



Media Release

Beyond the Numbers – Top 10 Financial Measures for Dealer & Practice Principals

Wednesday December 12, 2012. Seaview Consulting's David Fotheringham believes the principals of many dealer groups and financial services practices will start the New Year failing to understand that their 2012 financial results are only a record of past activity. They must do something different if they expect to be positioned for success in 2013 and beyond.

"The reality in financial services is that regulatory changes coupled with demands for higher professional standards are impacting on businesses and business models – and doing nothing is simply not an option," said David Fotheringham.

"There are very few alternatives available to principals in this environment; exit or face the challenges and get on with the job. History is littered with examples of previously successful businesses that resisted change and failed to adapt their businesses."

Commenting further, Fotheringham said the challenge is to allocate time and have the commitment to fully understand what, when and how to implement the business changes required for achieving the best result.

Seaview Consulting understands that each business is unique, so too is the solution for achieving a positive improvement. In addition, there are no shortcuts and ultimately it comes down to each business owner understanding their own processes, strengths and weaknesses and how they capitalise or minimize their impact.

David Fotheringham offers the following Top 10 measures for business principals to adopt in 2013 –

10. Up-to-date & accurate reporting Progress towards a goal needs to be measured and monitored to ensure the need for corrective action is identified early. All performance reporting should be available no later than 10 business days after the month end, ideally 5 days.

9. A quarterly plan / commitment to change something Clear focus and commitment to make a positive change to a specific area is essential. Setting short term goals and measuring progress toward these goals will result in small but incrementally significant changes.

Develop a culture of continuous improvement, celebrating regularly successful changes.

8. Clarity on the cost of delivery for each service A clear understanding of the cost of delivery is essential for supporting the accurate pricing of services and articulating to clients the effort required to deliver their services. Without a thorough understanding of the process to deliver services there is limited scope for identifying areas for improvement.

7. Client contact to Administration activity Increase focus on client engagement and service. Administration won't pay the bills, clients do. Furthermore, clients should be made aware of the services provided in order to appreciate the value received from their fees. If you're not telling them your competitors will be.

Refocus staff's efforts onto activities that impact the client, consider tracking the time to complete specific activities in order to monitor efficiencies and identify causes of delays.

6. Labour to income Labour is the greatest cost in a professional business. Utilising shared labour costs i.e. receptions with co-tenants, virtual PA's, etc; or paying for outcomes/results are alternatives not often explored. Look to support growth through utilising services on a completed task basis rather than fixed salary.

5. Costs to Income or EBIT% A deeper analysis of costs is required, splitting costs into Fixed (incurred irrespective of work done) and Variable (costs incurred directly to revenue generation activity) will enable the business to manage costs better.

Complacency around suppliers their fees and quality tends to occur over time. A bi-annual review of all key supplier arrangements should be made and measured against defined service level expectations

4. Client mix to target market (including) retention Over time not all new clients meet the desired profile of the businesses target market and these clients become a limitation to growth. Regularly review the client base for suitability is essential. Selling or referring clients to a more suitable provider creates capacity and possibly increased profitability.

3. Client conversion Converting prospects to clients involves tracking a number of measures to ensure new client targets are achieved. A general rule of thumb is one new client every two weeks per adviser.

2. Time allocated to working on the business (not in the business) Too often business owners get embedded in the day to day operations of the business which may appear to be cost effective in the short-term. On a regular basis, say quarterly, business principals should engage professionals or trusted individuals to critique the company and progress of the business towards its stated goals and change initiatives.

1. Client satisfaction Only clients generate revenue, ensuring they remain pleased with service levels and that their needs are being addressed – is essential.

David Fotheringham concluded, "While everyone may have a different view on the Top 10 business measures to track – the real underlying factor for success is the '*call to action*' to do something."

"A business must have the discipline to implement a response to the measures they are tracking and then be accountable for driving a change. Only action and accountability will result in a change."

Issued by Seaview Consulting www.seaviewconsulting.com.au

Media Enquiries: Mr. Joe Perri
Joe Perri & Associates Pty Ltd
Telephone / fax: +61 3 9324 0362
Mobile: +61 412 112 545
Email: jperri@joeperri.com.au