

RUNNING A SOUND BUSINESS

Running a sound financial planning business is of paramount importance, said Ian Middleton, managing director of Masthead. The legislators require independent financial advisers to do so, clients expect this and it is essential for business sustainability.

One of the obligations of the FAIS Act and General Code of Conduct is for advisers to operate a good business. As such, you are required to deliver professional services, based on trust, honesty, education and compliance, from a presentable office. Furthermore, clients need to trust that you are operating in line with South African best practices, that your staff members are professional and that you have a client relationship management system (CRM), the right computer software programmes and established processes.

So, while doing the most enjoyable part of your job – working directly with clients – it is important to put in place the right foundations and building blocks to develop a good quality, sustainable business. This entails fulfilling dual roles, namely being a salesman and a businessman. Being a salesman is imperative as it brings in income and grows your practice. As a business owner, you will always be a salesman for your business. Whether you are working in your business by selling advice and products, or working on your business by selling your brand and image, the selling function will continue to underpin your every activity.

The role of the businessman has become increasingly important in recent times. But, running an efficient business requires a different skill-set and mindset. The big difference to mindset is the timeframe: a businessman needs to think or look three years ahead as opposed to the week ahead.

Many advisers do not have a business background or formal business training.

This is largely due to having previously worked for companies where they were driven or managed to reach sales production targets, while other employees took care of the business aspects.

To assist advisers to gain the necessary business skills and enhance the various areas in their business, Masthead launched its Business Development Programme earlier this year. The offering focuses on the key areas of leadership, marketing, management, money and client fulfilment. Of these, leadership and money are most often discussed, yet neglected in the development and management of advisory businesses.

Advisers tend to become so engaged in the technical running of their businesses that they have little time to step back and review their leadership skills, gaps and requirements for managing a stable and sustainable business. Understanding and giving greater attention to leadership issues, such as the primary aim and reason for launching the business, strategic objectives and personal management characteristics, will often benefit your business.

Addressing the topic of money is vital, as management and strategic decisions should be supported by solid financial data. Few small advisory businesses have suitable money control systems, if any, that provide a clear snapshot of the business and a financial pattern or cycle on which to base significant strategic decisions.

The success of the Masthead Business Development Programme is due, in part, to its integrated approach to

business development, management and implementation. This style facilitates the flow of systems, knowledge and data that are critical for the success of interdependent systems and business areas.

To implement the programme, Masthead's consultants first comprehensively assess an adviser member's business. They then implement the programme together with the business owners and stakeholders. They document, manage and review the development plan over time, aiming to improve the overall business health and increase the value of the business.

To find out more about how the Masthead Business Development Programme can benefit your business, please contact your nearest regional Masthead consultant or visit www.masthead.co.za.

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