



MASTHEAD

How to increase your profits...

Masthead managing director Peter Dempsey says independent financial advisers can substantially increase their profitability by following a business plan and focusing on other key aspects of practice management.

Dempsey said: "Poor business practices are costing financial advisers large sums in potential profits. We have received world-class advice from the Australian consulting company, Business Health, which has proved that a monetary value can be placed on good practice management. This is great news for advisers, and could not have arrived at a more opportune time."

Invest time and energy in your practice

Advisers would agree that the recent compliance implementation has proved to be time consuming and expensive, resulting in increased paperwork and administration, with less time available to spend with clients. Investing time and energy in a good practice management offering could be the answer.

Business Health has analysed the performance of over 500 financial planning practices over the past two years and is able to calculate the loss in profits by not having implemented certain identified best business practice principles.

The figures showed that in Australia an average financial

planning practice could increase profitability by 40% simply by following a formal business plan.

Even bigger boost in profits

Other aspects of practice management could produce an even bigger boost in profits. Practices that invested time and effort in contacting their best clients more than 10 times a year increased profits by 48% in the Australian study.

According to Business Health, advisers who segmented their client database according to the client's level of wealth reported an increase in profitability of about 35%.

Other key profit drivers include the implementation of a documented client review process (increased profits of 47% in Australia). This process also provides your best clients with a formal opportunity to provide feedback with regards to you and your practice.

It sounds too good to be true, and many advisers would agree that it is easier said than done. Like anything else, results will only be achieved if current business practice changes and the identified drivers are implemented and regularly reviewed. Some advisers are able to drive (and have driven) these changes themselves, with great results, but the majority of practices will look towards their practice management service provider to assist them in this regard.

Increase profitability and build capital value

Masthead Distribution Services, which now has more than 2 500 members, was launched in June last year to provide independent financial advisers with the services they require to become and remain compliant, as well as to implement strategies to build valuable and sustainable practices. Masthead's Practice Management partner, Celestis Broker Services, was founded five years ago and has been involved in developing and delivering practice management to financial advisers for the past three years.

The Masthead Practice Management offering stems from best business practice principles for financial advisers, based on extensive local and international research. The offering aims to increase profitability and build capital value and is delivered by dedicated practice consultants on a national basis.

Masthead advisers have access to:

- Best business practice guidelines
- Practical tools and templates
- Implementation assistance and ongoing support

For further information on Masthead, please contact the Masthead Service Centre on 0860 103 807.

