



Case Study One

Income:Cost Analysis for the XXXX Business Consultancy Project

- **Overview:**
 - Phase 1 of the Project ran from October 06 – April 07
 - To help a large mortgage practice increase non mortgage financial services business
 - To be achieved with 1 Registered Individual dedicating 7 hours per week sales time
 - To achieve a 3:1 Income:Cost Ratio using 2007 production

- **Cost of the Project:**
 - Initial Consultation - £5000 + VAT
 - Additional Days £960 x 2 - £1920 + VAT
 - Total - £6920 + VAT

- **Analysis of Average Monthly Non Mortgage FS Income:**
 - Monthly Income - £3269 (Project +)
 - Monthly Income - £1774 (Same period 12 months earlier)
 - Monthly Income - £1670 (Previous 8 months)

- **Increase in Productivity:**
 - Same period 12 months earlier - +84.3%
 - Previous 8 months - +95.7%

- **Income:Cost Ratio:**
 - Same period 12 months earlier - 1.7:1
 - Previous 8 months - 1.8:1
 - * See note below

- **Summary:**
 - Extra Business compared to same period 12 months earlier - £11960
 - Extra Business compared to previous 8 months - £12792

- The Income:Cost Ratio will mature as the year progresses. Assuming £50,000 of income completes in 2007 this would give an Income:Cost Ratio of 4.7:1.

Output from the Initial Business Consultancy Meeting – 12/10/06

○ **Your Objectives**

- To create time to have breakfast with the kids
- In 10 years to have the option to sell up and retire
- To earn as much income from Wealth Management as you do from mortgage business
- To develop your confidence & knowledge to advise in the Wealth Markets

- Actions
- To quantify the required sale value
- To quantify your earnings over the last 12 months

○ **Clients**

- You are concerned about how to split your clients up
- You are unsure as to the actual number of clients
- You need to continue to manage your mortgage business whilst freeing up some time for the Wealth Management business development
- How to prioritise activity with clients is unclear
- Managing time in a flexible manner is a concern
- Managing the commercial risk represented by the PCP clients requires consideration

- Actions
- To quantify the actual number of clients by:
 - Acquired Clients
 - Existing Wealth Management Clients
 - Mortgage Clients
- To have available the geographic breakdown of acquired clients
- To quantify the number of new mortgage enquiries you deal with on a monthly basis
- To determine how many hours per week you can commit to the development of your Wealth Management business
- To review your diary to assess the viability of allocating x hours each day to it

○ **Marketing**

- “Taking a Mortgage Client to a Wealth Management Relationship is a challenge for me”
- “How much will I need to spend?”
- “I am prepared to invest in what will give me a good return” – we subsequently agreed a yield of 3:1 was a fair test

- Actions
- To consider why clients deal with you at present. What is about you and your service that makes them trust you?
- To consider whether the resource is available internally for the development activity or whether you will need to outsource
- To complete the cost / benefit analysis of each option

- **Staff**

- “I need to give more responsibility to other members of staff to free me up more time”

- **Actions**

- To consider how **** could take on more responsibilities for the mortgage business

- To review your Practice Structure and individual roles & responsibilities

- **Notes**

- We agreed at the next meeting to consider the other areas of:

- Systems

- Skills & Abilities

- Once you are clear in your own mind about the answers to the above questions I can facilitate the use of a number of business models to help:

- Analyse the opportunities to develop Wealth Business

- Analyse your strengths & weaknesses

- Segment the customers

- Devise a cost effective contact strategy

- Manage activity to deliver the required financial return

- Draw up Job Descriptions

- The implementation & use of Swift

- Develop your Skill & Knowledge

Outputs of the Business Consultancy Meeting - 16/11/2006

Lines of Supply (Priority Order)	Strategy	Total Income in 07
IHT Clinics	To run 3 per annum using Purchased Leads & Adverts	£15,000
IHT Seminar	To run 2 per annum with Ian Tessyman using PROMS	£15,000 (50% split)
PCP Clients	To see all clients in the first 12 months	£20,000
Mortgage Related Policies	To continue with “business as usual”	£50,000
Existing Mortgage Clients	To stretch the existing relationship into FS business	£0
Introducers	Develop relationship with 6 Accountants Develop approach for acquiring new Introducers	£0 £0
Assumptions		
Criteria for Prioritising Lines of Supply	To produce over £105,000 / Average Investment Size / Time to develop	
Minimum Yield (Income:Cost)	3:1	
IHT Clinic	Cost £1,500 per event	
IHT Seminar	Cost £5,000 per event split 50/50	
Acquired Clients	All to be seen in 2007	

Considerations

The need to measure the KPI's for each Line of Supply to identify opportunities to improve efficiency & effectiveness
Cash flow to fund the cost of Clinics & Seminars throughout the first 12 – 24 months whilst new client relationships result in business
The logistics of managing this business development schedule and the need to employ specific administrative support
Longer term development of Existing Mortgage Clients and Introducers
The need to continue running a successful mortgage business