

# GET SHAPE

WEBINAR SERIES

## Financial management + commercial considerations

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1 October 2021

# Agenda

- What do I need to think about?
- Defining your service proposition
- Business structures
- Commercial considerations
- Tips

# What do I need to think about?

Cashflow CRM FSP levies and fees Regulatory compliance support  
Outsourcing  
Product provider arrangements FSLAA responsibilities PI cover  
Client service proposition control Financial commitments Capability  
Training Licence class Client 'ownership'  
Business accounts Client money handling  
Good customer outcomes Commission v Fees  
Cyber security Liability risk management



# Starting point – what is your financial advice service proposition?

Are you designing your business structure and commercial arrangements based on:

- Maximising opportunities, future trends and your desired service proposition?

OR

- Your current or past business structure and commercial arrangements?

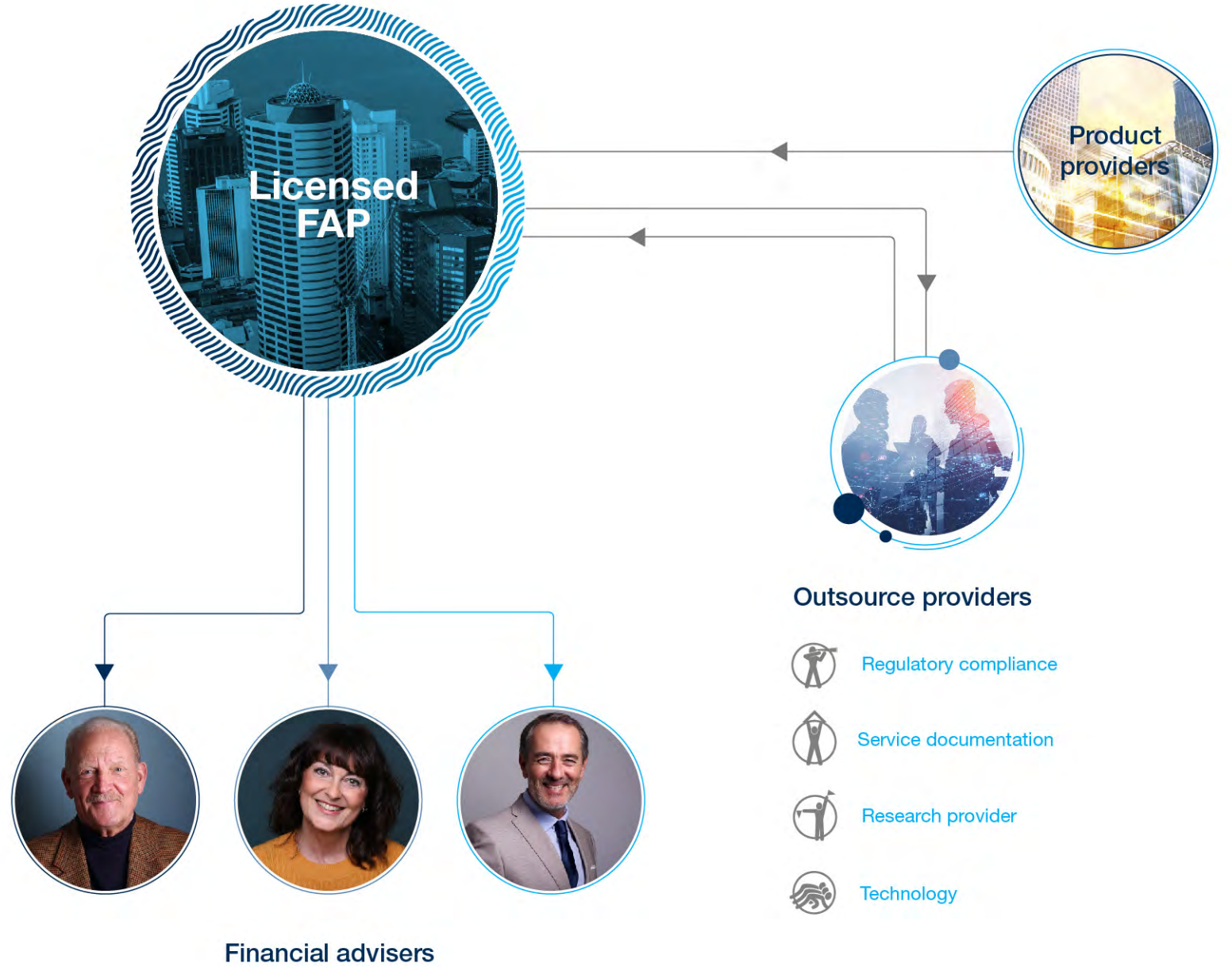
Why are you in business. What do you want to achieve. The past or the future.





# Implications of business structure

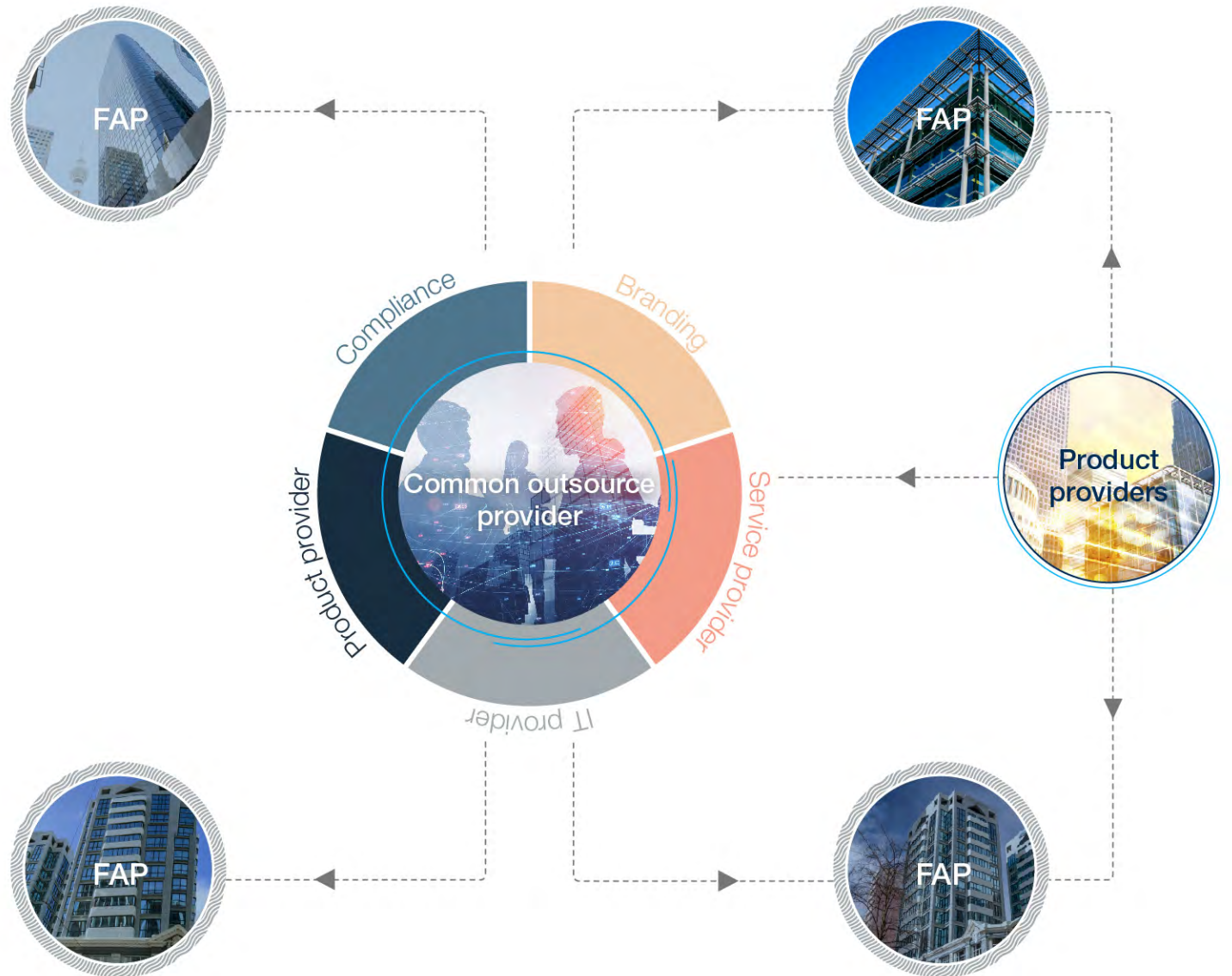
The licensed FAP owner controls own destiny with no FAP contagion risk, but also assumes all other risks.





# Implications of business structure

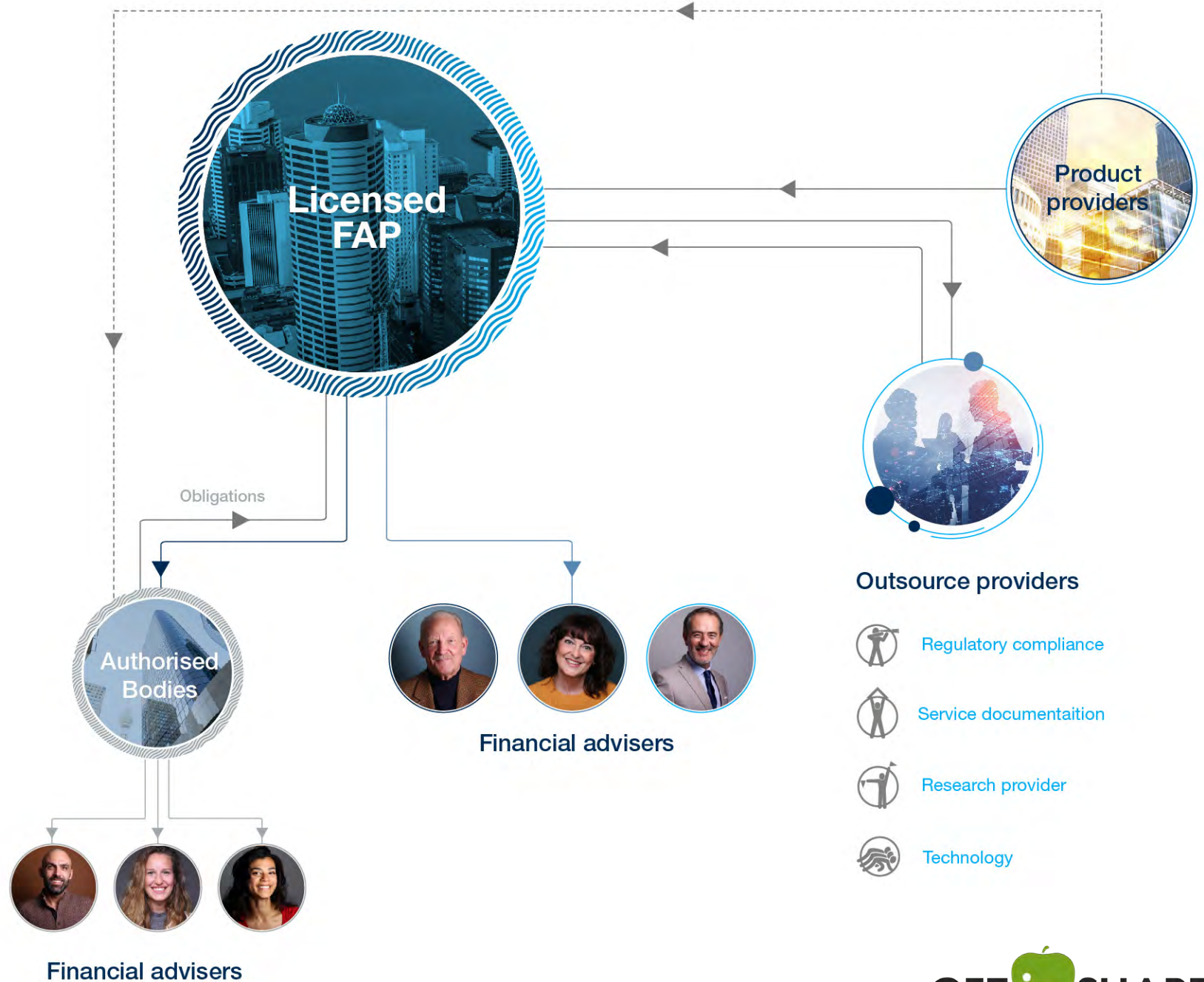
Purchase shared services. May aggregate for enhanced revenue and purchase discounts. All hold own FAP licence. May or may not have common brand, with potential FAP contagion risk.





# Implications of business structure

As an authorised body, you are still a market services licensee. Still have company and FAP obligations, plus contractual obligations to the licensed FAP and possibly product providers. Must follow licensed FAPs systems. FAP regulatory risks remain for both AB and FAP, with FAP and AB contagion risk.





# Commercial considerations

- Who owns the client relationship?
- Who is managing the client relationship and data?
- Who controls the relationship with the product providers?
- How are remuneration arrangements working?
- Who is responsible in the event of a regulatory breach?
- What are the contagion risks (i.e. you being infected by someone else's failing)?
- Impact on business saleability and capital value
- Cost of paying licensed FAP vs paying directly yourself
- Fees and levies implications of advice delivery options







# Financial considerations – Business 101

- Operating a business as a separate entity
- Separating out client \$ from firm \$
- Budgeting and forecasting
- Cashflow management
- Compliance costs
- PI costs
- Staff: recruiting, training and salary

# Tips

- Understand the flexibility of the new regime, consumer and technology trends before making a commercial decision
- Know your business motivation and also weaknesses
- Be comfortable with those who you share the licence with
- Ensure you can have confidence in those you are responsible for
- Know the implications of exiting a licensed FAP arrangement
- The new regime enables FAPs/ABs of all sizes to flourish
- Egos vs logic
- Keep it simple
- Understand what will best drive your business profitability and value



# Summary

- Plan for the future - not right now
- It is not as hard as some make out
- Transition period fast running out
- Your business structure will impact profit and capital value
- Get good impartial advice
- One size does not fit all

