

Media Release

The pyramid business and government models just don't work says Paul Tynan

Tuesday February 14, 2017. Although the New Year is now well underway, the debate that vertical integration leads to poor quality of advice and advice that is not in the best interest of clients has continued without a break said Connect Financial Service Brokers (Connect) CEO and founder Paul Tynan. The prospects and future for the industry is truly positive, however progress and potential is being severely hampered as the vertical integration models are an extension of the pyramid business model that dominates the Australian corporate landscape.

Commenting further Paul Tynan said, "Across all industries, and especially in financial services, the pyramid structure has resulted in internal cultures of risk aversion with high compliance regimes and infrastructures devoted to protecting the 'brand' at all costs".

"Since 2007, financial institutions have operated in an environment of over regulation that quite literally drowns individualism, turns employees into bureaucrats and has killed innovation".

Corporate Australia typically has elite boards that make CEO appointments for six years and on taking the helm they (CEOs) immediately introduce a re-structure and roll out a new business plan that is often accompanied by a new logo or tinkering with the existing design or slogan.

The CEO's plan is not debated internally as it's filtered down the organisation where corporate rules and compliance suffocates individual ideas, innovation and entrepreneurship. Any employee who doesn't agree with the new direction is either retrenched, moved sideways or branded '*not a team player*'. Whistle-blowers that leak to the media are especially frowned upon and reviled.

After six years of no share price growth and poor profit returns, the CEO retires with a huge payout to become an industry consultant or gets a Government appointment. The board then announces that the CFO is to replace the CEO and they go to the market announcing write downs of company assets.

The newly appointed CEO duly announces a restructure, rolls out his / her new business plan and the cycle of diminishing returns inside the obsolete pyramid structure starts again with consumers and shareholders paying the bill.

Is it any wonder in this environment that the general population in Australia and globally, especially the middleclass has had enough having realised that the promise of the '*trickle down*' economic benefit narrative of the past 30 years has failed them abysmally asks Paul Tynan?

Unaffordable housing, lost jobs, no job security, higher cost of living, the concentration and entrenchment of wealth (just eight people have the same wealth as 3.6 billion of the world's poorest people) are examples of this economic dysfunction.

"This is a new world in which the conventions of the past no longer apply as we live with the threat of trade wars and non-stop rapid advances in technology. At the frontline are accountants, financial planners and lawyers valiantly trying to address rapidly changing consumer needs whilst being hindered by disconnected institutions and government".

"We need to change these pyramid models and review education / training practices as it will be technology and new work practices that will force change and in doing so create new jobs for the millennials".

“The overhaul has already started”.

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