.'

Why you should choose Milpark

Beyond its academic rigour, Milpark boasts a reputation for exceptional student support. Whether it's the administrative team that 'always makes a plan' or the lecturers who are on hand to assist, Milpark creates a culture of care and responsiveness. 'We've built a reputation for quality and experience,' says van der Merwe, emphasising that this personal approach is what distinguishes Milpark from other institutions. This is what underpins our 'We've got you. You've got this.' brand promise.

For professionals aiming to forge their professional path and stand out in financial services, Milpark's focus on real-world application, flexible learning and comprehensive support makes it an excellent choice. As van der Merwe concludes, 'Milpark has everything you need - from foundational courses to advanced qualifications - to navigate your way through all the steps to success.'

Your business infrastructure can simply create a professional environment for you to work in, but it can also create memorable client experiences. The choice is yours.



Chapter 39

Optimising your business infrastructure

This is an executive summary of what you could create if you paid attention to how you arrange the infrastructure of your office. Imagine getting a letter from your client after a review meeting at your offices:

Dear John,

From the moment I stepped into your offices, I felt an unmistakable sense of ease, anticipation, and belonging. The friendly smile of your receptionist was a reminder that I am in good hands. I always look forward to the warm aroma of freshly brewed coffee because it carries its own silent greeting, setting the tone for our meeting. I love that smell!

There is truly something special about how you have designed your offices. The atmosphere is welcoming yet professional, elegant without being intimidating, and the way the office functions speaks volumes about the meticulous care invested in its design. There's a sense of harmony here, a majestic flow that suggests nothing has been left to chance. Every aspect, from the polished reception area to the smooth coordination of meetings, feels like it was intentionally crafted to make your clients feel valued and respected.

This isn't just a space with a few consulting rooms and computers. It's clear that the infrastructure of this office was planned by a professional who understands the art of creating memorable experiences. This is a place where efficiency and hospitality blend seamlessly, leaving clients like me impressed—not just with the advice they receive but with the entire environment that surrounds it. It is more than just an office—it's an experience! Well done and thank you for hosting me today.

I know this seems to be a bit over the top, but the point I want to make is that some offices are just better designed than others, and the way the business infra-structure is arranged does make a difference to how your clients experience their visits to your offices. Optimising your business infrastructure is crucial for financial advisory practices to ensure efficient operations, drive growth, and maintain a competitive advantage.

Business infrastructure refers to the foundational systems, structures, and resources that support the efficient operation and growth of a business. It encompasses both physical and intangible elements that allow an organisation to function effectively and deliver value to its clients or customers. What follows is a framework of the business infrastructure of any FSP:

Physical infrastructure

The physical design of the office, including reception areas, meeting rooms, workstations, and storage areas:

- Computers, printers, telecommunication systems, and other devices necessary for daily operations
- Utilities (electricity, water), security systems, and ergonomic furniture
- External and internal signage that reflects the company's brand identity
- Features like ramps, elevators, and accessible restrooms to ensure inclusivity

Technology infrastructure

- Servers, networks, and cloud computing solutions
- Customer Relationship Management (CRM) systems, accounting software, project management tools, and other business-specific applications
- Cybersecurity measures
- Communication platforms, like email, video conferencing software, and instant messaging tools

Operational Processes

- Procedures and systems to manage tasks, projects, and deadlines efficiently
- Structured processes for welcoming new clients and setting up their accounts or services
- Compliance systems
- Systems to manage procurement, inventory, and delivery of services

Human resource infrastructure

- Organisational structure which defines clear roles, responsibilities, and reporting lines
- Systems for hiring, onboarding, and ongoing professional development of employees
- Programs to ensure staff satisfaction and retention
- Employee handbooks, codes of conduct, and HR policies

Customer experience infrastructure

- People, processes and resources to ensure clients feel welcomed and valued
- Tools and practices to ensure consistent and exceptional service
- Surveys, reviews, and feedback loops to gauge customer satisfaction and areas for improvement
- CRM tools and data analysis to tailor services to individual client needs

Financial infrastructure

- Accounting and budgeting systems
- Payment systems
- Financial planning for the business to ensure sustainability and growth

Strategic infrastructure

- A clearly defined purpose and long-term goal
- Governance boards, and committees
- Risk management systems to identify, assess, and mitigate risks
- Marketing and branding

Optimising your business infrastructure is essential because it creates a solid foundation for efficiency, scalability, and exceptional client experiences. Ultimately, a thoughtfully optimised infrastructure drives long-term growth, strengthens the brand's reputation, and positions your FSP for sustained success in a competitive market.

A client-centric business infrastructure

To optimise your FSP client centric business infrastructure, consider the following:

- Understand your clients' needs, evaluate and monitor their experiences
- Assess your current infrastructure and focus on whether it is client-centric
- Identify areas for improvement and focus on the client experience it will facilitate
- Develop a strategic infrastructure plan
- Design a welcoming environment for your clients and ensure that your office setup and operations facilitate a great client experience from the moment your client enters your parking area
- Foster a culture of client-centricity and operational excellence
- Invest in scalable technology and tools
- Streamline efficient processes and workflows for client convenience and a positive experience

- Ensure data security and management
- Identify and mitigate operational risks
- Continuously monitor and refine infrastructure

This is a simple example of a framework that may help you to evaluate and optimise your business infrastructure:

Business infrastructure	Current business infrastructure	Desired business infrastructure	Improvement strategy	Desired outcome
client experience				
Items to consider				
Office set-up				
Client Experience Officer (CEO of the Reception area)				
Consulting rooms				
Human resources				
Operations				
'End-to-end' customer experience				
Technology				
Risk management				
Financial				
Other				

The optimisation of your business infrastructure can play an important part in creating and maintaining a competitive advantage. I have experienced offices, and infrastructure of some of the finest FSPs in South Africa and in Europe, and one thing is for sure, South Africans can compete with the best in the world. It can be done! All you need is awareness and the desire to optimise your business infrastructure.

A well-executed client onboarding process is vital for building strong client relationships, enhancing satisfaction, and ensuring long-term business success.

Chapter 40

The new business process

Your brand is not what you sell; it's the experience you deliver.
— Tony Hsieh,—
Former CEO of Zappos

I know that we have spent some time on the client engagement process earlier in the publication. However, before we go into the next chapter, I believe that we need to highlight the significance of onboarding a new client in a way that will lead to more client referrals. Word of mouth referrals remain the most powerful way to gain more clients and that is why FSPs must ensure that their new client onboarding process is second to none. In this chapter we intend to put the first nine steps in the ten-step-process on steroids, bearing in mind-

Client onboarding is not an event; it is a process!

In her book, Onboarding Matters, Donna Weber emphasises the critical role of onboarding a new client during the customer engagement process, noting that neglecting this phase can lead to disengaged customers and an unsustainable business model. Now, what you simply don't need is a disengaged client during your introduction and courting process. The client engagement process is the cornerstone of building meaningful, trusting, and lasting relationships with clients. It goes beyond simply providing a service—it's about creating an experience that leaves clients feeling valued, understood, cared for and supported. Every interaction is an opportunity to strengthen the relationship, establishing and reinforcing trust, and showcase your commitment to their success.

When you focus on crafting a positive and engaging client experience, you build trust incrementally with each meeting, conversation, and touchpoint. This trust isn't something that happens overnight; it's earned through consistent professionalism, personalised attention, and delivering on promises. Clients begin to see you not just as a service provider but as a trusted advisor who truly has their best interests at heart.

The ultimate goal is to create an experience so seamless, professional, and client-focused that it exceeds expectations. When clients feel this level of care and expertise, they don't just remain engaged—they become advocates for your business. Their satisfaction turns into loyalty, and their trust compels them to share their positive experience with others, resulting in organic referrals. By prioritising the first nine steps in the client engagement process and designing it with intention, you're not only fostering strong relationships but also creating a ripple effect of goodwill and credibility that helps your business grow sustainably. Again, this is a timeless truth:

If you do build a great experience, customers tell each other about that.
— Jeff Bezos —
Founder of Amazon

Creating a new client engagement and onboarding process with a ripple effect that drives your business to unprecedented levels starts with designing an onboarding strategy that consistently delivers exceptional value, inspires trust and loyalty, and leads to organic growth.

The key is to implement a process that amplifies client satisfaction, and advocacy, ultimately creating a self-sustaining cycle of success. One way of 'creating a self-sustaining cycle of success' is to use the wisdom of Jeff Bezos, Founder of Amazon, when he said:

I almost never get the question, 'What's not going to change in the next 10 years?' And I submit to you that that second question is actually the more important of the two — because you can build a business strategy around the things that are stable in time.

What we know from all the prominent stakeholders in the industry is that the first nine steps in the ten-step client engagement process have been stable in time, and therefore you can build a business strategy around them. Planning an effective and efficient client engagement and onboarding process for new clients, which have been stable in time, is crucial because it can create a self-sustaining cycle of success. This is the client engagement process that have been stable over many decades, and according to Bezos, you can build a strategy around it.

The 10 steps of client engagement and the onboarding process						
Process	Engagement	Best Practice	Compliance	Technology	Advisor	Client
	Activity	Standards	Standards	Innovation	Experience	Experience
Step 1	Prospecting					
Step 2	Setting up appointment					
Step 3	Professional introduction					
Step 4	Share info and gather client information					
Step 5	Agree on service(s) to be rendered					
Step 6	Conduct an analysis and prepare report					
Step 7	Present proposal/ recommendation(s)					
Step 8	Agree on financial plan and/or products					
Step 9	Implement financial plan and/or products					
Step 10	Ongoing rendering of (financial) services					

Building on Bezos' statement and in an attempt to stimulate your thoughts pertaining to a strategy that will give you a competitive advantage in our industry, the first thing you must do is to create order in this timeless process, by considering the fundamentals that apply to every step in the process, which are:

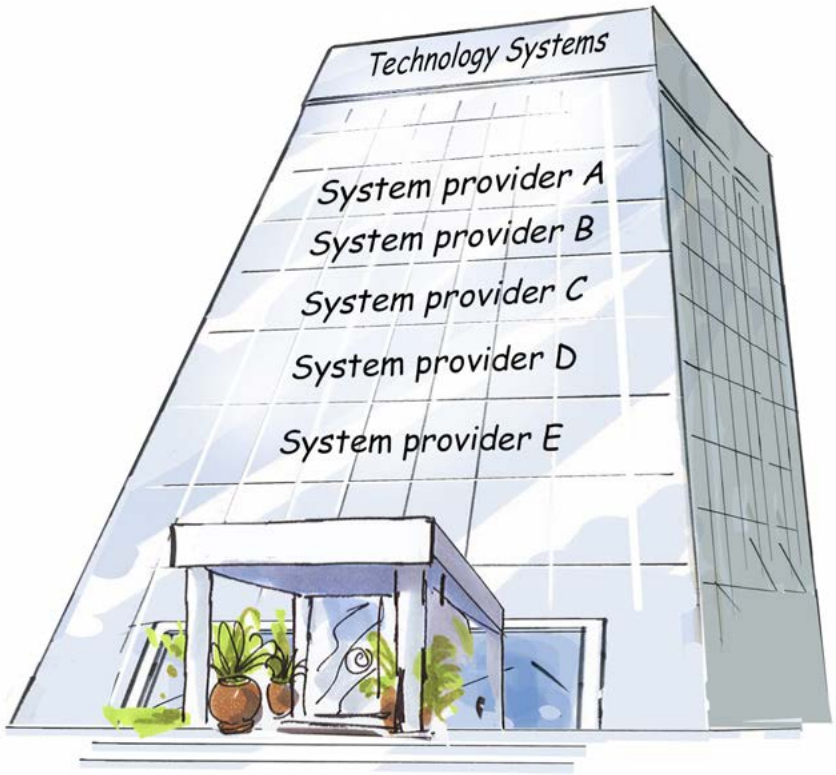
- Best practice principles that build rapport and establishes trust
- Compliance requirements
- The effective use of technology that integrates compliance into the best practice principles seamlessly so that the engagement process is as efficient as it can be

These principles, and requirements, if integrated and optimised, lead to a good advisor experience, which ultimately work together, creating a great client experience. If you then replicate this process and automate it, you create a standarised process, leaving you with enough time to keep it very personal. Then you can use an automated, integrated standardised process, which saves you time, and allows you to focus on the client's unique circumstances and needs.

Strategic questions that will help you to optimise your client and onboarding process:

Process	Activity	Question	Strategy
Step 1	Prospecting	Is your current value proposition attractive enough to provide you with leads? Do you have a clearly defined prospecting strategy? Why don't your existing clients refer more clients to you? Which of your resources can give you more referrals?	
Step 2	Setting up appointment	Are you effective enough when setting up client appointments? What can you do to enhance your success?	
Step 3	1st Meeting - Introduction	Do you make a great first impression when you meet new potential clients for the first time? What habits can I foster to ensure that I create a good client experience during the first meeting?	
Step 4	Gather client information	Do you spend enough time getting to know your client? Do you see this step in the process as a compliance requirement to gather factual information, or do you use this step as an opportunity to build a strong relationship? Is this step in the process just about collecting data, or do you see this part of the process as an opportunity to connect with your clients, and build trust? How can you change your approach to ensure that you connect with your clients, build relationships, and earn their trust?	
Step 5	Agree on service	When the client agrees on a service expectation, how do you optimise this agreement? What is the best way for you to document the agreement, and to further cement the professional relationship with the client?	
Step 6	Conduct analysis and prepare client proposal	Do you see the analysis and the client proposal document as a compliance requirement, or do you see it as a demonstration of your professionalism? What is the best way for you to leave the client with a great impression of your proposal.	
Step 7	Present your proposal	Can you make certain improvements when you present your proposals to clients? If so, what improvements should you make?	
Step 8	Agree on solution	Can you make certain improvements in your process when clients accept your proposals? Can you simplify and enhance your record of advice? Can you simplify and enhance your documentation, and accurately record your transaction(s)?	
Step 9	Implement the solution(s)	Can you improve on the efficiencies of implementation of transactions, and communicating with your clients?	

The good-to-great companies built a consistent system with clear constraints, but they also gave people freedom and responsibility within the framework of that system. They hired self-disciplined people who didn't need to be managed, and then managed the system, not the people.[1]
— Jim Collins —



1 Jim Collins: Good to Great, HarperCollins Publishers Inc 2001, p 125

Chapter 41

The value of technological systems

Question: Why does technology matter?

Short answer: It fixes some of the biggest FSP operational challenges.

According to the authors of Practice Made Perfect, published in 2005, Mark C. Tibergien and Rebecca Pomering, identified five of the top ten challenges of advisory firms in America as:[1]

1. lack of capacity to serve clients
2. improving efficiency
3. managing growth
4. keeping pace with technology
5. time management

From my own FSP surveys in 2024, we can tell you that, in South Africa, not much have changed in the last twenty years. In fact, it is now far worse! Lack of capacity and time management were the top two challenges.

Lack of capacity to serve clients

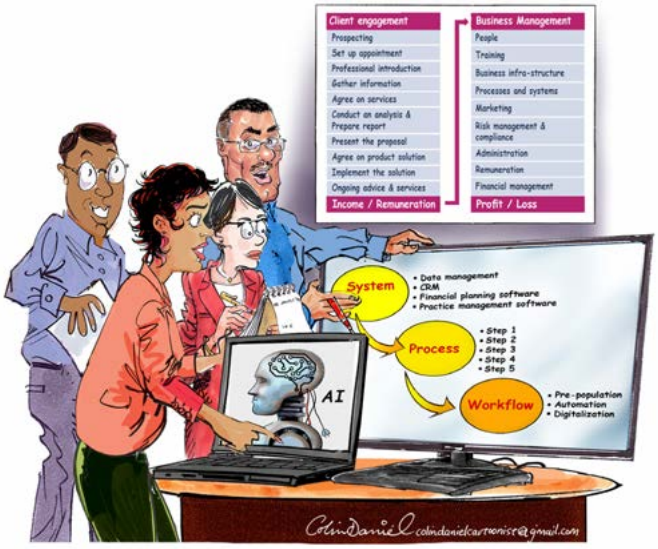
To lack the capacity to serve clients means being unable to meet the expectations and needs of those you are committed to helping. It reflects a shortfall in the resources, skills, time, or energy required to consistently deliver excellent service. This incapacity often reveals itself through delayed responses, insufficient advice, a lack of attention to detail, or an overall failure to provide the level of care and diligence that clients deserve. Ultimately, it compromises the ability to build and maintain trust, uphold professional standards, and sustain meaningful relationships with clients. This implies any of a number of things, such as:

- lack of order
- lack of process
- lack of a proper system
- lack of integration of systems
- not having the right people on the bus
- poor client segmentation or none at all
- not having the right people in the right seats
- lack of effectiveness and/or business efficiencies

If ever there was a time to get your systems right, it is now! It has never been more important because for the last twenty years things did not get easier, it got tougher! The only way you will be able to create capacity and free up some of your time to focus on income-generating activities is by optimising your systems.

If you put good people in bad systems, you get bad results.
— W. Edwards Deming —
Professor, author, lecturer, and management consultant

1 Mark C. Tibergien and Rebecca Pomering: Practice Made Perfect, Bloomberg Press, p6



What is a system?

A system is defined as an organised set of ideas or theories or a particular way to do something.[2]

What is a technological system?

A technological system can be defined as a set of interconnected components and processes that work together to achieve a specific goal or function using technology. These systems typically involve hardware, software, data, procedures, and human interaction. They are designed to operate in a coordinated manner to produce outputs or solve problems. Perhaps this is a more colourful way to describe what a system is:

There are parts of a ship which, taken by themselves, would sink. The engine would sink. The propeller would sink. But when the parts of a ship are built together, they float.

— Ralph W. Sockman —

in 'The treasure chest' – edited by Charles L. Wallis[3]

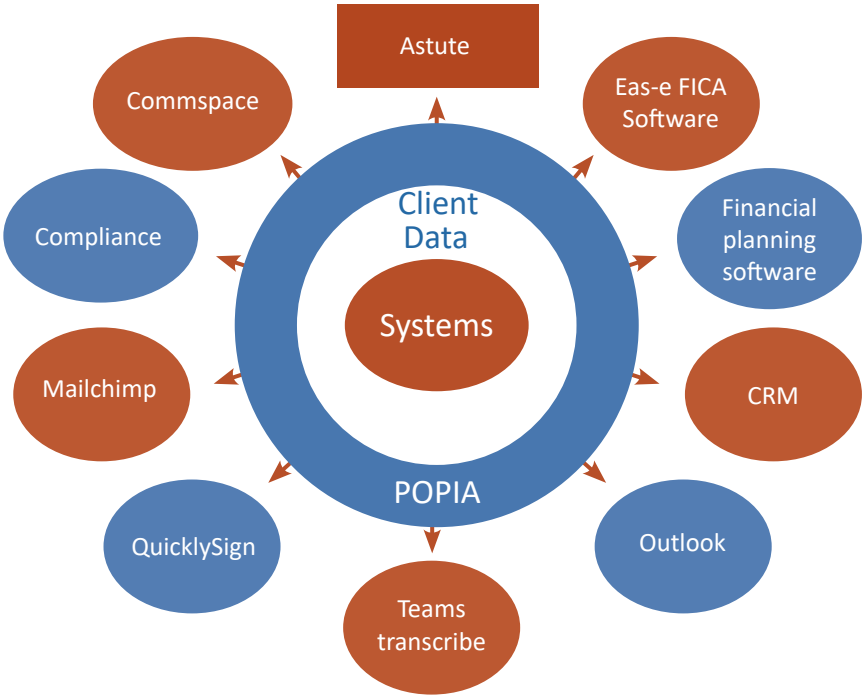
Practical illustration of an FSP's system

The illustration below represents one example of how a system can integrate other systems to enhance efficiencies and create capacity in an FSP. If there is one strategic objective that every FSP simply must make a priority over the next few years, it is to ensure that it employs a technological system, like the ones who advertise in this book, and to convince everyone in the business to embrace and use the FSP's system optimally. Those FSPs who struggle to get all their advisors and administrators fully committed to use one system are already finding it difficult to cope with volumes, complexity, and duplication.

If these FSPs continue to allow every advisor on their license to use the system they want, FSPs will struggle to manage and oversee the FSP in an ever-increasing onerous environment. The longer they take to transfer their business onto one system the bigger the problem will get.

2 Oxford Business English Dictionary, Oxford University Press, 2008, page 547

3 Stephen R. Covey 2006: Everyday Greatness: Rutledge Hill Press; p 299



If you put good people in good systems, you get great results!

The implementation of a proper technological system in an FSP business is crucial for several reasons:

Data accuracy and security

Your system can ensure that personal data can be accurately recorded, processed, stored, and protected. Sophisticated encryption and security measures protect private and personal client information from cyber threats, ensuring compliance with data protection regulations and building client trust.

Efficiency and productivity

Technological systems can automate processes and routine tasks, such as data entry, prepopulating compliance templates, calculations, analysis, and report generation. Automation saves time, reduces errors, and allows advisors and intermediaries to focus on more strategic activities like client relationship management and financial analysis.

Enhanced advisor and client experience

Advanced advisory software and client relationship management (CRM) systems can provide advisors and clients with a seamless, efficient and personalised experience. This improves advisor and client satisfaction, trust and loyalty.

Market competitiveness

Adopting the latest technological systems keeps financial advisory businesses competitive. FSPs that leverage cutting-edge technology can offer better services, attract and look after more clients, and differentiate themselves from competitors who may rely on outdated, and less effective methods.

Scalability

Technological systems enable FSPs to scale their operations efficiently. As the client base grows, technology can accommodate increased data volumes and more complex business intelligence without a proportional increase in manual workload.

Cost reduction

Automation and efficient data management reduce operational costs significantly. FSPs can save on labour costs, minimise errors that could lead to financial losses, and streamline processes to enhance overall productivity and profitability.

Regulatory compliance

FSPs must adhere to various onerous regulatory requirements. Technology helps ensure compliance by providing tools for accurate record-keeping, reporting, and audit trails, which reduces the risk of non-compliance, potential losses, client complaints, claims and associated penalties.

Comprehensive business insights (BI)

Modern systems leverage advanced analytics, and in some cases even Artificial Intelligence (AI) to provide deeper insights into the business. These insights enable the management of FSP businesses to understand the fundamentals of their business better, which helps the business stakeholders to achieve their business and financial goals more effectively.

Enhanced decision-making

With real-time data and advanced analytics, business owners, key individuals, practice managers, supervisor, and representatives can make more informed decisions. With a good system, FSPs can quickly respond to market changes, adjust financial strategies, and provide clients with timely advice, thereby improving client outcomes.

Remote work and collaboration

Technological systems can facilitate remote work and collaboration among colleagues and with clients. This flexibility is especially important in today's work environment, where remote and hybrid work models are increasingly common. The improvement of financial advisor software solutions over the last decade has been characterised by several notable advancements and trends, such as:

Security enhancements

With growing concerns over data security and privacy, financial advisory software has implemented robust security measures, including multi-factor authentication, encryption, and secure data storage. These enhancements protect sensitive financial information from increasing cyber threats.

Automation

Automation has significantly reduced the manual effort required for financial planning and compliance documentation, increased efficiencies, and consistency, saving time, and creating capacity.

User-friendly interfaces

Modern financial advisory software features have become more intuitive and interfaces more user-friendly.

Integration with financial institutions

Many financial planning and advisory tools now offer seamless integration with various financial institutions, allowing users to link their bank accounts, investment portfolios, and other financial assets directly to the software. This integration provides real-time updates and a comprehensive view of one's financial situation.

Mobile accessibility

The proliferation of mobile apps has made financial planning more convenient. Users can manage their finances on the go, access real-time data, and receive alerts and notifications on their smartphones and tablets.

Regulatory compliance

Financial planning and advisory software have evolved to ensure compliance with regulatory standards. Features like audit trails, integrated compliance documentation, compliance reporting, and adherence to fiduciary responsibilities help advisors and FSPs meet legal and ethical requirements. Overall, the last decade has seen financial planning and advisory software become more powerful, user-centric, and secure, making it easier for professionals to manage FSP businesses effectively and achieve their business and financial goals.

In closing

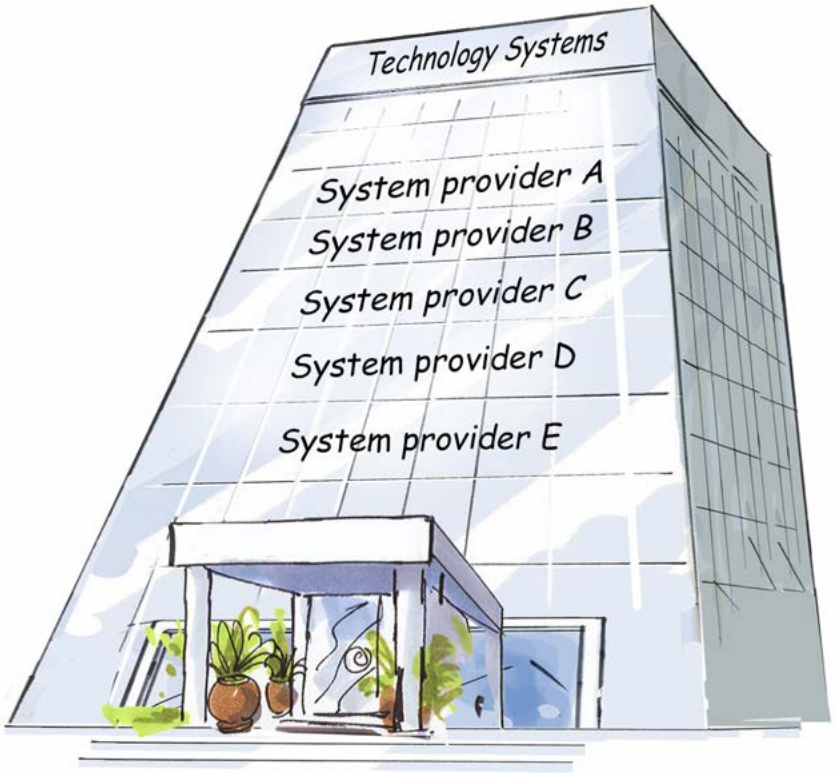
During 2024, I conducted a number of face-to-face and webinar sessions with some of the leading advisory FSPs in South Africa, and I asked the audience if they agree with the following statement:

FSP businesses simply must have a system if they want to be competitive in the advice industry.

Guess what their responses were? I am sure you would have added your voice to the one hundred percent of delegates who immediately said, ABSOLUTELY! So, therefore, there can be no doubt that a good system is absolutely essential if you want to grow your practice successfully and be competitive. Three of the greatest benefits of a good system is that it creates efficiencies, leading to greater capacity for the people in the business to focus on client service, and it ultimately enhances profitability if the system is used to its full capacity. The integration of technological systems in any FSP is essential for improving effectiveness, efficiency, ensuring data security, maintaining compliance, reducing costs, enhancing client experiences, and staying competitive in a rapidly evolving industry.

We know that technological enhancements also make it quite challenging for advisors, intermediaries and administrators to keep up. However, from an operational point of view, the one thing that will change everything in your FSP, is embracing and optimising your system. More and more FSPs will move to a **'One FSP, one System'** philosophy.

There are two enormous gamechangers in our industry today. Building and maintaining trust with clients is one, and optimising your system is the other. If you have ten priorities, make trust # 1 and Systems # 2 even if it is a photo-finish second. They will be key to your performance in the future.



Elite Wealth

Software Solutions for Financial Advisers

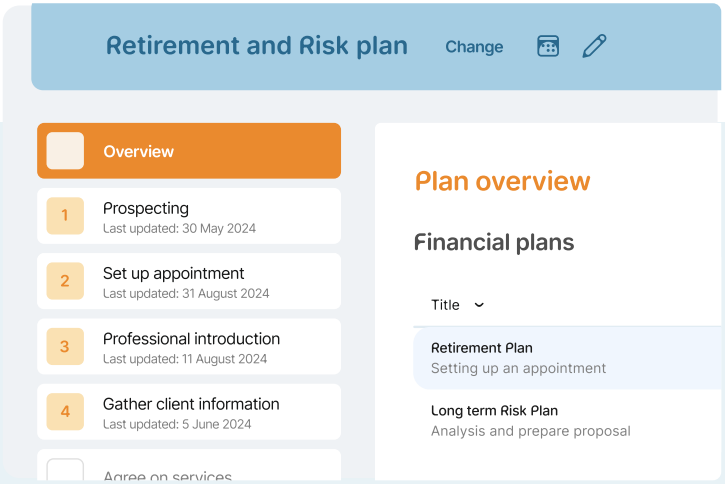
Elite Wealth is a top South African software solutions company, offering a comprehensive suite of software to optimize financial advisory operations and drive business growth.

The Elite Wealth difference

The Elite Wealth suite delivers precise financial planning, integrating reliable, up-to-date data from third-party sources, all on a user-friendly platform.

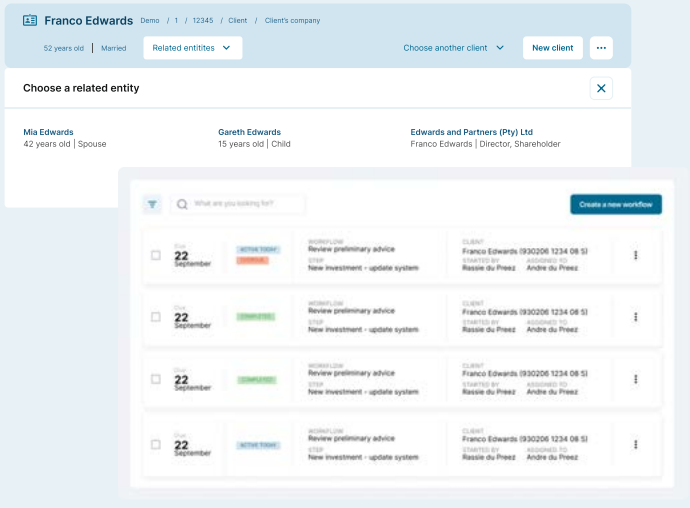
How Our System Can Help your Business

The core components of the
Elite Wealth platform include:



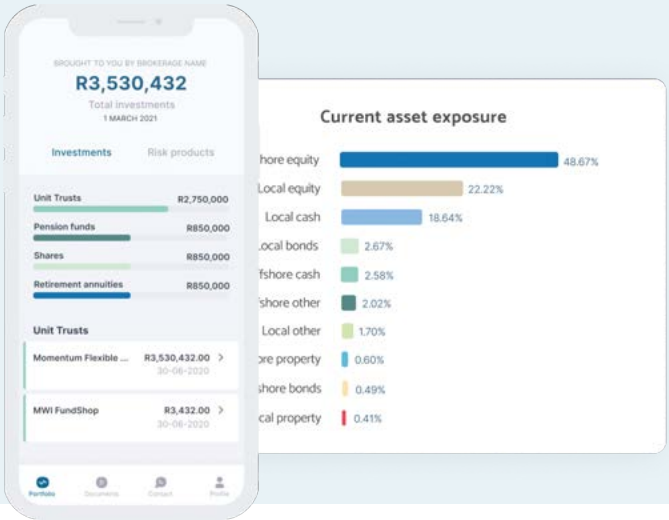
Manage your financial process with ease

From start to finish



Client and Practice Management

Streamline your practice operations.



Client Portfolio and Reporting

Simplify your reporting and communicate with your clients easily.

Financial Planning

Our comprehensive Financial Planning suite helps you advice both individuals and businesses.

Total Clients

826

43% MALE | 39% FEMALE | 18% LEGAL

Client Birthdays

129

In the next 30 days

Investments

R 2 699 566 481

Assets under management

801 Clients

Long Term Risk

R 1 662 810 pm

455 Clients

Medical Aid

R305 901 pm

43 Clients

Short Term Insurance

R162 901 pm

43 Clients

Business Intelligence

Get valuable insights and make data-driven decisions.

Third Party Integrations

Automate and streamline your financial advisory services.

Our Clients

The Elite Wealth platform is being used by a number of South Africa's leading banks, FSP's and advice practices. Currently we have over 160 clients and more than 6 000 users.

Make a difference in your practice

Stop spending time on paperwork and start focusing on what you do best: building lasting relationships with your clients and growing your business.

We're more than just a systems and software provider - we're your partner in practice growth. By choosing Elite Wealth, you invest in a system that understands the intricacies of your industry and evolves with it.

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Avalon

Elevate Your Client Relationships with Avalon's New CRM

Building Trust, Powered by Innovation

Empower your advisory practice with tools designed to

Deepen trust | **Enhance communication** | **Personalized service**

Email us to schedule your demo today at info@allegiance.co.za

HUMAN CONNECTION, FINANCIAL GUIDANCE.

An advisor can be an Einsteinian equation maestro, and view financial plans in 4D, but their success hinges not only on their financial acumen, but equally on the strength of their relationship with clients. Good client relationships are the foundation of a successful advisory practice.

Building Trust and Confidence
Trust is the heartbeat of the client-advisor relationship. Clients come to advisors with their dreams, fears, and hopes for the future. They seek not just expertise, but a partner in their journey. When an adviser earns a client's trust, the partnership expands exponentially, each move building on the last, creating a harmonious flow that leads to confident decisions towards a remarkable life.

Enhanced Communication
Open and honest communication is vital. A good client relationship ensures that communication channels are always open, enabling advisers to understand their clients' goals, fears, and expectations. This ongoing dialogue helps in tailoring advice that is not just accurate, but deeply personal.

Personalized Service
Every client is different, with distinct goals and circumstances. Recognizing this, a good adviser offers personalized service, crafting bespoke financial strategies that align with each client's individual goals. A plan where the client feels valued and understood is a true work of art.

Increased Client Retention
Retaining clients is as vital as acquiring new ones. A strong client relationship, built on trust and tailored advice, naturally leads to higher retention rates. Satisfied clients are not just loyal; they become advocates, bringing in new clients through the power of word-of-mouth. This creates a virtuous cycle of growth and stability for the advisor's practice.

Adaptability and Support
The financial landscape is dynamic, with constant changes and uncertainties. A strong relationship ensures that clients feel supported during volatile times. Advisers with solid client relationships can better guide them through market downturns and financial crises.

The Heartbeat of Technology
Imagine a world where every interaction, every conversation, and every detail about your client's needs is seamlessly captured and easily accessible. This vision inspired the creation of our new CRM platform, a tool designed to enhance the human connection at the heart of financial advising.

Our CRM is more than a software solution; it is the embodiment of our commitment to excellence in client service. It enables advisers to manage tasks, set reminders, track leads and opportunities, and oversee business cases with precision. The platform also facilitates collaboration with your network partners to ensuring comprehensive and coordinated client care.

Conclusion
The relationship between financial adviser and client is a beautiful interplay of trust, and collaboration. It is about more than just managing money; it is about building relationships that endure through the highs and lows of financial markets. It's about transitioning into a holistic life coach, and being there for your client through the financial and emotional ups and downs.

As technology continues to evolve, our CRM platform stands as a testament to our dedication to this collaboration, enhancing the human connection that is so essential to successful financial advising. Invest in these relationships, and watch your practice thrive as you guide your clients through the intricate steps of their remarkable journey.

Proudly brought to you by
Allegiance Consulting

atWORK
ACCELERATE SUCCESS

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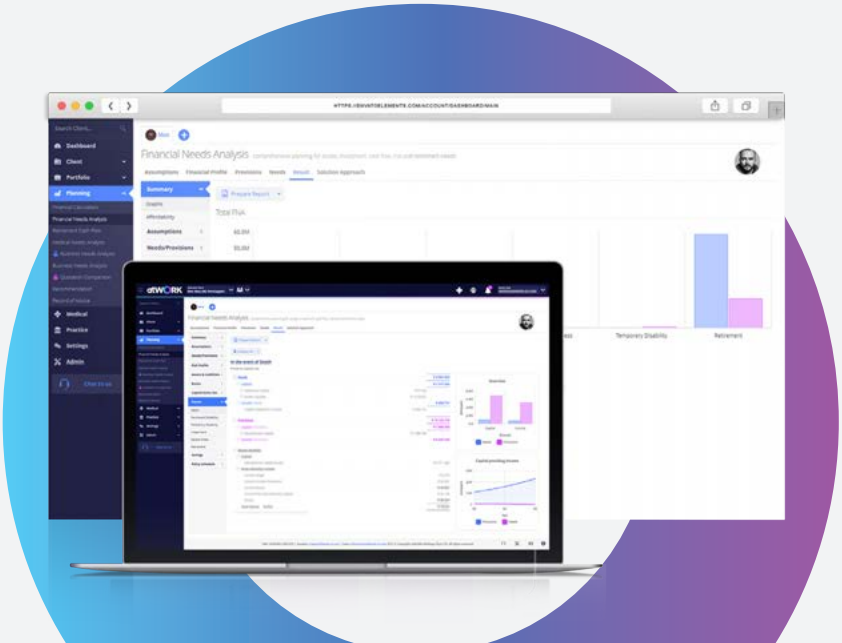

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Xplan

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Xplan

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  With all your client data in one place, you'll have the insights you need to deliver tailored advice and identify new opportunities.

- **Seamless Compliance**
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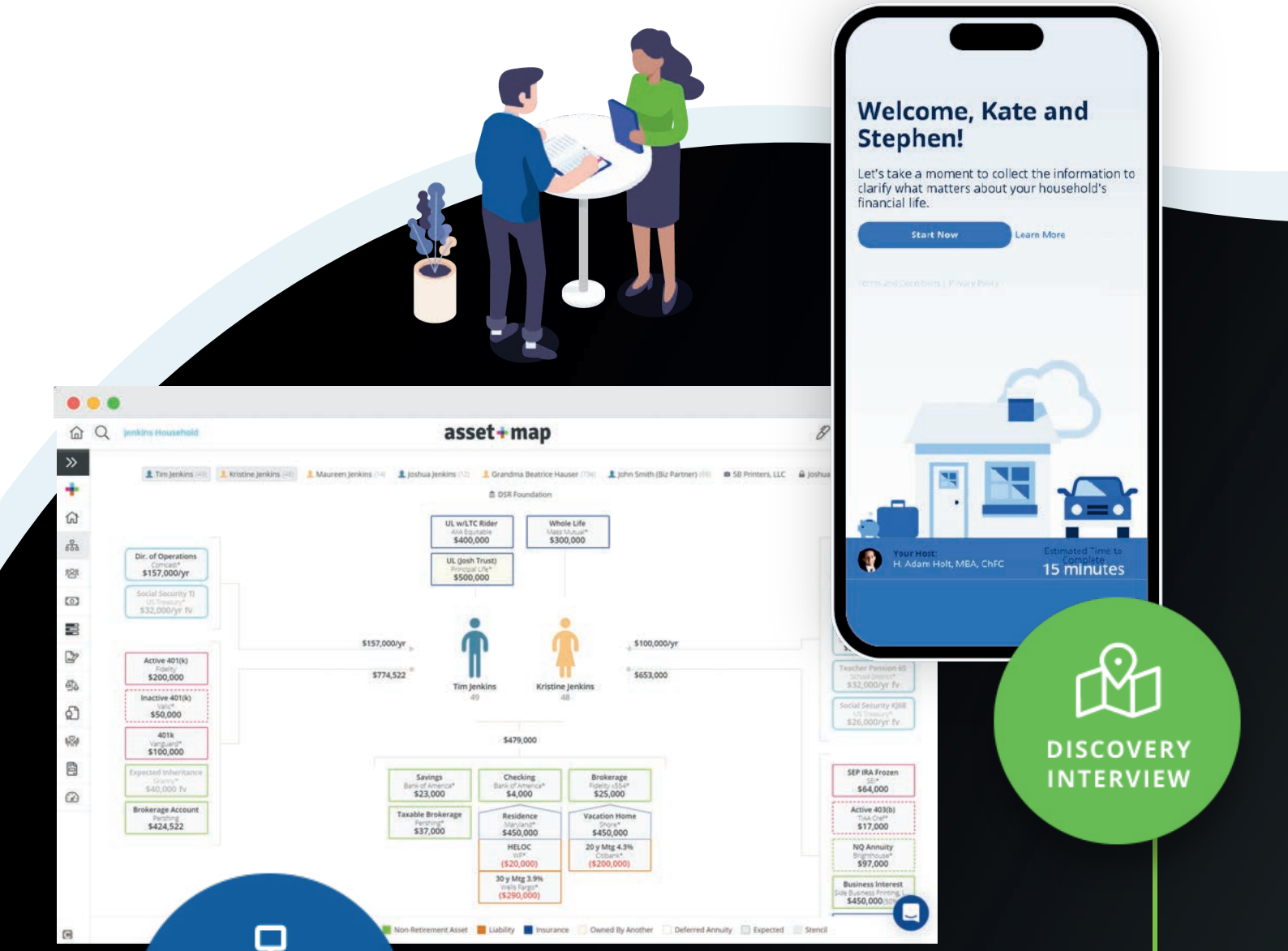

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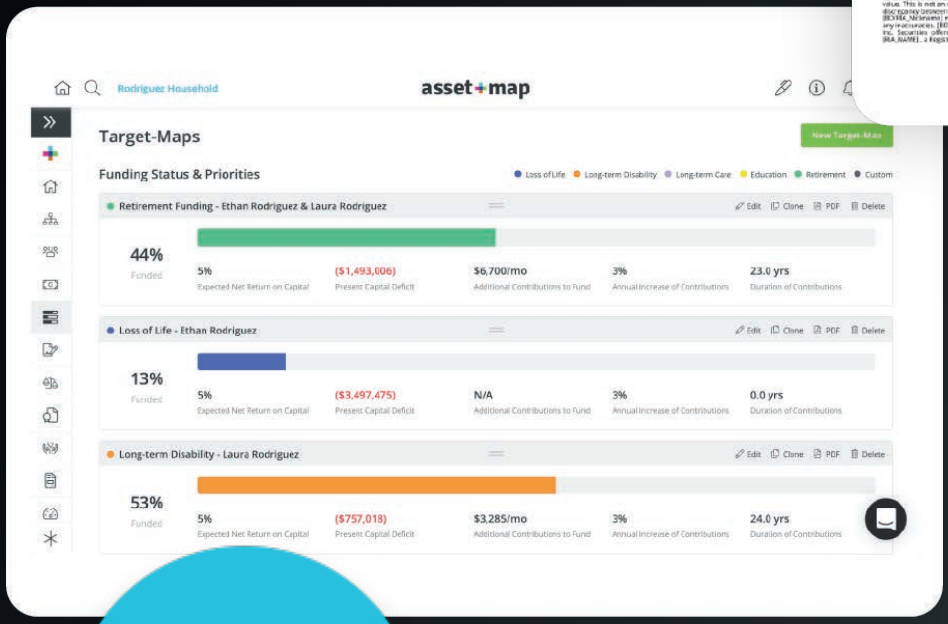

Ask the right questions + uncover new opportunities

TARGET MAPS

Comparative tracking of plans, progress, + priorities

FSP Hub

Practice Management Solution

UNLOCK YOUR PRACTICE POTENTIAL

Optimise your Business, Improve Workflow & Drive Profitability

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ELEVATE YOUR PRACTICE WITH FSPHUB -
WHERE INNOVATION MEETS EXCELLENCE.

FSP Hub
Practice Management Solution

TRANSFORM YOUR FINANCIAL SERVICES PRACTICE WITH FSPHUB

As the financial services industry evolves, the need for innovative, efficient, and secure solutions has never been greater. FSPHub is at the forefront of this transformation, offering a cloud-based platform designed to streamline operations, enhance client engagement, and ensure data security for financial services providers (FSPs).

REVOLUTIONISING FINANCIAL SERVICES

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FSPHub's platform is engineered to optimise business operations through integration capabilities. Our customisable workflows are tailored to meet the specific needs of your practice, ensuring that you can automate routine tasks, thereby saving time and resources. With FSPHub, your team can focus on what truly matters—building and maintaining client relationships.

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> "FSPHub expanded our staff's capacity, improved efficiency, and succeeded in our transition to paperless operations."
>
> **- Tommy Halliwell, Libra Insurance Brokers**

> "FSPHub has been a main factor in the success of our service delivery and internal communication processes."
>
> **- Marlo Addinall, Network Insurance Brokers**

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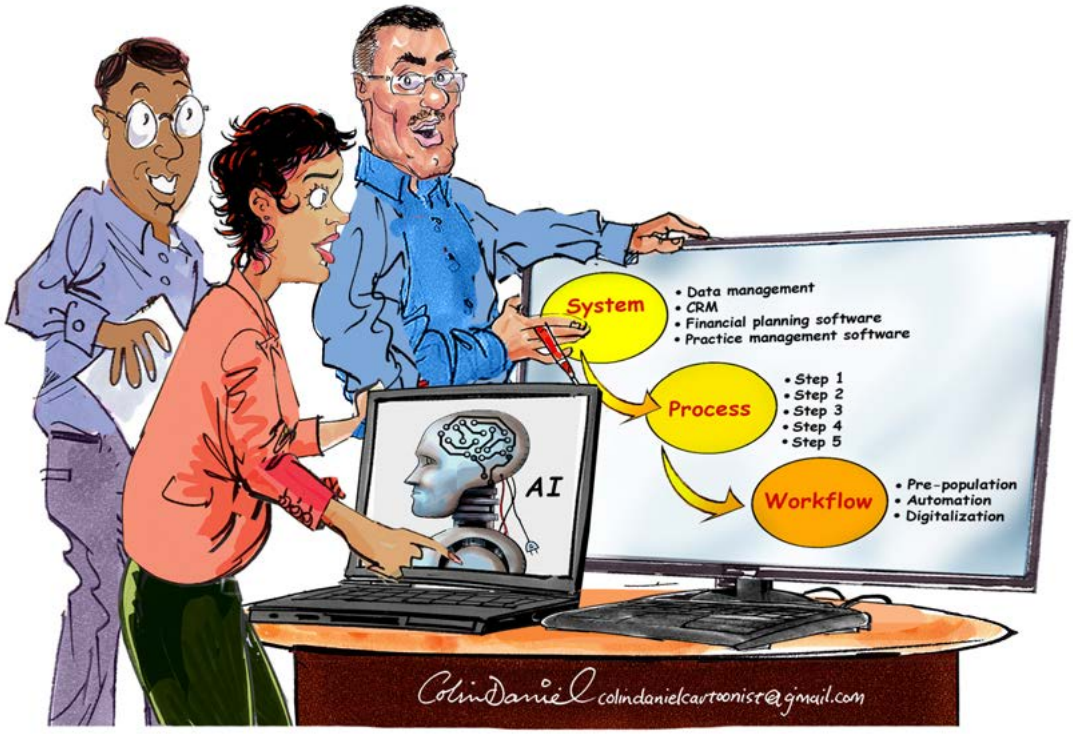
ELEVATE YOUR PRACTICE WITH FSPHUB - WHERE INNOVATION MEETS EXCELLENCE.

Processes are the backbone of an organisation's ability to create and deliver value. A business process defines how resources are transformed into valuable outputs in a way that supports strategy.
— Michael Porter —
Author of Competitive Advantage



Chapter 42

Business processes enhancing business efficiencies

If you can't describe what you are doing as a process, you don't know what you're doing. Processes are repeatable, measurable, and the key to achieving consistency in outcomes.
— **W. Edwards Deming** —

Definition

Process is defined as a series of things that are done in a particular order to achieve a particular result[1].

Analogy

I would like to illustrate this definition by using two sporting analogies, namely rugby and golf.

Rugby

Handré Pollard's goal kicking performances in the 2019 and 2023 Rugby World Cups showcased not only his technical mastery but also his remarkable composure under pressure, traits that set him apart as one of the great pressure players in rugby. The reasons for his success:

Meticulous preparation

Pollard's kicking routine is methodical and consistent. It comes from countless hours of practice. From his stance to his breathing, he follows the same steps, regardless of the stakes. This repetition helps him block out external pressures and focus solely on execution.

Process

- Planning
- Set up aligned with the target
- Step back
- Look at the target again
- Breathe
- Step forward
- Impact
- Follow through

Mental resilience

Pollard possesses a rare ability to remain calm under immense pressure. His calm demeanor reflects his confidence and mental strength, qualities that allow him to embrace, rather than fear, high-pressure moments.

Golf

The golf swing process can be compared to business processes in several ways. In one of his golf books, Ernie Els remarked: *'The golf swing is like a chain reaction. One good move leads to another.'*

1 See Oxford Advanced Learner's Dictionary, 7th Edition 2005, p 1157

Systematic approach

Just as a successful business process requires planning, execution, and refinement, a good golf swing demands a methodical approach to set-up, execution, and follow-through.

Structured process

Tiger Woods has often referred to the golf swing in process-oriented terms. *'The golf swing is about consistency, repetition, and building muscle memory. It's a sequence of movements that must flow together, and when one part of the process breaks down, the whole swing suffers.'*

The golf swing is not just a motion—it's a highly structured process that involves preparation, execution, and evaluation. Whether for professionals like Tiger Woods or amateurs learning the game, approaching the golf swing as a process helps ensure consistency, improvement, and better results on the course. The process can be broken down into a few key steps, namely:

- Planning
- Set up in line with the target
- Balance
- Look at the target again
- Back swing
- Downswing
- Impact
- Follow through

Preparation

Tiger Woods' legendary work ethic has been a cornerstone of his success. He spent countless hours honing every aspect of his game—driving, approach shots, short game, and putting. His intense practice ensured that he could replicate great shots under tournament conditions, even when the stakes were highest. According to Tiger Woods, *'Under pressure, you can't think—you just do what you've practiced. That's why preparation is everything.'*

Winning is not about hoping—it's about knowing. I trust my process, and I trust myself.
— Tiger Woods —

Mental resilience

Tiger Woods' mental resilience under pressure is legendary, and it's one of the key factors that has defined his unparalleled success in golf. His ability to deliver his best performances in the most intense moments stems from a combination of unshakable confidence, relentless focus, and an extraordinary ability to embrace challenges rather than fear them.

Conclusion

There are many similarities between the process that Pollard follows when he kicks for goal and the process that Tiger Woods and all other professionals follow to execute their goal kicking and golf swings consistently. Like any effective process, kicking for goal and the golf swing are designed to be repeatable. Great kickers and professional golfers practice endlessly to ensure consistency in their process.

Business process

Similarly, a business process is defined as a collection of business tasks and activities that, when performed by people or systems in a structured course, produce an outcome that contributes to the business goals.[2]

A process is a series of actions which are carried out in order to achieve a particular result.[3]

2 https://blog.processology.net/what-is-a-business-process

3 Collins English Dictionary

If I could define it I would change the Collins English Dictionary definition to the following:

A process is a series of repeatable actions which are carried out in a specific order to achieve a particular result consistently.

Jack Welch, Former CEO of General Electric, had this to say about business processes:

Processes are about building a repeatable system that ensures excellence. When people follow processes, they eliminate variability and enable scalability.

In many FSP businesses, when the term 'process' is mentioned, it is immediately associated with another compliance requirement.[4] However, when providers are too focussed on compliance, they are usually robbed of the reality that sound processes leads to business efficiency, reduces business risk and enhances profitability. Contrary to popular belief, sound process is not a compliance requirement first and foremost, but rather a basic business imperative and employed by the best businesses in the world[5]. According to the research of bestselling business author, and Professor at Stanford Graduate School of Business, Jim Collins and his team, the most successful businesses in the world all employed sound processes according to the SMaC recipe. A SMaC recipe is a set of durable operating practices that create a replicable and consistent success formula. The word 'SMaC' stands for:

- Specific (clearly defined and articulated)
- Methodical (step-by-step)
- Consistent (repeatable)[6]

According to Collins, it is possible to develop practices that are both specific and durable- SMaC practices[7]. The clarity and specificity of a SMaC recipe helps people keep their bearings and sustain high performance when in extreme conditions.[8]

The power of consistency

Sound processes in every area of the business can help to weather-proof the business in good and bad conditions. Process, if properly implemented leads to consistency, even in extreme conditions. In his book, Great by Choice, Collins issued a cautionary to businesses:

We've found in all our research studies that the signature of mediocrity is chronic inconsistency[9].

I have seen amateur golfers hit some great golf shots over the years, but one thing separates them from the professionals, and that is their consistency. The professionals are always working on 'automating' their swing. The professionals are far more consistent than good amateurs, and the golf legends like Gary Player, and Tiger Woods are even more consistent with the execution of their golf shots under pressure than other professionals. Automation and consistency are key to their performance!

Mental resilience in business

When you design a repeatable process in your FSP, and you implement the process, supported by workflow, embedded in a proper system, it is automated, which takes care of the human mental resilience to execute the process. Unlike some goal kickers and golfers, once designed, and properly implemented, the system, process, and workflow do not choke. It is automated, which means that tasks can be executed with precision every time, regardless of the conditions. Well implemented systems, process, and automation is one of the most powerful tools in business.

4 See section 11 of the FAIS General Code of Conduct
5 See Jim Collins: Great By Choice, Random House Business Books 2011
6 Jim Collins: Great By Choice, Random House Business Books 2011, p 128
7 Jim Collins: Great By Choice, Random House Business Books 2011, p 128
8 Jim Collins: Great By Choice, Random House Business Books 2011, p 129
9 Jim Collins: Great By Choice, Random House Business Books 2011, p 138

The 9th wonder of the world

Albert Einstein is famously (but debatably) attributed with calling compound interest the 'eighth wonder of the world' due to its powerful effect in finance. In my view, if the effect of compound interest can be referred to as the 'eighth wonder of the world,' then the combination of process, workflow, and a powerful system should be referred to as the 'ninth wonder of the world.' I truly believe that-

What compound interest does for investing, automated technology does for business.

The client engagement process

I would argue that the most important process that FSPs must get right is the client engagement process because it is the driving force of every FSP business. As explained earlier in the book, the client engagement process is the heartbeat of any business, transforming potential opportunities into measurable results. This is when all the knowledge, skills, emotional intelligence, compliance, and your FSP value proposition comes together to establish, sustain and grow the business. If ever you needed a process to work well, it is the client engagement process.

At the risk of repeating myself, this process has been constant and stable for decades, and as Jeff Bezos, Founder of Amazon stated, you can build a business strategy around the things that are stable in time. Now that you have a timeless, stable process, all you need is to automate the process, integrate your compliance documents, and use a powerful system to unleash the 9th wonder of the world in your FSP.

If everyone in your FSP business, from your key individuals, supervisors, representatives, and administrators embrace and use this automated process, it will facilitate the seamless onboarding of new clients, and repeat business from existing clients, because the process is essentially the same from step 4 onwards. This standardised client engagement process in a system with well-defined workflows enhances business efficiencies, minimises errors, reduces risk, and ensures that teams work cohesively. It creates a predictable workflow, making it easier to onboard new clients, do repeat business with existing clients, and helps to manage existing relationships effectively.

The 10 step process of professional of client engagement						
Process	Engagement	Best Practice	Compliance	Technology	Advisor	Client
	Activity	Standards	Standards	Innovation	Experience	Experience
Step 1	Prospecting					
Step 2	Setting up appointment					
Step 3	Professional introduction					
Step 4	Share info and gather client information					
Step 5	Agree on service(s) to be rendered					
Step 6	Conduct an analysis and prepare report					
Step 7	Present proposal/ recommendation(s)					
Step 8	Agree on financial plan and/or products					
Step 9	Implement financial plan and/or products					
Step 10	Ongoing rendering of (financial) services					

Examples of other processes

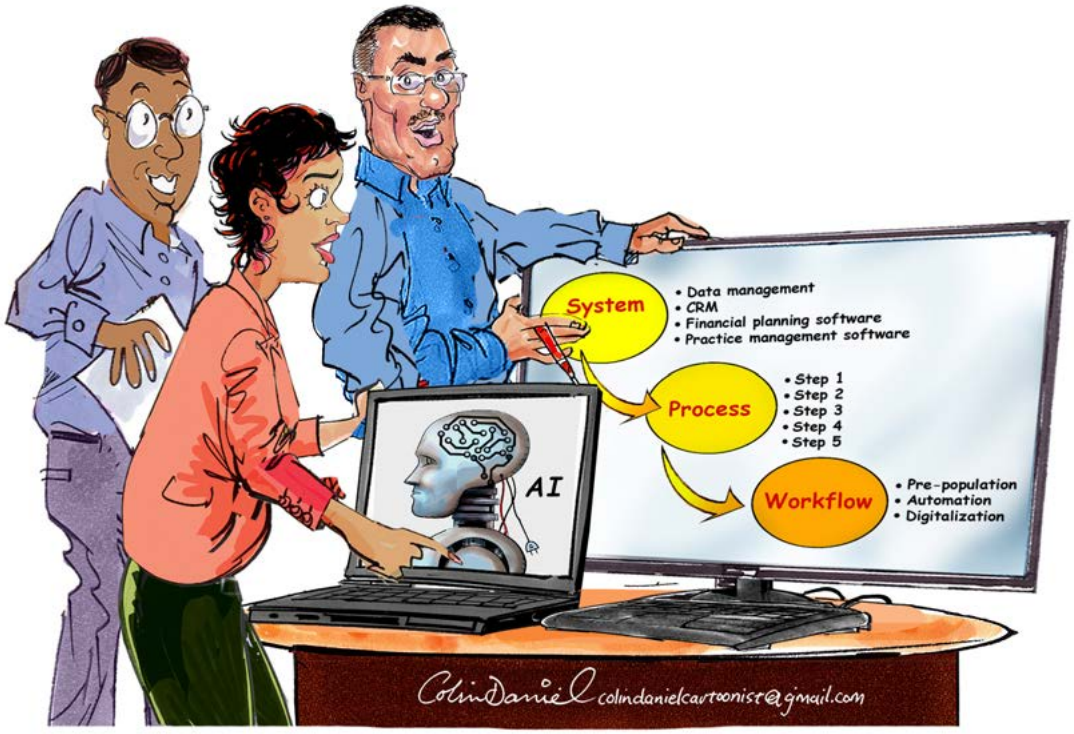
- FICA process
- Policy replacements
- Section 14 transfers
- Beneficiary changes
- Change of address

What every FSP desperately needs in this space are:

- A system that can facilitate your processes effectively
- Processes that are repeatable and create consistency of activities and results
- Workflow that automates the process

What will it take?

- A professional and growth mindset
- Dedicated planning
- Deliberate design
- Radical implementation, embraced by everybody in the FSP
- Refinement



Marketing is not a function; it is the whole business seen from the customer's point of view. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself.
— Peter Drucker —

Chapter 43

Powerful marketing

Introduction

The role of marketing in an FSP business is vital, as it serves to attract, engage, and retain clients while building trust and credibility in a highly competitive and regulated industry. The connection between marketing and business success is foundational. Marketing is the engine that drives growth, client acquisition, and long-term sustainability. Marketing is a powerful driver of business success. It turns prospects into clients, clients into advocates, and an FSP into a sustainable, trusted business.

Marketing is about communicating the value you deliver and raising your profile to get other people to talk about you in a positive light.
— Donna Rachelson —
Author of Personal Branding for Entrepreneurs

An executive summary of the theory of marketing

The theory of marketing revolves around understanding and meeting customer needs to achieve business objectives. It is guided by the 7 Ps of Marketing, which are:

Product: Offering services that fulfill customer needs

Price: Setting a value that reflects the product's competitiveness

Place: Ensuring services are available where and when customers need them

Promotion: Communicating value through advertising, sales, and branding

People: Engaging skilled individuals who deliver excellent customer experiences

Process: Streamlining operations to ensure efficient and satisfying customer interactions

Physical evidence: Demonstrating credibility through tangible elements like branding, and customer testimonials

Together, these elements create a comprehensive framework for building and sustaining successful marketing strategies.

Setting the foundation for your marketing strategy

As highlighted earlier in the book, at the core of a successful business strategy there is a carefully crafted value proposition, which ultimately defines what a company delivers to its clients. This chapter must be read with the chapter earlier in the book where we unpacked the fundamentals of your value proposition. Your value proposition is one of the most crucial elements of your marketing strategy. It defines what makes your business unique and why potential clients should choose you over competitors. In essence, your value proposition communicates the core benefit of working with you and how you solve your clients' problems or meet their needs better than anyone else. It is for this reason that we dedicated an entire chapter to this topic in the beginning of this book. Your value proposition is about the essence of why you do what you do, what you do, and how you do it. It is the cornerstone of your marketing strategy. It aligns your messaging with the needs and expectations of your clients, establishes your unique position in the marketplace, and directly influences your business's success.

Aligning marketing goals with overall business objectives

Your marketing efforts should be a direct reflection of your business objectives, ensuring that every campaign, message, and strategy serves to drive your core goals forward. By aligning marketing with your business vision, you ensure that each touchpoint with potential clients strengthens your brand, communicates your value proposition clearly, and supports client acquisition, retention, and long-term growth.

Branding

Branding is the process of creating a unique identity for your business that distinguishes it from competitors and builds a lasting impression in the minds of clients.

Your brand ultimately represents you and your reputation.
It is your most valuable asset, and it is the foundation on which you build your business[1].

Effective branding communicates who you are, what you stand for, and the value you provide, establishing and maintaining trust, loyalty, and recognition that resonates with your target audience.

Your brand is what people say about you when you're not in the room.
— Jeff Bezos —

The key elements of your branding are:

- Your company logo
- Your tagline
- Your messaging
- Your tone

Building a personal brand helps you to move from chasing opportunities to choosing from opportunities.
— Gil Oved[2] —

Marketing message

Your marketing message must contain something that separates you from your competition. Quality isn't it, good service isn't it, fair pricing isn't it. These are all expectations. The difference needs to be in the way you do business, the way you package your product, the way that you sell your service……
It is in the experience you provide.
— John Jantsch[3] —

Marketing channels

Of all the marketing platforms, your existing client base can be your most successful one.

The secret to marketing success is no secret at all.
Word of mouth is all that matters.
— Seth Godin —

Many lessons can be learned from conducting an in-depth analysis of your current referrals you're your existing clients. If you are not receiving a fair number of referrals there is probably something wrong with your value proposition. Be ruthless in your evaluation. It is easy to become a 'legend in your own mind' (I speak from experience) but ultimately the proof of a great value proposition lies within the number of referrals you receive from your existing clients.

1 See Marketing for Advisors by Eric T. Bradlow, Keith E. Niedermeier and Patti Williams, page 104
2 Donna Rachelson, Personal branding for entrepreneurs, page 25
3 Duct tape marketing, Thomas Nelson, Inc 2006, page 21

Nothing influences more than a recommendation from a trusted friend.
— Mark Zuckerberg —

If your referrals from existing clients are disappointing, you need to find out why. If you do, and you address the problem, you will effectively implement the '10th wonder of the world' in your business for the following reasons:

- If your clients refer other people to you, it means that they are happy, and they will stay.
- You save on real marketing costs because your clients become your invisible, powerful marketing force that nobody can stop, unless you let them.
- The influence of a 'trusted friend' referral gives you an additional advantage in Covey's Speed of trust formula – *The higher the trust, the quicker things happen, the lower the cost!*

To effectively enhance your FSP's visibility in South Africa, consider establishing a presence on the following social media platforms:

- Website optimisation

  Do you have a professional website? If not, you absolutely need one, and you can consider the co-sponsors, as advertised towards the end of this chapter.

If your business is not on the internet, then your business will be out of business.
— Bill Gates —

- Social media platforms
  - WhatsApp
  - Facebook
  - TikTok
  - Instagram
  - LinkedIn
  - Twitter (X)
- Networking events and professional associations

  Partner with other professionals, like accountants, who see your value as a trusted advisor firm. Paying them a referral fee according to the terms and conditions of a referral agreement is an accepted practice in our industry.
- Print media

  Advertise in the newspaper or magazines through educational articles and/or advertorials.
- Television

  This platform is not for everyone, but the few people who get this opportunity are really very successful
- Digital Marketing

  Digital marketing is the use of online platforms, tools, and strategies to promote products or services, engage audiences, and drive business growth through channels like social media, search engines, email, and websites.

  From experience I can tell you that may need professional help with this.

Content Marketing

Educational marketing is a strategy that provides valuable knowledge or insights to educate audiences about your service(s), or the financial services industry. Its value lies in establishing your authority, building trust, and fostering customer loyalty by empowering consumers to make informed decisions. You can create high-value content for blogs, whitepapers, videos, and webinars.

Risks of poor marketing strategies

The risks of no or poor marketing strategies hold the following serious risks for FSPs:

- Lack of visibility
- Missed opportunities
- Reduced sales
- Weakened brand
- Restricted growth
- Irrelevance
- Loss of profits

Poor marketing leads to reduced competitiveness and jeopardises an FSP'ss survival and long-term success.

Doing business without advertising is like winking at a girl in the dark.
You know what you are doing, but nobody else does.
— Steuart Henderson Britt —
Marketing Author

Marketing plan

A well-thought-through marketing plan offers the following key benefits to an FSP:

- It establishes specific, measurable goals and a roadmap to achieve them
- Helps identify and understand the target audience, enabling tailored messaging and strategies
- Maintains a unified brand voice across all channels, enhancing brand recognition and trust
- Provides data-driven insights to make informed marketing and business decisions
- Identifies potential challenges and includes strategies to address them proactively
- Ensures consistent communication and relationship-building with customers, improving loyalty and retention
- Drives long-term profitability and market share expansion by maintaining focus on strategic goals

Marketing Plan Framework

This is an example of a marketing plan framework:

1. Your overall marketing plan objective
2. Executive summary
   - 2.1 Brief summary of the marketing plan, goals, and key highlights
3. Market analysis of the industry
   - 3.1 An overview of the industry market conditions
   - 3.2 An overview of relevant industry trends

4. Target market
    - 4.1 Demographics
    - 4.2 Psychographics
    - 4.3 Customer needs
5. Marketing objectives
    - 5.1 SMART (Specific, Measurable goals, Attainable, Realistic, Timebound)
6. Positioning
    - 6.1 Articulate your brand identity
    - 6.2 Clearly articulate your value proposition
7. Marketing strategy per target segment
8. Marketing tactics
    - 8.1 Product: Offerings and their benefits
    - 8.2 Price: Pricing strategies and justification
    - 8.3 Place: Distribution channels and accessibility
    - 8.4 Promotion: Advertising, public relations, social media, and sales strategies
    - 8.5 Budget - Allocation of resources across marketing activities
9. Implementation plan
    - 9.1 Timeline of activities
    - 9.2 Responsibilities
    - 9.3 Milestones
10. Monitoring and evaluation
    - 10.1 Define key performance indicators
    - 10.2 Methods to measure success
    - 10.3 Outline regular review processes to refine strategies

This framework provides structure, clarity, focus, and effectiveness directed towards achieving the FSP's marketing goals.

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Being a successful financial planner is about more than crunching numbers or understanding market trends—it's about connection. Clients don't just want sound advice; they want to know their advisor truly gets them, understands their challenges, and helps them achieve their life's goals.

This is why we created Contatto.

We don't just create websites, blogs, newsletters, and social media strategies—we craft tools that resonate and help you **keep in touch with your clients**. Our carefully crafted content solutions are designed to reflect your unique strengths as a planner, empowering you to connect with your clients on a deeper level.

A NICHE ONLINE COMMUNCIATION SOLUTION FOR FINANCIAL PLANNERS:

- **Content that connects**: Thoughtful, timely blogs and newsletters that spark conversations and connection, helping you foster trust and engagement.
- **Digital strategies**: Leverage social media and email campaigns to keep your clients informed and connected, while seamlessly integrating your unique voice.
- **Personalised support**: Whether you're just starting out or looking to refine your approach, we guide you in creating a communication strategy that's as authentic as you are.

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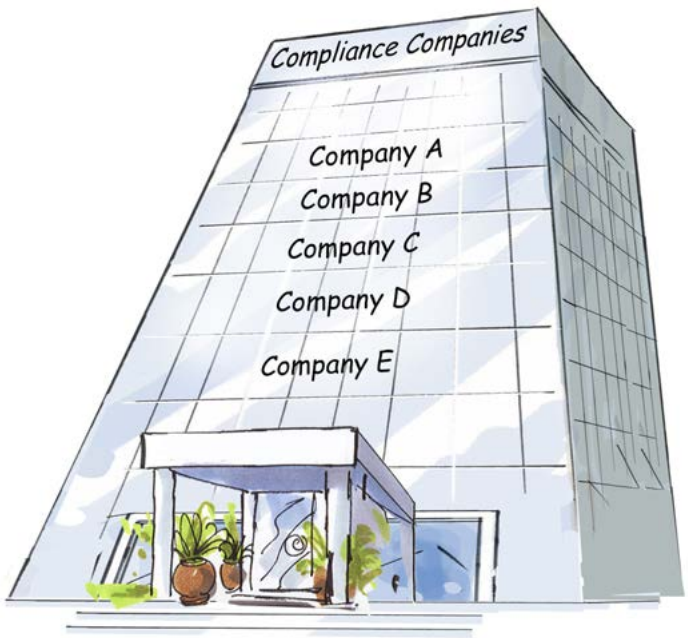
I am going to make a bold statement with much conviction. Any FSP, whether it be a sole proprietor, or a single director of a company, cannot afford to operate without the assistance of a competent compliance officer. A sole proprietor acting as his/her own compliance officer can be compared with someone who tries to play for the Springboks, and assumes the role of player, captain, one of the linesmen, and every now and then blows the whistle as the referee as well, all at the same time. On the rugby field it will never happen. We live in a time where the regulatory environment has become so complex that no advisor has got the knowledge, operational ability, or capacity to fulfil all these specialised roles.



Chapter 44

The value of risk management and compliance

Objective

The purpose of this chapter is not to unpack all the risk and compliance management responsibilities in an FSP, because we assume that you have written the FAIS Regulatory examinations and that you are familiar with the key provisions of the FAIS Act, the FAIS Fit & proper requirements, and the FAIS General code of conduct. The purpose of the chapter is to highlight the importance of a sober perspective and a leadership mindset that will provide positive and constructive direction to FSPs in a highly competitive and onerous industry.

The main objective of this chapter is to emphasise the importance of leaders of FSPs to demonstrate a mature approach to risk management and compliance that will ensure the sustainability and growth of their businesses in the decades to come. If ever there was a need for leaders to 'man-up' and 'woman-up' when taking on management and oversight responsibilities in an FSP, it is now. In the interest of your success, this is one chapter where we cannot afford to sugarcoat the significance and importance of addressing business risk and compliance risk for what they are – real risks and real threats to any business that provides advisory and intermediary services.

A leader's perspective on compliance

Practice management

Compliance

Practice management and compliance are two sides of the same puzzle, both essential to the success of a business. The vibrant and dynamic elements of practice management are symbolised by the colourful pieces in the illustration on the left, representing the creative and business-driven aspects of a practice. In contrast, compliance, often perceived as the 'dull' or 'backside' of these pieces, is equally crucial, ensuring that the business operates within legal and ethical boundaries. These sides are inseparable. However, when you plan and strategise to take your business to the next level, it is important to focus on the best (colourful) side.

When the world's most admired companies began their journeys, they were often driven by the vibrant, business-focused aspects of their operations. The World's Most Admired Companies list, compiled annually by Fortune magazine in collaboration with business consultants, Korn Ferry, reflects this blend of innovation and adherence to best practices. Amazon, for example, has maintained a top five position on this list for thirteen consecutive years as of 2024, underscoring its strong reputation and influence across multiple industries. In The Bezos Blueprint by Carmine Gallo, the author explores the business philosophy of Jeff Bezos, the founder of Amazon. Bezos's approach serves as a classic example of someone who initially focused on the dynamic, colourful side of his business while later ensuring that compliance and sound management practices were integrated into Amazon's growth strategy. This balance between creativity and compliance has been pivotal to Amazon's enduring success.

Amazon's first and most important guiding principle is customer obsession. For them it means that leaders start with the customer and work backwards. They work vigorously to earn and keep customers' trust.

Notably, Bezos did not start by merely communicating to his staff that Amazon must put customers first and treat them fairly. To him, saying that clients must come first, and that they must be treated fairly was far too basic, even dull. He went beyond the obvious, and his communication had one clear inspiring message - he wanted Amazon to blow their customers' socks off! For Bezos, merely treating customers fairly was, and still is, uninspiring. No wonder Amazon became one of the world's most admired companies and has been close to the top of that list for many years.

If you want to build a successful, and an admired practice, focus on the colourful, inspiring pieces of your practice management puzzle. If you want to establish and grow your business effectively, naturally you will be driven to find the best way to plan and execute each activity. Focus on practice management and be mindful of compliance – not the other way around. Treating customers fairly is of a minimum standard, and that certainly does not get you to the top three of the Forbes 2024 most admired companies list. You will do well to learn from Bezos, setting your standards high and creating great client experiences, not for the sake of compliance, but for the sake of your business. By doing so, chances are that you will comply by default and create a competitive advantage at the same time. If you are driven by excellence, compliance will almost become a non-event.

Compliance is here to stay

You have two choices – resist it or embrace it. Unfortunately, if you resist it in the financial services industry, you will be fighting a losing battle for the rest of your working life. It is that simple! On 30 September 2024, South Africa celebrated the 20-year anniversary of the implementation of the FAIS Act. We can say with certainty that market conduct legislation is now well entrenched in our profession, and it is not over. We are facing another wave of regulatory changes with the introduction of the Conduct of Financial Institutions (COFI) Bill, set to replace the FAIS Act in the very near future. Legislation is here to stay, and leading FSPs have made peace with it. It is a matter of 'adapt or die.'

The Springboks' approach to the rules

Just consider how things would have worked out for the Springboks in the Rugby World Cup championships in 2019 and 2023 if Rassie Erasmus and the whole squad resisted the rules, and all they did was to be negative and complain about it all the time. From a leadership perspective, our industry can learn a lot from how the Springboks handle the rules of rugby. They accept the rules, they embraced it, adapted, trained all the players accordingly, integrated it into their game plan, and then they 'automated' it. It became part of their DNA. From a rules perspective - that is how you become world champions and make everybody proud. That is how you become a 'most admired team' in the world.

The power of mental preparation

Another rugby analogy we can use to understand the significance of compliance in our industry is to see compliance as part of your defensive business strategy, and 'sales' or looking after your existing clients as your offensive business strategy. Respected former Springbok rugby coach and Supersport commentator, Nick Mallett, is on record saying that, when the Springboks played in their first Rugby World Cup in 1995, their physicality, defense, and mental strength immediately became internationally recognised as being vital in the tournament[1]. He continued by saying that another key element in South Africa's sustained World Cup success has always been based around maintaining a low error rate and giving away fewer penalties than the opposition[2]. He concluded that World Cups are won by a dominant pack of forwards, a halfback pair who kick for territory, winning and forcing penalties through set pieces, and an unbreakable defense[3].

One of the first things that stood out for me in the Rugby World Cup documentaries, Chasing the Sun 1 and 2, was how vital the mental preparation was in the build up to tournament, and before every match. The coaches were relentless in their analysis, planning, and execution of the game plan during training sessions. It seems that everybody agrees that, in the end, it was the mental strength of the team that secured our victories. In many ways FSPs are getting ready for another battle with the introduction of the COFI Act, and leading FSPs will have to empower their people with strong, mature communication and strategies to prepare them mentally to navigate through the changes.

Attack and defense

It is important to note that attack and defense are equally important in Rugby World Cups. They receive equal attention during training sessions. Both elements are part of the same game plan, and winning teams are relentless in their execution of both. Just consider how quickly attack can turn into defense and how a turn over-ball in defense can turn into a match-winning try.

Leading FSPs will do well to apply the same principle in their businesses. Applying best practice principles during your client acquisition and client retention process, and complying with legislation at the same time, are two sides of the same coin – they are inseparable. If you want to win good business, and retain it, you will have to embrace compliance and integrate it in your game plan.

Your compliance philosophy

The way you think about compliance can either be a blessing to your business, or a curse. Lao Tzu, an ancient Chinese philosopher, said:

Watch your thoughts, they become words; watch your words, they become actions; watch your actions, they become habits; watch your habits, they become character; watch your character, for it becomes your destiny.

Mahatma Gandhi is often credited with a similar quote:

Your beliefs become your thoughts, your thoughts become your words, your words become your actions, your actions become your habits, your habits become your values, your values become your destiny.

A compliance philosophy means having a set of beliefs and principles that guide how an FSP or individual follows rules, laws, and regulations. It's about understanding the importance of doing things the right way, staying within legal and ethical boundaries, and making sure that words and all actions are aligned with these standards. It's like having a roadmap for making decisions that are responsible and lawful. Every FSP has a compliance philosophy in one form of another. Some are just more mature, and more intentional than others. The leaders in leading FSPs understand that their compliance philosophy must be deliberate, sober, mature, clearly articulated, well-communicated and implemented from the top, and the leadership must lead by example. That is the only way that a healthy compliance culture can be established and maintained in any FSP. Leaders of the future will demonstrate zero-tolerance for non-compliance, because in its absence, it puts everyone in the FSP at risk.

1 Nick Mallett, Insights into the Rugby World Cup, page 25
2 Nick Mallett, Insights into the Rugby World Cup, page 28
3 Nick Mallett, Insights into the Rugby World Cup, page 43

The psychology of risk management and compliance

The 'psychology of risk management and compliance' refers to understanding how human behaviour, cognition, and emotions influence decision-making processes related to managing risks and adhering to regulations. Let's face it, the majority of advisors have a very negative attitude when it comes to compliance, mainly because of the administration and paperwork that it created over the years. We believe that it is important to acknowledge at the outset that risk management and compliance with legislation for FSPs has become extremely taxing, and it takes a special kind of key individual to implement and communicate solutions to representatives and staff in a way that inspires them to comply.

In this chapter we aim to bring a balanced perspective to the reality of certain risks that financial services providers face and our main objective is to help business leaders and key individuals to navigate these conversations with their representatives and staff in a constructive way.

However, before we continue, it is important to consider a few basic principles pertaining to the psychology of risk management and compliance.

A world-class case study of the ultimate compliance mindset

Warren Buffett, Chairman and CEO of Berkshire Hathaway has been instrumental in Berkshire Hathaway Inc. being listed as one of Forbes' most admired companies in the world for many years. In 1991, Buffett assumed the role of interim chairman of Salomon Inc. He took on this position during a crisis when the FSP was embroiled in a major bond trading scandal. Buffett stepped in to help stabilise the company and restore its reputation. His approach serves as a prime example of how key individuals / persons should respond when they assume accountability for their roles.

During his stint as interim chairman of Salomon Inc., Warren Buffet told shareholders: *'An atmosphere encouraging exemplary behaviour is probably even more important than rules, necessary though they are. During my tenure as chairman, I will consider myself the FSP's chief compliance officer, and I have asked all 9 000 of Salomon's employees to assist me in that effort. I have also urged them to be guided by a test that goes beyond rules. Contemplating any business act, an employee should ask himself whether he would be willing to see it immediately described by an informed and critical reporter on the front page of his local paper; there to be read by his spouse, children and friends. As Salomon, we simply want no part of any activities that pass legal tests but that we, as citizens, would find offensive*[4].

This is an example of one of the richest men in the world demonstrating extreme ownership when conducting his business. I believe that the financial services industry will be totally transformed and become a most trusted source to customers and employees, if every key individual / person adopts the same mindset and takes extreme ownership of his/her role.

Risk perception

Perception often becomes our personal truth because we interpret the world based on our own knowledge, experiences, beliefs, emotions, and biases.

Cognitive biases: People tend to perceive risks differently based on cognitive biases (mental shortcuts and jumping to conclusions based on limited information), which could lead to misinformed confidence. These biases can lead to underestimating or overestimating risks.

Emotional responses: Financial advisors generally have mixed emotions when it comes to compliance. Fear, anxiety, and stress can influence how individuals assess and respond to risks. For example, a fear of failure might lead to overly conservative decision-making, and resentment towards compliance may lead to weak efforts by advisors to complete their records of advice properly.

4 Lowe 2007: Warren Buffet Speaks: Wiley & Sons, Inc.; p 102

Decision-making

Risk tolerance: People's willingness to take risks varies based on their personality, past experiences, and psychological state. Understanding this can help tailor risk management strategies to different individuals or groups.

Group dynamics: Decision-making pertaining to risk management and compliance often involves teams. Groupthink, peer pressure, and authority bias can affect how risks are assessed and managed.

Compliance behaviour

Motivation and incentives: Understanding what motivates individuals to comply with regulations, such as ethical beliefs, fear of penalties, or desire for rewards, can improve compliance strategies and decision-making.

Psychological safety: When employees feel psychologically safe, they are more likely to contribute to compliance discussions, report risks, mistakes, or non-compliance, which is crucial for effective risk management.

Communication and training

Risk communication: How risks are communicated can greatly influence how they are perceived and acted upon. Clear, transparent, and empathetic communication can reduce misunderstandings and improve compliance for the benefit of the business.

Behavioural change: Training programs that incorporate psychological principles, such as habit formation and reinforcement, and addressing cognitive biases are more effective in promoting long-term compliance.

Ethical considerations

Moral psychology: Compliance often involves ethical decision-making. Ethical decision-making has always been important for FSPs, but it is now more important than ever, because there will be a greater focus on treating customers fairly that will be incorporated in future market conduct legislation. Understanding how people make moral choices can inform strategies to encourage ethical behaviour in FSPs.

Application: FSPs can apply psychological principles to design more effective risk management and compliance programs. This might include tailored communication strategies, training that addresses cognitive biases, and creating a 'treating customers fairly' and high trust culture that drives ethical behaviour and psychological safety.

Facing the reality of risk management

Risks are real, and not all risks are compliance related. Ask any financial institution who had their system or emails hacked, banking details fraudulently changed, or had a client submit a lawsuit against them. These risks are real. COVID happened and businesses had to adapt. Economic disruptions and power failure were the order of the day, causing many business interruptions.

Grey listing made South African Financial Institutions the main target of the Financial Intelligence Centre and FSPs have been audited vigorously by the Centre, many of them being fined heavily for non-compliance.

At the time of writing this manual, FICA compliance is arguably the single biggest risk for independent advisory practices. Then there was Steinhoff…and the list goes on. FSPs face several real and significant risks in modern times. These real risks can be categorised into regulatory, technological, market, operational, and reputational risks:

Regulatory compliance: Increasingly stringent regulations require financial advisors to maintain rigorous compliance standards. Failure to comply with these regulations can lead to penalties, legal action, and damage to the FSP's reputation. FICA, POPIA and FAIS have changed the regulatory landscape forever.

Cybersecurity threats: As financial advisors handle sensitive client information, they are prime targets for cyberattacks. Data breaches can result in financial loss, legal repercussions, and a loss of trust from clients.

Technological disruption: The rise of robo-advisors and automated financial planning tools poses a threat to traditional FSPs. Advisors need to embrace and adapt to new technologies or risk losing clients to more tech-savvy competitors.

Client expectations: With access to all the information readily available online, clients are more informed and have higher expectations. Advisors must provide personalised, value-added services to differentiate themselves from competitors.

Market volatility: Fluctuations in the financial markets can impact the performance of client portfolios. Clients sometimes react to volatility in negative ways, which may impact the revenue earned by FSPs. Advisors must navigate these uncertainties while managing client expectations, which can be challenging in times of economic instability.

Talent retention: Attracting and retaining top talent is critical for maintaining a successful practice. However, competition for skilled financial advisors is intense, and turnover can disrupt client relationships.

Operational efficiency: Running an efficient practice is essential for profitability. Operational risks, such as process inefficiencies or inadequate internal controls, can lead to financial losses and reduced client satisfaction.

Reputational risk: Reputation is everything in the financial industry. Any scandal, even a minor one, can severely damage a FSP's credibility and lead to client attrition.

Changing demographics: The aging population and the transfer of wealth to younger generations mean that advisors need to adapt their services to meet the needs of a more diverse client base.

Economic downturns: Economic recessions or downturns can reduce clients' wealth, leading to lower assets under management and a decline in revenue for advisory practices.

How must we deal with reality?

FSPs must continuously monitor these risks and implement strategies to mitigate them, ensuring long-term sustainability and growth. It would be very naïve to think that financial institutions will be spared from any of these business risks going forward. On the contrary, illegal activities and scammers are on the increase, and the fight for power and money will in all probability always remain with us.

It is our submission that it will simply be irresponsible for leaders to ignore the real risks of doing business in the financial services industry, and not to take effective risk management and compliance seriously.

The following aspects are crucial in a financial advisory practice:

Reputation management

A strong focus on compliance and risk management helps maintain the FSP's reputation. Any breaches or failures in these areas can lead to extremely negative publicity, loss of client trust, and damage to the FSP's brand, which can be very difficult to recover from.

Financial stability

Poor risk and compliance management can lead to substantial financial losses for both clients and advisory FSPs. By effectively managing risks, the FSP ensures its own financial health and sustainability, avoiding scenarios that could threaten its viability.

Operational efficiency

A well-structured risk management and compliance framework streamlines operations, reducing the likelihood of errors, fraud, and/or operational failures. This leads to more efficient processes and better overall performance. As highlighted in this publication, sound operational structure will go a long way to create a well-structured risk management and compliance framework.

Client trust and confidence

Clients are more likely to trust an FSP that demonstrates a strong commitment to risk management and compliance. As illustrated earlier, this trust is critical for building long-term relationships and ensuring client retention.

Regulatory adherence

The financial services industry is governed by a complex set of regulations designed to protect consumers and maintain market integrity. Compliance with these regulations is not just a legal obligation but also a way to avoid fines, sanctions, or even the loss of a license to operate as an FSP.

Legal liability

Non-compliance with regulatory requirements can result in legal action against the FSP. This could include lawsuits from clients, penalties from regulatory bodies, or other legal consequences. Effective compliance practices minimise these risks.

Prevention of fraud and misconduct

Effective compliance systems help detect and prevent fraudulent activities and unethical behaviour within the FSP. This protects both the FSP and its clients from potential harm.

Adaptation to market changes

The financial markets and regulatory environment are constantly changing. An effective risk management and compliance program allows the FSP to adapt quickly to these changes, ensuring continued compliance and effective management of emerging risks.

Long-term success

Ultimately, effective risk management and compliance are essential for the long-term success of a financial advisory practice. It ensures that the FSP operates within legal and ethical boundaries while safeguarding its clients' interests and the FSP's future.

In summary, effective risk management and compliance are vital in a financial advisory practice to protect clients, maintain regulatory adherence, safeguard the FSP's reputation and financial stability, and ensure long-term success in a highly regulated and competitive industry. A strong, mature, and responsible approach to risk management and compliance will be necessary in every practice that wants to remain competitive and succeed in this very competitive and onerous industry.

Roles and responsibilities

When it comes to compliance responsibilities, there are four very important stakeholders in an FSP, namely:

- Key individual(s) (FAIS Act) or Key person(s) (FSR Act)
- Compliance officer(s)
- The representative(s)
- Administrative staff

As you will see, there are material differences between the various roles and responsibilities of these role players, and their responsibilities are not created equal. Responsibility and accountability are not the same. Responsibility is about the tasks or duties you are expected to do. It's what you are supposed to handle or take care of. For example, if you're responsible for compliance, it means it is your job to comply with legislation as it applies to you.

Accountability is about being answerable for the results of those tasks or duties. It means you have to answer whether the people under your management or oversight did their job well. If the people responsible for compliance did not comply, someone is accountable for the outcome. So, responsibility is what you have to do, and accountability is taking ownership of the outcome, whether good or bad.

Key individual(s) as defined in the FAIS Act

'Key individual', in relation to an authorised financial services provider, or a representative, carrying on business as -

(a) a corporate or unincorporated body, a trust or a partnership, means any natural person responsible for managing or overseeing, either alone or together with other so responsible persons, the activities of the body, trust or partnership relating to the rendering of any financial service…[5]

Key person(s) as defined in the Financial Sector Regulation Act

'Key person'', in relation to a financial institution, means each of the following:

(a) A member of the governing body of the financial institution

(b) the chief executive officer or other person in charge of the financial institution

(c) person other than a member of the governing body of the financial institution who makes or participates in making decisions that—

(i) affect the whole or a substantial part of the business of the financial institution

(ii) have the capacity to affect significantly the financial standing of the financial institution

(d) a person other than a member of the governing body of the financial institution who oversees the enforcement of policies and the implementation of strategies approved or adopted by the governing body of the financial institution

(e) the head of a control function of the financial institution

(f) the head of a function of the financial institution that a financial sector law requires to be performed[6]

An authorised financial services provider (in other words, the key individual or key person on behalf of the provider) must establish and maintain procedures to be followed by the provider and any representative concerned, in order to ensure compliance with this Act[7].

In terms of the definitions in market conduct legislation, as well as the provisions of section 17 of the Act, it is absolutely clear that key individuals or key persons are the ultimate accountable natural persons in an FSP. They are accountable for procedures, such as appointing compliance officers to assist with compliance matters and the monitoring of compliance in the FSP, but they ultimately take ownership of the outcome, whether good or bad. That is why this chapter is so important for every key individual. Taking extreme ownership of this role in an FSP is of vital importance for every key individual or key person.

Vicarious liability

Vicarious liability is when an FSP is held accountable for its representative's actions, even though the key individual(s) of the FSP did not commit the act of non-compliance themselves. There are many instances where FSPs have been held accountable for the actions of their representatives, and quite rightly so. However, there are circumstances when vicarious liability will not apply to FSPs or its key individuals when certain acts are committed by its representatives. It will all depend on the facts of each case. For example, if an institution takes reasonable care to prevent inappropriate staff/agent behaviour through e.g. the establishment and implementation of sound processes and internal controls, it could justify such an institution not being held vicariously liable if a staff member/agent acts inappropriately. The emphasis is on an FSP taking reasonable care to prevent inappropriate staff/agent behaviour, which may require expert testimony to determine whether the FSP will pass the 'reasonable test.'

5 See Section 1 of the Financial Advisory and Intermediary Services (FAIS) Act

6 See Section 1 of the Financial Sector Regulation Act

7 See section 17 (3) of the FAIS Act

Compliance officer(s)

Any authorised financial services provider with more than one key individual or one or more representatives must, …, appoint one or more compliance officers to oversee the provider's compliance function and to monitor compliance with this Act by the provider and such representative or representatives, particularly in accordance with the procedures contemplated in subsection (3), and to take responsibility for liaison with the registrar. Compliance officers are appointed by Key individuals or Key persons, who are accountable for the management and oversight relating to the rendering of any financial service. Therefore, compliance officers report to key individuals or key persons, not the other way around.

The representative(s)

Representatives are responsible for compliance when providing advice and rendering intermediary services. Their duties are regulated in terms of the FAIS General code of conduct, and the Code specifically states that 'provider' means an authorised financial services provider and includes a representative. However, representatives are appointed by Key individuals who are accountable for the management and oversight relating to the rendering of any financial service. Therefore, representatives report to key individuals / persons. Again, key individuals / persons ultimately take ownership of the outcome of compliance by their representatives, whether good or bad.

Administrative staff

In FSPs, administrators usually assume responsibility for the administration of the records that are maintained in the business. However, the FAIS Code of conduct does not refer to administrators as the responsible parties for compliance. All the compliance requirements, as stipulated in the Code are the responsibility of the provider, which only includes key individuals, and representatives, not administrators.

In terms of legislation administrators are responsible for administration, not for advice, intermediary services, and for concluding a record of advice, for example. Administrators are not authorised to assume any of the responsibilities that representatives are responsible for, and key individuals are accountable for.

Changing the historical perception of compliance officers

It is unfortunate that compliance officers have often been incorrectly labelled as the 'business prevention unit' of FSPs. As a former compliance officer, I can understand some of the frustrations of advisors, but it is very important to note that compliance officers have extremely important jobs to fulfil in the financial services industry. The reality is that key individuals do not have the capacity to be everywhere in the business to manage and oversee it all at the same time. As highlighted earlier, key individuals / persons are accountable for compliance in the business, and they desperately need someone to assist them in the day-to-day monitoring of compliance. Key individuals who truly understand their role and responsibilities in an FSP will partner with their compliance officers. Including compliance officers in business strategies and fostering strong collaboration between the stakeholders can lead to several positive outcomes, such as:

- Enhanced risk management
- Improved collective decision-making
- Increased trust and credibility
- Stronger collaboration and synergy
- Sustainable growth

Over the years, more and more leading FSPs have adopted a collaborative approach with their compliance officers. Some, to their credit, have even changed the name of the compliance department to the 'Culture Champions,' for example. One of the big advisory services groups based in Pretoria refer to their compliance department as 'The Culture Club'. By doing so, the leadership elevated the profile of their compliance team, and they changed the negative perception of the role of compliance in their business. This brings a healthy, and very mature perspective to all the stakeholders and creates a positive ripple effect of collaboration throughout the business.

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OUR SERVICES:

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- Assistance with profile changes to the FSCA (Keeping up-to-date records of the financial services provider with the FSCA.)
- Providing the FSP with the latest information to ensure compliance
- Submission of Financial Statements to the FSCA
- Interacting with our clients every 8-10 weeks or as often as the FSCA deems necessary
- Policy and Procedure Review: Reviewing FSP's policies and procedures to ensure compliance with FAIS and FICA regulations.
- Compliance Reporting: Submitting compliance reports to management and regulators.

National Compliance for the past 21 years have been offering professional support and services to Financial Service Providers on an outsourced basis to ensure compliance within the FAIS Act and FICA framework.
We provide useful management and monitoring services that simplify FAIS Compliance.

Our Vision is to have a positive influence to enhance the financial services industry.

Our mission is to deliver the best compliance services based on the needs of our clients who operate in an over regulated environment.

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Navigating Compliance in a Complex World

In today's fast-paced regulatory landscape, ensuring compliance can often feel overwhelming. Enter Sirius Lex Compliance Services—your trusted partner since 2004, specializing in legal and regulatory compliance under FSCA legislation, including the FAIS and FICA Acts.

Founded by Germa Beukes, a certified compliance practitioner, **Sirius Lex** was established to meet the growing demand for outsourced compliance services. With a strong academic foundation that includes a B.Com (Law) and an MBA in Risk Management, Germa and her team bring years of consulting experience to the table, helping financial service providers (FSPs) navigate the complexities of compliance requirements.

The dedicated team includes:

- **Lissinda:** Office Manager, NC Financial Planning
- **Tanya:** Compliance Officer, B.Com (Law) Hons & Economics
- **Cherize:** Compliance Executive
- **Melani:** Compliance Officer Under Supervision, B.Com Business Management Hons

Together, they are committed to providing expert guidance and support in an ever-evolving regulatory environment.

Why Choose Us?

Tailored Solutions: We understand that every client is unique. Our individualized compliance manuals and documentation are specifically crafted to fit your business needs.

Exceptional Support: Our dedicated team prioritizes discretion and confidentiality, ensuring your sensitive information is handled with the utmost care.

Proven Expertise: With alliances across various fields, we offer comprehensive support in areas such as risk management and direct marketing compliance.

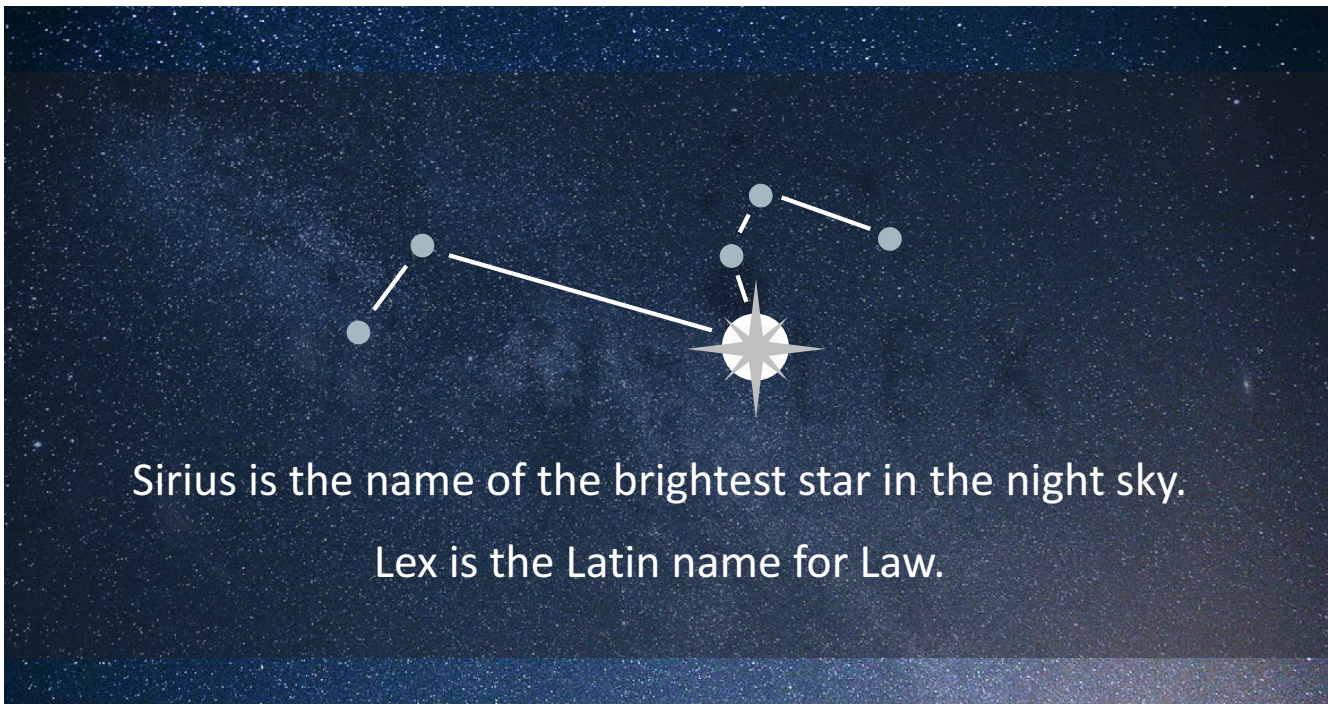
Our Mission

At **Sirius Lex**, we strive to build strong relationships with our clients while remaining at the forefront of legislative changes. Our commitment to service excellence means you can expect efficiency, urgency, and superior support every step of the way.

Join the growing number of satisfied clients who have benefited from **Sirius Lex Compliance Services**. Let us help you focus on what you do best—growing your business—while we ensure you stay compliant and competitive.

Contact us today to learn how we can tailor our services to meet your compliance needs!

The brightest star in the night sky



The combination of the two words are meant to illustrate a smart way of looking at, and adhering to legislative requirements.

This is essentially what compliance is all about - obeying the law, meeting legal requirements and meeting specified standards.

OUR COMPLIANCE OFFERINGS INCLUDE:

FSP Licensing Support: Cat I, Cat II and Cat IV including all relevant regulatory requirements in terms of FAIS, FICA, POPIA and soon to be implemented COFI Acts.

Legal Support: From basic contracts to comprehensive legal advice.

Direct Marketing: Specialized guidance for call center operations.

Policies and Procedures: Customized policies that align with regulatory standards.

POPIA Compliance: Ensure adherence to the Protection of Personal Information Act.

Proven Track Record: Join the ranks of satisfied clients who trust us for reliable compliance services.

Complementary Expertise: Our team's diverse skills work together to deliver holistic compliance solutions.

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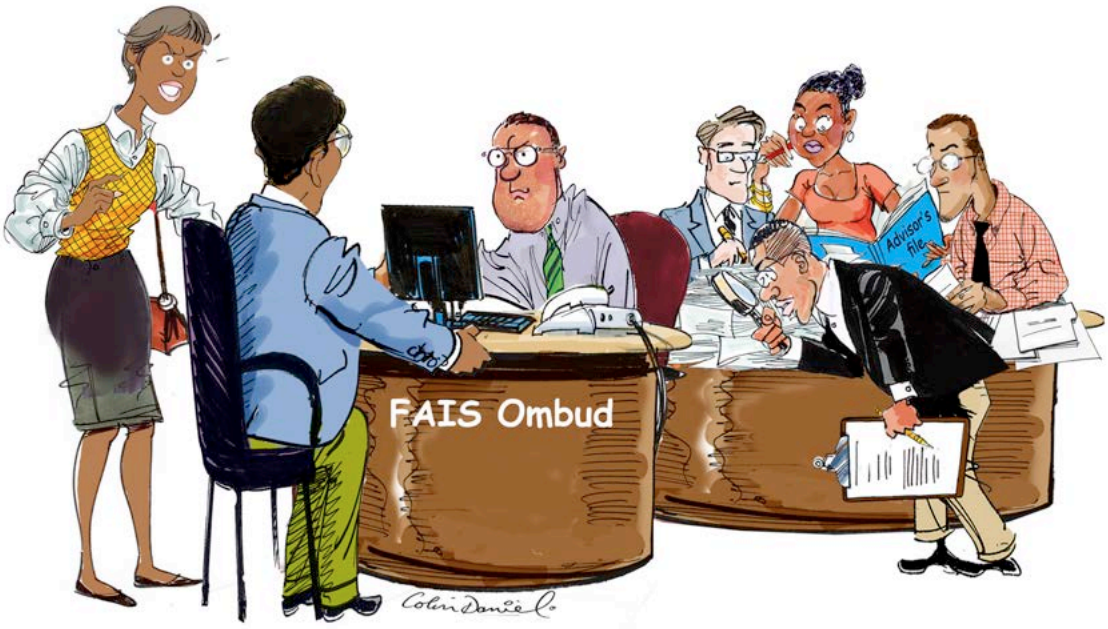
COMMITTED TO COMPLIANCE.

When an advisor makes an inadvertent error that results in a loss, the customer reasonably expects to be covered by insurance …
In such cases, the advisor may be held liable.
— Steve von Roretz —
Leppard and Associates (Pty) Ltd



Chapter 45

Professional indemnity cover

To many financial advisors, professional indemnity and fidelity insurance became a compliance requirement with the implementation of the Financial Advisory and Intermediary Services Act on 30 September 2004. Contrary to popular belief, PI and Fidelity insurance has much more to do with professional practice management than it has to do with compliance.

Professional indemnity insurance is not just about ticking the proverbial compliance box. It is fundamental to protecting clients, building and retaining their trust, and ensuring that professionals can serve with confidence, knowing their expertise is protected against unforeseen errors and liabilities.

It is without doubt that FSPs need to approach the subject of their own risk exposure to both their customers and their businesses in a deliberate, robust and proactive manner. The continuous awareness of risk and associated exposure must be constantly managed. This is all about risk management and putting in all the necessary guardrails to protect reputation, deliver expert services, supporting the customer and ensuring profitable and sustainable growth.[1]

Human error is real

Over the last three decades I have witnessed some of the best advisors and FSPs in South Africa make mistakes, which impacted clients negatively. Human error is real, and nobody is immune. The reality is that FSPs can potentially attract legal claims against them in several ways:

- Providing clients with incorrect or even potentially misleading information about financial products or services can lead to claims of misrepresentation. If clients make decisions based on this information and suffer losses, they may seek compensation.
- Financial advisors have a fiduciary duty to act in the best interests of their clients. If they fail to do so, whether through negligence, conflicts of interest, or intentional misconduct, clients can file claims for breach of fiduciary duty.
- If an advisor fails to exercise due care and skill in their professional duties, resulting in financial loss for the client, the client may lodge a complaint or sue for negligence. This could include unsuitable advice, failure to conduct due diligence, or lack of adequate risk assessment.
- While not all investment losses result in legal claims, if it can be demonstrated that the advisor's actions were inappropriate, imprudent, or deviated significantly from the client's risk tolerance and investment objectives, claims may arise.
- Failing to disclose all relevant information, such as fees, risks, or potential conflicts of interest, can lead to claims.
- If an advisor fails to act on the specific instructions of a client, resulting in financial loss, the client may have grounds for a legal claim.
- Any fraudulent act can lead to severe legal consequences and claims.
- Failing to comply with legislation can result in legal action from regulatory bodies or clients affected by non-compliance.
- Inadequate or improper documentation and record-keeping can lead to disputes with clients and regulatory scrutiny, potentially resulting in legal claims.

1 Extract from article by Steve von Roretz of Leppard and Associates (Pty) Ltd

In the modern world, managing risk is not about relying on strong client relationships to seek forgiveness when coverage issues arise, investments underperform, or market movements are unfavourable. Nor is it about personal connections with company leadership to resolve matters behind the scenes. An effective way to mitigating an adverse impact of risk is to protect the exposure through insurance. To navigate this, an experienced and knowledgeable broker should be engaged to provide advice and guidance on coverage options, risk management strategies and arranging the agreed upon insurance.[2]

By understanding potential risks, FSPs can take proactive measures to mitigate them, such as ensuring compliance with regulations, and implementing robust risk management practices. However, Professional Indemnity (PI) and Fidelity insurance is crucial for individuals and FSPs providing advice and rendering professional services and for the following reasons:

- Without PI cover, a single claim could have severe financial consequences for an advisory business.
- PI insurance helps mitigate the financial impact by covering compensation claims and legal fees.
- PI insurance covers legal costs and expenses incurred in defending against claims of professional negligence, errors, or omissions. This is essential as legal battles can be very costly and time-consuming.
- A claim of professional negligence can harm a professional's or FSP's reputation. PI insurance often includes coverage for public relations expenses to help manage and protect reputations during and after a claim.
- Many clients, especially large corporations, require their consultants to have PI insurance. It assures them that the consulting FSP is financially capable of addressing potential mistakes.
- PI insurance providers often offer risk management advice and resources, helping professionals to minimise the risk of claims and improve their business practices.
- In the event of a significant claim, PI insurance can help to ensure that a business can continue to operate without facing devastating financial pressure.

Overall, professional indemnity cover is a critical safety net for those offering professional services, safeguarding their financial stability, reputation, and business continuity. As you can see, PI insurance has very little to do with compliance, but everything to do with professional practice management.

The key differences between PI Insurance and Fidelity Insurance

Aspect	Professional Indemnity Insurance	Fidelity Insurance
Focus	Protects against negligence or errors in professional services	Protects against employee dishonesty or fraud
Risk covered	Legal claims from clients or third parties	Financial loss caused by employees
Beneficiary	Clients or third parties affected by professional errors	The business itself
Typical claim event	Alleged failure to meet professional obligations	Employee theft, embezzlement, or forgery

What are the key considerations for FSPs when it comes to PI Insurance?

An FSP needs to consider several key factors to ensure it is sufficiently insured from a Professional Indemnity (PI) and/or Fidelity Insurance perspective. The main considerations are as follows:

Appoint a Specialist Broker:

This is the most important first step, because PI and Fidelity Insurance is a very specialised field. Make sure that you select an advisor who specialises in PI and Fidelity Insurance for FSPs.

2 Extract from article of Steve von Roretz of Leppard and Associates (Pty) Ltd

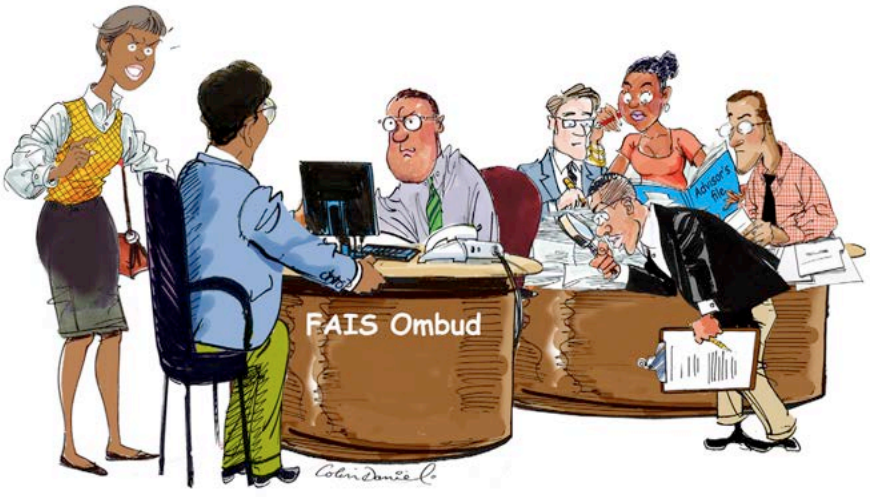
They can help you to:

- Determine your FSP PI and Fidelity Insurance needs and objectives
- Identify potential areas of risks
- Consider your FSP's risk profile
- Consider the potential financial impact of a claim, including legal costs and potential damages. This helps determine the appropriate level of insurance cover
- Provide tailored advice and access to suitable insurance products
- Ensure the policy covers all relevant activities and services provided by the FSP. This might include financial planning, long-term insurance and/or investment advice, short-term insurance and/or medical aid advice, for example
- Explain the policy benefits, terms, conditions and exclusions to help you to make an informed decision
- Regularly review the policy to ensure it continues to meet your FSP's needs, especially if there are changes in services offered or regulatory requirements
- Adjust coverage limits and terms as the FSP grows or diversifies its services
- Ensure the policy covers past acts, errors, or omissions that occurred before the policy was purchased
- Consider coverage for claims made after the FSP has ceased trading, which is important if the FSP plans to wind down or merge

Good to know

PI and FI Insurance advisors are subject to exactly the same FAIS obligations as you are, which means that your advisor must-

- Confirm your request(s) or instruction(s)
- Obtain all the facts that are reasonably available to determine your needs, objectives and risk profile
- Conduct an analysis
- Make suitable recommendation(s)
- Accurately record any transactions concluded
- Provide you with a record of advice
- Annually review your policy



The work is not done until the paperwork is done.
— Ronald Reagan —
40th President of the United States

Good business leaders create a vision, articulate the vision, passionately own the vision, and relentlessly drive it to completion.

— Jack Welch (Former CEO of GE) —

Chapter 46

Effective administration

According to the Oxford Dictionary 'administration' refers to the activities that are done in order to plan, organise and run a business[1]. Administration in the context of this chapter means paperwork, processing[2] the management of business affairs[3]. This would include activities like recording client information, needs analysis, proposals, getting service agreements, application forms and records of advice signed, scanned, stored, instructions sent to product suppliers and keeping record of relevant and material communications to clients. Sometimes even a basic act like filing records in the right folders may mean the difference between success and failure in this department.

Consequences of poor administration

Meticulous paperwork, compliance tracking, and operational tasks do not always align with the natural skill set of financial advisors and intermediaries. They are, by nature, driven by their passion for client engagement, financial planning, helping individuals achieve their financial goals, and concluding transactions. Their strengths often lie in building relationships, analysing, and providing strategic guidance; not administration. For many advisors, administration feels like a diversion from their primary purpose and an obstacle to their productivity. It is frequently a source of extreme frustration, as the detailed and repetitive nature of administrative work clashes with their client-focused and big-picture mindset. To say that some advisors simply hate admin would be an understatement. Unfortunately, this natural aversion can have dire consequences when this part of the business is ignored or not properly attended to. These consequences can include:

- Errors: poor administration almost inevitably leads to making mistakes
- Decreased levels of professionalism
- Negative client experience
- Damage to reputation
- Client's trust is broken
- Loss of clients
- Complaints
- Fines

Facing reality

The business of any FSP and administration are inseparable. It is the nature of the beast. When one gives advice on people's money, it demands that transactions must be accurately accounted for. The reality is that things do go wrong, and people lose money. When that happens, everybody wants to know what happened, why it happened, how it happened, and who is to blame. The only way that it can be explained is through sound record-keeping and administration. Administrative requirements are unavoidable. You can design processes and utilise tools to make them less cumbersome, but they will always remain a prominent part of our industry. Effective administration is absolutely crucial for FSPs to ensure operational efficiency.

1 Oxford Advanced Learner's Dictionary, International Student's Edition, page 18

2 Thesaurus

3 The Oxford School Dictionary, 2nd addition, page 7

The purpose of this chapter is to highlight the importance of the administration function within an FSP, and to encourage a positive response and attitude towards this subject. As you will see, good administration is so important for your business, that you simply cannot afford to neglect it.

If you can't change fate, change your attitude.
— Amy Tan —

Start with WHY?

Effective administration is fundamental to the sustainability and long-term success of all FSPs. It matters for the following reasons:

A demonstration of professionalism

Effective administration reflects a commitment to excellence, attention to detail, and respect for the processes that ensure efficiency, compliance, and accountability.

Accountability and reliability

Effective administration ensures that tasks are completed accurately and on time, instilling trust among colleagues, clients, and stakeholders. It demonstrates reliability, which is a cornerstone of professionalism.

Operational efficiency

Effective administration optimises operations, minimises wasted resources, and ensures the seamless execution of tasks. It increases productivity.

Compliance and risk management

Proper administration ensures adherence to legal and ethical standards. It demonstrates an understanding of and respect for regulations, which is critical for maintaining professionalism.

Client satisfaction

Efficient administration enhances clients' experience and satisfaction. It creates a foundation of trust. Clients and colleagues feel confident knowing that systems are in place to support decisions, manage risks, and to deliver on commitments.

Scalability

Effective administration lies a sound foundation for business expansion and growth.

Talent management and retention

Well-organised administration attracts and retains top talent.

Data management and security

Secure administration protects sensitive client data.

Financial management

Accurate administration enables sound planning, and accurate financial reporting.

Business continuity

Effective administration ensures business continuity and resilience.

Reputation and credibility

Professional administration enhances the practice's reputation.

Long-term sustainability

Efficient administration supports the practice's future viability.

A call to action

While good administration may not come naturally to everyone, it can be cultivated through a serious paradigm shift in thinking, proper training, tools, and delegation. Professionals who prioritise strong administrative practices elevate their credibility and effectiveness.

Working smarter not harder

According to a 2021 Forbes article, published by Caroline Castrillon, here are 10 tips to work smarter, not harder:

1. Delegate more

It must be acknowledged that you cannot do everything and be everything to everyone. If you are a key individual, you need to be able to trust people within your practice to share the load. To some, this is very difficult, because you may be a perfectionist. Rather take time initially to invest and properly train the support staff so that you will have trust in them, knowing they are adequately prepared to take on their responsibilities and give you the capacity to focus on your core responsibilities.

2. Focus on high-impact tasks

Do not get overwhelmed by your to-do list. Instead, focus on the activities that have the greatest long-term impact. In his book, The Seven Habits of Highly Effective People, Stephen R. Covey, explained this principle in the following time management matrix:

	Urgent	Not Urgent
Important	• Crisis • Pressing problems • Deadline-driven projects	• Relationship building • Recognising new opportunities • Planning, recreation
Not important	• Interruptions, some calls • Mails, reports • Meetings • Pressing matters • Popular activities	• Trivia, busy work • Mails • Phone calls • Time wasters • Pleasant activities

**Source: The Seven Habits of Highly Effective People*[4]

Consider the table above and allocate your daily, weekly, and monthly activities into the appropriate blocks, and prioritise them accordingly.

3. Know when to quit

Knowing when to quit sounds a little counter-intuitive but what we mean by this is to know where your limits are. Balance is healthy. If you have been operating on four hours of sleep and can barely formulate a thought, perhaps it is time to shut down your laptop. Chances are, you'll avoid unnecessary mistakes if you look at the task again tomorrow with fresh eyes. Set healthy boundaries.

4. Batch activities

Set aside specific timeslots in your day to tackle certain activities. For example, set out specific timeslots to attend to emails, let's say between 8 and 10 am. Some professionals even block out time in their diaries to dedicate time towards tasks that require deep concentration. By practicing this, you avoid stopping and starting activities and increase productivity.

5. Leverage your internal clock

According to Daniel Pink, author of *When: The Scientific Secrets of Perfect Timing*, there are certain times in a day where a person is most productive. When you are most productive, in my case this would be early in the morning, that is when I focus on the most analytical and complex tasks. In the afternoons, when my concentration is low,

4 The Seven Habits of Highly Effective People, p 151

I focus on less complicated and mundane tasks. For others, it could be that they are most productive at night or later in the afternoon. Whatever your 'perfect timing' is, organise your day to ensure the highest level of productivity.

6. Cut down on your to-do list

Again, do not get overwhelmed and assign a long, unrealistic to-do list to yourself. Instead of listing daily tasks, consider prioritising tasks weekly or monthly. There are only 24 hours in a day, if your to-do list is too long you are setting yourself up for failure. Refer to the time management matrix.

7. Don't wait for motivation

Have you ever had to do something, but you keep putting it off and your almost relieved when another task comes to distract you? This is called procrastination. Don't let procrastination win! Uncompleted tasks just create mental tension. Don't wait to 'feel like it', rather dive in and enjoy the mental relief (the reward) when the task is completed.

8. Manage your surroundings

Put that phone away! Even if your phone is silent, it is constantly in the back of your mind and steals your attention, having a negative impact on your productivity. In this generation, more than ever, we are addicted to our phones.

9. Declutter your office

This practice is good for productivity and for your mental health. Remove any non-essential equipment and paperwork or at least organise it neatly. Most practices have a 'clean desk' policy, have you ever considered that it is also for your benefit?

10. Work in 90-minute blocks

Studies proved that humans can only concentrate effectively for 90 minutes. Managing your time and your energy is crucial for working effectively. By applying this principle in your daily work life, working in 90-minute cycles and taking breaks after every cycle, you will be able to concentrate longer and maintain higher energy levels. I realise that this is where we will have to make a paradigm shift, perhaps we must set an alarm, and instead of taking 20-minute breaks, just get up and make a coffee or walk around your office building or at least just sit in the sun for 5 minutes!

Administration responsibilities of representatives

Although the responsibility to have appropriate procedures and systems in place to record verbal and written communications relating to financial services is primarily that of the FSP, and the admin personnel, representatives have some key responsibilities as well. Sadly, the lack of accurately accounting for financial transactions and poor administration in this area have often been instrumental to a breakdown in trust between advisors and their clients. This is evident from many FAIS Ombud determinations against advisors over the years, with particular reference to maintaining a proper record of advice.

I have often witnessed how advisors pass down the responsibility of completing their record of advice to the administrators in the FSP. In my view, this is one part of the administration that a representative cannot afford to outsource. Completing the record of advice, and the accurate recording of financial transactions, has always been and will always be one of the primary responsibilities of advisors.

Strategy

The strategic administrative plan in an FSP must be designed to align administrative functions with the overall business goals, ensuring operational efficiency, compliance, and client satisfaction. It includes:

1. Vision

Define the role of administration in supporting the FSP's broader business strategy.

Example: The role of administration is to ensure all processes in the business enhance client service, enhance efficiencies, meet regulatory compliance, and free advisors to focus on maintaining and growing their business.

2. Begin with the end (client experience) in mind

Ensure the administrative processes enhance client satisfaction. This philosophy is aligned with the 2024 third most admired company in the world, Amazon's strategy of starting with the customer's needs and working backwards to develop products and services that deliver exceptional value. Processes should be developed with the customer's experience in mind.

Therefore, develop systems for timely responses, clear communication, and proactive reporting.

3. Key administrative functions

Identify and organise the core administrative functions in your FSP, such as:

- Client onboarding
- Client reviews
- Policy renewals and replacements
- Compliance management
- Financial reporting

  Timely and accurate tracking of fees, commissions, and other income sources
- Scheduling of appointments and communication

  Efficient appointment scheduling, follow-ups, and communication with clients

4. Leveraging technology

- Automate repetitive tasks to save time and reduce human error
- CRM Systems for effective communication and to manage client relationships
- Document management software for electronic signatures and secure filing
- Compliance software to monitor and report on regulatory obligations

5. Team roles and responsibilities

- Define who is responsible for what, to avoid confusion and overlap
- Advisors focus on client-facing tasks
- Administrative staff handle paperwork, scheduling, and compliance
- External consultants or paraplanners assist with research and financial planning models

6. Standard operating procedures

- Establish consistent and repeatable workflows, such as a workflow for client onboarding, client reviews, policy renewals, etc

7. Continuous improvement and training

- Regularly review and improve administrative processes
- Conduct quarterly meetings to identify inefficiencies, train staff on new technologies, and adjust workflows based on regulatory changes

8. Outsourcing and delegation

- Delegate non-core tasks to free up the advisor's time
- Use virtual assistants, third-party compliance services, or financial technology platforms

9. Measure success

Track administrative performance with key performance indicators (KPIs), such as:

- Average client onboarding time
- Percentage of compliance deadlines met
- Reduction in administrative errors
- Advisor time spent on non-administrative tasks

10. Risk management

Mitigate risks tied to poor administration, such as compliance fines or reputational damage.

Example: Schedule regular audits and ensure data security through encryption and backups.

With strategy, process, systems and workflows you want to be smart, but with the day-to-day operations and administration you need discipline.

You don't have to be smarter than the rest. You have to be more disciplined than the rest.
— Warren Buffett —
CEO of Berkshire Hathaway

Appointing the right people in the administration department matters because the principle coined in the bestselling book of Jim Collins, Good to Great, 'Get the right people on the bus,' applies equally to every department. Here are some of the most important aspects that the management of every FSP should consider before appointing an administrator. He/she must-

1. Treat others with respect and demonstrate proper etiquette
2. Be a cultural fit for the FSP
3. Be trustworthy
4. Communicate well
5. Demonstrate emotional intelligence (EQ)
6. Be willing to commit to excellence in the field of administration
7. Deliver on the promise of excellence with the required attention to detail
8. Demonstrate meticulous organisation (the ability to use resources, time and energy efficiently)
9. Be proactive and take action and causing change instead of reacting to change when it occurs
10. Be adaptable, have the ability to accept and respond accordingly to change, and change course quickly, if the circumstances require it
11. Be resourceful and have the ability to think on his/her feet and improvise
12. Be a problem solver with a kaizen-mindset (always wanting to improve the admin process)
13. Be able to 'juggle' more than one task at the same time
14. Have a 'servant's heart,' which is the mindset that your core function as an administrator is to support the success of the entire team
15. Demonstrate 'tech savviness;' and be proficient in a wide range of platforms and application software
16. Exercises good judgement in selecting what is urgent and what can wait
17. Have grit and resilience when things go wrong, and not succumb to pressure, but rises to the challenge and 'gets the job done'

Administration – its importance often underestimated; its impact undeniable.

The purpose of an incentives system should not be to get the right behaviours from the wrong people, but to get the right people on the bus in the first place, and keep them there.
— Jim Collins —
Author of Good to Great

Your FSP remuneration policy is not a compliance issue, it is fundamental to the sustainability and growth of your practice.

Chapter 47

Competitive remuneration strategies

The 2015 Society for Human Resource Management (SHRM) Job Satisfaction and Engagement Survey identified the top ten contributors to employee job satisfaction. These were the top four out of ten factors that contribute most to job satisfaction at the time:

1. Respectful treatment of staff at all levels in the organisation
2. Trust between employees and senior management
3. Overall benefits (paid time off, healthcare, flextime, family plans)
4. Overall compensation (competitive pay, base rate, opportunities for variable pay, stock options)

Another survey found that 77% of respondents consider a company's culture before applying for a job, and 56% said company culture is more important than salary for job satisfaction. As of 2023, the SHRM Survey showed that impactful work was the most important organisational attribute for employees worldwide, with 45 percent of respondents choosing that option. Career advancement opportunities and employer ethics and compensation were the other leading elements crucial for ensuring job satisfaction among employees.

The various surveys show that these factors change in order of importance every year. However, whilst these surveys are important to consider, any FSP will be naïve to think that competitive remuneration strategies are unimportant.

Paying good wages is not charity at all—it is the best kind of business.
— Henry Ford —
Founder of Ford Motor Company

The reality is that competitive remuneration strategies are crucial for FSPs to attract, retain, and motivate top talent. It matters a great deal, for the following reasons:

Talent acquisition and retention

Competitive remuneration attracts and retains skilled professionals and helps 'to get the right people on the bus.'

Motivation and productivity

Fair remuneration and incentives motivate employees to perform at their best.

Employee satisfaction and engagement

Fair remuneration enhances employee satisfaction and engagement.

Reputation and credibility

Competitive remuneration enhances the FSP's reputation.

Market competitiveness

Competitive remuneration ensures practices remain competitive.

Business growth

Talented employees drive business growth and revenue expansion.

Long-term sustainability

Effective remuneration strategies ensure the practice's future viability.

Treat your employees right so they won't use your Internet to look for new jobs.
— Mark Zuckerberg —
CEO of Facebook

Develop competitive strategies

To develop competitive remuneration strategies, financial advisory practices should:

- Conduct market research and benchmarking pertaining to remuneration
- Develop a remuneration philosophy and articulate an FSP Remuneration Policy
- Foster a culture of fairness and transparency
- Design performance-based incentives
- Offer comprehensive benefits packages
- Regularly review and adjust your Remuneration Policy when necessary
- Ensure regulatory compliance
- Communicate remuneration strategies clearly
- Be consistent with the application of your Remuneration Policy

By prioritising competitive remuneration strategies, FSPs can attract and retain top talent, drive business growth, and maintain a competitive advantage in a rapidly evolving industry.

FSP Remuneration Policy

An FSP Remuneration Policy typically includes the following components:

Purpose and objectives

Define the policy's purpose and specify goals like rewarding performance and supporting the firm's strategic objectives.

Scope of the policy

Outline who the policy applies to, such as management, key individuals, representatives, para-planners, administrators, and other employees involved in financial advice or sales.

Types of compensation

Fixed remuneration:

- Base salary or wages reflecting role responsibilities and market benchmarks

Variable Remuneration:

- Performance-based bonuses linked to individual, team, or organisational goals
- Commissions based on sales or advice outcomes, often capped or balanced to avoid conflicts of interest

Non-monetary benefits

Health benefits, retirement plans, and professional development opportunities.

Performance based remuneration

Define clear, measurable criteria for variable compensation, such as:

- Quality of advice and client satisfaction
- Achievement of compliance standards
- Business growth metrics (e.g., new clients, assets under management)
- Avoid overemphasis on sales volume to prevent biased or unsuitable advice

Compliance and ethical standards

Ensure the policy adheres to regulatory requirements (e.g., compliance with Treating Customers Fairly, FAIS Fit & proper requirements, and General conduct and COFI requirements).

Prohibit compensation structures that incentivise unethical behaviour or create conflicts of interest.

Clawback provisions

Include mechanisms to reclaim bonuses or commissions if advice or actions result in regulatory breaches or client harm.

Transparency and disclosure

Require full disclosure of remuneration structures to clients, ensuring transparency about fees, commissions, and potential conflicts of interest.

Governance and oversight

Establish roles and responsibilities for monitoring and reviewing the policy, such as compliance officers or a remuneration committee. Periodically review the policy to adapt to regulatory changes or business needs.

Client-centric alignment

Emphasise that the policy is designed to prioritise client needs and long-term relationships over short-term profits.

Incentive balancing

Address balancing short-term incentives (e.g., immediate sales) with long-term goals (e.g., client retention, investment performance).

Cap on variable Pay

Set caps on commissions or bonuses to mitigate excessive risk-taking or misaligned priorities.

Training and communication

Include provisions for regular training on ethical behaviour, regulatory compliance, and policy updates.

Clearly communicate the policy to all relevant stakeholders.

Sound financial accounting provides a structured way to record, analyse, and interpret financial transactions, ensuring that all stakeholders have a clear and accurate picture of the company's financial health. The benefits of best practices include:

- Accurate financial monitoring
- Financial insights and analysis
- Enabling resource optimisation
- Enabling informed decision-making
- Compliance and accountability
- Attracting investment
- Informing strategic planning

Chapter 48

Sound financial management

Profit is a condition of survival.
— Peter Drucker[1] —

From a business point of view, every FSP must make a profit to stay in business. At the same time, there is a statutory duty on every FSP to make a profit. In short, any management team in business has failed if it fails to produce economic results.[2]

Good profits versus bad profits

Too many companies these days can't tell the difference between good profits and bad. As a result, they are getting hooked on bad profits[3]. The concept of good profits versus bad profits refers to the quality and sustainability of the profits a business generates, focusing on the long-term health and reputation of the organisation rather than just the financial numbers.

Good profits

Good profits are sustained based on the following principles:

- Profits are earned by providing genuine value to customers and meeting their needs or solving their problems effectively.
- Profits are built on strong customer relationships, loyalty, and trust, ensuring long-term revenue.
- Profits are made ethically: Profits are generated through fair business practices, and in compliance with laws and regulations.

Bad profits

Bad profits usually refer to profits earned in ways that are detrimental to the company's long-term success, reputation, or relationships with stakeholders. While these profits may appear beneficial in the short term, they often come at a significant cost over the long term. These profits are usually-

- Short-term focused: It is achieved at the expense of customer satisfaction or trust.
- Based on customer exploitation: Profits often involve hidden fees, poor service, or deceptive marketing practices.
- Unsustainable: These profits usually damage customer relationships, leading to high churn rates and a poor reputation over time.
- Based on unethical practices: It usually involves cutting corners, exploiting employees, or engaging in practices that harm clients, society or the environment.

1 Peter F. Drucker: Management, HarperCollins Publishers, p111
2 Peter F. Drucker: Management, HarperCollins Publishers, p27
3 Fred Reichheld 2006: The Ultimate Question, Harvard Business School Press p. 3

Example:

FSPs that focus on their commission instead of truly acting in the best interest of their clients. Other examples include overcharging clients without adding value, and non-disclosure of contractual terms, conditions, penalties for early termination, and exclusions, which may lock financial customers into unfair contracts.

The cost of bad profits extends well beyond a company's boundaries. Bad profits provide a distorted picture of business performance. Bad profits also tarnish the FSPs position in society. That tarnished reputation undermines consumer trust and provokes calls for stricter rules and tighter regulations[4]. Good profits are dramatically different. If bad profits are earned at the expense of customers, good profits are earned with customers' enthusiastic cooperation.[5]

Sound financial reporting

Sound financial reporting starts with sound financial planning in your FSP.

A budget is telling your money where to go,
instead of wondering where it went.
— John C Maxwell —

Aligned with your FSP budget, every month, your FSP should produce three financial statements, namely:

- A balance sheet

  A monthly balance sheet provides a clear picture of your assets, liabilities, and equity at a specific point in time. It helps you to understand the financial position of your business, and it ensures you have enough liquid assets to cover immediate expenses. It also helps you to spot potential issues, such as increasing liabilities or declining equity, before they escalate into serious problems. A balance sheet consists of three main components, namely[6]:

  - Assets
  - Liabilities
  - Equity

- An income statement

  Producing a monthly income statement provides valuable insights that help FSP businesses manage their operations effectively, track profitability, and make informed decisions. It focuses on profitability, and it may show profits even if cash flow is poor, as it uses the accrual accounting method. An income statement consists of the following components:

  - Revenue: Income (fees and/or commissions) earned from new and existing clients
  - Expenses: Costs incurred to generate revenue
  - Net profit/loss: Revenue minus expenses

- A statement of cash flow

  An FSP's cash flow statement tracks the actual inflow and outflow of cash during a specific period. It answers, 'Where is the FSP's cash coming from and going to?' It focuses on cash liquidity and the company's ability to manage cash effectively. It reflects actual cash transactions, excluding non-cash accounting items, and it provides a clearer view of whether the business can meet short-term obligations and sustain its operations.

4 Fred Reichheld 2006: The Ultimate Question, Harvard Business School Press p. 4

5 Fred Reichheld 2006: The Ultimate Question, Harvard Business School Press p. 9

6 Mark C. Tibergien and Rebecca Pomering: Practice Made Perfect, Bloomberg Press, p139

- Operating activities: Cash flow from core business operations (e.g., income from financial customers, and payments of expenses)
- Investing activities: Cash flow from investments in assets (e.g., purchasing of infrastructure, and/or IT equipment)
- Financing activities: Cash flow from financing the business (e.g., loans, issuing stock, dividend payments)

Sound financial management

Sound financial management is crucial for financial advisory practices to ensure the financial health, stability, and growth of the business. This topic matters for several reasons:

Business sustainability

Sound financial management ensures the practice's long-term viability.

Employees and stakeholder trust and confidence

Financially stable practices inspire employees and stakeholder trust and confidence.

Talent attraction and retention

Financially stable practices attract and retain top talent.

Client trust and confidence

Financially stable practices inspire client trust and confidence.

Reputation and credibility

Sound financial management enhances the practice's reputation.

Regulatory compliance

Practices must meet financially sound, 'fit and proper' regulatory requirements.

Growth and expansion

Effective financial management enables business growth.

Risk management

Financial management helps mitigate business risks.

Operational efficiency

Effective financial management streamlines operations.

Investment in technology and infrastructure

Financial management enables investment in growth drivers.

Long-term success

Sound financial management ensures the practice's future success.

Timely and efficient financial reporting

To ensure that financial reporting is timely and efficient, FSPs must adopt a structured approach and implement well-defined processes.

Here is an overview of the common structures and processes that leading FSPs implement:

Appointment of an external auditor

If you are a small to medium sized FSP, one of the best things you can do is to appoint a competent and fairly priced auditing firm that can also assist you with secretarial services, like issuing invoices, prepare financial reporting and annual financial statements.

Robust financial management systems

- Leading FSPs use software like Xero, QuickBooks, or SAP to automate bookkeeping, streamline reconciliation, and generate reports efficiently.
- Linking client management platforms (e.g., CRM systems) with accounting software ensures seamless data flow and accuracy.
- Cloud technology allows real-time access to financial data, fostering collaboration between teams and external auditors.

Clearly defined roles and responsibilities

Smaller firms collaborate with their auditors, and the following roles apply more to medium- to large FSPs:

- A team or department specifically tasked with managing finances and reporting ensures accountability. Someone must be accountable.
- Breaking down the financial reporting process into specific roles (e.g., accounts payable, accounts receivable, payroll) reduces bottlenecks.
- A CFO or financial manager oversees the process to ensure compliance with standards and regulations.

Regular internal controls and processes

- Balancing accounts monthly ensures data accuracy and reduces the year-end workload.
- In the bigger FSPs the team follows detailed checklists to ensure all necessary documentation (e.g., invoices, expense records) is collected and processed on time.
- Systems maintain records of transactions and changes to ensure accountability and transparency.

Standardised reporting frameworks

- FSPs adhere to financial reporting standards to ensure credibility, reliability and consistency.
- Pre-designed reporting templates make the process faster and reduce the risk of errors.
- FSPs focus on tracking key financial indicators (e.g., revenue, expenses, profit margins) to streamline reporting.

Planning and deadlines

- A detailed timeline outlining tasks, deadlines, and responsibilities ensures that reporting is completed without delays.
- Regular reviews and reporting cycles distribute the workload and reduce pressure at year-end.

Collaboration with external stakeholders

- Engaging with your external auditors ensures financial statements are accurate and compliant with legal requirements.
- Ensuring tax-related reporting aligns with financial statements to prevent discrepancies.

Use of Data Analytics

- Analytics tools provide real-time financial insights, allowing businesses to monitor trends and identify anomalies early.
- Automated reporting tools generate detailed reports with minimal manual intervention.

Continuous Staff Training

- Financial reporting standards and regulations evolve, so regular training ensures the finance team stays updated on the latest requirements and best practices.
- By combining technology, standardised procedures, and a proactive approach, financial advisory businesses ensure their financial reporting is accurate, efficient, and timely, building trust with stakeholders and ensuring regulatory compliance.

Operational preparation

To achieve sound financial management, FSPs should:

- Foster a culture of financial discipline
- Develop a comprehensive financial plan for the business
- Establish clear financial goals and objectives
- Conduct a sound budgeting and forecasting analysis
- Establish robust financial controls
- Invest in financial technology and infrastructure
- Monitor and manage cash flow
- Demonstrate risk management and mitigation
- Maintain accurate financial reporting
- Track financial performance and adjust strategies if needed
- Manage expenses and optimise costs
- Prioritise long-term financial sustainability over short-term gains
- Plan for scalability and flexibility
- Ensure financial management supports business continuity

In closing

By prioritising sound financial management, FSPs can ensure financial stability, drive business growth, and maintain a competitive advantage in a rapidly evolving industry. This discipline is important for everybody in the business, because no professional wants to work for a business that is struggling financially, or one that has a reputation for questionable financial discipline and reporting. Again, prudent financial management, and the responsible distribution of capital within the business that supports a consistent increase in revenue is essential for the success of the business.

Sound financial management and reporting are not merely operational tasks but the backbone of any successful FSP. They provide clarity, accountability, and direction, empowering FSPs to adapt to challenges and seize business opportunities with confidence. By ensuring accurate and timely financial insights, organisations can foster trust among stakeholders, enhance strategic decision-making, and pave the way for sustainable growth. Ultimately, the discipline of financial management is not just about numbers; it is about building resilience, credibility, and the capacity to achieve long-term success.

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Artificial Intelligence can enhance productivity, decision-making, and innovation by doing the following:

- Automating repetitive tasks (e.g., data entry, quality control)
- Providing predictive analytics for trends and risks
- Enabling personalised recommendations (e.g., in e-commerce, healthcare)
- Enhancing customer experiences (e.g., chatbots, virtual assistants)
- Improving operational efficiency through real-time monitoring and optimisation

Chapter 49

The use of artificial intelligence

AI is not going to take your jobs.
The person who uses AI is going to take your job.
— Jensen Huang —
CEO of NVIDIA

This chapter will deal with the following:

- The business case for AI in your FSP
- The risks of using AI in your FSP
- The fundamentals of AI in your FSP
- The practical application of AI in your business

The business case for AI

We do not think that anyone will argue that the effective use of artificial intelligence (AI) in FSPs is one of the most powerful business tools available to us today, and that it will continue to change the way that we manage our businesses in the future. Its impact is undeniable, and its use in financial advisory practices will benefit firms in many ways, including the following:

Improved efficiency

The automation of routine tasks frees up advisors and administrators to focus on high-value services.

Data-driven insights

AI analyzes vast amounts of data to provide actionable advice.

Scalability

AI supports business growth by automating tasks and enhancing productivity.

Enhanced client experience

If used correctly, AI-powered chatbots and virtual assistants can provide personalised support.

Risk management

AI can identify potential risks and opportunities, enabling proactive decision-making.

Compliance and regulatory support

If used correctly, AI can help practices meet regulatory requirements.

Competitive advantage

If used carefully, early adopters of AI gain a competitive edge in the industry.

Cost savings

AI can reduce operational costs by automating tasks and minimising errors.

Futureproofing

Embracing AI prepares practices for the future of financial advisory services.

The risks of using AI in your FSP

Here are some potential risks if you consider using AI in your business:

AI is not perfect

Although no one can deny the power of AI in its current form, it is not perfect, and mistakes still creep in from time to time. One of the biggest risks in your business is to use AI without verifying the content or processes for factual correctness. Do not blindly trust in AI.

FSPs remain fully accountable for AI and its results

FSPs will never be able to hide behind technology and blame AI for incorrect results. Market conduct legislation is very clear. FSPs remain fully accountable for their application of AI, and for the results.

Data privacy and security risks

AI systems rely on large amounts of client data, including sensitive financial and personal information. Breaches or unauthorised access could lead to non-compliance with POPIA, identity theft, fraud, or reputational damage.

Cybersecurity vulnerabilities

Sophisticated AI-driven systems can become targets for cyberattacks, leading to significant business and client risks.

Client trust and perception

Clients may feel uneasy about AI handling their financial matters, fearing errors, bias, or impersonal service. Beware of creating an AI copy of yourself, communicating with clients as if it is you. The slightest loss of connectivity during your message with your client, and your 'AI-self' loses its authenticity. It breaks trust. Do not assume that your clients will value a 'fake' message from you.

Algorithmic bias

AI algorithms can unintentionally reflect biases present in their training data, leading to unfair or discriminatory outcomes in client recommendations or risk assessments.

Operational disruptions

Inefficient integration of AI tools into existing processes may lead to workflow disruptions or resistance from employees.

Lack of transparency

Complex AI models, often lack explainability, making it hard to understand or justify recommendations to clients.

Overreliance on automation

Excessive dependence on AI may lead to human complacency or errors when systems malfunction or produce inaccurate outputs.

Regulatory compliance challenges

AI solutions might inadvertently violate financial regulations, especially in areas like suitability assessments, disclosure requirements, or record-keeping.

Cost of implementation

AI technologies may require significant financial investment in infrastructure, training, and ongoing system updates.

The practical application of AI in your practice

To leverage AI effectively, financial advisory practices should:

Develop a clear AI strategy

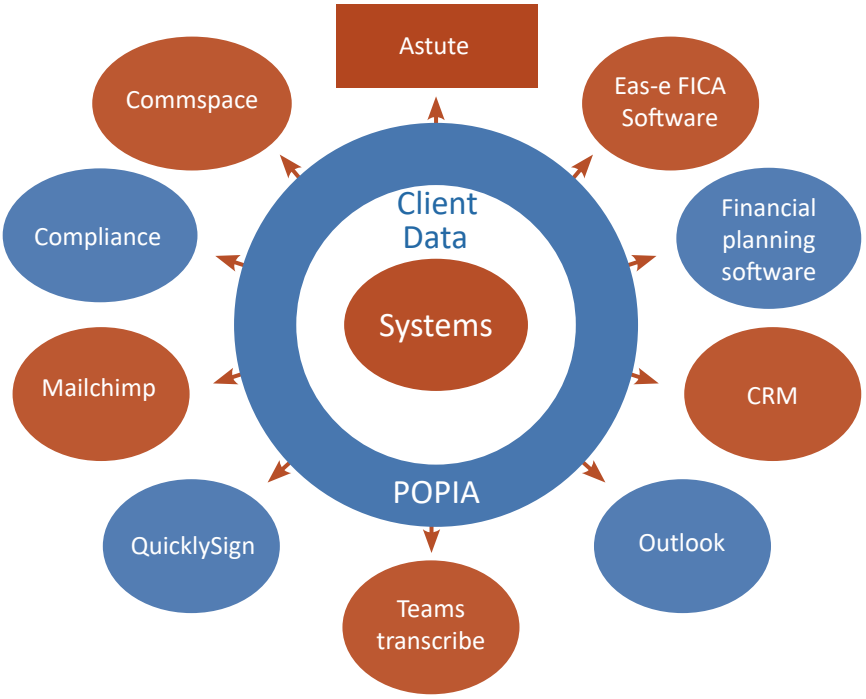
A clear AI strategy provides a roadmap for how your FSP will leverage artificial intelligence to achieve its goals while managing associated risks. It should align with the organization's broader objectives and include actionable steps for implementation, evaluation, and optimisation.

Cautionary:

It seems like many FSPs are already overwhelmed by all the variable factors in their businesses, and now AI is simply exacerbating the situation, adding to the things to consider. All these variable factors take up mind space and time, and it could lead to additional information overload and distractions. Before you get into a flat spin about AI, consider the following first:

- If ever there was a time to prioritise, and pursue what is most important in your FSP, it is now.
- Beware of just getting into AI because everybody is talking about it, and you are concerned that you are falling behind.
- Ask yourself the following questions first:
  - Are we fully effective and efficient in using our current software and CRM systems yet?
  - Do we know the effectiveness of its current business intelligence (BI) how our current software and CRM providers have already incorporated AI in their software which is at our disposal at no additional cost, or not?
  - If we do not know how our current software and CRM systems already incorporate AI, how smart is it to implement AI outside the system, which could already be integrated in the system?
  - Why should we start something on our own, at our own expense, and at our own risk, if our software and CRM provider have already incorporated it in their systems without additional cost?
  - Does it not make sense for us to make sure that we use our current systems optimally first, before investigating whether we should embark on our own AI journey?
  - Do we have the time and/or money to fully research, analyse, test, and implement AI into our business, if we already have access to an integrated system?
- As highlighted in one of our earlier chapters on the power of systems, our research indicates that a very low percentage of FSPs use their current financial planning and/or CRM Systems optimally. Our research also shows that people generally agree that FSPs will simply have to use their technological systems more effectively going forward. Therefore, strategically, it seems that FSPs should lay a firm foundation with their current financial planning software and CRM systems first by using it optimally and then move on to investigate further use of AI.

Example of system integration



Integration of systems

Using one system that can fully integrate other technological systems, like Astute, eas-eFica, QuicklySign, and Commspace, for example, makes a lot of sense. The added benefit of firewalls to protect confidential client data, their current business intelligence (BI), and current AI processes, and workflows just elevate effectiveness and efficiency to a new level. Convincing the entire FSP to embrace the current systems, processes, and workflows will have an immediate positive effect on the business. Every representative and administrator who fully aligns with your FSP's software and CRM system, before implementing other AI applications will exponentially enhance the effectiveness and efficiency in the business. Then, when everyone is aligned, the FSP can consider other AI applications, and everybody can move forward from a sound base – together.

Next steps (if necessary)

What follows is based on the assumption that you have optimised the use and integration of your current financial planning software and CRM system, and all your representatives are on board. After considering the optimal use of your current financial planning software and the integration of CRM systems first, and applying the questions and principles as set out above, a clear AI strategy, in addition to the AI already incorporated in your current software and system(s), could include the following:

- Define the objective and identify how AI can address specific business challenges or create new opportunities
- Assess resources, and evaluate existing infrastructure, data quality, human resources talent, and organisational culture to determine the current state of AI readiness
- Prioritise high-impact, feasible AI use cases that align with business goals
- Build a robust data strategy to ensure data is accurate, secure, and accessible. Implement frameworks for data collection, storage, and processing
- Choose the right technologies and tools
- Select AI platforms, frameworks, and tools that meet your business requirements and can scale with your needs

- Hire or upskill employees in AI-related fields such as data science, machine learning, and AI ethics. This could be an expensive exercise, and therefore we recommend that you investigate the optimisation of your current software and CRM systems first
- Integrate AI Into Business Processes by embedding AI into workflows and decision-making processes to augment human capabilities and streamline operations
- Ensure ethical and responsible AI use
- Measure impact and iterate
- Set up a governance structure to oversee AI initiatives, monitor compliance, and manage risks
- Plan for scalability: Develop a roadmap for scaling successful AI projects across the organization or into new domains

Ensure data quality and security

Using 'open AI' is risky from a data security point of view. Safeguard client data and prevent cyber threats.

Regulatory compliance

Ensure AI adoption meets regulatory requirements.

Train advisors and administrators

Train advisors and administrators to optimise the current financial planning and CRM system first and then train them in the use of AI.

Monitor and measure AI's impact

Assess AI's impact in your FSP and adjust strategies if necessary.

Inclosing

The transformative impact of AI on financial planning is undeniable. As AI's intelligent algorithms evolve and improve, individuals can look forward to more efficient personalised financial solutions designed to meet their unique needs and goals. By adopting AI-driven financial planning, individuals can make more informed decisions, optimize their investments, and navigate their financial journey with greater confidence, paving the way for a prosperous future.

The transformation conundrum lies in balancing the widespread support for Black Economic Empowerment (BEE) with the challenges of implementing it in practice, especially for the small- to medium sized FSP business. While the principle of economic inclusivity is broadly embraced, the requirement for business founders of small- to medium sized FSPs to relinquish equity in the enterprises they built over many years often creates tension. This sacrifice, though necessary for societal progress, can feel deeply personal, as it involves parting with a legacy shaped through much effort, risk, and vision, raising complex questions about fairness, sustainability, and mutual benefit.

Chapter 50

Transformation

Transformation in financial advisory practices

Transformation is a broad term that encompasses efforts across various social, economic, and political spheres to achieve meaningful change and ensure equal opportunities for all citizens, particularly historically disadvantaged groups. Transformation in South Africa is deeply rooted in the principles of the Constitution, aiming to create a society based on human dignity, equality, and freedom. Key aspects of transformation in South Africa include:

Economic empowerment

Initiatives like Broad-Based Black Economic Empowerment (B-BBEE) aim to promote the participation of black South Africans in the economy through ownership, management, skills development, and procurement.

Social equity

Programs and policies that strive to reduce poverty, unemployment, and inequality, ensuring access to quality education, healthcare, and housing.

Political inclusion

Ensuring that all citizens, regardless of race, gender, or background, have an equal voice and representation in democratic governance and decision-making.

Workplace transformation

Employment equity laws that promote diversity and inclusion in the workforce, addressing racial and gender imbalances in leadership and broader employment.

Cultural reconciliation

Encouraging a shared national identity while respecting and preserving the diversity of South Africa's cultures and traditions.

The business case for transformation

The business case for transformation, particularly in the context of Broad-Based Black Economic Empowerment (B-BBEE) in South Africa, is multifaceted, encompassing legal, economic, social, and strategic considerations. This is a brief breakdown:

- Legal Compliance

  B-BBEE Legislation

  Compliance with B-BBEE is mandated by South African law. Companies that fail to meet B-BBEE requirements may face penalties, loss of government contracts, and restrictions in various sectors where B-BBEE compliance is a prerequisite. To many FSPs this will pose a challenge.

- Access to markets

  A high B-BBEE score is often a prerequisite for businesses seeking government contracts or tenders. Companies with strong B-BBEE credentials are better positioned to win such contracts, which can be a significant source of revenue.

- Enhanced reputation and brand value

  Demonstrating commitment to B-BBEE enhances a company's reputation as a socially responsible business.

- Economic growth and profitability

  B-BBEE initiatives often include skills development and education, leading to a more skilled and diverse workforce.

- Social stability and inclusivity

  B-BBEE plays an important role in addressing historical inequalities and promoting inclusivity. Businesses that support transformation contribute to social stability, which is essential for a stable and conducive business environment.

- Long-term strategic advantage

  Companies that embrace B-BBEE are better positioned for sustainable growth in a transforming economy. By fostering inclusive growth, businesses can ensure long-term success in an evolving market.

In summary, the business case for transformation through B-BBEE is compelling not only for legal compliance but also for enhancing market access, improving reputation, driving economic growth, contributing to social stability, and achieving long-term strategic advantages.

The practical realities regarding transformation

It is important to note that what follows on this page is simply an objective report on factual realities pertaining to transformation that FSPs are facing, and it should not be seen as an attempt to undermine transformation initiatives.

- Studies in South Africa indicate that approximately 70% to 80% of small businesses fail within their first five years of operation. These statistics include people of all races.
- The financial services industry globally is known for high attrition rates among new advisors. For instance, data from the United States indicates that over 90% of financial advisors do not last three years in the industry. In my discussions with management of leading insurers in South Africa, this number seems to be between 10 and 20% (all races).
- The underlying economics and business models of financial advisory service providers are uniquely complex and increasingly challenging to sustain. At the heart of these models are the financial advisors themselves—professionals who drive revenue generation. Unlike traditional employees, many advisors take on significant personal risk, as they often forgo the stability of a salary in exchange for commission-based earnings. This places the onus on them not only to attract and service clients but also to bear the financial uncertainties inherent in fluctuating markets and client retention dynamics.

- Profit margins have shrunk due to pressure on fees, the rising cost of compliance, and additional expenses to fight cyber-crime, to name a few.
- Transformation must happen in a struggling economy and in a very tough, competitive, and extremely onerous industry, where even good businesses find it difficult to meet their financial soundness requirements. On top of all that there is the challenge of transformation.

Over the last few years, I have had serious, open and honest conversations with many owners of small- to medium sized FSPs, who are directly affected by transformation, and this is what I have learned:

- In principle, all my colleagues who are directly affected by transformation are in support of Black Economic Empowerment (BEE) and they are willing to make a significant contribution to make it a reality.
- Most of these FSPs have put BEE plans into action and have appointed people of colour in many different positions in their FSPs over the years.
- Most of the representatives of colour who were appointed in these FSPs were trained, supervised and became qualified left their positions to join other, bigger FSPs, like Banks for example, that could offer them more money.
- These smaller- to medium sized boutique firms invested much time, money, and resources in the training and development of people of colour, which in itself makes a significant contribution to black economic empowerment. After all that effort, these firms receive no formal recognition from a B-BBEE point of view.
- Apart from the big corporates, very few individuals or BEE level 1 or 2 firms are willing to pay a market related price to buy a stake in any of these small- medium size boutique FSPs, which either means that equity must be offered at a discount, or it must be given away;.
- Small- and medium-sized firms that are profitable, despite the odds and challenges, have worked extremely hard to establish their businesses over many years, even decades. With all the regulatory obligations, financial advisory firms do not earn passive income. Annual review obligations require ongoing services, and therefore sufficient resources are required to retain clients and grow the business. It requires hands-on management and there is constant pressure on resources, and profitability. It is perhaps therefore understandable how any person who has built up a business through blood, sweat and tears, faces poor economic conditions, and onerous legislation, would be reluctant to part with 25% or 51% of his or her business at a discount. Should they own shares in the business, key individuals and representatives depend on their shares in the business to retire one day.
- In other professions, like the legal and auditing professions, the journey of becoming a partner in a law firm always started with young, qualified professionals their doing articles, and working their way up to be recognised as a person who contributes to the leadership of the firm. To become a partner in the business, these professionals have to buy into the firm to earn future profits. This has been the practice to ensure that the legal and auditing profession remain strong, and professionals earn their partnership status by coming through the ranks.
- The ideal transformation arrangement would be for a BEE business to buy a stake in an FSP for fair value and then continue to add value by opening up new markets, providing the opportunity for people of colour to serve clients in those newly opened markets, which will create growth opportunities for individuals and the FSP. After many years of effort, these types of transactions so far have been few and far between.

Conclusion

It seems like most of the big corporates have put ownership structures in place that facilitate transformation as intended in legislation. However, the lack of capital, the uniquely complex underlying factors, and obligations of small to medium-sized firms still makes transformation, from an ownership point of view, extremely difficult. There is still no magic formula to solve this requirement.

They took absolute ownership – extreme ownership… Instead of complaining about challenges or setback, they developed solutions and solved problems. They leveraged assets, relationships, and resources to get the job done. Their own egos took a back seat to the mission and their troops. These leaders truly led.

— Jacko Willink and Leif Babin —

Navy Seal Officers and authors of #1 New York Times Bestseller 'Extreme Ownership'

Chapter 51

Taking extreme ownership

The purpose of this chapter is for you to pause after reading this book up to this chapter, to take a breath, and reflect, even before we conclude this publication with 'Succession planning.' The positioning of this chapter in the book will become clear as you read the next chapter.

I will be very surprised if you are not a bit overwhelmed at this point. As authors, we agreed that this project was a massive undertaking, but it is only part of a much bigger process in the world of an FSP. In an industry as complex, multi-faceted, onerous, and ever-changing as ours, where rising costs, evolving legislation, and the demand for innovation constantly challenge sustainability, the question must be where is all of this leading to? You must be asking, 'after reading this book…what then?' Surely there is a difference between the theory of business and its application. 'What must I do and where do I start?' As voluminous and overwhelming as the content of this book may be, this chapter aims to plant some seeds that will help you in your preparation for what your next steps should be.

SWOT

In 2004 I had the privilege of interviewing the Founder and Chairman of PSG at the time, Jannie Mouton, and he told me that before starting PSG, he spent 9 months conducting a SWOT analysis on himself. He was so focused on making a success of PSG that he spent months interviewing colleagues and friends in an attempt to understand his own strengths and weaknesses better. He specifically asked the people to be brutally honest when giving him feedback and admitted that he did not like some of the responses but appreciated their honesty and found it very helpful. He consequently made sure that he played to his strengths, and he appointed other people that could complement his weaknesses. If it worked for him, I am convinced that it would benefit you as well.

Big decisions

After evaluating your company's strengths, weaknesses, opportunities, and threats, and acknowledging the immense challenges we face, the next step will be to take complete ownership and take decisive action. Extreme ownership means embracing the responsibility to shape the future of your business, no matter how daunting the circumstances. It means turning obstacles into opportunities, leading with purpose, and making bold, decisive moves to secure not just survival, but long-term success. The time for hesitation is over—our industry demands leaders who will rise to the occasion, take control, and lead their businesses forward with unwavering determination. Every time I write about leadership I am reminded of the following powerful statement by one of the greatest leaders of our time:

I am an ordinary man who became a leader in extraordinary circumstances.
— Nelson Mandela —

The first big decision that I believe you need to make is to decide to lead! Decide to take extreme ownership. If you are part of the leadership of an FSP and you do not decide to step up and lead in these challenging times, you will evidently follow. We are facing some changes with COFI facing us, soon. This is a great opportunity to create a better, more efficient future but it will take courage.

The best way to predict the future is to create it.
— Peter Drucker —

How do you eat an elephant?

Feeling overwhelmed by all the information in this book so far? It's understandable. But just like tackling any monumental challenge, the key is to take it step by step—one bite at a time. Small, consistent efforts can lead to significant improvements that transform your business over time. However, a few critical decisions will need your focus to guide this transformation effectively.

The buck starts and ultimately stops with you

To those business owners and leaders in the financial advisory industry, who have been successful in the past, we acknowledge that your success is a testament to the ownership and leadership you have demonstrated over the years. Your ability to navigate challenges, survive COVID, adapt to changing circumstances, and inspire your team has been instrumental to your achievements. We sincerely congratulate you on your success so far. However, with COFI upon us at the time of writing this book, and the industry continuing to evolve, even the most successful leaders must consider that past strategies, while effective, may not suffice for the future.

What got you here won't get you there.
— Marshall Goldsmith —
Leadership coach and author

We believe that 2025 will be a year that calls for a rejuvenation of your approach—a commitment to continued innovation, adaptability, and heightened strategic focus. Now will be the time to elevate your leadership to the next level, ensuring your business remains resilient and poised for success in the face of these emerging complexities.

The need to apply the Pareto (80/20) principle

The Pareto Principle, also known as the 80/20 rule, is a concept that highlights the unequal distribution of effects relative to their causes. It states that 80% of outcomes often stem from 20% of inputs or efforts. Originally observed by Italian economist Vilfredo Pareto in 1896, who noticed that 80% of Italy's land was owned by 20% of its population, this principle has since been applied broadly to business, economics, and personal productivity. For instance, in sales, 80% of revenue might come from 20% of clients, or in productivity, 80% of results might come from 20% of tasks. Here are a few modern examples:

Business and revenue

Studies show that a significant portion of a company's revenue often comes from a relatively small percentage of its customers. For example, in many industries, 20% of clients contribute to 80% of sales or profits. I have firsthand experience in this area as I have consulted with hundreds of firms over the years and the Pareto principle is widely accepted throughout the industry.

Wealth distribution

Modern economic studies continue to reveal an imbalance in wealth distribution, with a small percentage of individuals or entities controlling a large share of global wealth.

Marketing and engagement

In digital marketing, platforms like social media and email demonstrate that a small percentage of content or campaigns typically drives the majority of engagement and conversions.

IT and software development

Research shows that a minority of software bugs often cause the majority of system crashes or issues, reflecting the principle in technology.

Personal productivity

Time-management tools and studies reveal that a small number of tasks often contribute the most to achieving goals, reinforcing the need to focus on high-value activities.

Conclusion (80/20 principle)

There is strong evidence that the Pareto Principle, or 80/20 rule, continues to apply across various domains. While the exact ratio may vary depending on the context, the principle's core idea—an unequal distribution of inputs and outputs—remains relevant. Put differently – not all activities in your FSP are created equal. Some activities are far more valuable than others, and it will be your challenge to identify those few vital changes or improvements that will have a significant positive effect on your business. This principle emphasises the importance of identifying and focusing on the most impactful areas to maximise efficiency and results. This is particularly relevant when it comes to your evaluation of the activities that you will have to focus on to take your FSP to the next level in the most effective way.

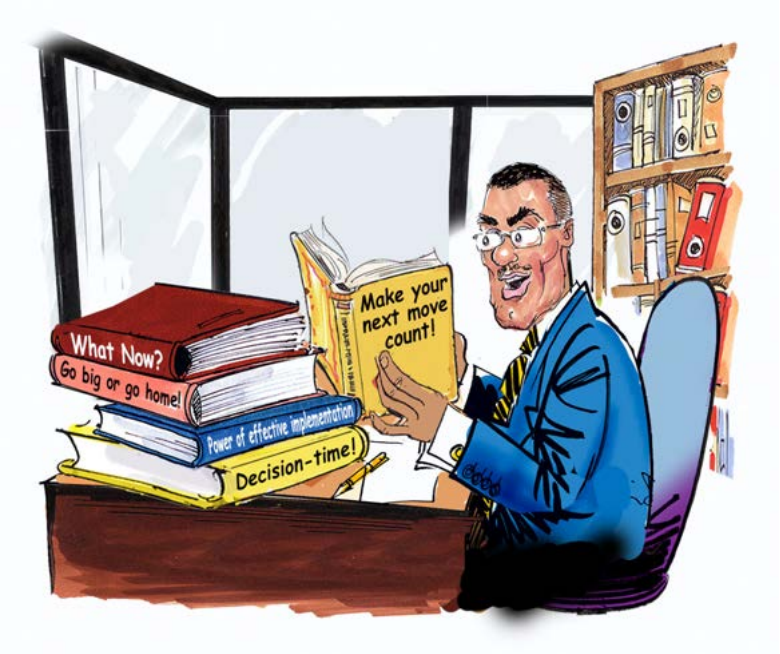
While the exact 80/20 ratio might not always hold perfectly (some people argue that the ratio is closer to 90/10), the principle's tendency to reveal a disproportionate relationship between inputs and outputs remains widely acknowledged and highly applicable in today's world. The key to applying this principle lies in stepping back to analyse your operations, client interactions, and resource allocation. Begin by identifying the activities that will have the greatest potential to impact your business goals. Use data and performance metrics to uncover trends and pinpoint where your efforts yield the most value. Once identified, prioritise these activities relentlessly, streamline or delegate less impactful tasks, and ensure your team is aligned with these high-leverage priorities. By focusing on what truly matters, you can amplify your business's success while conserving time and resources.

Recommendation

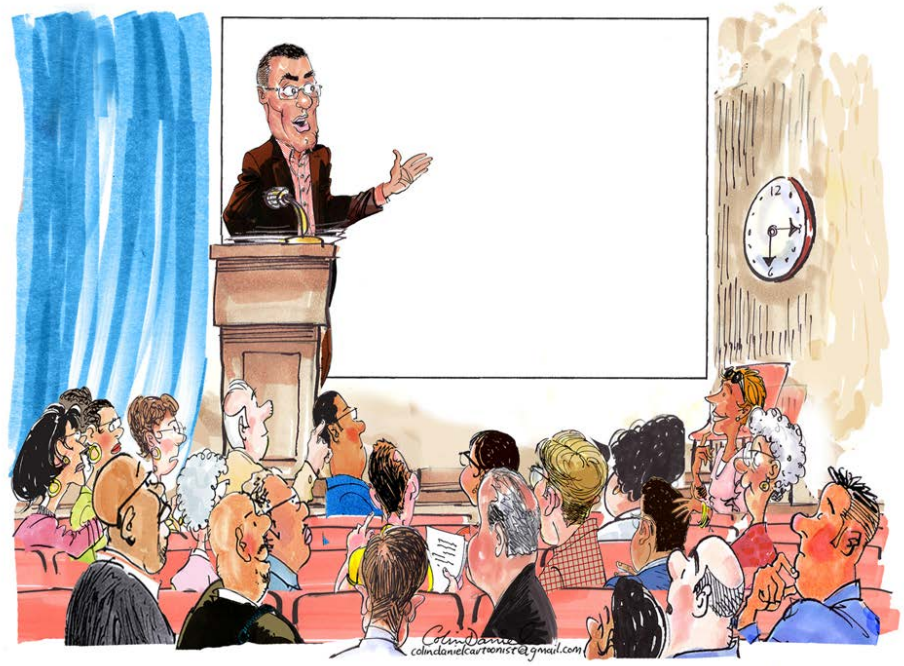
Our recommendation assumes that your fit and proper requirements are all in place. Apart from that, we have identified the following vital areas in FSP businesses that will require your attention as part of a powerful 80/20 strategy:

1. A compelling value proposition
2. A client engagement process that instils trust and creates a valued client experience
3. Your FSP system that integrates with other systems that will facilitate effective and efficient advisor and client experiences
4. Integration, prepopulating and automation of your compliance documents into your system
5. Processes and workflows that will enhance efficiencies and consistency

Again, this chapter aims to plant a few important seeds in your mind, as we slowly bring this book to a close with the last few chapters.



Change is the law of life.
And those who look only to the past or present are certain to miss the future.
— John F. Kennedy —



Chapter 52

Leading and managing change

Change is inevitable. Progress is optional.
— Tony Robbins —

Change is inevitable and essential for progress because it creates opportunities for innovation, improvement and growth. For example:

Evolving environments

The world is constantly changing—technology advances, markets shift, and customer needs evolve. Without change, businesses and individuals become irrelevant.

Fostering innovation

Change encourages people to think outside the box, challenge the status quo, and develop creative solutions.

Breaking old patterns and habits

Progress cannot occur if outdated processes, mindsets, bad habits, or systems hold you back. Change disrupts these patterns and opens the door to improvement, and better habits.

Developing resilience

Adapting to change strengthens resilience, teaching individuals and organisations how to thrive in uncertainty and face challenges with agility.

Growth opportunities

Change introduces new possibilities, knowledge, skills, and experiences. This continuous learning drives personal and professional development, leading to greater achievements.

Competitive advantage

Embracing change keeps businesses ahead of competitors by allowing them to innovate faster and adapt to market demands more effectively.

Aligning with purpose

Progress often involves realigning goals and strategies with a larger purpose. Change provides the means to refine and advance toward meaningful objectives.

The entrepreneur always searches for change, responds to it, and exploits it as an opportunity.
— **Peter Drucker** —

Change leadership is a critical skill

Leading change is a critical skill for any FSP leader, particularly in today's rapidly evolving business environment. Successfully leading change involves taking extreme ownership of the future of your FSP, guiding your business through transitions, whether they are strategic shifts, cultural transformations, system implementation, or process enhancements.

Change is a process

Change is a process, not an event. It takes a clear vision, strong leadership, great communication, and it requires a series of steps that are driven by a sense of urgency. What follows is a structured, methodical approach to leading change effectively:

Start with WHY

Starting with Why, as Simon Sinek emphasises in his famous book and TED Talk, is crucial in 'change management' because it –

Inspires motivation and commitment

People are naturally more invested in actions and initiatives when they understand the deeper purpose behind them. Starting with Why connects the change to a meaningful goal or vision, giving it emotional weight. It transforms compliance into genuine commitment, as employees, stakeholders, and leaders align their efforts with a shared sense of purpose. This is a crucial starting point.

Clarifies the vision and direction

Ambiguity breeds resistance. Without understanding Why, individuals often view change as unnecessary or disruptive. Starting with Why explains the bigger picture and the ultimate goal of the change effort. A clear Why sets the foundation for aligning strategies, decisions, and behaviours, ensuring everyone moves in the same direction.

Builds trust and credibility

When leaders communicate the Why clearly, they demonstrate transparency and authenticity, which promotes trust. People are more likely to support change when they trust the intentions behind it. Trust helps reduce resistance and skepticism, making the transition smoother and more collaborative. In the words of Stphen MR Covey, as a reminder:

The higher the trust, the quicker things happen, the lower the cost.

Emotional buy-in

Logic alone rarely drives change. People are emotional beings who need a compelling reason to step out of their comfort zones. The Why appeals to their emotions and helps them see the value of the change. Emotional engagement turns passive observers into active participants who feel personally invested in the outcome.

No organization will change unless people buy into the vision
and take the initiative to drive that change.
— **John P. Kotter** —
Change management expert

Provides a guiding north star during challenges

Change processes are often met with obstacles, resistance, and uncertainty. A clearly articulated Why acts as a compass, reminding everyone of the ultimate purpose and keeping them focused during difficult times. Teams are more resilient and adaptable because they have a clear reason to persist.

Aligns individual and organisational goals

Starting with Why bridges the gap between individual roles and organisational objectives. It fosters a sense of belonging and alignment, ensuring that every action contributes to the change initiative's success.

Drives innovation and creativity

A strong Why encourages people to think beyond the immediate problem and explore innovative solutions. It shifts the focus from what is changing to why it must change. Teams become more proactive and collaborative in finding ways to implement and sustain change effectively. In Simon Sinek's words:

People don't buy what you do; they buy why you do it.
And what you do simply proves what you believe.

By starting with Why, leaders create a ripple effect of inspiration, clarity, and purpose, making change not only necessary but also desirable. Of all the steps in this process, starting with Why is the single most important one, leaving a clear imprint of the beneficial purpose of the required change in the hearts and minds of all your stakeholders, which is vital for success.

Example

Regulatory changes are upon us yet again with the Conduct of Financial Institutions (COFI) Act, set to replace the Financial Advisory and Intermediary Services Act. COFI could potentially be promulgated in the latter part of 2025, with its implementation a year or two later. Logically, before even considering any change management process, one must analyse the new legislation. Thoroughly understanding the new regulatory requirements will be fundamental to the process that will follow. Consult with legal and compliance teams to interpret the regulations accurately. This ensures that your change management process takes all the legal requirements into consideration. Identify what aspects of your current processes, policies, and systems need to change.

Assess the impact

Conduct a Gap Analysis. Compare your current operations with the new regulatory requirements to identify gaps. This will help you determine the scope and scale of changes needed. Evaluate how these changes will affect different aspects of the business, including client interactions, internal processes, technology systems, and employee roles.

Develop a change management plan

Define what the change aims to achieve, focusing on operational efficiency, compliance, and minimal disruption. Break down the vision into SMART goals. As a quick reminder, the goals must be Specific, Measurable, Achievable, Relevant and realistic, and Time-bound. Set clear strategic goals, which will provide a roadmap for the change process and help with tracking progress.

Allocate resources

Identify the resources needed to implement the changes, including personnel, budget, and technology. Assign responsibilities to specific teams or individuals. Clearly appoint accountable parties for specific outcomes.

The need for strong guidance

Leading change is not just about implementing new processes or strategies; it is also about guiding people through the emotional and psychological aspects of change. A successful change leader provides clarity, inspires trust, motivates action, and ensures that the change is sustainable over the long term.

Communicate effectively

As Stephen R Covey stated, communication is the most important skill in life. Transparency and clear communication help to steer all the stakeholders in the same direction, and it builds trust and reduces resistance. Tailor your communication to the relevant stakeholders, addressing their concerns and expectations. Regular updates and open channels for feedback are crucial. A meaningful Why, a good strategy, clear and frequent communication will reduce resistance significantly.

Build a strong leadership team

Assemble a team of influential leaders who are committed to driving the change. Getting the support of influential representatives is vital. This coalition should represent different key areas of the FSP and have the authority to help to implement change. Ensure that your leadership team has the resources, authority, and autonomy needed to drive change. Empower them to make decisions. Make sure you are united in your communication. This is a typical case of:

United we stand, divided we fall.

Create a sense of urgency

Use data, trends, and external pressures to demonstrate why change is necessary now. A sense of urgency motivates people to act quickly. Identify and challenge any areas of complacency within the FSP that might hinder the change process.

Change will not come if we wait for some other person or some other time.
We are the ones we've been waiting for. We are the change that we seek.
— Barack Obama —

Manage resistance

Change rarely, if ever, occurs without encountering some form of resistance. Hope for the best but plan for the worst when communicating the need for change. Be fully prepared for some resistance. Listen to employees' concerns and address them empathetically. Resistance is often rooted in fear of the unknown, so clear communication and support are key. One of the ways to manage change effectively is to involve informal leaders and influencers within the FSP who can help sway opinions and build support for the change.

Involve and empower employees

Involve employees in the change process from the beginning. Encourage participation, solicit ideas, and make them feel part of the solution.

Change is not a spectator sport. It requires active participation and leadership to make it happen.
— Rosabeth Moss Kanter —
Professor at Harvard Business School.

Offer the necessary training, tools, and resources to help employees adapt to the change. Offer targeted training programs to ensure that all employees understand the new regulations and how to comply with them. Training should be practical and role specific.

Lead by example

As a leader, your commitment to the change must be visible and unwavering. Your actions should align with the vision and goals of the change effort. Exhibit the attitudes and behaviours you want to see in others. When leaders model the change, it sets a standard for others to follow.

Implement

Effective implementation must be non-negotiable. Just a quick reminder – A brilliant strategy implemented poorly will deliver poor outcomes. Consider starting with a pilot program or phased implementation to test the change on a smaller scale. This allows for adjustments before full-scale rollout.

Monitor progress

Regularly monitor progress against the set goals. Be prepared to adjust strategies and tactics as needed based on stakeholder feedback and performance metrics.

Reinforce and sustain the change management process

Recognise and celebrate early successes to build momentum and demonstrate that the change is working. This reinforces positive behaviour and motivates continued effort.

Embed the change

Integrate the change into the FSP's culture, policies, and practices. This ensures that the change becomes part of the FSP fabric rather than a temporary initiative.

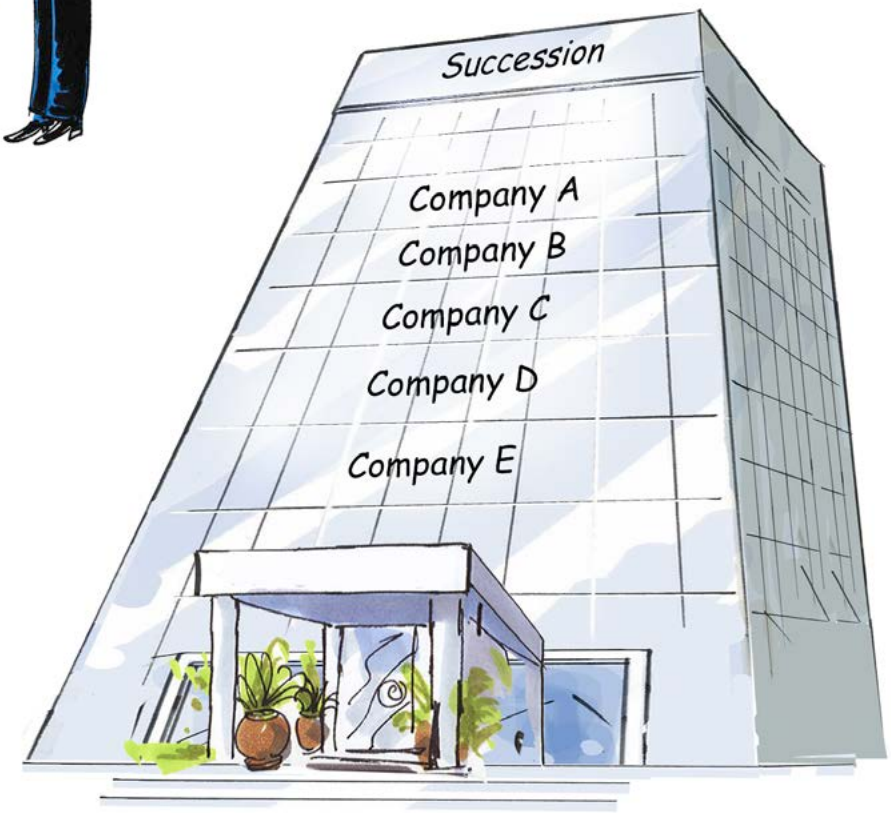
Review Outcomes

After the change is implemented, review its outcomes against the original goals. Assess what worked, what didn't, and why.

Continuous Improvement

Use the lessons learned to refine processes and approaches for future change initiatives. Continuous learning helps the FSP adapt to future challenges more effectively.

Succession planning is not merely an administrative task but a strategic imperative for any financial advisory business. Business owners bear the responsibility of ensuring continuity, stability, and the preservation of their clients' financial well-being.



Chapter 53

Succession planning

Why do I need succession planning? I'm very alert, I'm very vibrant. I have no intention to retire.

— Sheldon Adelson —

Former CEO of Las Vegas Sands Corporation

The reality is that people-

- die
- become ill
- become disabled
- become incapacitated
- get older and want to scale down and retire at some point

Being incapacitated means lacking the ability to perform certain actions or functions, often due to physical, mental, or legal reasons. The term is used in various contexts, such as health, legal, or professional situations. Here are some of the main contexts:

- **Medical context**

  It refers to a state where someone is physically or mentally unable to function or make decisions due to injury, illness, or a condition like unconsciousness or cognitive decline.

  Example:

  A person in a coma is considered incapacitated because they cannot care for themselves or communicate.

- **Legal context**

  In legal terms, incapacitation means being unable to manage one's own affairs or make decisions, often leading to the appointment of a legal guardian or power of attorney.

  Example:

  A person diagnosed with advanced dementia may be declared legally incapacitated by a court.

- **Professional or functional context**

  In this sense, incapacitation means being temporarily or permanently unable to carry out one's professional or day-to-day duties due to an impairment or external event.

  Example

  A business owner who becomes incapacitated due to an accident might need a succession plan to ensure the business continues to operate.

In short, being incapacitated implies a state of inability or unfitness to perform normal functions or make decisions, often requiring support or intervention from others.

Succession – a real concern

Based on discussions with many small FSP business owners, most sole proprietors and sole directors of companies are indeed very concerned about succession planning.

Succession planning is crucial for a financial advisory services practice for several reasons

Putting clients first

Clients depend on their financial advisors for long-term financial planning. A well-executed succession plan ensures that clients will continue to receive consistent and reliable advice, even if the original advisor retires or leaves the practice. This continuity helps maintain client trust and peace of mind.

Employee retention and morale

A clear succession plan can help retain talented employees who see opportunities for advancement within the practice. Knowing that there is a path for growth and leadership can improve morale and reduce turnover.

Risk management:

Succession planning mitigates risks associated with sudden departures due to illness, death, or other unforeseen circumstances. Without a plan, the practice might face operational disruptions, legal challenges, and loss of clients.

Regulatory compliance

A succession plan is part of an FSP's broader continuity plan. This ensures that clients are protected and that the business can continue to operate smoothly in case of unexpected events.

Business valuation and sale

An FSP with a solid succession plan is more valuable if the advisor decides to sell the business. Potential buyers are more likely to pay a premium for a practice that has a clear and seamless transition plan in place, as it reduces the risk of client attrition.

Legacy and long-term vision

Succession planning allows the founding advisor to ensure that their vision, values, and approach to client service are preserved. It provides an opportunity to groom and mentor successors who align with the practice's philosophy, ensuring the legacy of the business continues.

Financial security

For the advisor, a succession plan provides financial security. It outlines how the advisor will transition out of the practice, whether through a buyout, phased retirement, or other arrangements, ensuring they can exit the business on their terms.

Succession plan options

There are several options for implementing a succession plan as a sole proprietor or small business owner in a financial advisory business. For example:

Internal succession

Identify and mentor a junior advisor or team member within your business who can eventually take over. Transition clients to them gradually, ensuring a smooth handover. Structure the deal as a buyout over time, where the successor pays you in installments based on revenue or profits.

Forming a partnership

Bring in a partner who complements your skills and who you trust to eventually take over. Split ownership initially, with a clear plan for transferring full ownership when you exit.

Creating a multi-advisor firm

Expand your business to include multiple advisors and gradually reduce your involvement.

Delegate client relationships and responsibilities, creating a self-sustaining structure.

Family succession

If family members are involved or interested, develop a plan to train and transition the business to them. Ensure they have the necessary qualifications, skills, and passion for the business.

Establishing an employee stock ownership plan

Transition ownership to employees through an employee stock ownership plan, which can help retain talent and ensure continuity. Employees gradually buy shares in the business, providing you with liquidity over time.

Revenue-sharing agreements

Enter into a revenue-sharing agreement with another advisor or firm to manage your book of business.

This allows you to step back while still earning a portion of the revenue generated from your clients.

Gradual exit strategy

Plan for a phased retirement where you reduce your workload over several years, transferring responsibilities gradually. This can help retain clients and ensure their comfort with the transition.

Selling to a financial buyer

Look for investors or private equity firms specialising in acquiring advisory businesses. This could be a one-time sale or a deal that allows you to stay involved in a limited capacity.

Each option comes with its own set of considerations, including legal, financial, and emotional factors. It's essential to align the chosen strategy with your personal goals, client needs, and the long-term vision for your business.

When considering the ideal business to partner with you in your succession journey, or take over your practice, here are key aspects to evaluate:

Alignment of values and culture

Look for a business that shares your values, particularly in client service, ethics, and professionalism. This ensures continuity and smooth transitions for your clients.

Reputation and track record

Assess the business's reputation in the industry, their compliance record, and their ability to maintain long-term client relationships.

Client compatibility

Consider whether their target market, service model, and product offering align with the needs of your current client base.

Capacity and capability

Ensure the prospective successor has the infrastructure, personnel, and expertise to manage your practice effectively.

Financial stability

The acquiring business should be financially stable, capable of meeting your financial requirements for the sale, and ensuring the long-term sustainability of the practice.

Succession plan readiness

Check their experience with acquisitions and transitions. A structured onboarding and handover process for your clients is critical.

Compliance and licensing

Verify that the potential buyer complies with all regulatory requirements and can take over the responsibilities of the key individual and representative roles seamlessly.

Future growth prospects

Consider their plans for the practice's future growth and whether these align with the legacy you want to leave behind.

Communication and transition process

Evaluate their approach to communicating the transition to your clients and how they will ensure minimal disruption.

Deal structure

Look into their preferred deal structures like upfront payment, shared revenue over a specific term, or an equity stake, and choose one that fits your financial and exit goals.

Operational considerations

When a financial advisor evaluates joining a financial advisory business, they should pay close attention to the following operational aspects:

Technology and systems

What CRM (Customer Relationship Management) system is used? Are the operational tools modern, user-friendly, and efficient? Is there a client portal, and how accessible is it?

Compliance

Is the FSP compliant with industry regulations, and do they have robust compliance systems in place? How does the firm ensure adherence to ethical standards?

Back-office support

What level of administrative and operational support does the firm provide? How streamlined are processes for onboarding, transactions, and reporting?

Revenue-sharing and remuneration

What is the fee structure or revenue-sharing agreement? Are there clear terms on commissions, bonuses, and incentives?

Succession planning

Is the business structured to provide continuity for clients if the advisor exits or retires?

Does the firm have a clear succession or exit strategy?

Target market alignment

Does the firm's target client base align with your ideal client profile? Are there synergies in the values and goals of the business?

Summary:

Succession
Operational considerations

The Client onboarding process and ongoing service model						
Process	Activity	System Integration	Compliance Integration	Back-office support	Advisor experience	Client experience
Step 1	Prospecting					
Step 2	Setting up appointment					
Step 3	Professional introduction					
Step 4	Share info and gather client information					
Step 5	Agree on service(s) to be rendered					
Step 6	Conduct an analysis and prepare report					
Step 7	Present proposal/ recommendation(s)					
Step 8	Agree on financial plan and/or products					
Step 9	Implement financial plan and/or products					
Step 10	Ongoing rendering of (financial) services					

Succession
Operational considerations (where applicable)

Business items	Business management activities	Culture	Legislation	Policies	Process	Advisor experience
1	People (HR policy)					
2	Product and service providers					
3	Training					
4	Infrastructure					
5	Systems and processes					
6	Marketing					
7	Risk management and compliance					
8	Administration					
9	Remuneration strategies					
10	Financial management					

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PSG Wealth

Your trusted partner for growth and success

With a network of over 260 offices nationwide and a client base exceeding 520 000, PSG is one of the largest financial service providers in South Africa. Built on a foundation of personal service, lifelong client relationships, integrity, trust, and transparency, the group's success is closely intertwined with that of its advisers, fostering a culture of mutual growth.

An entrepreneurial approach

PSG advisers benefit from an entrepreneurial remuneration model that allows them to share in the ownership of their income stream while having full discretion over where clients' business is placed. With access to a broad suite of local and offshore products, advisers can offer tailored solutions while safeguarding against risk.

To support new advisers, mentorship opportunities connect them with experienced professionals, facilitating knowledge transfer and specialisation in niche markets. Referral agreements may also be drawn up between advisers within PSG, who provide services within a different scope of business. Additionally, robust succession planning ensures seamless transitions for advisers preparing to sell or retire, safeguarding clients and practices alike.

Comprehensive support and resources

Over and above an induction programme and ongoing development initiatives, all advisers joining PSG gain access to a comprehensive support system. By reducing administrative and regulatory burdens, an environment is created where advisers can quickly scale their business while building strong relationships with clients.

Key support offerings include:

- Administrative assistance: Streamlined HR, financial and operational support.
- Product due diligence: Robust processes for selecting new products and services, including the respective product providers.
- Specialist expertise: In-house professionals offer guidance on tax, investment planning, and compliance matters.
- Marketing and branding: Group-level campaigns and customisable communication tools strengthen personal branding.
- Technology solutions: Platforms such as myPSG and myPractice enhance practice management and client engagement, while offering a shared information hub.
- Continuous development: Regular training, legislative updates, and conferences keep advisers informed and equipped to navigate industry changes.

A partner for life

Senior management at PSG encourage open, frequent and effective communication. Advisers are supported with proactive strategies to weather market volatility, maintain client trust, and deliver uninterrupted service throughout clients' financial life cycles.

Collaboration is a hallmark of the PSG network. Regular strategy sessions, bi-annual workgroups, and the annual adviser conference – featuring local and international thought leaders – encourage knowledge sharing and alignment with the group's objectives.

Why choose PSG?

PSG offers advisers the tools, support, and environment to grow successful businesses while delivering high-quality advice to clients. By combining financial stability, innovative solutions, and a culture of mutual success, PSG empowers advisers to maximise their potential and build enduring client relationships.

If you're looking for a trusted partner to support your growth and professional development, PSG offers an unparalleled value proposition. Join the PSG advisory network and take your career to the next level, while making a meaningful impact in your clients' lives:

www.psg.co.za/careers/become-an-adviser

Affiliates of the PSG Financial Services Group are authorised financial services providers.

GROWTHHOUSE

FINANCIAL
PLANNING SERVICES

PLAN FOR YOUR SUCCESSION – PROTECT YOUR LEGACY

YOUR PRACTICE IS ONE OF YOUR MOST VALUABLE ASSETS

Ensure your practice thrives beyond your tenure, giving your clients seamless continuity and peace of mind. Without a proper succession plan, the value of your book and the financial security of your clients is at risk.

THE BENEFITS OF A SUCCESSION PLAN

Personal legacy

Client relationships are significant part of your legacy. Without a succession plan, there is a reputational risk if clients are left without proper advice.

Maximised value

A structured plan can help you realise the full value of your book, providing financial security for your retirement or your family.

Client retention

A seamless transition plan means your clients continue receiving the high level of service they have come to expect from you.

Continuity of service

Your clients will benefit from uninterrupted service, maintaining their trust and confidence in your practice.

SECURE YOUR LEGACY WITH GROWTHX

GrowthX is a rapid online valuation tool which is accompanied by a personalised insights designed to transform the way financial advisers evaluate and grow their practices.

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- Limited access to a wide range of product suppliers and doing due diligences on all of them
- A sound and consistent client engagement process
- Compliance that is integrated in your client engagement process
- Workflow
- Training
- Marketing your advisory brand
- Succession planning

We work to add to your value proposition, not to remove it. Join our network, build relationships and empower your practice journey.

Through our Graviton advice network, we allow our advisers and partners access to the international Sanlam research capabilities offered through the Multi Manager to strengthen the quality of advice while also using technology to enable the alignment of investments and advice.

With Sanlam being a trusted brand in the market as the largest black-owned multi-manager and network, there is an ease to doing business.

Advisers have access to a large corporate balance sheet, securing competitive pricing through our DFM and working with the COFI compliant framework of compliance, all while maintaining the benefit their own advisory brand.

And once we have built value with our advisers, how do we help them to create a legacy for their practice?

Succession planning is a key value proposition for financial advisers. Many independent advisers' partner with financial services networks like Graviton specifically to safeguard the continuity of their practices.

What sets Graviton apart is our unique ability to provide the regulatory framework and support needed, all while respecting and preserving advisers' unique brand and way of dealing with their clients.

To address the challenges of succession planning, we've developed a comprehensive solution designed to mitigate risk and ensure seamless business continuity.

Our approach includes a framework of governance and plan structuring, including the management of:

- Matching suitable, like-minded advisers within the Graviton network.
- Providing the legal and governance framework necessary for structuring succession deals.
- Offering valuation methodologies and facilitating agreements on terms.
- Structuring the sale of the practice, whether through share sales, book buys, or earn-out models.
- Enforcing agreements and ensuring adherence to key clauses.
- Offering funding solutions where needed.

Let us take care of the complexities of succession, so you can focus on what you do best - serving your clients.

Graviton Wealth Management (Pty) Ltd is an authorised financial services provider.
Registration No. 2000/029/158/07 | VAT Registration No. 4310 204 468 | Financial Services Provider No. 8772

graviton

member of Sanlam group

Transition with trust – safeguarding your practice for the next generation.

Future-proof your business by partnering with us to create a succession structure that reflects your unique vision and values.

for your future

Join our network, build relationships and empower your practice journey.

Contact us to find out more:

E: info@gravitonwm.com
T: 012 683 3417
A: The Terraces, Claremont,
West End Office Park, Centurion

Graviton Wealth Management (Pty) Ltd is an authorised financial services provider.
Registration No. 2000/029/158/07 | VAT Registration No. 4310 204 468 | Financial Services Provider No. 8772

STONEHOUSE
CAPITAL

SERVING SUCCESS TOGETHER

Are you a Financial Adviser looking to elevate your career and provide unparalleled service to your clients? Look no further than Stonehouse Capital! Here's why you should consider partnering with us:

- FINANCIALLY SECURE & STRONG PARENT COMPANY
- HIGHLY COMPETITIVE VALUE PROPOSITION
- DISTRIBUTION AGREEMENTS WITH TOP PRODUCT PROVIDERS
- VALUE FOR MONEY ADMINISTRATION FEE
- COFI-COMPLIANT ADVICE PROCESS
- INVESTMENT PHILOSOPHY TO MITIGATE RISK
- SOCIAL MEDIA PRESENCE
- NATIONAL FOOTPRINT
- SUCCESSION PLAN
- CULTURE OF WARMTH, INCLUSIVITY, AND HUMANITY

Ready to take your career to new heights? Partner with Stonehouse Capital and unlock endless opportunities for growth, success, and fulfilment.

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To learn more and join our team today!

STONEHOUSE
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SERVING SUCCESS TOGETHER

STONEHOUSE CAPITAL - **Securing Your Legacy, Protecting Your Clients.**

Future-Proof Your Practice with Stonehouse Capital's Succession Plan for Financial Advisers. A Secure, Stress-Free Transition for Your Business Legacy.

At Stonehouse Capital, we understand that your financial advising practice is more than just a business — it's your legacy. Our comprehensive Succession Plan is tailored specifically for financial advisers like you, ensuring that your clients are well-cared for and your hard work continues to grow, even after you step away.

Why Choose Our Succession Plan?

1. **Tailored for Financial Advisers:** We specialise in working with our Financial Advisers to create customised succession strategies that align with your unique goals and vision for the future.
2. **Client-Centered Transition:** Maintain your clients' trust with our seamless transition process. We focus on safeguarding relationships to ensure that your clients continue to receive the same high standard of service.
3. **Maximise Your Practice's Value:** With our expertise, you can maximise the financial value of your business, ensuring a smooth and profitable exit. Let your years of dedication pay off with a plan that works in your favour.
4. **Flexible and Collaborative Approach:** Whether you're planning to retire in the next year or in the next decade, we'll work with you to craft a succession timeline that fits your needs.

Our Succession Services Include:

Business Valuation: Understand the true worth of your practice.
Successor Identification: We'll help identify and train your successor.
Client Communication Plan: Maintain confidence and trust throughout the transition.
Governance & Compliance Support: Navigate regulations and ensure all contracts and agreements are watertight.
Data Quality Management

Let's Build Your Legacy Together**

SERVING SUCCESS TOGETHER

We invite you to explore your succession plan options with us. Whether you're just starting to think about the future or ready to take the next step, Stonehouse Capital is here to help.

consult.
by momentum

Secure Your Legacy

The imperative of succession planning for financial advisers

By Sonja Steyn *Strategic Head: Financial Planning and Advice*

Succession planning is a vital cornerstone in ensuring the longevity and prosperity of a financial advisory practice.

It extends beyond merely preparing for a future transition; it is about protecting the trust and relationships you have cultivated with clients, staff, and business partners, while preserving the value of your business and securing its continuity.

For financial advisers, a practice represents more than just a business, it embodies years of dedication, expertise, and commitment.

Protecting the relationships you have built

Your clients are more than just names in a database; they are people, families, and businesses with unique goals, dreams, and financial needs.

Over the years, you have invested your expertise and effort in understanding their circumstances and guiding them toward achieving their financial goals.

But there will come a time to step away from the practice you have established, whether due to retirement, unforeseen circumstances, or simply a new chapter in your journey.

That is where thoughtful succession planning becomes invaluable.

The strategic role of succession planning in building practice value

Succession planning is a critical strategy for the long-term success and value of your practice. The way you generate and manage recurring income from client relationships directly impacts the capital value of your business.

By consistently focusing on cultivating lasting, revenue-generating client relationships, you are essentially building equity within your practice.

These recurring income streams not only ensure the continuity of your clients' financial strategies but also serve as the foundation for a business that holds tangible, transferable value.

The impact of succession planning: safeguarding both adviser and client interests

A well-structured succession plan is essential for maximising the value an adviser can extract from their practice and also for ensuring the continuity of clients' financial and investment strategies.

In the event of death, disability, retirement, or the voluntary sale of the practice, a seamless transition of client relationships to another accredited financial planner ensures that clients' financial plans remain intact, and their investment strategies stay on track.

Both the adviser who takes over the practice and the clients' financial futures remain secure.

Crafting a succession plan

A succession plan must be a detailed, strategic document that addresses all potential scenarios and provides clear instructions for every stakeholder involved.

The succession plan must be incorporated into the adviser's will, ensuring that all contractual matters, financial arrangements, and instructions are clearly defined and legally binding.

Here are some key components to consider

Identify a successor:

Choose a successor that aligns with your values, advice, and wealth management philosophies, and is equally committed to your clients' success. The successor must possess the same level of expertise, tenacity, and skill and have the ability to establish authentic relationships with all your stakeholders.

Client communication:

Communicate openly and regularly with your clients about your succession plan, well in advance of any transitions to alleviate concerns and build confidence in the new adviser.

Legal and financial considerations:

Working closely with legal and financial professionals will address these aspects of your succession plan. Key agreements, such as buy-sell agreements and insurance coverage, should be included as part of the succession plan to protect both you, the business owner, and your successor. If a funding agreement is in place, make sure it is fully integrated into the documented succession plan.

Identify key individuals and assess potential Risks:

Identify the key individuals within your business and evaluate the risks that may arise from their potential absence. Regularly reviewing your succession plan, business valuation, and related agreements ensures they remain aligned with the goals and expectations of all stakeholders.

The risk of contingent liability:

Most businesses operate with some form of overdraft facility, loans, bonds, or other forms of finance. Banks typically require personal surety from the business owners as a condition for providing finance.

This surety creates a Contingent Liability, effectively tying the business owner's personal assets to the business debt.In the event of the death or disability of a person who has signed surety for the business, banks often call in all facilities until alternative security can be provided by the business or surviving shareholders.

Entity structure:

If you operate as a private company, a "Pty Ltd" (Proprietary Limited), there is an automatic succession benefit that allows your business to continue after your death, provided an approved successor is nominated and has the necessary banking signing rights. The shares are owned by a small group of shareholders, and the company is legally separate from its owners, meaning it can continue to operate without interruption.

However, if you operate as a sole proprietor, revenue flows will cease immediately upon your death, and the Financial Services Provider (FSP) is required to notify your clients within 30 days, offering them the option to choose any financial adviser.

This presents a critical risk; clients may choose to work with a new adviser instead of your nominated successor. Such a shift can cause significant disruptions in client relationships, disrupt cash flow, and severely diminish the overall value of your practice.

Integration and preparation:

Your successor must work alongside you for a period before the transition. This allows them to gain a thorough understanding of your clients, your practice's unique approach to financial planning, and how you apply your advice and wealth management philosophies. It also enables them to learn your practice processes and day-to-day operations.

Protecting the value of your practice:

The value of your practice is primarily driven by consistent revenue flow, client retention, and the long-term sustainability of your operations. Maximise this value, by understanding the factors that contribute to your practice's worth and ensure your succession plan is practical and actionable.

> "A practice represents more than just a business, it embodies years of **dedication, expertise,** and **commitment**"

Legacy that endures

Succession planning secures the continuity of your clients' financial well-being but also preserve your hard-earned reputation and ensure the lasting impact of your work. This plan serves as the foundation for a seamless transition, allowing your practice to thrive beyond your active involvement.

SECURE YOUR LEGACY WITH

EFFICIENT WEALTH

You spend years building your practice, nurturing client relationships, and creating a legacy of trust. What happens to this legacy when it is time for you to retire?

Your succession planning should focus on ensuring continuity for your clients and securing the value of your practice. At Efficient Wealth, we understand your unique challenges and needs.

LET US HELP YOU TO:

- Maximise the value of your practice
- Ensure seamless client transitions
- Protect your legacy

Partner with us to create a plan that works for you and your clients. By contacting Efficient Wealth today, you give your future self the peace of mind of a secure and successful succession plan!

Succession planning is so much more than an exit strategy!

Nobody knows more about building a legacy than you! Your practice is the result of years of hard work and nurturing strong client relationships. You have provided valuable advice that has helped your clients to attain financial well-being, creating a legacy of trust. What happens to this legacy when it is time for you to retire?

HOW DO YOU ENSURE YOUR SUCCESSION PLANNING IS FUTURE-PROOF FOR YOUR NEEDS?

1. **Maximise your practice's value:**
   Succession planning with the right partner can significantly enhance the financial return on your years of hard work.

2. **Ease client transitions:**
   Give your clients confidence and stability while maintaining their trust when you retire and can no longer be their trusted, primary financial advisor.

THE RISKS OF NOT PLANNING

Efficient Wealth is a Category I financial services provider to a diverse client base. We provide risk, investment, healthcare, institutional, and short-term solutions. Our team's years of experience mean that we understand your unique challenges and needs. Let us guide you through this critical process, ensuring a smooth transition that works for you and your clients.

WHY CHOOSE EFFICIENT WEALTH?

+ We are the first choice when it comes to succession planning in the industry.
+ We understand the industry and its challenges.
+ Every practice is unique, that is why we provide customised solutions.
+ We provide ongoing, expert support throughout the full succession planning life cycle.

CONTACT EFFICIENT WEALTH TODAY
to make your practice future-proof!

EFFICIENT WEALTH

www.efw.co.za

Efficient Financial Services (Pty) Ltd, trading as Efficient Wealth,
is an authorised financial services provider, FSP 655

SFP
SUCCESSION FINANCIAL PLANNING

At SFP we aim to help you reach your goals by creating lasting value through a lasting partnership with you and your practice.

We will support you throughout this journey because your success is our success.

Contact us today.

Don't delay! Take advantage of the exciting opportunities offered by Succession Financial Planning. We invite you to join the SFP family of advisers & practices.

admin@succession.co.za | www.sfpadvice.co.za | 021 912 3920

Succession Financial Planning Services Provider (Pty) Ltd is a Licensed Financial Services Provider | creating lasting partnerships.

SUCCESSION FINANCIAL PLANNING
www.sfpadvice.co.za | creating lasting partnerships.

Succession Financial Planning (SFP) is a choice financial services provider with a unique focus on the Registered Financial Adviser looking to grow a professional practice while offering holistic financial planning to its clients across a broad spectrum of life insurance, investments, employee benefits, short-term insurance and healthcare. SFP is a wholly-owned subsidiary of the Sanlam Group, founded in 2010.

We believe in an approach that increases the financial advisers' and their practices' capacity to give advice and run effective businesses that optimise practice value.

SFP BENEFITS

Choice.

SFP holds the **largest array of product services** across the industry, with catergories spanning life, investment, savings and retirement, employee benefits, short-term and healthcare with more than **200 providers**.

Earn.

For over a decade, SFP has led the market with its innovative commission and business models for adviser partners.

With **SFP POSSIBILITIES**, our contemporary industry-first business intelligence tool, you can boost your practice's earning potential.

Brand.

Joining SFP gives you **access to free digital resources** at your disposal as part of our value proposition, alongside our strong national brand with three key business channels: SFP, SFP Wealth, and SFP Short-Term.

Succession.

Our succession planning process aims to transfer ownership from the **incumbent owner to the successor** in a way that ensures the value of the practice and compensation made to the departing owner is optimised.

Ease of Business.

SFP simplifies running your practice, allowing you to focus on what truly matters so you can spend less time on admin and more time advising clients by accessing **SanFin**, a powerful CRM and advice tool that offers valuable insights and helps manage clients, track finances, generate reports, and ensure AML/FICA compliance, reducing stress.

Peace of Mind.

Regulatory change's ever-increasing cost and complexity have placed an enormous burden on financial advisers and their practices.

At SFP, you will enjoy peace of mind knowing the key items are taken care of on your behalf, such as **Compliance**, **PI Cover** and **Group Scheme**.

Learning & Engagement.

At SFP, we provide **access to annual CPD points** and current industry knowledge. Our advisers regularly come together to network, problem-solve, and foster camaraderie.

Broker Support & Services.

SFP recognizes the need to support and assist advisers with practical mechanisms to enable you to earn more, free up valuable time and focus on your business. We do this through a structured referral model through the **SFP Broker Support Centre** where you can earn despite not having the capacity or capability to render certain class of business solutions.

Committed To Your Clients' Success. And To Yours.

Adviceworx provides the platform and tools you need to grow your business with confidence.

Whether you're focused on professionalising your practice today or planning for a smooth exit in the future, our ecosystem supports your ambitions at every stage.

With expert-led tools and strategic planning, you'll expand your business while knowing that your future—whether focused on growth or on succession—is in the best hands.

Partner with us to elevate your practice and unlock the full potential of your business.

Scan for more information

Adviceworx

Professional Financial Advice

Adviceworx

Professional Financial Advice

Growth & Professionalisation

At Adviceworx, we provide more than tools—we offer a transformative ecosystem. With resources like LifeMAP® and LifePLAN®, our goal is to empower financial professionals to elevate their practices, deliver tailored advice, and build enduring client relationships.

Succession Planning for the Future

But success isn't just about today; it's about creating a lasting legacy. Adviceworx ensures your journey doesn't end with growth—it culminates in a confident transition that preserves your hard-earned legacy.

Shared Success & Legacy Building

Whether you're growing your practice or planning your exit, Adviceworx is your trusted partner. Together, we create legacies that endure—for you and your clients. Let us help you make the transition from success to significance.

Email us at –

communication@adviceworx.co.za to learn how we can help you grow, professionalise, and plan for a seamless transition. ***Your legacy starts here.***

Guiding Your Business and Legacy to Thrive Beyond Tomorrow.
Discover tailored succession planning that protects what matters most – your family, your team, and your vision. Start planning today contact Velociti Group.

www.velicitig.co.za

Velociti
Financial Services

Velociti Financial Services is an Authorised Financial Services Provider FSP 50026

WHY SUCCESSION PLANNING MATTERS.

Succession planning is vital for Financial Services Providers (FSPs) looking to safeguard the continuity of their businesses, secure their legacies, and support their clients in the long term. For FSPs, this process goes beyond simple planning; it is about making sure that clients, employees, and stakeholders have a secure and confident future. Velociti Group, with a wealth of expertise in financial services, is uniquely positioned to be the preferred partner in guiding FSPs through the succession planning process.

LEGAL STRUCTURE & OWNERSHIP TRANSITION

One of the most important aspects of succession planning is ensuring a smooth transfer of ownership or leadership. Velociti Group offers comprehensive support in establishing and managing legal structures like wills, trusts, and buy-sell agreements. These frameworks are essential for FSPs, as they provide tax advantages and legal protections that streamline transitions. Velociti works closely with FSPs to design tailored ownership transition plans, minimising disruptions and setting up their businesses for long-term success and stability. By implementing these strategies, Velociti helps FSPs avoid costly mistakes and ensures their businesses remain in trusted hands.

ASSET PROTECTION & RISK MANAGEMENT

Protecting business assets, personal wealth, and family trusts is critical for any FSP. Velociti Group assists in developing robust asset protection strategies that identify and mitigate potential risks. This includes establishing customised risk management plans, such as key-person insurance and business assurance, that safeguard assets even in times of crisis. Velociti's approach is rooted in understanding the unique challenges and risks that FSPs face, allowing them to develop solutions that are specifically aligned with the needs of the financial services industry. This commitment to protection ensures that FSPs, their families, and clients are well-prepared for any eventuality.

Velociti
Group Holdings

TAX EFFICIENCY & FINANCIAL SUSTAINABILITY

Effective succession planning requires careful tax management, particularly in the complex world of financial services. Velociti Group specialises in structuring wealth transitions in a tax-efficient manner, helping FSPs minimise liabilities and maximise financial sustainability for future generations. Through strategic tax planning, including leveraging relevant deductions, exemptions, and rollovers, Velociti empowers FSPs to pass on their legacy with minimal financial burden. This initiative-taking approach to tax efficiency is part of Velociti's commitment to supporting FSPs in creating sustainable, long-term wealth for their successors.

SUPPORTING FAMILIES & EMPLOYEES

Succession planning is not just about technical and legal steps; it is about people. Velociti Group recognises the importance of supporting family members and key employees throughout the succession process. By offering tailored communication strategies and ongoing support, Velociti helps FSPs engage all affected parties, creating win-win scenarios that build trust and confidence.

This people-focused approach nurtures a seamless transition that respects the interests of everyone involved and aligns with the values of the organisation.

WHY VELOCITI GROUP IS YOUR TRUSTED PARTNER IN SUCCESSION PLANNING

At Velociti Group, we understand that each FSP is unique, with specific needs, goals, and challenges. Our expertise in the financial services industry allows us to offer customised, empathetic, and forward-thinking succession planning solutions. We combine technical expertise with a genuine commitment to helping FSPs build lasting legacies. Through personalised development plans, clear timelines, and guidance on fostering a high-performance culture, Velociti ensures that FSPs are not only prepared for the future but also empowered to face it with confidence.

Our commitment to becoming the preferred provider in succession planning is supported by our experience, people-first philosophy, and dedication to empowering FSPs to thrive in the long term. With Velociti Group as a partner, FSPs can secure peace of mind knowing their businesses, clients, and families will continue to benefit from the legacy they have built. Together, we are not just planning for the future—we are building it.

Carmel Wealth invests in Independent Advice Practices, providing succession and growth solutions.

At Carmel Wealth, we understand the power of entrepreneurship and independence. We invest in advice businesses looking to deliver superior results for clients through effective growth and succession strategies. By recognising that no one knows your business as well as you do, we respect your choices, while supporting your business with long-term capital, compliance and risk services, technology enablement, and client-experience enhancements.

Learn more about how Carmel Wealth can tailor a solution for your business;
contact us at info@carmelwealth.co.za. or visit **www.carmelwealth.co.za**

Carmel Wealth: Block E, Second Floor, De Wagenweg Office Park,
Stellentia Street, Stellenbosch, 7600 | Tel: +27 (0)21 204 5680

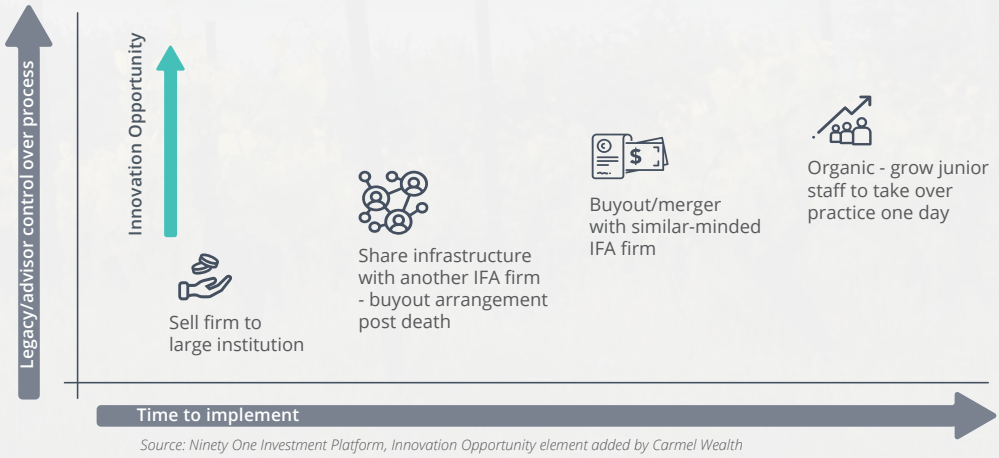
A better way forward for succession in South Africa's IFA market

Independent financial advisors (IFAs) in South Africa face a daunting challenge: balancing the need for effective succession planning and growth while maintaining their much-prized ***independence.*** The prevalent corporate options - offered by consolidators owned by asset managers or life insurers - can come at a high cost to IFAs.

These models often strip away the ***decision-making power*** that makes so many advisors successful in the first place. They typically dictate transaction terms, impose brand changes, require adoption of the buyer's products and infrastructure, and remove the autonomy advisors need to effectively run their businesses.

Practice owners typically face a trade-off between the time to implement a succession solution and the level of control they retain in the process. Often left choosing between swift transitions that sacrifice autonomy and drawn-out processes that protect their business vision.

Succession Options



Source: Ninety One Investment Platform, Innovation Opportunity element added by Carmel Wealth

> *"We value the entrepreneurial drive of IFAs as an asset and recognise the benefits of* ***advisors maintaining autonomy*** *in their business decision-making."* Hans De Nysschen, CEO of Carmel Wealth.

This fundamental mismatch between advisors' needs and succession offerings presents an opportunity for genuine and meaningful innovation.

Carmel Wealth's model bridges this gap, offering advisors a tailored succession solution that balances expediency with the ability to retain control over business operations and client experience.

Let's talk about how we can tailor a solution for your business.
Contact us at info@carmelwealth.co.za.

carmel wealth

Focus on What Matters Most:

Your Clients, Your Growth, Your Legacy

Whether you're an experienced Independent Financial Advisor or exploring the possibility of becoming one, we understand your drive for autonomy – and the challenges that come with managing a business.

At Masthead Financial Planning, we offer the ideal environment for you to operate your own business within a business.

At Masthead Financial Planning, you're not just running a business – **you're creating a legacy**.

For more information contact us:
info@mastheadfp.co.za | 0861 737 858
www.mastheadfp.co.za

Why Choose Masthead Financial Planning?

OPERATIONAL EXCELLENCE

Streamline your business operations with access to advanced systems and processes designed to enhance efficiency. Reduce operational costs and free up valuable time to focus on what matters most: your clients and growing your income.

REGULATORY SUPPORT

Free yourself of Key Individual responsibilities and shift your focus to expanding your business, knowing that regulatory compliance is expertly managed on your behalf.

OWNERSHIP & FLEXIBILITY

Maintain full ownership of your clients, work with the product providers of your choice, and enjoy the freedom to set your own hours.

PLAN YOUR RETIREMENT, YOUR WAY

Decide how and when you want to retire – on your own terms.

SMOOTH SUCCESSION PLANNING

Under our licence, succession or the sale of your business is expertly facilitated ensuring a seamless transition for you and your clients.

Experience the freedom to grow your business, backed by unparalleled support and resources.

MASTHEAD FINANCIAL PLANNING

Chapter 54

Conclusion

In chapter 51 we paused to highlight how important it will be to take extreme ownership of taking your FSP to the next level in preparation of the changes that are facing our industry yet again. As authors, our desire from the outset was to publish a book that will give you a sound business framework for your FSP, and that our publication would inspire you to the following:

- Evaluate your own business and determine whether there are areas where improvement is needed
- Conduct a SWOT analysis to determine if you are-
  - Using your strengths optimally
  - Managing and outsourcing your weaknesses responsibly
  - Identifying and using your opportunities fully
  - Responding to prepare your FSP against threats decisively
- Rejuvenate your business plan starting with a critical analysis of your value proposition
- Be proactive in your preparation for the future success of your FSP
- Identify the vital few areas in your business that will have the biggest positive impact in your FSP
- Develop a strategy that will take your FSP to the next level
- Follow through and implement your strategy effectively to ensure that your business can be the best that it can be

We firmly believe that one of the critical keys (part of your 80/20) to your future competitive advantage would be to assess, improve, automate, and integrate your client engagement process by using your technological system optimally, with the primary objective of stablishing and maintaining high trust relationships with your clients. This picture paints a thousand words…

The 10 steps of professional client engagement and compliance framework						
Process	Engagement activity	Best practice Standard	Compliance Standards	Technology Innovation	Advisor experience	Client experience
Step 1	Prospecting					
Step 2	Setting up appointment					
Step 3	Professional introduction					
Step 4	Share info and gather client information					
Step 5	Agree on service(s) to be rendered					
Step 6	Conduct an analysis and prepare report					
Step 7	Present proposal/ recommendation(s)					
Step 8	Agree on financial plan and/or products					
Step 9	Implement financial plan and/or products					
Step 10	Ongoing rendering of (financial) services					

Final words of encouragement

Whether you have just launched your own FSP, have been in the industry for a few years, or are managing an established business while seeking a successor, your current position in the journey is only part of the story. It does not matter where you find yourself in your journey. What matters is what you do next!

Everyone who got to where they are had to begin where they were.
— Richard Paul Evans —
Best-selling author of The Christmas Box[1]

There is a powerful statement that is commonly attributed to Albert Einstein, which I believe applies to most of us in one or more aspects in our lives from time to time, which is this:

The definition of insanity is doing the same thing over and over again and expecting different results.

We all have habits—some that propel us forward and others that may hold us back from reaching our full potential. Maybe it is time to make a few changes. Find the courage to begin. Take time out to plan your future. This is your business, your future, your responsibility. If you do not make the time, nobody else is going to do it for you. Take extreme ownership.

The future belongs to those who make the hard decisions today.
— Eaton Corporation[2] **—**

If you have read this book, it is an indication of your commitment to your clients and your families. It speaks of a Kaizen spirit, a spirit of continuous improvement, for the benefit of all your stakeholders. We admire your courage to serve the people of South Africa. This is a very tough industry, and we are facing many trials and tribulations. In the midst of all our challenges, you are making a difference in people's lives, and we want to encourage you to continue with your good work. We salute you!

Please remember:

The path to success is to take massive, determined action.
— Tony Robbins —
Entrepreneur, author and motivational speaker

If you enjoyed the book, or if you want to make contact, feel free to reach out to:

anton@antonswanepoel.co.za

Services include:

- Workshops (CPD)
- Presentations (CPD)
- Facilitation of strategic planning sessions (CPD)

1 Jack Canfield: The Success principles, HarperCollinsPublishers Ltd 2005 p 431
2 David 8th Edition: Strategic Management Concepts: Prentice Hall; p 161

About the authors

Rochélle Mylie CFP®

Rochélle Mylie is a CFP® Professional and holds an Honours degree in BCom Business Management.

She has more than 10 years' experience in the financial services industry, which includes knowledge in the areas of administration, para-planning, and compliance.

Anton Swanepoel CFP®

Anton Swanepoel CFP® is a practice management, market conduct, and compliance consultant for financial advisory businesses in South Africa. With more than 35 years of experience in the financial services industry, he assists financial services providers with simplifying and enhancing their business and compliance processes.

His business model enables financial services providers to establish a sound foundation for long-term sustainability and increased shareholder value. He specialises in the integration of the four main disciplines that financial advisors and intermediaries must master if they want to be successful, namely ethics, advice, compliance, and practice management.

Holds a B.Iuris and Post Graduate Diploma in Financial Planning and has a master's degree in Mercantile Law (FAIS). He has written more than 20 books and industry papers and is an accredited CPD provider of the Financial Planning Institute of Southern Africa.

In 2013 Anton Swanepoel received the Cover Excellence Award for contribution in service to the short-term insurance industry and in 2017 he received the Harry Brews' Chairman's Award for life-long, significant contributions to the FPI through promoting the FPI and its marks or the financial planning profession in the areas of service to society, academia, training, government, and the media.

How health and behavioural insights have **transformed retirement planning**

cogence
BlackRock | Discovery

The majority of South Africans are not prepared for retirement. In addition, increasing life expectancy and rising living and healthcare costs will put further pressure on retirement incomes.

Traditional approaches towards retirement planning that focus solely on investment returns are simply no longer sufficient. Instead, advisers need to adopt a comprehensive data-driven strategy that integrates health insights, savings behaviour analysis, and global investment expertise to help South Africans meet their investment outcomes and better support themselves in retirement.

Rethinking retirement: Aligning health and wealth

Investment returns are just one piece of the retirement puzzle. Advisers who incorporate health insights into financial planning can provide their clients with an accurate picture of their needs in retirement, including life expectancy – how long they are likely to live – the state of their health, and potential medical costs, to create a personalised investment strategy that ensures a quality retirement.

Planning for longevity

Living to the age of 100 has become a real possibility. Globally, life expectancy is rising, driven by medical advances that have significantly extended lifespan far beyond historical norms. According to a 2024 report by the World Economic Forum, the average global life expectancy increased from 66.8 years in 2000 to 73.4 years in 2019. Locally, members of Discovery Vitality live, on average, to 83 – well above the global average. However, living longer brings new challenges: rising healthcare expenses and the need for savings to sustain an extended retirement.

Longevity planning is no longer optional. Advisers must plan for the financial implications of clients living longer, such as saving more over time and recommending products that cover long-term health costs.

Managing behavioural risks

Every adviser knows that even the best financial plan can fall short if behavioural risks are not managed. Cognitive biases, such as loss aversion, short-termism, and hyperbolic discounting, influence financial decision-making, especially when it comes to saving and investing for retirement. Loss aversion causes investors to overemphasise potential losses over equivalent gains, preventing them from taking advantage of attractive opportunities. On the other hand, short-termism drives investors to prioritise immediate rewards over long-term gains, which can undermine their ability to adequately save for retirement.

Hyperbolic discounting leads investors to favour smaller, immediate rewards over larger, delayed ones, such as spending a bonus on a holiday instead of investing it for future growth.

Avoiding these behavioural risks is crucial to avoiding poor financial decisions that can hinder investors from achieving their long-term goals.

Navigating a new era of holistic retirement planning with Cogence

To navigate the complexities of retirement planning, advisers need a partner equipped with expertise, innovative tools, and global reach. Cogence, an independent discretionary fund manager operating under its own FAIS Category II licence, offers a comprehensive solution that integrates global investment expertise, behavioural science, and longevity data.

By leveraging collaborations with leading asset managers like BlackRock, Cogence provides tailored value propositions aligned to clients' unique risk tolerances. Cogence goes beyond delivering consistent investment returns. Using Discovery Vitality data and BlackRock's Aladdin Wealth™ technology, advisers gain actionable insights into clients' health, savings behaviour, and life expectancy.

The Cogence technology platform equips advisers with tools, including co-branded personalised investment proposals, offering a holistic view of a client's savings, investments, and health behaviours. These insights allow advisers to craft financial plans with individual recommendations to ensure that clients can enjoy a quality retirement – for longer.

The advantage of tools that provide intelligent reporting and personalised insights lies not only in predicting lifespans and modelling healthcare costs, but also in offering individual recommendations to optimise financial outcomes. With these insights, advisers can develop forward-thinking, personalised retirement strategies that holistically address the client's financial and health needs.

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Elevate your investment strategy with Cogence

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Cogence, in collaboration with BlackRock and RisCura, offers well-researched asset allocation and manager selection expertise. Advisers can create diversified, resilient portfolios suited for varying markets.

With a holistic approach that integrates financial planning, health insights, and advanced technology, Cogence ensures your clients achieve long-term financial security and enjoy a fulfilling retirement.

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