Winning the battle for relevance

Businesses face extinction if they don’t constantly adapt and evolve to remain relevant in a constantly changing marketplace, according to Michael McQueen, author and brand researcher.

“What do the mighty fall? Why do successful businesses become obsolete? What separates the enduring from the endangered?” McQueen asked.

The disintegration of Kodak, a brand once synonymous with photography, was among a number of examples he referred to in a broad-ranging discussion.

Kodak’s adherence to a business model tied to selling film, and its failure to reinvent itself, led to it eventually filing for bankruptcy in 2012, after more than 120 years in business.

Other prominent brands to experience similar declines are book store Borders, Saab motor vehicles and Atari computers. “None of us in the room are immune from the factors that led to these brands’ demise,” McQueen said.

He plotted three key turning points on a bell curve, showing that businesses over time approach a tipping point of irrelevance, followed by a turning point. If action isn’t taken, a crisis point and eventual irrelevance and business collapse can result.

According to McQueen, the first phase is also the “we’re so hot right now” zone, when brands are at the height of their powers and highly relevant to their audience.

Samsung, Hyundai and Apple are among brands he identified as being at this stage in the cycle.

Instead of being an entirely positive state, he said this is often a highly volatile period. “When you’re highly relevant is the single most dangerous time, when complacency and arrogance can sweep in,” McQueen said, often followed by “the intoxication of success”.

If not addressed, brands may then progress to the turning point on the bell curve, which represents both a risk and a gift for the organisation.

“Necessity is the mother of all invention, but if you do nothing, you can pass the turning point and move down into the crisis zone,” he said.

But just as it represents considerable

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Patient, honest adviser named AFP of the Year

Stephen Godfrey, a financial planner with Visis Private Wealth, was named the winner of the Associate Financial Planner (AFP) of the Year award today at FPA Congress 2014.

He was chosen for his comprehensive fact find process, commitment to strategic client review and ongoing education, being “well on the way to obtaining his CFP”, according to Mark Rantall, chief executive officer, FPA, who presented the award this morning.

Godfrey is a private client adviser specialising in investment management, self-managed super funds, tax management and investment and wealth entities.

Commenting on the win, Godfrey said: “I’m extremely happy to have won this award – it makes me realise that I am on the right path. With everything going on in the industry at the moment, you wonder if you’re doing your best compared to everyone else – this award reaffirms that I am doing the best by my clients and it’s great to be recognised for that by the industry.”

Referring to a number of comments from both Godfrey and his clients, Rantall said Godfrey was committed to the client relationship, and “adamant that we always serve the client”. One client described him as “our trusted adviser, highly intelligent and always available, he is patient, honest and open.”

Winner a catalyst for improving lives

The winner of the 2014 Future2 Community Service Award is Kathy Havers, a director of Catalyst Financial Group in Camberwell, Victoria.

Presenting the award, the chief executive officer of the Financial Planning Association (FPA), Mark Rantall, said Havers is “passionate about community service and philanthropy”.

“She is a director of the Kindred Spirits Foundation and is actively involved in the Palung Wurnangat Association in remote areas of the Northern Territory,” he said.

“She assists in the purchase of processing plant for the native Northern Territory food industry, creating jobs for more than 200 indigenous people – jobs that would not otherwise be available in their community.

“Kathy also conducts talks about finances for Autism Australia, a support group for parents with autistic children, and she provides free one-on-one sessions with families to help them navigate a system... made very difficult and complex for children with this disability.”
Andrew Denton defines success

In an address that referenced Bono, Steven Spielberg, Bill Clinton, Nelson Mandela and a guest called Juli who appeared on his television show Enough Rope, Andrew Denton examined the qualities that he believes make successful people, and what success looks like.

“Success is rarely about a single bold moment, vision or triumph; it’s more often about a thousand small steps that nobody sees but ourselves,” Denton told the closing plenary session at the FPA Professionals Congress.

Denton said common characteristics of successful people are that they never stop learning, they treat other people with respect, they have great attention to detail and they invariably “work harder than the next guy”.

Denton said he decided some years ago that for him, his life would be his career.

“I never want to look back and ask myself, ‘Why didn’t I do that?'”, he said.

“Having set myself the goal of working incredibly hard in my 40s, so in my 50s I can think and work and live differently, at the age of 52 I sold my production company and walked away from the television industry.

“It took a fair bit of wrestling with my ego, and a lot of pain, but an inner voice was telling me there were other things I should try in life.

“I’ve worked really hard for these opportunities. Yes, I still allow myself to daydream and come up with new ideas that will hopefully challenge me...and send me in a new direction.

“What I know in my bones is that the elemental power of these wild places will be with me on my deathbed in ways which mean far more to me than what I achieved in my career.”

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SUCCESS IS RARELY ABOUT A SINGLE BOLD MOMENT, VISION OR TRIUMPH

risk, this also represents considerable potential, because "companies who come back from the brink are always stronger for it".

Outlining tips for how businesses can reinvent themselves, McQueen identified four steps – recalibrate, re-engineer, innovate and reframe.

If Kodak had recalibrated instead of asking how to get customers to keep buying film, the outcome for the company could have been very different, he said.

“Avoid the Kodak trap and become clear on what business you are really in. It’s not financial planning, you’ve got to be more fundamental than that,” he said.

Asking the audience to identify what they actually do, responses included “building dreams”, “peace of mind” and “the trust business”.

Re-engineering involves deconstructing what your business does by listing your processes step by step. As an example of inefficiencies that can take hold, McQueen cited a study that found people spend an average of eight hours a week on self-imposed regulation.

One financial planning business McQueen worked with had a Statement of Advice that exceeded 170 pages, and which would take an estimated seven hours for a client to read. “If no one’s reading it, it is of no value at all,” he said.

Along with innovation, reframing involves viewing processes from a different point of view, asking questions about not only “why do we do things this way?” but “why do we do it at all?”
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The resemblance is uncanny

This gig as chair looks like it could be fun

His Bach is much better than his bite

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Our award winning product is now available on over 8 platforms
Financial planning businesses need to have policies to encourage and protect whistleblowers, attendees were told during an open and honest discussion at the FPA Professionals Congress 2014.

Jeff Morris, former Commonwealth Bank financial planner turned whistleblower, conveyed the impact of his decision to speak publicly about endemic issues of adviser malpractice inside the bank. This ultimately led to the Senate Inquiry into Commonwealth Financial Planning and the Australian Securities and Investments Commission (ASIC).

Morris joined Mark Rantall, chief executive officer of the FPA, and Peter Bobbin, partner, Rockwell Olivier lawyers, who shared their experience and expertise in the area.

Rantall explained how he had helped jail two people for fraud, who had stolen from clients and his organisation – something he describes as “a harrowing experience that still lives with me, but something that needed to be done”.

He also reminded members of the professional association’s own FPA Confidential, a service established to allow FPA members and others to report financial misconduct. Following a co-regulatory model, this is independently administered by Deloitte.

Rantall said that since its launch, there had been 73 reports to the service, with 92 per cent of cases successfully resolved. Sixty per cent of complaints came from an individual financial planner or employee, with complainants remaining anonymous in more than 20 per cent of cases.

According to Morris, “what we need to get to is a situation where there is a system where people can blow the whistle and be certain it will be acted upon – that the offender will be punished”.

However, he said that as the situation currently stands with the regulator’s whistleblower protections, “I couldn’t recommend anybody be a whistleblower”.

“I had no effective protection from ASIC; I was simply cut loose and left to fend for myself,” Morris said.

He said that in Australia, there are no basic protections, as there are in the United States, “let alone a compensation mechanism”.

Commenting on the decision to turn whistleblower, Morris said: “This has dominated all aspects of my life…your life will never be the same again.”

Adding a legal perspective, Peter Bobbin said there were three different mechanisms for encouraging and protecting people who inform on their organisation. These are: formal legislation, the FPA Confidential service and individual financial planning organisations. “Having a culture within can save organisations from collapse,” he said.

Bobbin referred to the case of former “big five” international accounting firm Arthur Andersen, which he suggested would likely have survived if it had whistleblower protections.

“It’s right for the industry, right for the profession, right for Australia and right for the organisations,” Bobbin said.

Morris agreed, saying, “it just makes good business sense to have a whistleblower policy. I don’t think you can afford not to take this seriously, because the long-term cost is very high”.

Each panellist said having a whistleblower policy in place was a subset of ethical behaviour. Bobbin made the point that having an external body responsible for overseeing the reporting is the best approach, instead of relying on internal management.

Finding a positive among the distressing events, Morris concluded it had been an encouraging catalyst. “I’m now seized with a real sense of optimism, that this is the point we move forward from,” he said.

“IT JUST MAKES GOOD BUSINESS SENSE TO HAVE A WHISTLEBLOWER POLICY”

Jeff Morris, Peter Bobbin and Mark Rantall
The cloud is the future for planning

Monaghan said. He said SSFS’s research indicated that clients expect the organisation to “know” them when they interact, and this required it to collect, hold and use information about clients in a smarter and more efficient way.

Monaghan said businesses typically face a strategic choice. They can be the lowest-cost provider of goods or services, or they can aim to be high quality and innovative. SSFS occupied a middle ground, where it was neither big enough to compete on scale with the big institutions, but too big to compete against boutique financial planning firms.

“So we had to look at other choices,” he said.

“We decided we needed to change the way we think about the business going forward. We see technology as an opportunity to break through that old strategic paradigm [to both] innovate and drive down costs, and give us access to a much, much larger market than we’ve been talking about before.”

Monaghan said technology should be used to enable more effective personal interactions between financial planners and clients. He said SSFS research indicated that 80 per cent of clients and potential clients want a face-to-face meeting with a financial planner, at least initially.

He played down the threat of emerging robo-advice services, saying they would cater to only a small part of the market.

“If there’s eight out of 10 [people] saying they want face-to-face [meetings], then there’s only two out of 10 who don’t,” he said.

Neill said. Assessing where the business is “in an open, honest way” is also critical. The path ahead has to be clearly defined — and consist of achievable steps — and it’s important that the business and its leaders stay on that path. The tone for the business, and its ultimate success or failure, comes from the top.

“If you have got this great vision, you need to take the people with you...so they understand what you are trying to achieve, and they buy into the vision and are willing to work towards it.” Neill said.

“It’s important that you communicate what the benefits are, and they need to understand...what is in it for them. So you need to make sure that not only do you have the vision, but you have communicated it clearly to people.”

Neill said there’s sometimes confusion between a business plan and a strategic plan. He said the business plan covers the “how”, whereas a strategic plan covers the “where” — as in where you want to get to — and the “why”.

“You must start your journey with a clear understanding of what your strategic plan is,” he said. And the starting point for developing a strategic plan is to assess the external environment.

At a general level, this includes legal, political, and social issues; at an industry level it includes analysis of competitors, customers and stakeholders.

A better business starts with a vision

Creating a better, more successful and more profitable business isn’t rocket science, but it requires a clear vision, a truthful assessment of its current state, and a willingness to stick to a strategic plan.

Bob Neill, principal of Seaview Consulting, said that in a dynamic business like financial planning, not being willing to continually improve a business really isn’t an option.

“If it isn’t broken, don’t fix it’ is OK if you work in a static environment,” Neill said.

“It’s a very dangerous attitude to have if you don’t operate in a static environment.”

“Your starting point has to be clarity of vision: what you want out of the business,”
If you’ve been keeping up with news lately you would probably be aware that Australia is facing a preventable health crisis. Two in three of us are currently overweight or obese; and chronic disease is Australia’s leading cause of death and disability. These health challenges affect all sectors in Australia, including the financial advice industry.

Given the statistics, one might assume that Australians would be working overtime to improve their health, but sadly this does not appear to be the case. Many of us, when faced with a decision about whether or not to eat a fruit salad over a jam donut, often decide to take the short-term reward of enjoying a tasty treat, despite the long-term health consequences that may result from doing so.

So, what can we do to get Australians more motivated to improve their health? AIA Australia conducted a survey of 1300 Australians aged between 25 and 45 years to find out what “turns us on” to and prevents us from improving our health, for example. The research revealed that nearly 90 per cent of us wish we were more motivated to create and sustain a healthier quality of life, but that crucially, willpower alone is not enough to sustain healthy habits.

Three-quarters of Australians found that rewarding themselves when reaching their fitness goals successfully motivated them to get off the couch. Eating something tasty, as a reward after a workout session, was the most popular source of exercise motivation, being favoured by 40 per cent of both men and women.

Looking at the results, it is clear that Australians need to find their own personal motivational techniques to get healthier. From wanting to look good at a friend’s wedding, or being able to keep up with the grandkids, everyone has a different motivator that needs to be harnessed.

Recognising that everyone is different, AIA Australia recently launched AIA Vitality, a health and wellness program based around incentives and rewards to encourage people to take the first steps towards healthy living and, more importantly, to make these lifestyle changes permanent. Sold through financial planners to people who purchase an eligible life insurance policy with AIA Australia, the AIA Vitality program rewards members for undertaking healthy activities by way of discounts on shopping, entertainment and travel purchases and cheaper insurance premiums.

No one is immune to the health challenges Australia faces. Many private sector organisations can play a role in helping solve our soaring obesity and chronic disease rates. By tapping into what can motivate and incentivise each of us to improve our health, we can have a better chance of overcoming this crisis.

For more information on AIA Vitality visit www.aiavitality.com.au.
Beer’s success behind her

If you occasionally face pressures at work, imagine for a moment the stress caused by a helicopter in your ram paddock. This is exactly what happened to Maggie Beer after her establishment was named Restaurant of the Year in 1991.

The stress caused by the attention – including, yes really, helicopters landing at her farm – became so great that Beer closed the restaurant right at the peak of its popularity. But it was a liberating experience, she told a Women in Finance breakfast this morning, and “sometimes you have to close one door for another one to open”.

As someone that Ita Buttrose might describe as “sophisticated”, Beer’s career has included nursing, operating a lift in a department store, working for US immigration authorities and, of course, running wildly successful restaurants, hosting cooking shows and “writing” books and magazine columns.

Beer said that she owed her success to always doing what she loves, and to taking the time to find out what that is. The secret to writing a great cookbook? “Always have someone behind me, taking down notes,” she said.

Best-laid plans

It was a simple plan to rort the Platinum Asset Management stock-picking competition, and win $10,000. The competition rules were straightforward: pick one stock from each of four groups of eight stocks, and then pick a fifth stock from any group. If that portfolio is the best performing of all the portfolios selected, then in 12 months’ time the money would be ours.

It’s a devilishly simple idea to focus attention on Platinum’s prowess as a stock-picker. And it keeps attention on the manager and what it does by offering cash prizes at the three-month and six-month marks as well.

In theory there’s no difference between practice and theory, but in practice there is. Not long after we started filling out the requisite 114,688 entry forms – to cover every possible combination of stocks – we realised two things. First: what a monumental waste of time. And second: Platinum hadn’t printed nearly enough entry forms.

A mighty effort

The Future2 Foundation is better off today to the tune of almost $225,000 after fundraising events linked to this year’s FPA Professionals Congress.

The final numbers are not yet in, but a golf day staged on Monday and last night’s gala dinner have raised, so far, about $103,000. The Future2 Wheel Classic has raised about $122,000 and is still taking donations for individual cyclists.

Hats off to you, FPA folks. That’s a mighty effort, and will support Future2’s work in supporting young Australians who are financially and socially disadvantaged.