
The Fee-For-Service Handbook

The Comprehensive Guide to Transitioning Your Practice to Fee-For-Service

Lap-Tin Tsun, BSc

Andrew Chan, Grad Dip (Compliance), Adv DFS, DFS, F FIN

Edited by Ian McKneil, CFP, Dip.Bus (Acc), CIV TAA

SAMPLE ONLY

The Fee-For-Service Handbook: The Comprehensive Guide to Transitioning Your Practice to Fee-For-Service (First Edition)

© E&W Strategic Partners Pty Ltd 2010

Published by:

E&W Strategic Partners Pty Ltd

Level 20, Tower A, The Zenith, 821 Pacific Hwy

Chatswood NSW 2067

Australia

+61 2 9419 5878

<http://www.ewspartners.com.au>

This book is copyright. Apart from any fair dealing for the purpose of private study, research, criticism or review, as permitted under the *Copyright Act 1968*, no part of this publication may be reproduced by any process or by any means, electronic, photocopied, recorded or otherwise without prior written permission of the copyright owner.

Authors:

Tsun, Lap-Tin

Chan, Andrew

Editor:

McKneil, Ian

ISBN 978-0-9808542-0-6

For further support and access to our forums, please visit us at <http://www.ewspartners.com.au>.

Limit of Liability / Disclaimer of Warranty:

The publisher and the author make no representation or warranties with respect to the accuracy or completeness of the contents of this work and specifically disclaim all warranties, including without limitations warranties of fitness for a particular purpose. No warranty may be created or extended by sales or promotional materials.

The advice and strategies contained herein may not be suitable for every situation. This work is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services except those explicitly stated by the publisher on its website or other forms of formal communications. Neither the publisher nor the author shall be liable for damages arising herein.

The fact that an organisation or website is referred to in this work as a citation and/or a potential source of further information does not mean that the author or the publisher endorses the information the organisation or website may provide or recommendations it may make. Further, readers should be aware that internet websites listed in this work may have changed or disappeared between when this work was written and when it is read.

About the Authors

Lap-Tin Tsun is the Managing Director of E&W Strategic Partners and has worked with and consulted across many well-known businesses in the financial services industry, such as MLC, Macquarie Group, ING Direct and AMP, for the past 10 years. Specialising in the areas of strategic business planning and business improvement, Lap-Tin has been involved in a number of major financial planning projects and has also delivered workshops and seminars on behalf of the Financial Planning Association and other groups.

Andrew Chan is a Senior Financial Adviser with Henderson Maxwell, an independently owned boutique fee-for-service financial planning business. Over the past 10 years, he has worked with a number of reputable businesses in the financial services industry, including CBA, ING, TD Securities, Macquarie Group and Westpac. Specialising in dealing with high net worth clients, superannuation strategy, retirement planning and self managed super fund advice Andrew has successfully delivered fee-for-service planning advice to all of his clients. Andrew is a Fellow of the Financial Services Institute of Australia, has a Graduate Diploma of Compliance and an Advanced Diploma in Financial Services.

About the Editor

Ian McKneil is a Senior Consultant with E&W Strategic Partners and has extensive experience in the financial planning industry. Prior to joining E&W Strategic Partners, Ian operated his own fee-for-service financial planning business for 14 years and in addition to his role as senior consultant, also teaches RG 146 requirements to new financial planning students in Sydney. Ian is a Certified Financial Planner and has a Diploma of Training and Assessment.

Table of Contents

1	WELCOME TO THE FEE-FOR-SERVICE HANDBOOK	7
1.1	HOW TO USE THIS HANDBOOK	8
1.2	THE MOVE TO FEE-FOR-SERVICE	10
1.3	CONSUMERS AND FINANCIAL PLANNING	18
1.4	A FEE DISCUSSION	22
1.5	BUILDING A FEE-FOR-SERVICE PRACTICE	26
1.6	CLOSING REMARKS FOR SECTION 1	35
2	DESIGNING A FEE-FOR-SERVICE BUSINESS	36
2.1	SETTING THE DIRECTION	40
2.2	DEFINING CLIENT SEGMENTS	58
2.3	DEVELOPING YOUR PROPOSITION	77
2.4	PROMOTING YOUR MESSAGE	90
2.5	DELIVERING YOUR SERVICE	108
2.6	BUILDING THE RIGHT TEAM	138
2.7	SELECTING THE RIGHT LOCATION	157
2.8	DEFINING A FEE MODEL	160
2.9	MODELLING THE OUTCOME	184
2.10	CLOSING REMARKS FOR SECTION 2	203
3	PLANNING FOR THE TRANSITION	205
3.1	IDENTIFYING THE GAPS	206
3.2	BUILDING THE CASE FOR CHANGE	217
3.3	DEVELOPING A PLAN FOR CHANGE	225
3.4	CLOSING REMARKS FOR SECTION 3	241
4	IMPLEMENTING & REVIEWING THE TRANSITION	242
4.1	STARTING THE TRANSITION	243
4.2	MANAGING THE TRANSITION	247
4.3	COMMON TRANSITION PROBLEMS	263
4.4	CLOSING & CONSOLIDATING THE TRANSITION	268
4.5	CLOSING REMARKS FOR SECTION 4	276
5	VARIOUS IMPLEMENTATION TOOLS	277
5.1	MARKETING & PROMOTION TOOLS	278
5.2	PLATFORM & PROCESS TIPS	283
5.3	PEOPLE MANAGEMENT TOOLS	285
5.4	PROJECT PLANNING TOOLS	293
6	WHERE TO FROM HERE?	295
7	APPENDIX	297

7.1	DIRECTORY OF TOOLS	298
7.2	FURTHER INFORMATION	300

Index of Case Studies

<i>Case Study 1 – Mapping Your Stakeholders</i>	43
<i>Case Study 2 – Profiling Your Key Stakeholders</i>	48
<i>Case Study 3 – Defining Your Business</i>	54
<i>Case Study 4 – Setting Your Objectives</i>	57
<i>Case Study 5 – Defining Your Client Segments</i>	64
<i>Case Study 6 – Finding Your Clients</i>	67
<i>Case Study 7 – What Your Clients Want</i>	71
<i>Case Study 8 – How Your Clients Want To Pay</i>	74
<i>Case Study 9 – Creating Your Proposition</i>	83
<i>Case Study 10 – Defining Your Services</i>	87
<i>Case Study 11 – Developing Your Brand</i>	97
<i>Case Study 12 – Creating Marketing Messages</i>	101
<i>Case Study 13 – Defining The Channels</i>	105
<i>Case Study 14 – Identifying Your Processes</i>	112
<i>Case Study 15 – Mapping Your Processes</i>	119
<i>Case Study 16 – Identifying Your Platforms</i>	122
<i>Case Study 17 – Evaluating Third Party Solutions</i>	126
<i>Case Study 18 – Costing Your Services</i>	135
<i>Case Study 19 – Assessing Capabilities</i>	145
<i>Case Study 20 – Bridging Capability Gaps</i>	148
<i>Case Study 21 – Setting Employee Expectations</i>	153
<i>Case Study 22 – Creating The Employee Value Proposition</i>	155
<i>Case Study 23 – Selecting A Fee Model For Your Services</i>	171
<i>Case Study 24 – Pricing Your Services</i>	181
<i>Case Study 25 – Identifying The Business Gaps</i>	209
<i>Case Study 26 – Developing The Initiatives</i>	215

1 Welcome To The Fee-For-Service Handbook

“What will fee-for-service mean for my business?”

“What will I have to do to prepare my business for fee-for-service?”

“Is it even worthwhile for me to convert my business to a fee-for-service business?”

These are some of the questions that, as consultants in the industry, we regularly get from financial planners who are wondering about how to respond to the fee-for-service challenges facing the industry.

And our most common response is, *“It depends... on what you want to do with your business.”*

This one point defines one of most interesting aspects of the fee-for-service changes flowing throughout the industry – that while the changes are the same broadly across the sector, the implications, and the outcomes, will be different for each and every financial planning business in the industry.

As a sign of the times ahead, we believe that this represents a very exciting time for the industry over the next few years, as existing businesses evolve and adapt, and new players enter the market to tap into the new range of opportunities that present themselves.

And it is from seeing this trend that we decided to create *The Fee-For-Service Handbook* as an instructional text filled with our combined expertise to help support both current and new financial planners by teaching and demonstrating a complete and comprehensive process to design, plan, and build their own fee-for-service practice, successfully and profitably.

What you will find in this handbook are our secrets, our know-how – the knowledge, experiences, skills and methodologies that we use with our clients – presented to you in an easy-to-understand and step-by-step approach that will give you the skills, knowledge, and tools that you will need to tackle the fee-for-service challenges to your business successfully head-on.

We are confident that everyone will find something useful for their business in this handbook. We urge you to take what you can out of it and make the most use of it in your own business.

Let’s start your fee-for-service journey!

1.1 How to use this handbook

Welcome to *The Fee-For-Service Handbook*. We have written this handbook to be a complete and comprehensive guide to helping you to transition your financial planning business to a completely fee-for-service business model, following an easy-to-understand, step-by-step approach that any owner or manager of a financial planning business can use.

At the beginning of each chapter, you will find a quick overview of what is covered in that chapter so that you can choose to read on or skip ahead at your leisure. The handbook has been designed so that you can work through it sequentially step-by-step, or if you are already familiar and confident with certain topics, to skip straight ahead to the areas you are most interested in.

The handbook has been separated into four main sections that cover the complete range of points and issues that you need to consider as you are working through the process of transitioning your business to fee-for-service:

In Section 1, *Welcome To The Fee-For-Service Handbook*, we take a quick look at the history of financial planning, and the trends in the industry driving the change from commissions-based payments to a “user-pays” fee-for-service environment.

In Section 2, *Designing A Fee-For-Service Business*, we start delving into what fee-for-service means for you and your business; where the opportunities are for you as a business; and creating the design of your new fee-for-service business model.

In Section 3, *Planning For The Transition*, we will discuss the planning of your fee-for-service transition – what are the initiatives, what are the priorities, what resources are needed, and how and when the transition will come altogether.

And finally, in Section 4, *Implementing & Reviewing The Transition*, we will look at the implementation of your fee-for-service transition: how to monitor and manage the progress of the transition; how to deal with issues and problems as they occur; and how to ensure that you tangibly realise the benefits of your transition and emerge on the other side with the outcome you are looking for – a profitable and successful fee-for-service business.

There are also some additional sections in the handbook that do not form part of the core fee-for-service approach, but have been included as they may assist you with your fee-for-service transition:

In Section 5, *Various Implementation Tools*, we have included a collection of additional tools and templates that you can use as part of your fee-for-service implementation, for other projects, or even on a regular, on-going basis in your business. These tools do not necessarily fit in the core sections, but can still be quite useful depending on the specific needs of your business.

In Section 6, *Where To From Here?*, we also briefly discuss some of the emerging trends and directions of the industry, and where the likely areas of focus will be for financial planning businesses in Australia over the next five to ten years. It is provided to give an indication of the likely trends, and be a thought-provoker and conversation-starter for your business.

And finally, in the *Appendix*, you will find a list of the tools and templates used in the Handbook, where to find them in the *e-Toolkit*; as well as links and references to other sources of information for your interest.

Looking for Tips, Tools & Examples?

Throughout this handbook, you will find various tips, tools, exercises, and case studies, to help guide you through your fee-for-service transition. You can easily identify a tip, tool, or example from the following icons:



Tips or Special Points of Note



Tools or Templates



Use Cases or Examples

You will find electronic versions of the tools used in this handbook in the *e-Toolkit* provided with the Handbook. Please refer to Chapter 7.1 Directory of Tools to find any of the tools that you need and use the instructions and case studies throughout the handbook to help implement these tools.

1.3 Consumers and Financial Planning

It is estimated that only about 20%-30%¹ of the Australian population have a financial planner, with a high proportion of that number falling either under a corporate fund with very limited interaction with the financial planner responsible for the relationship; or are one of the many inactive or unserved clients sitting on many financial planners' books; or who's interaction with their financial planner is limited at best.

The reality is that there are significant and ample opportunities for the financial planning industry to reach out to a greater share of the population and provide the valuable education and advice that only an experienced and qualified professional can provide.

However, despite the significant share of growth in 'mum and dad' investors; the above-trend increase in the number of HNW individuals in Australia, particularly due to the resources boom; the high percentage of involvement in investments due to compulsory superannuation; significant levels of property investment in Australia; newer and more complex investment opportunities and products; and an overall increase in the sophistication and knowledge of the typical investor, over the better part of the last two decades, financial planning has yet to become a mainstream trade – accepted as a source of truth and knowledge by the general populace.

Combined with the recent global financial crisis, when many individual investors were burnt on poor investments and an inability to plan for risk, and with the argument for professional advice and support no greater, the above issues are a testament to the many challenges facing the industry in working towards becoming accepted by the community.

The Barriers to Consumer Uptake

Undoubtedly, some of the challenges facing the industry were not helped by the widespread and critical coverage of some of the 'faces of guilt' representing the greed and excesses that brought about the GFC, such as Westpoint, as well as the (in)famous Storm Financial.

It is always unfortunate when an industry is tarred by the actions of a few, as many industries have had the ill-fortune of experiencing over the years. However, examples such as Storm Financial do highlight some of the common barriers and perceptions that the industry faces in reaching out to, and closing the gap, with clients. These include:

- A lack of understanding and awareness of what financial planners can do
- A lack of understanding and awareness of what financial planners **CANNOT** do (e.g. guarantee returns of 30% year on year)
- A lack of, or perceived lack of, transparency in the fees, costs, and remuneration of financial planners (creating a lack of trust due to possible conflicts of interest)
- A lack of understanding of the technical jargon, legalese, and documents used by financial planners (e.g. exception clauses, legalese in FSGs, PDSs, SoAs)
- Confusion between independent, aligned, and employed financial planners
- Confusion between "pure" financial planners (strategy-focused) or product salespersons (product-focused)
- A disconnect in the understanding of the value and relationship between the intangible (advice) and the tangible (product)
- A perception that financial planning is too expensive or "not worth the money"
- Easy and affordable access to other sources of financial information that previously have not been readily available to the general public (e.g. stock market reports)

However, arguably the biggest hurdle that the industry faces when trying to engage with consumers is purely a matter of **trust**, a natural side effect of the service-orientated nature of the profession. Indeed, financial planners have a significant gap in the level of trust from consumers, ranking sixth in order as a trusted source of information

¹ *Financial planning industry braces for reform* - The Australian (April 2010)

behind family & friends, people with financial experience, financial publications, gut instinct, and financial websites.² This presents the most significant hurdle in gaining acceptance for the industry in the marketplace.

² *Non-clients doubt advice from planners* – Money Management (Oct 2009)

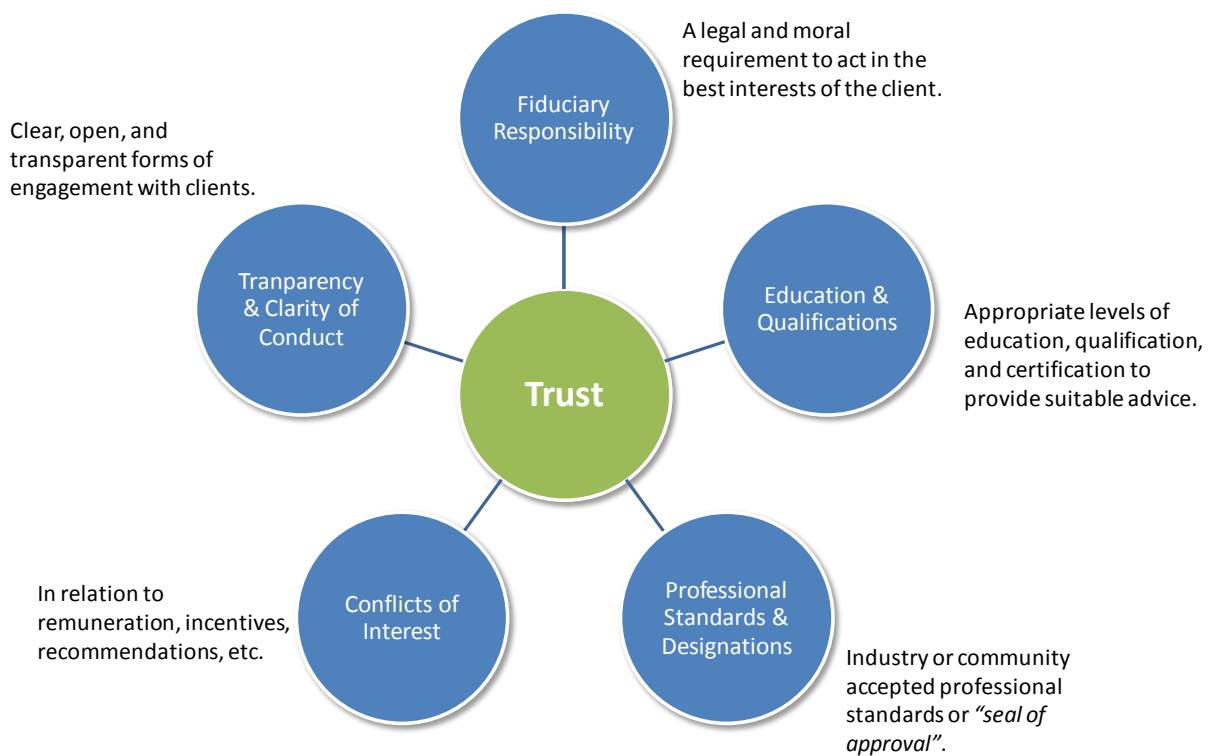
Trust as the Primary Factor

As with any services profession, trust forms a critical foundation for the relationship between the client and the professional, and in the case of financial planning, where a client’s entire present and future worth can be in the hands of a single individual, that need for unbreakable and unquestionable trust is arguably greater than any other similar profession. Such is the scope of what value a financial planner can provide for a client, but also the responsibility that, as a professional, they take on.

For us to fully understand *trust* within the concept of financial planning however, we need to be clear about the full concept of trust, beyond the warm and fuzzy concept of *trust* that exists in a congenial relationship, and is often misinterpreted as being a *professional level* of trust.

Indeed, as human beings, we tend to wish to implicitly assign trust based on gut instinct or rapport with someone, and whilst there is nothing technically incorrect with this approach, this ignores the one critical aspect that is unique to financial planning – that financial planners are in a unique position of having greater knowledge and, through their advice and recommendations, control over the total present and future financial well-being of their clients. This extends much further than what would be expected of say a typical accounting or legal engagement, where engagements are typically limited to a set and specific area.

With that in mind, if we try to define what is a *professional view* of trust as it relates to financial planning, several key factors come to mind:



When viewed in this context, the concern with commissions and the opportunities that fee-for-service brings become significantly clearer. Whilst commissions form only a small part of the entire picture of the client / planner interaction and relationship, in a relationship that requires such a high level of trust, commissions create an unnecessary and damaging barrier to trust, by creating, if not in reality, at least in perception, a conflict of interest in the mind of the client. Indeed, this leads to the next logical step of questioning the intent, motives, and incentives of the financial planner, and their ability to work purely in the best interests of the client.

This illustrates for us why, as an industry, there is an undeniable need to move towards a fee-for-service model not just for purely regulatory reasons, but for real and tangible business reasons, to adapt to a changing marketplace where consumers are more educated, savvy, and aware than at any other time in history; where information is

readily accessible and available at people's fingertips; and where the level of professional trust required is greater than ever before.

The transition to fee-for-service therefore forms a critical part of the necessary evolution and maturation of the industry, and it is important to take this into account as you begin to redesign and reposition your business for a fee-for-service environment.

2 Designing A Fee-For-Service Business

All business ideas initially start with an inkling of an opportunity and are, over time, built up and refined into a final product that can then be launched to market. In this way, the concept of building up your fee-for-service business is no different.

In the previous section we have looked at some of the history of the industry, fee-for-service and some of the prevailing trends, in order to provide you with the context to identify the opportunities that you see in fee-for-service for yourself and your business.

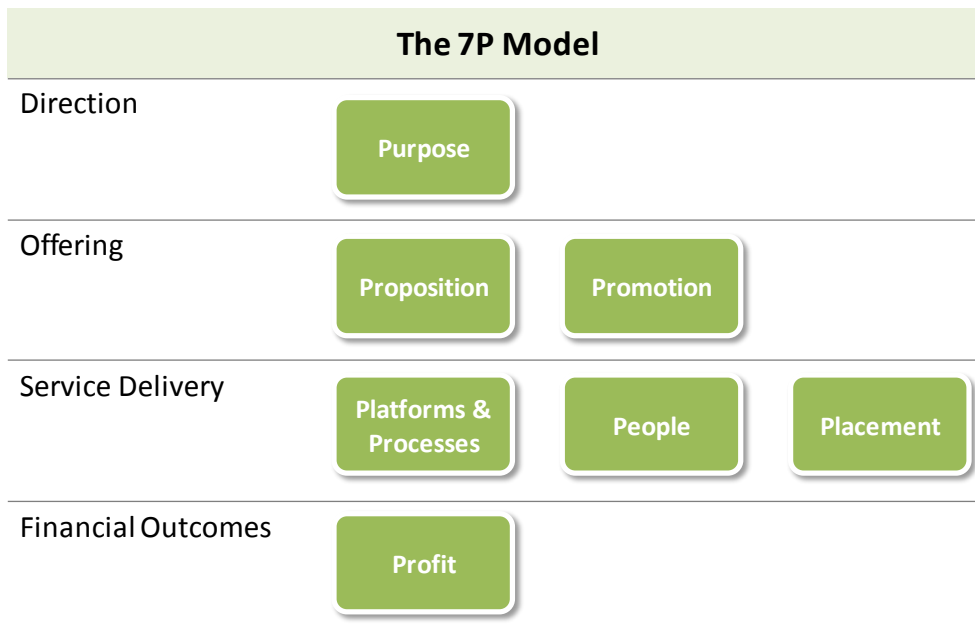
The next step is to actually define and build upon those opportunities to develop the full concept of what your business will look like in a fee-for-service world.

In developing the new model for your business, while some element of thought, time, innovation, iteration and luck is involved, it is just as crucial to have a structured approach to follow for two main reasons:

1. A structured approach helps to ensure that no critical elements are overlooked
2. A step-by-step approach can help to break down the problem into logical “chunks” that can actually be tackled and managed, as opposed to one large problem that is “too hard to solve”

In this section, we will be using such an approach to help walk you through the entire process of designing or redesigning your business for fee-for-service and taking you through the complete design process step-by-step: the different areas that need to be addressed, the tools that we use to help us develop and define each area, and case studies to realistically demonstrate how we actually go about redesigning a business from the ground up for fee-for-service.

The approach we will be using is based on a very commonly used model (termed the 7P model), popular both because of its simplicity but also its completeness in addressing all aspects of your business. We have broken it up into a chapter for each area of focus to make it easy for you to locate the information you require:



7P's	Related Chapter	Overview of Topics
Purpose	Setting the Direction	<p>Every business starts with a purpose – a set of goals and objectives that define its existence and what it does. In this chapter, we look at:</p> <ul style="list-style-type: none"> • Who are the various stakeholders that are a party to your business (including yourself)? • What are the various goals, objectives, and interests that these stakeholders have vested in your business? • How can we define an overarching purpose that aligns the goals and expectations of your stakeholders into a common theme or direction?
Purpose	Defining Client Segments	<p>Normally, customers would form part of the stakeholder analysis in the previous chapter, however, because of the customer-centric nature of fee-for-service, it is worthwhile separating customers out for further analysis:</p> <ul style="list-style-type: none"> • How do you define a robust client segment? • What are the traits, qualities and attributes that identify and define your selected client segment(s)? • What are the financial planning-related goals, aspirations, and needs that are common across each of your selected client segment(s)? • What is each client segment looking for in terms of a service from their financial planner?
Proposition	Developing Your Proposition	<p>Having clearly defined the target client segment(s) for your business and identified the goals and objectives of each segment, we then need to be able to define what value proposition your business will take to market:</p> <ul style="list-style-type: none"> • What value proposition(s) are most relevant to / best address the needs of each client segment? • What are the services that are required to support and deliver to each proposition?
Promotion	Promoting Your Message	<p>A business with great products and services but without any customers is still not a business. Inevitably, in a world where businesses want customers to buy, they have to market. This chapter looks at:</p> <ul style="list-style-type: none"> • How do you develop a brand that is consistent with your overall business? • How can you market and reach out to your target clients? • What messages should you use to sell to your target clients? • What mediums can you use that will achieve an effective coverage of your target clients?
Platforms & Processes	Delivering Your Service	<p>Once your value proposition and marketing are in place, the next area to look at is the delivery of your services. This includes:</p> <ul style="list-style-type: none"> • What are the processes that I have / require to deliver my services? • What tools and platforms do I need to effectively and efficiently deliver to and service my customers? • What is the cost associated with delivering my services? • What is the cost associated with running my business?

7P's	Related Chapter	Overview of Topics
People	Building the Right Team	<p>The people and resources you have in your team also play a critical part in the successful delivery of your services and it is important to ensure that you have the right team in place. To ensure this, we need to look at:</p> <ul style="list-style-type: none"> • What are the skills, experience and qualifications that I need to properly deliver my value propositions to my clients? • How can I best build a high-performing team? • How do I establish the foundation for the growth and development of my team into the future?
Placement	Selecting the Right Location	<p>The location, look, and feel of your office are also vital in ensuring the consistency and the promotion of your brand, and also to make your customers feel at ease on your premises. This means posing questions such as:</p> <ul style="list-style-type: none"> • Is/are my place(s) of business in the right locations to suit my target clients? • Are the facilities I offer consistent with the brand of my business, as well as the style and expectations of my target clients? • Are there any special requirements (e.g. wheelchair enabled access), some of which may be legislated, that I need to consider in line with my target clients?
Profit	Defining a Fee Model	<p>In taking into account all the above areas of your business, the picture is now complete enough to allow you to develop a final model of your fee-for-service business, and answer the following questions:</p> <ul style="list-style-type: none"> • What is the right fee model and pricing structure for my business given my target clients, proposition, and service delivery? • What are the likely / forecasted metrics of the financial performance of my business using my new fee model?

The particular approach that we have taken is straightforward and easy to follow, and will ensure that as you step through the handbook, that each area of your business is addressed in sufficient detail to ensure a complete and thorough outcome at the end of the day. As you will see, each section builds on the next until you arrive at a complete business model.



Tips Before Your Proceed

At this point, it is worthwhile mentioning a few useful tips before we start delving into the actual design process:

- As easy as the approach has been set up, you should not expect to rush through the entire design process too quickly. It is far better to allow yourself some time to build up the picture gradually step-by-step and reflect on each step.
- The other reason for allowing yourself some time is that the *design process is an iterative process*. For example, you might have defined a particular target client segment, but as you develop your service delivery capability, there might be gaps that require you to go back and refine your definition of a segment in order to scope out certain services that are too costly or difficult to deliver. Most of these refinements will only come with time, further thinking, and additional research, which, once again, is difficult to do properly in a short space of time.

- Recognising that different readers of this handbook may already be at different stages of development of their fee-for-service model, while the design approach has been set up to be worked through in a sequential manner, each chapter, and the tools related to each chapter, has been designed to work in unison, but also in a standalone context. Therefore, you may see, from time to time, some duplication in some of the tools that we use. In these cases, the simplest solution is to copy across any responses from the other tools, or alternatively, test yourself to see if you come back out with the same answers as before.
- The last tip is - where possible, don't do this in isolation! If you have a business partner or a team supporting you, get them involved in helping you to design the business. Not only will you have the opportunity to get more ideas and a broader range of views, but it is also a very useful and effective way to engage your team. If you do not have a team, then a mentor or trusted colleague is also a very useful person to bounce ideas off.

If you have any further questions regarding our design approach, please visit our Fee-For-Service Handbook forum on our website (<http://www.ewspartners.com.au>).

2.3 Developing Your Proposition

Objectives of this chapter:

- To develop a value proposition or set of propositions for your target client segments
- To identify the service offerings required to deliver each proposition

Tools covered in this chapter:

- Value Proposition Worksheet

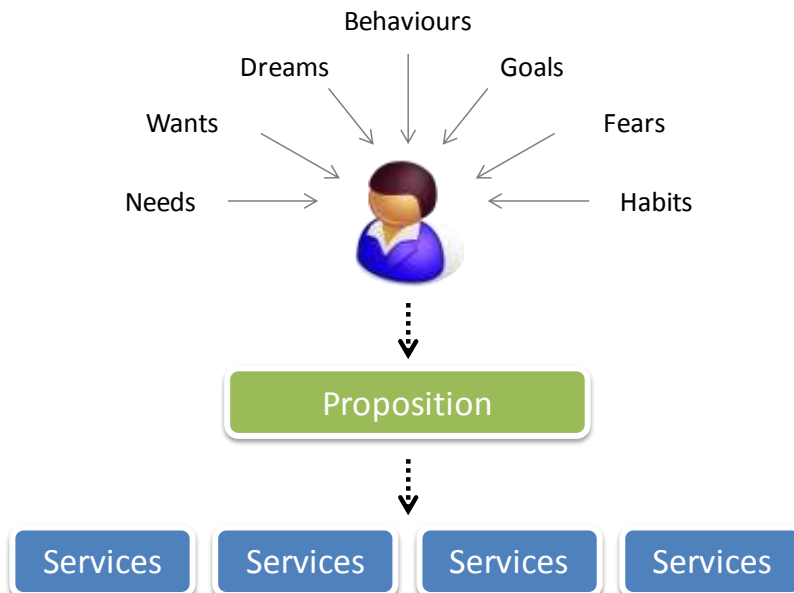
Once the stakeholders of your business have been identified, the purpose of your business set and the needs of your customer understood, then the next step in the design process is to develop the value proposition(s) and service offerings that your business will take to market and offer to your target client segments.

What is a Value Proposition?

In the previous chapter, we briefly touched upon customer needs and behaviours. In its simplest and most basic form, a proposition, or value proposition, is the articulation and definition of a product or service offering that addresses part or all of those customer needs.

An easy way to think of a value proposition is a statement that tells a client what your business intends to do for them and what value it will deliver for them.

However, by itself, a proposition is just a statement – a concept – and so, underneath every value proposition there needs to exist a set of products or services that help to actually deliver and realise the value proposition.



As an example, a customer might wish to eat healthy and get fit – this is the client’s need. The proposition is the offer of something healthy and fresh to eat, with an apple or fitness program the product or service by which the proposition is delivered and the need fulfilled.

Creating Client Specific Propositions

At the end of the day, in Australia, as with most modern economies, financial planning is very much a market-driven industry, and likewise, strong, commercial value propositions need to reflect the needs and wants of the market, your target clients.

Fortunately, if you have completed client segment profiles for each of your target client segments from Chapter 2.2 Defining Client Segments, then you already have much of the foundation for developing your value propositions, which is an additional reason why the client segment profiles are such a valuable exercise for any business.



As with identifying the needs and preferences of your target clients, be careful not to overlay your own views and biases onto the value propositions you develop.

Finding the Right Balance

Before we dive straight into developing the value propositions for your business, it is worthwhile looking at another aspect of the propositions that we have not discussed as yet.

Whilst it is true that a value proposition, should at its heart, be driven by the needs of the client, another aspect to consider is, *“What is your business willing to offer?”*

As with any business, the standard supply-demand dynamics apply and this is where the particular style and objectives of your business come in to play. Just because a client has certain needs, does not necessarily mean you have to service them all.



At this point, it is important to consider the purpose of your business and what it is you want it to achieve.

For example, if one of the objectives of your business is to be highly scalable and able to expand quickly within Australia and even possibly overseas, then a high-touch, high service, consultative approach to servicing your customers is unlikely to help you achieve such a goal.

Instead, if the objective of your business was to grow in a scalable fashion, an automated or semi-automated, lower-touch, cost-effective, efficient service would be more appropriate to give the room and capacity for growth.

Naturally, this has an immediate implication to the value proposition, indeed, to the client segments that your business is targeting. Either, if your client segments have been selected properly in the first instance, the clients you are targeting will be amenable and accepting of what your business wishes to offer, or alternatively, you will need to revisit your selected client segments and redefine and realign the segments to what your business wants to take to market. This is another example of the iterative process that we have previously highlighted.

Is it better to be a high-service business?

Within the financial planning industry, there have been many debates over the merits of the high-touch, consultative approach versus a faster, simpler, or “semi-transactional” approach to servicing clients.

Whilst it is true that higher-end services have been historically de rigour for the industry and are rationalised on the basis that it justifies the various price points for financial planning services, the significant increase in the uptake of intra-fund advice, particularly by industry fund members, as well as the launch of online advice platforms such as

SuperAdvisor would strongly indicate that there is an appetite in the marketplace for a broader range of services than is currently offered.

Therefore, this debate, in our opinion, misses the point and the point is:



“What do clients WANT and EXPECT from your business?”

And the unquestionable reality is that not all clients are the same, not all clients want nor need a full, complete, hands-on, high-touch service. Even amongst high net worth clients, the holy grail of financial planning, not all want to spend significant amounts of their valuable time face-to-face with a financial planner.

The answer really comes back to the question of what does your ideal type of client want or prefer and what do you as a business want to offer them. For example, as a business, you may wish to target (perhaps not exclusively) Generation Y or recent job entrants as a strategy for establishing and building relationships in preparation for the future.

For a business that may have 20-30 years or more of growth ahead of it, this is a perfectly sound and rational strategy. Indeed, it is a very clever strategy to position the business for strength over the coming years by accumulating a younger client base and growing with these clients over time.

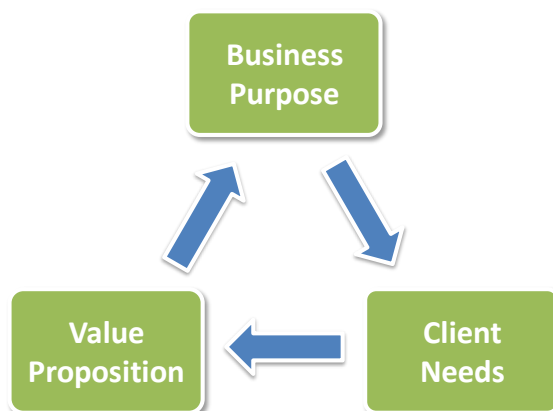
However, a high-touch, full consultation proposition for Gen Y or recent job starters is likely to be a difficult sell and likely to hit significant resistance with that target market.

Alternatively, a brief client segmentation exercise would flag some simple and straightforward needs likely around the following possibilities:

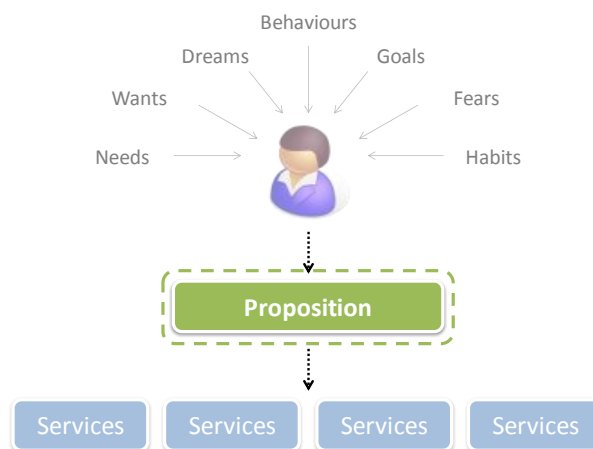
- Saving for investment / holiday / car
- Managing debt (e.g. credit cards, personal loans)
- Selecting a suitable super fund to support them throughout their (changing) career

Save for some exceptions to the rule, it would be pretty reasonable to say that short, simple, affordable offerings that address the immediate needs of this target market would be far more effective than a full-blown offering, with a view to introducing these clients to more significant offerings over time.

These are, therefore, some of the questions that you and your business will need to keep in mind as you are developing your propositions. This is the stage where the iteration between your business’ purpose, target client segments and proposition is likely to be at its highest.



Developing the Proposition



While developing value propositions always appear to be the *sexiest* part of a business, especially if you come from a marketing background, the reality of developing a value proposition is more down-to-earth and rationally-based than is typically presented in textbooks.

A value proposition must, at the end of the day, reflect the needs and objectives of the client segment that the proposition is designed for. It is possible that a particular segment may have multiple propositions, but typically, every proposition has a cost associated with it in terms of skills and resources that are required to deliver it and therefore it is best to keep to a nominal and manageable number of propositions.

This is also why we have consistently stressed throughout the last few chapters the need to define your client segments carefully and in a ‘tight’ way. Done correctly, this significantly increases not only the ease by which you can develop propositions for the segments, but also have a much higher level of accuracy and potential for success in hitting the target market with the **right proposition**. If you have too broad a client segment definition, then the value proposition you develop may only be relevant to 10-20% of the members in the segment, significantly reducing the accuracy and efficiency of your marketing and conversion and increasing your cost of acquisition.

With that in mind, the actual activity of creating a value proposition is not too difficult, particularly if you keep in the mind the following factors when creating a value proposition:

Factor	Your Perspective	Client’s Perspective
Relevant	Is the proposition relevant to the target client profile?	Does this matter to me?
Meaningful	Is the proposition meaningful enough to elicit interest from the target client profile?	Does this matter enough to me to spend my time, attention and money on?
Tangible	Does the proposition offer something of tangible and direct value?	What will I achieve out of this?
Consistent	Is the proposition consistent with how my business is positioned?	Is this consistent with what I expect from this business?
Realistic	Is the proposition realistic achievable, or is it overselling the impossible?	Can this business really deliver on its promise?



For Example:

Taking our Retirees segment again. If, as part of our analysis, we have assessed that their primary needs are to:

1. Ensure the continuity of their income and present lifestyle until death
2. Ensure that their remaining assets are appropriately disbursed to their next of kin upon their death

A possible proposition that we can develop to address this particular segment would be the following:

“To protect your income and assets for both you, your family and for future generations.”

This provides us with a clear, succinct proposition that encapsulates the identified needs of the target segment, but which is also:

Factor	Rationale
Relevant	Developing the proposition based off the identified client needs ensures this.
Meaningful	The protection of income and assets and the inclusion of future generations targets straight to the core of why this segment would go through the effort and cost of taking proactive action.
Tangible	The proposition can be shown to deliver tangible results through the protection of income, as well as a tangible plan for the disbursement of assets to future generations.
Consistent	This is consistent with the client segment and setup for the practice that we have developed to date.
Realistic	The proposition does not oversell or promise miracles, above average returns, or any expectations that would be considered to be unrealistic.

Articulating the Outcomes & Benefits

Next, we need to articulate the expected outcomes and benefits from the value proposition. Although the outcomes and benefits do not typically form part of the proposition statement, it is important that the expected outcomes and benefits are clear to you and your team, as it is highly useful not only for marketing purposes, but also in justifying the proposition to prospective clients.



For Example:

Using the proposition we developed previously:

- ***“To protect your income and assets for both you, your family and for future generations.”***

We can list the following outcomes and benefits for the proposition:

Outcome	Benefits
Protect your income and assets in retirement	<ul style="list-style-type: none"> • You can enjoy your retirement without having any financial worries • You can have the time and the finances to do all the things that you have wanted to do in life • No matter what happens, you’ll be OK, so your family won’t have to worry about you

Protect for future generations

- Your family, children and grandchildren will gain the full benefit of your assets upon death
- Your estate will be managed and allocated in exactly the way that you want it to be done

Remember, the best value propositions are not necessarily those that were created by a committee of marketing gurus, but by professionals like yourself, who understand what their customers are truly looking for.



You can use the Value Proposition Worksheet in the *e-Toolkit* to help you get started
(*e-Toolkit/Tools & Templates/2. Proposition*)



Case Study 9 – Creating Your Proposition



Value Proposition Worksheet

With the client segment profiled, it is now time to develop Exemplary’s value proposition for their *Professional working families* segment.

First, let’s recap on the needs and objectives identified for the segment:

Financial Objectives	Estimated Timeframe	Likely Priority
	S / M / L	C / I
<ul style="list-style-type: none"> Managing cashflow and paying off debts as quickly as possible Protecting family in the event of accident, illness, or death Saving for family holidays Preparing for retirement 	S S M L	C C I C
Non-Financial Objectives	Estimated Timeframe	Likely Priority
	S / M / L	C / I
<ul style="list-style-type: none"> Ensuring that needs of children are supported (e.g. education, health) Considerations for lifestyle post-children (i.e. empty nesting), including downsizing, relocation, etc. 	M L	C C

Let’s also recap on Exemplary’s purpose statement, as that forms part of the input into the value proposition:

Taking into account the inputs from your various stakeholders, what is the purpose statement for your business?
<ul style="list-style-type: none"> To offer our clients a comprehensive and holistic financial planning service that values the long-term relationship between us and our clients, and supports our clients through their life journey, from building a working family until retirement. To offer our team a workplace where they can be challenged everyday to perform their best for our clients.

Unsurprisingly, we can see certain common elements from Exemplary’s purpose statement, with the “whole-of-life” view of the needs of the client segment.

In line with that, Exemplary developed the following value proposition for the *Professional working families* segment:

- Enhancing the financial well-being of you and your family, for now, and until retirement.**

This value proposition encapsulates the holistic approach and style of Exemplary, while also honing in on the particular angles of financial well-being, family, and the “now until retirement” that it sees as being important to the *Professional working families* segment.

Next, we need to look at the outcomes and benefits of the value proposition. As much as possible, these outcomes and benefits should relate directly back to the stated client needs – this helps to complete the loop between client needs – service – and realisation.

In the case of Exemplary, they have identified the following outcomes and benefits of their value proposition from above:

Articulating the Benefits & Outcomes:

What outcomes and benefits should the client expect from the proposition?

- Protecting you and your family in case the unexpected happens
- Ensuring that you build your income and assets for retirement
- Giving your children the education and opportunities that they deserve
- Have the flexibility to change your lifestyle as your needs change

And when we look back at the identified needs, we can see that the outcomes and benefits relate back very closely to the needs.

Therefore, as a value proposition, this is a reasonably solid proposition that shows a direct correlation between what the client wants and what the business is offering to deliver for the client.

Testing the Proposition

Of course, once you have a proposition in place, what do you do with it? In its current state, it is not ready to go to market yet, and if you have just completed your first proposition, then it is likely to still be in an unpolished state. Therefore, to truly develop and refine your proposition, you need to test it.

However, in our experience, the only true test of a proposition is when you take it to market. Naturally, there is obviously an element of cost and risk associated with that.

Alternatively, while not a perfect simulation, it is nevertheless useful to run it by staff, colleagues, or even existing clients as a hypothetical possibility, to see what reactions and feedback you garner.

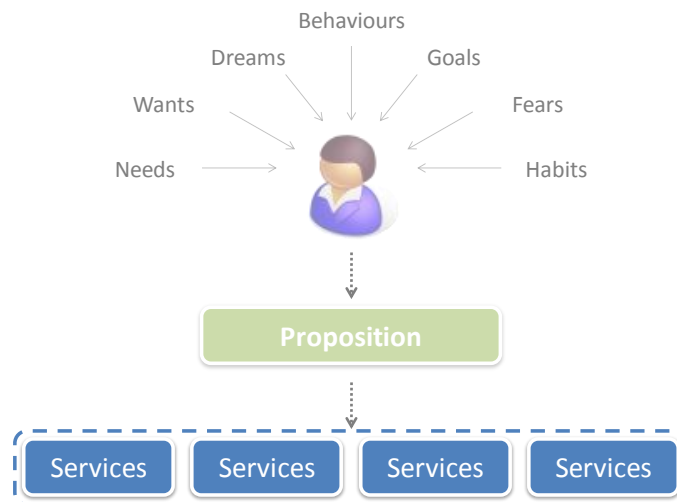
Keep in mind that when it is a hypothetical, because there is no commitment, the general reaction for most people is to say, "Yes", or "That sounds good" if you just ask them if they like the proposition. (Generally, people like to please, and therefore provide favourable responses.)

A more accurate approach would be to ask them to reverse engineer the proposition:

- *"What do you see as going into or making up this proposition?"*
- *"Who do you think would respond best to this proposition?"*
- *"How interested would you be in this proposition on a scale of 1 to 10?"*
- *"How big a market do you think a proposition like this would appeal to?"*

If the person you are asking is able to reverse engineer the proposition back to your original target market, or generally in the same area, then you can have a higher level of confidence that your proposition makes sense and is on the right track.

Crafting the Services



As we mentioned before, a value proposition by itself is merely a statement – a statement of intent to do something. Particularly when it comes to financial planning, it is the services that underpin the proposition that are the actual means of delivering upon the proposition, whether it is via:

- A superannuation review
- An estate planning service
- A monthly newsletter

or any other services that your business can or wants to offer.

(Note: For many other industries and professions, generally, each proposition relates to one service, and so the generation and definition of the proposition and services typically happens at the same time. Financial planning is different in that, often, services are bundled up into a single proposition, hence the additional step.)

Therefore, once your proposition is finalised, the next step is to identify the services that you believe will be required to properly deliver to the requirements implied by the proposition and the intended outcomes of the proposition.



A value proposition is just a statement; the underlying services are what you use to deliver it



For Example:

Using the same proposition as we have previously

- ***“To protect your income and assets for both you, your family, and for future generations.”***

We can identify (not exhaustively) that the following services are likely to be required to deliver on the proposition:

- A complete review of investments and assets
- Lifestyle planning for future income requirements and expenditure
- Risk profiling / asset allocation
- Taxation minimisation and Government benefits review
- Estate planning
- On-going / periodic reviews

While the exact make-up of services will obviously differ depending on the particular perspective, style, and strengths of your business, identifying and understanding what services will be required to deliver each of your value propositions is vital as it not only sets the basis for what capabilities your business will require, but also provides an indication of the likely cost (to your business) and pricing (to the customer) of your services.



Case Study 10 – Defining Your Services



Value Proposition Worksheet

With the initial value proposition in place for the *Professional working families* segment, the next step is to define the services that go into Exemplary's value proposition, recapped below:

- **Enhancing the financial well-being of you and your family, for now, and until retirement.**

In Exemplary's case, in looking at the value proposition, the outcomes and benefits for the clients of the value proposition, and also the needs of the client segment, they have defined the following as the services that will go into making up their value proposition for the *Professional working families* segment:

Delivering the Value Proposition:

What are the services that would be required to deliver upon the proposition?

- Budget, cashflow and debt review
- Superannuation & retirement planning
- Income, life, and trauma protection
- Risk profiling and asset allocation
- On-going review with savings plan

These are the services that Exemplary sees as core to delivering on the value proposition.

It is important to note that, this does not necessarily mean the value proposition is limited to just these services. They form the primary core of the proposition, but, depending on your specific client segments, there may also be requirements for additional services on top, which as a business you can decide to either:

- Include into the proposition;
- Provide as add-on, additional-cost services;
- Pass on to an affiliate; or
- Not provide at all.

Once again, this is a specific decision that you would make as part of your own business, based on whether you feel that it fits with the style and objectives (purpose) of your business.

Lastly, now that both the value proposition and the services are in place, it is worthwhile to take a look at the entire package as it stands now, and assess what fee structures will most likely suit the value proposition.

In Exemplary's case, after reviewing their value proposition and the service offerings that go into the proposition, they have assessed the following fee structure as a good fit for their proposition:

Are there any service structures that would be appropriate for this proposition? (e.g. Service packages, tiered servicing, etc.)

- Single service package, annual on-going fee
- Possibly tiered by size / complexity of family

When we review the **Client Segment Profile** that Exemplary developed for the *Professional working families* segment, we can see that Exemplary has indicated the following as what they believe to be the likely preferences for fee structures for the segment:

What fee structures will be most preferred by this segment (if known)?				
Time-based	Fixed-Price	Asset-based	Hybrid	Other
	Y	Y	Y	

From Exemplary’s example, we can see that there is a good fit between the fee model that suits the value proposition, with what Exemplary sees their client segment as being amenable to. This means that, as a whole, the proposition that Exemplary has created has, along every step of the way, been demonstrated to be aligned with their understanding of the needs, objectives and preferences of the client segment. This gives us confidence that this value proposition will have a high chance of success with the client segment, and further research and testing would help us to either confirm this, or allow us to identify the places where refinements or changes need to be made to improve the proposition.

Closing Remarks

Congratulations for the hard work. The stages you have just gone through are typically the most difficult and time-consuming for planners to go through, so you should give yourself a pat on the back for all your effort.

That said, there is still a long way to go in designing and redeveloping the rest of your business to be fee-for-service ready.

At this point, it is useful to take a step back and give yourself an opportunity to review what you have done and make sure that it still makes sense, and that it is still consistent with your original thoughts and plans for your business. If not, then it pays to revisit previous chapters to ensure that your thoughts and design for your business are still consistent throughout. It is much easier in the long run to take the time to ensure that the foundation is solid, than try to reinforce the foundation after the house has already been built on top of it.



Take the time to make sure that your business purpose, client needs, and proposition are in alignment before proceeding too much further, as they set the scene for the rest of the design of your fee-for-service solution.

Also, do not be discouraged if you find yourself revisiting this a few times over. This is perfectly normal and is an integral part of the thought process. Indeed, if done correctly, it should be a discipline that becomes second nature and something that you do on a regular basis to review the state of your business.



Good businesses are constantly re-evaluating and reiterating their business. It takes time to get used to, but once you are into the habit, you will find it an invaluable skill to have.

We have designed the process and the tools in this book to be as simple and straightforward as possible so please take advantage of it and use and reuse them over and over again if needed. It is far better value to spend 20-30 minutes reviewing your propositions and creating a better outcome, than skimping on 30 minutes and launching with a proposition that may not be the best fit for your target segments.

3 Planning For The Transition

Having completed the design of your fee-for-service business, it is a natural reaction to want to jump straight into the implementation (or transition) of your business.

However, before we can do that, there is another important step that we need to take, which is to plan out your transition – what are the things that you need to do, how you will do them, who will help you do them and how long it will take.

It is also important to remember that the implementation of your new fee-for-service business model is basically a project and all projects have costs associated with them. Therefore, it is important for you to have a solid transition plan in place so that you can manage your transition as efficiently and cost-effectively as possible.

In this section we will therefore be moving away from focusing on the ‘business’ aspects and focusing on the project management / planning side, using the specifics of the design you have created to create your transition plan.

Therefore, you may notice occasional differences in the style and format of this section compared to the previous section. This is purely to help present the material in a more appropriate manner.

3.2 Building the Case for Change

Objectives of this chapter:

- To develop a business case for the fee-for-service transition of your business
- To allocate and prioritise initiatives for your transition plans

Tools covered in this chapter:

- Transition Planning Tool

The next step that we need to undertake as part of the planning process for the transition of your business to fee-for-service is to build a business case for the transition.

It may seem that the need to transition your business to fee-for-service is a natural conclusion, given that it is happening both here in Australia as well overseas. However, on a micro-economic level, there are two things that need to be considered:

1. The total cost and effort that is required to transition your current business, due to the legacy components of the business, may be too high to justify transitioning your current business. Other alternative strategies may need to be considered in that instance.
2. Given the budgetary and resourcing constraints of your business, it may be that only certain parts of the transition plan can be reasonably achieved, and the remainder of the activities prioritised or deferred depending on their criticality to the business and when budget and / or resources become available.

Therefore, it makes business sense to properly assess what is realistically within range for your business and ensure that the end results justify the cost and effort associated with it.

Prioritising Your Initiatives

However, before we can look at the business case for your fee-for-service transition, we need to first properly assess the size and scope of the transition based on the initiatives that you developed in the previous chapter.

In order to do this, we need to consolidate them into a single view in order to allow us to prioritise them. There are many possible ways of doing this, with one of the easiest and most common ways being to use a spreadsheet.



You can use the Initiatives List & Priority worksheet in the Transition Planning Tool in the *e-Toolkit* to help you get started

(*e-Toolkit/Tools & Templates/7. Planning*)

Initiative Prioritisation						
# Initiative Name	Mandatory Prerequisite	Priority (H/M/L)	Recommended Work Group	Estimated Effort (daj)	Estimated Cost	Description of Benefits
1 Develop Family/Life advice package + transition	Yes	High	1 - Must Do	8	3,000	Our new FFS value proposition
2 Education institution marketing strategy	No	High	2 - Important	3	2,000	As part of our new FFS, we want to target schools and other education organisations as a source for clients.
3 Redevelop direct mail materials	No	High	2 - Important	3	1,000	Our existing direct mail material needs to be updated with our new VP and marketing messages. This should mean better response rates and clients.
4 Investigate seminar opportunities	No	Medium	3 - Nice to have	2	-	Seminars can help us to increase our number of leads
5 Review client engagement processes (incl pre-qual)	Yes	High	1 - Must Do	10	500	Improve client conversion rates and quality of service
6 Establish payment collections platform	Yes	High	1 - Must Do	10	2,000	Improve and make more efficient our ability to collect payments from clients
7 Formalise client referral process	No	High	2 - Important	4	500	Improved rates of client referrals
8 Establish half-yearly business planning cycle	No	Medium	3 - Nice to Have	5	3,000	Improve performance of business. Allow us to regularly checkpoint and refocus the business in the right direction
9 Review CRM platform	Yes	Medium	1 - Must Do	5	2,000	CRM platform will allow us to track performance of marketing campaigns
10 Review accounting package	Yes	Low	2 - Important	2	-	Ensure that our accounting software can support the needs of the business
11 In-house FFS implementation training	Yes	High	1 - Must Do	10	-	Training required to get all team members across changes

The first step is to take the initiatives that you identified and developed previously and enter them into the **Initiatives Prioritisation** section as shown. Note that the list of initiatives only provides a summary snapshot of each initiative. The crux of the detail, in particular activities and milestones, should be driven from the **Initiative Template**. This allows you to focus exclusively on the detail of each initiative one at a time and step back and take an overall view of the totality of the initiatives when looking at the **Initiatives Prioritisation** section.

There are certain fields which are used in the **Initiatives Prioritisation** section and we will go over them in detail now:

Mandatory Information: (The User/Auto column indicates whether a particular field is automatically populated [Auto], or requires user entry of data [User].)

Field	User/Auto	Description
#	Auto	Unique identifier for each initiative.
Initiative Name	User	The name of each initiative. You may choose to take this directly from the initiatives that you developed in Chapter Error! Reference source not found. Error! Reference source not found. , or use a new name if you are consolidating multiple initiatives together.
Mandatory Prerequisite	User	[Yes / No] Some initiatives, although they may not have direct financial return, are required in order to support other initiatives or establish foundation pieces that are critical for the business (e.g. a payment system). These initiatives, because of their mandatory nature, receive a higher rating despite a lack of immediate or direct benefits.
Priority	User	[High / Medium / Low] When considering the priority of an initiative, there are a few factors that you should consider, including: <ul style="list-style-type: none"> • Costs versus benefits – initiatives with higher benefit to cost ratios should have higher priorities • Timing – initiatives that are required earlier, or have a longer lead time for return on investment, should be considered for higher priorities • Simplicity / Complexity – simple ‘quick win’ initiatives may also justify a higher prioritisation <p>The key purpose of assessing the priority is to indicate which initiatives you believe should be tackled first. This allows you to focus your attention and resources on the areas that are more critical to your business upfront.</p>

Field	User/Auto	Description
Recommended Work Group	Auto / User	<p>[1 – Must Do, 2 – Important, 3 – Nice to Have]</p> <p>Based on the <i>Mandatory Prerequisite</i> and <i>Priority fields</i>, the Transition Planning Tool automatically recommends the work group for each initiative. This begins the prioritisation process as you start to allocate each initiative into a work group based on its importance and priority to your business.</p> <p>Although the <i>Recommended Work Group</i> is automatically calculated, you can manually override the recommendation by manually selecting a work group from the dropdown box for each initiative.</p> <p>See below for a summary of the different work groups.</p>
Estimated Effort (days)	User	Based on the details of the initiative as developed in the Initiative Template , this is the summary of the total estimated effort, in days, for the initiative.
Estimated Cost (\$)	User	Based on the details of the initiative as developed in the Initiative Template , this is the summary of the total estimated cost for the initiative. This covers non-employee costs such as printing, contractors, design, advertising, etc.
Description of Benefits	User	A summary of the benefits of the initiative based on the details developed in the Initiative Template .

Allocating into Work Groups

At this point, with the details of your initiatives consolidated into a single view, the process of prioritising them can begin by allocating your initiatives into initial work groups. Although this is initially done for you by the **Transition Planning Tool**, you can manually override and allocate your own work group for each initiative based on your assessment of their fit against the following criteria for each work group:

Summary of Work Groups:

#	Work Group	Description	% of Value of Total Transition ³
1	Must Do	These are the initiatives that either provide the foundation for the rest of the transition or business and/or deliver the greatest benefits to the business.	40-80%
2	Important	These are the initiatives that do not form a fundamental part of the transition or the business, but are important in terms of delivering the benefits or capabilities needed to realise the new business model.	20-60%
3	Nice to Have	These are the initiatives that, in the ideal world, with unlimited time and resources, you would do, but at the end of the day, if not done, would have only a minimal to moderate impact to your business. Not completing these initiatives should not materially impact on realising your new business model.	0-30%

The purpose of using these work groups is to provide you with a way of grouping and prioritising the initiatives in your transition plan into easy-to-manage groups that you can then use as part of assessing your business case for the transition.

³ This refers to the % of the value or benefit that each workgroup delivers to the total benefits of the project.

This is a far easier method than attempting to assess each initiative individually, or as a total group of many different initiatives, as the reality of every transition is that there will be some initiatives that you *must do*, some that are *important* for your business to do and others which are *nice to do*, but in a world of limited time and resources, may need to take a backseat until a more opportune moment presents itself.

When you have completed the allocation of your initiatives into the different work groups, you can then use the **Work Group Summary** section to gain a summary view of your initiatives by work group, as well as the total effort and cost for each work group:

Initiative List & Prioritisation			
Average Daily Resource Rate:	400		
Work Group Summary			
Work Group	Total Effort	Total Cost	Total Effort + Cost
1 - Must Do	43	7,500	24,700
2 - Important	14	3,500	9,100
3 - Nice to Have	7	3,000	5,800
Total Effort / Cost	64	14,000	
Total Cost (Effort Converted to Rate):			39,600

The *Average Daily Resource Rate* is used to convert the effort (in days) of each work group into an approximate resource cost rate that is added to the total cost to provide a final \$ cost figure for each work group, as well as the total for all the initiatives in your transition plan. Whilst this factor is not an exact figure, it provides a reasonable approximation for the likely total costs of the transition.

With the initiatives prioritised and work groups allocated, you now have the summary information that you require in order to assess the business case for your fee-for-service transition.

4 Implementing & Reviewing The Transition

Now that we have successfully covered both the Design and Plan phases, we can move onto the final phase of our fee-for-service transition approach: Implementation & Review.

In the Implementation & Review phase, the culmination of all the work that you have done in the previous phases will start to show, as you begin to put what you have designed into practice, and take concepts into the realm of reality.

In this phase, you and your team will need to get into the nitty gritty of building the marketing materials, the sales and service processes, the tools and platforms that you will use and all the different aspects that will go into making your fee-for-service business model a real, working business.

That said, while this sounds like a significant amount of work, and it should not be underestimated by any means, if you have completed both the Design and Planning phases as we have discussed in the handbook to date, then you should already have a very clear plan of what it is that you and your team need to do and what you need to build. This will make your implementation vastly easier by breaking a large task down into logical and manageable steps and is the reason why so much time has been dedicated to the Design and Planning components of the process.

For Section 4, we have approached the handbook differently to how we have done so in the previous sections. Because every implementation will be different depending on what initiatives you have as part of your plan, it is difficult for us to discuss any one specific implementation. Instead, in this section, we will cover certain general topics around Implementation, specifically:

1. Monitoring and managing your transition implementation;
2. Common fee-for-service implementation issues;
3. Handling and reviewing general implementation risks, issues and problems that may occur;
4. Testing and iteration of your deliverables; and finally
5. Realising the benefits of your transition.

There are also a range of tools that can help you with your fee-for-service implementation. We will cover these tools in more detail in Section 5 Various Implementation Tools.

7 Appendix

In the Appendix, you will find a directory of the tools provided with the handbook, as well as references to other sources of information that may assist you and your business in your fee-for-service transition.

7.1 Directory of Tools

The following list shows you where you can find each of the tools referenced in the handbook in the *e-Toolkit* cd provided with the handbook:

Chapter	Tool	Directory under e-Toolkit/Tools & Templates/
2.1 Setting The Direction	Business Profile Worksheet	1. Purpose
	Key Stakeholder Profile Worksheet	1. Purpose
	Stakeholder Map Template	1. Purpose
2.2 Defining Client Segments	Client Segment Profile Worksheet	1. Purpose
2.3 Developing Your Proposition	Value Proposition Worksheet	2. Proposition
2.4 Promoting Your Messages	Developing Your Brand Worksheet	3. Promotion
	Marketing Channels & Opportunities Quick Reference Guide	3. Promotion
	Marketing Plan Template	3. Promotion
2.5 Delivering Your Services	Financial Model & Cost of Service Tool	6. Profit
	Platform Inventory Template	4. Platforms & Processes
	Process Inventory Template	4. Platforms & Processes
	Process Mapping Template	4. Platforms & Processes
	Third Party Evaluation Template	4. Platforms & Processes
2.6 Building The Right Team	Capability Assessment Template	5. People
	Employee Value Proposition Template	5. People
2.8 Defining A Fee Model	Fee Model & Pricing Structure Template	6. Profit
	Financial Model & Cost of Service Tool	6. Profit
2.9 Modelling The Outcome	Financial Model & Cost of Service Tool	6. Profit
3.1 Identifying The Gaps	Gap Analysis Template	7. Planning

Chapter	Tool	Directory under e-Toolkit/Tools & Templates/
	Initiative Template	7. Planning
3.2 Building The Case For Change	Transition Planning Tool	7. Planning
3.3 Developing A Plan For Change	Transition Planning Tool	7. Planning
4.2 Managing The Transition	Status Report Template	7. Planning
	Transition Planning Tool	7. Planning
4.4 Closing & Consolidating The Transition	Post Implementation Review Template	7. Planning
5.1 Marketing & Promotion tools	Marketing Brief Worksheet	3. Promotion
	Marketing Calendar	3. Promotion
	Marketing Channels & Opportunities Quick Reference Guide	3. Promotion
5.3 People Management Tools	Job Description Template	5. People
	Performance Development Plan Template	5. People
	Training Brief Template	5. People
5.4 Project Planning Tools	Timesheet Template	7. Planning

You will also find sample versions of most of the tools under the *e-Toolkit/Examples & Case Studies/* directory.

7.2 Further Information

For questions, queries, or support regarding any of the materials covered in **The Fee-For-Service Handbook**, please contact:

E&W Strategic Partners Pty Ltd

Level 20, Tower A, The Zenith, 821 Pacific Hwy

Chatswood NSW 2067

Australia

P: +61 2 9419 5878

E: info@ewspartners.com.au

W: <http://www.ewspartners.com.au>

On our website, you will find **The Fee-For-Service Handbook** forum on where you can find further information, share questions and thoughts with your industry colleagues and receive feedback and answers to your questions.

We can also offer you dedicated email and telephone support for your business in different areas, including:

- Assessing the impact of fee-for-service to your business,
- Developing your value propositions & service offerings,
- Analysing your cost of service and developing your financial model,
- Evaluating your business platforms and third party vendors,
- Recommending fee-for-service options for your business,
- Project managing your fee-for-service transition,
- And other areas of expertise covered in this book.

For assistance, please send any questions you have to info@ewspartners.com.au or call us on **(02) 9419 5878**. Please note that some of these services may incur additional fees.

Other Sources of Information

Financial Planning Association	http://www.fpa.asn.au
Association of Financial Advisers	http://www.afa.asn.au
Australian Securities & Investments Commission	http://www.asic.gov.au
Future of Financial Advice	http://futureofadvice.treasury.gov.au
Australia's Future Tax System Review	http://taxreview.treasury.gov.au
Super System Review	http://www.supersystemreview.gov.au