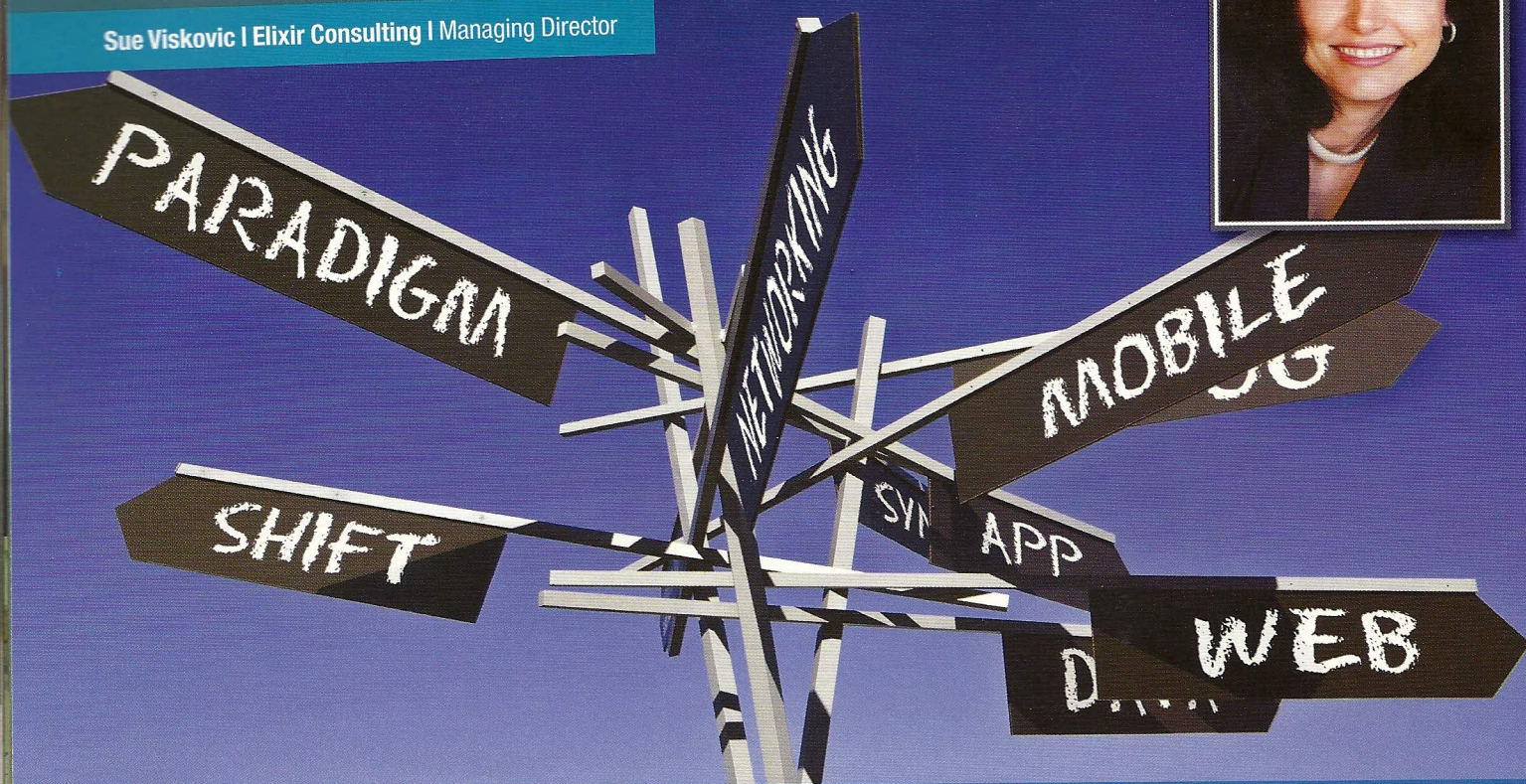


WILL FOFA create a Paradigm Shift?

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Paradigm Shift:

"A complete change in thinking or belief systems that allows the creation of a new condition previously thought impossible or unacceptable"

The Future of Financial Advice reforms, whilst having a few details that are yet to be finalised, will ultimately mean the end of commission-based financial advice on investment products. Whether or not that ban extends to Insurance advice is yet to be seen – certainly the initial FOFA paper states that Insurance will not be included in the first round of changes in July 2012, however there is further consultation being taken in this space.

As the MD of a business that delivers Business Coaching support to financial planners around Australia, I know that this evolution is great news to every Financial Planning business. Yes, it will mean significant change for many, and yes, that change will bring with it much

anxiety and fear for some advisers, however, we know that it will have a positive outcome for most, if they embrace the change and see it for what it is – a vital step in the process of taking control of their business.

You see my team has coached hundreds of advice firms over the past decade and time and time again, we have come across businesses that have great intentions of providing outstanding advice to their clients, and yet they fall short of being able to achieve the outcomes they seek for their business (and sometimes, their clients). In many cases, this is because they cannot charge the right amount at the right time in their advice process, and they are burdened by the need to place investments in a product for each and every client. Despite their best intentions, the structure of their remuneration model prevents them from running their business 'like a business' and being empowered to make

the decisions they need to in their practice.

The great news is that it's now a lot easier to make the change in your business, with a plethora of service providers offering assistance and every product provider adjusting their administration to enable fee-based adviser pricing models. For many advisers, the FOFA reforms will simply provide the impetus to get on with a change they'd been contemplating for a while. Others will require a complete paradigm shift to first embrace the change, and then determine a way to create it within their business. Either way, it is incredibly important for a business to get their pricing model right, and get a true handle on both the art and science of pricing their advice.

Creating a Pricing Model

Changing one of the major fundamentals of your business can be a

