

# Proposing a fee for advice

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Friday, 30 October 2015 | Staff Reporter

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During the AFA's 2015 National Conference, Elixir Consulting managing director Sue Viskovic moderated a discussion between risk specialists PJ Byrne of Mr Insurance and Adam Smith of Succession Matters about how they charge their clients a fee and find new business.

**Sue Viskovic:** Adam, can you give us an insight into your business?

**Adam Smith:** Like many here today, I have been grappling with the whole issue, and I have spent probably a good part of the last four years trying to find risk advisers around the country positioning fees – it has been a struggle.

But I began in the industry in 1990 as a tied agent with AMP, which incidentally was a two year responsibility; that didn't work and, over time, I remembered something my manager told me when I first started. He said, 'if you're not growing, you're going', and I took that as I need to continually be growing and redefining what I do and why I do it. So, in 2006, I worked up the courage to charge a fee – what I call a plan preparation fee.

If I can give anyone advice, start small – I charge \$300 plus GST. It wasn't a large fee, but for me it was massive because I have grown up on commissions and when you grow up on commissions, charging a fee is hard.

What I decided to do was, I needed to demonstrate the value and charge that fee. What I found was once I did that, positioning that fee was very easy.

I have now been doing that for nearly ten years, and what I found was I got better and better at it and now I can just do it all the time. So where is the next part of the journey? Well, I was thinking about five years ago that I need to deepen the conversation with my clients, and that's when I decided to get into estate planning. And for me, estate planning is a continuation of the risk conversation. And again, I went through the process that if I am going to charge a fee, I need to be able to demonstrate my value. So I created a process that I take my clients through and what I found was that we are natural sales people and I was able to convey the value, I was able to demonstrate how I could help people and charging a fee for estate planning became second nature.

**Sue Viskovic:** PJ, tell us about your business.

**PJ Byrne:** We are a Brisbane-based risk practice and we have predominantly 50 per cent of our business in Brisbane and the Gold Coast. So we go face-to-face or have people come to our office. Interestingly enough, we have a telephone call centre for a not-for-profit organisation that has members throughout Australia.

We took on the mission to charge an advice fee for risk-only advice in January and we do that both in person when we meet a new prospect and also over the phone. If you think it is hard doing it in person, you should try doing it over the phone.

We started [charging fees] in January – we just manned up and did it. I was very much arguing with Mark Rando for four years that the industry just couldn't do it. We tried and found you can. Now, our advice is a lot more appreciated, we are valued more, clients get information back to us – it is a whole better relationship.

We are not having any conversations around quotes, but what do clients need help with and is there a solution in an insurance product.

For us, I do wish I had [started] it earlier and I can totally relate to all the fear and the concern about it. But if you can take a small bite – I just can't talk it up enough. It's not only helped us, but the way the clients deal with the team, we are only going to have better relationships going into the future.

**Sue Viskovic:** Now, there is a slight difference between these two businesses. Obviously they are both risk specialists and Adam also has the estate planning arm. But how do you guys get new business? Where do you find your opportunities?

**PJ Byrne:** We have a few loose referral arrangements with some accountants and mortgage brokers. We have this call centre for a not-for-profit organisation for trade members to call in. So we are providing advice to tradies, mums and dads, right through to business owners.

**Sue Viskovic:** And Adam, where do you find your new business?

**Adam Smith:** Well we are set up as a specialist business. I always use the analogy of the medical profession, where we are the specialists and for us, the financial planners and the accountants are the GPs and I spend a great deal of time with them.

I spend a great deal of time with our referrers and giving them my tools of the trade. When they refer a client to me they understand the processes, they have an idea of what the cost will be and what the outcome will be. What I find is when a client is referred to me there is a very high conversion rate because they are pretty much not sold on what we do, but I try to turn over the stones of objection before they meet with us.

**Sue Viskovic:** So how do you actually position your advice and the way that you charge?

**Adam Smith:** This is where it starts getting to the nitty gritty, and from my perspective to charge a fee you need to demonstrate your value. So part of my process is I start with what I call my discovery meeting, which is pretty much a fact finding exercise on the whiteboard – and this is for either insurance or estate planning or both. It doesn't matter, I do the same process where I am understanding their circumstances and understanding what's important to them. That process takes an hour and it is a no-obligation meeting. It's not free, but there is no obligation, and that is the way we position it.

With my referral partners and my client, I position myself as the facilitator, so again, as the specialist I am trying to get the job done. I am going to work with other professionals to get the job done. So that is where I start.





With insurance I break my service up into three areas – advice, implementation and ongoing service. So we used to charge \$300 ten years ago, today we charge \$1000 for that process and, I will be frank, I have been doing that for six weeks and we are yet to have someone say no. So again, it is not the fee, but it is how you position the fee and position your value.

**PJ Byrne:** For us, like Adam, you have to try and explain the value to the client. So what Declan and I did we actually wrote down our value and worked out how would we articulate it perfectly if we were in front of a client. So we would have a consistent message, after we wrote out our script, which explained how and why we are different; we invested in creating a short video which gets emailed out to a prospective client after we have had a conversation about why we are different and how our fee for advice works, and if a new prospect comes in for the first time, I will actually play this video which provides a consistent message to clients.

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