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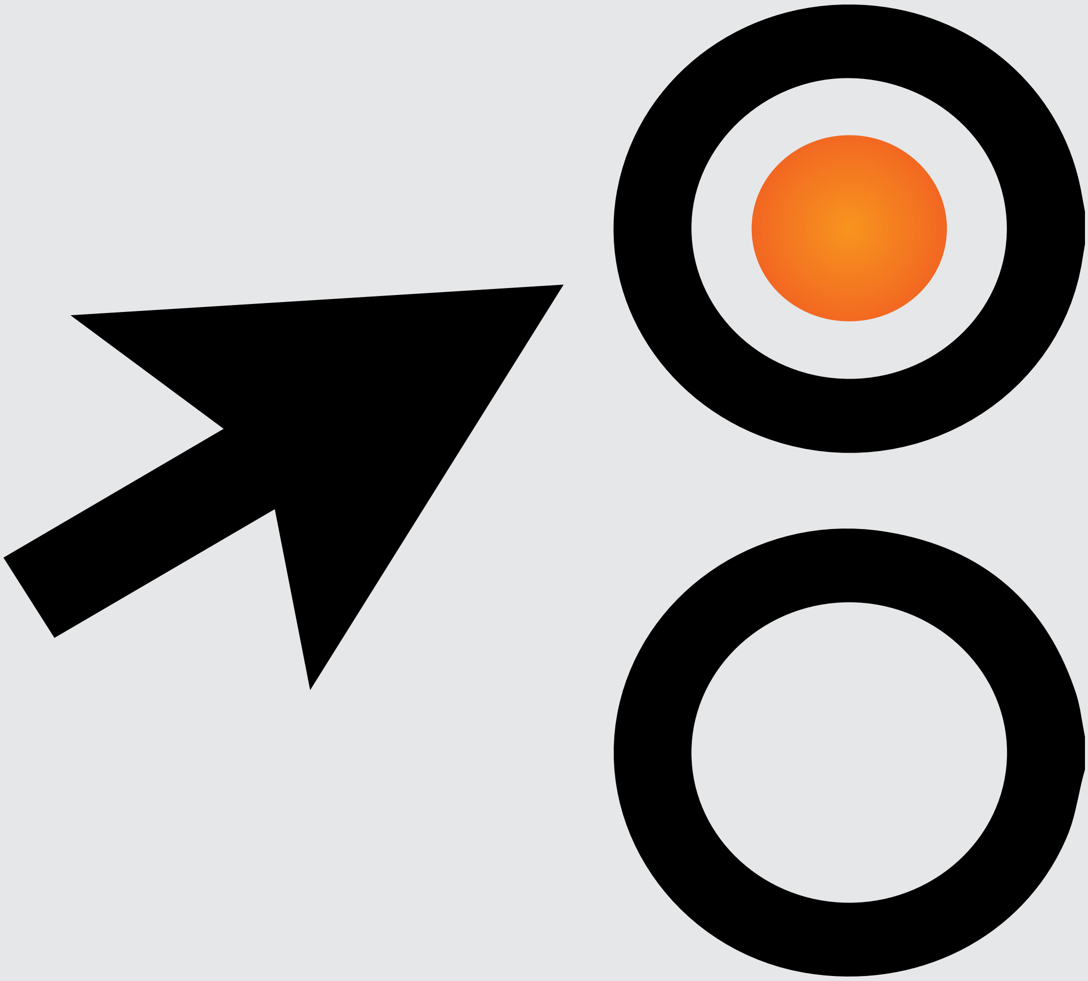
Selecting a *Financial Planning Partner*



Selecting a
Financial Planning Partner

The principals at Profile Financial Services offer some objective help in selecting the right financial planning firm as a partner if you are considering a joint venture as part of your business strategy.

A joint venture strategy makes more sense than ever in our increasingly competitive environment. Why tie up valuable staff and capital in building your own financial planning service, if you can outsource this effectively using a joint venture. Many professional services firms who have successfully created their own financial planning service have later sold that entity, as it did not fit particularly well with their ‘core’ accounting or legal business.

A joint venture approach is certainly not without its risks, however many bad experiences that we have witnessed have occurred due to a lack of proper due diligence before establishing a relationship.

By following the methodology outlined below you can minimise the risks and achieve a successful outcome.

Start by
Evaluating Your Business Objectives

How would my business look if I was designing it from scratch today? Would that business include financial planning advice? What are my clients expecting from me? What might they expect from me in 3 years time?

Would I be best to focus on core services, and outsource the rest? What value would I like to receive for the goodwill I am creating in my practice?

Financial planning provides a way to:

- *Meet your client's expectations of a holistic service.*
- *Strengthen and protect existing client relationships.*
- *Increase average fees per client.*
- *Increase referrals from your existing clients.*
- *Create a second capital value in your business.*

The financial planning industry has made many promises regarding revenue sharing and capital values to accountants and lawyers. While we believe many of these promises cannot be met in the future, with a sound business plan real sustainable value can be created.

Planning
Ahead

The lead-time to carry out effective due diligence on any prospective partner is around 60 days. There is then a ‘getting to know you’ period that may take 12 to 18 months to truly establish a successful relationship. Several hours spent over a 60 day period in the due diligence phase can save you from months of work fixing the damage that a poor financial planning firm can do to your clients and your business. During the due diligence phase there are several areas you should consider;

Do the philosophies match?
If you are a firm that provides independent fee based advice to your clients then there is little point researching a financial planning firm that is owned by an institution and remunerated by commission based sales.

Does the firm have experience AND formal qualifications?
As you know, a healthy mix of both is required to provide comprehensive advice to a client. Ask to see the hard copies of educational and professional qualifications as part of the due diligence process. Any person that has achieved those qualifications will be happy to show you. How long has each of the staff been in the industry? Ask a few questions to confirm any claims of experience.

Where does the firm specialise?
Every small business today must specialise to survive. The days of being all things to all people are long gone, and promises of such can only lead to disappointment. Find out where the potential firm has specialist knowledge and see if it matches well with your client’s needs.

What are the office systems like?

Arrange a walk through (on their premises) of the business systems employed. Look for evidence of a highly systemised process, not just the naming of various pieces of computer software. People and process deliver consistent outcomes, not pieces of software. Lack of systems and processes could mean problems in the future.

What are their technical skills like?

Ask for a half-day technical session to be arranged for you and your senior staff. Look for evidence on the day of real value-added strategies that may apply to your clients, and the communication of these strategies in a way that your clients could also understand.

What are their key points of difference?

How does the firm differ from others in the crowded financial planning marketplace? If you are not sure, ask them. They should be able to articulate their difference to you and to your clients.

Obtain testimonials from other accountants

Ask for the names and telephone numbers of other firms they are working with, and arrange to give those firms a call. Obviously the feedback should be positive.

Trial a case or two

Once these other areas have been satisfied the true test is to trial a case. Upon completion evaluate how you were kept informed, the quality of the work, and most importantly speak to your client to gauge their degree of satisfaction.

Establish a trial period

If you are still satisfied at this point, establish a trial period of say 6 months to establish a genuine joint venture partnership. These types of professional relationships take time to build and to bed down. Expect the total process to take around 12 to 18 months, and to require genuine input and feedback from you along the way. Delegate but don’t abdicate responsibility for its success.

Taking The
Next Step

The kind of straightforward help Profile offers does not stop here. If you think that a financial planning joint venture makes sense for your business, let's start the due diligence process, and build a business that both firms can be proud of.

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