



The benefits of independence

Ask independent financial advisors why they have chosen to operate independently and usually their top reason is more control and choice over their businesses, the clients they serve and the risk or investment solutions they recommend. But there are many other reasons why the independent channel is attractive, says Ian Middleton, managing director of Masthead.

By becoming a business owner and working for yourself, you have an exciting opportunity to build a business that can become a significant asset over time. You do not share commission; you own your customer base and are no longer subject to corporate targets.

Realise your full potential

You also decide how to run your business and reap all the rewards from your work. The ability to set your own goals allows you to achieve new standards, while the financial flexibility of writing your own budget enables you to better plan for your future.

By offering a choice of company and product options you can give clients the most suitable solutions and competitive rates, and act in their interest. By forming partnerships with other advisors you can also provide an even more comprehensive offering for each client.

Different ball game

There are many differences between operating as a tied agent and as an independent advisor, most of which rely on a change in mindset. As an independent advisor, your whole business is branded as the value proposition, rather than just the product. The independent advisor is its biggest ambassador.

Most independent advisors tend to have fewer clients than tied agents, which makes it possible to ensure quality and ongoing advice based on the individual clients' needs. Being able to thoroughly please clients greatly enhances an advisor's job satisfaction.

Pivotal processes

While no two advisory practices look alike, the independent advisory business is generally structured around successful processes that focus on delivering accurate needs analyses, appropriate and trusted advice, seamless administration and excellent service. This is vital for businesses that give advice rather than sell products.

To ensure customers feel they can trust your business and staff, the 'softer' elements are as important as, or even more so than, the look and feel. This means independent advisors and their staff should deliver what is promised when it is promised.

While consumers in general may not necessarily understand the difference between a tied agent and an independent financial advisor, the clients of independent advisors should see over time that their advisor has a long term commitment to them. Independent advisors have a vested interest in ensuring all goes well with their clients, hence their strong client service focus.

Making the shift

Becoming an independent advisor is a choice one makes. When tied agents think about making the leap to become independent advisors, they should consider whether they have an interest in building both long-term customer relationships and a professional, sustainable business.

They should enjoy being entrepreneurial, which will help them develop a competitive edge, but should also be ready to fulfil the challenges of the dual roles of owner and advice giver.

A helping hand

In some instances tied agents find the full independent model less attractive and prefer to stay in their role. Generally their reason is the cost and effort to comply with regulation. Many also say they need assistance in business and administration aspects.

Masthead has helped advisors to obtain and maintain their independence by offering a range of services, including compliance, product support and practice management. We partner with advisors to ensure they have the resources and support they need to thrive and grow their business.

To find out more about Masthead's support services, contact your regional Masthead consultant or visit www.masthead.co.za



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