5 March 2009

**Letter to the Editor of Financial Adviser**

Dear Sir

I wish to respond to the article by Sharon Flaherty titled "IFA firms worth less if not RDR compliant" on 4th March.

I have been commenting for some months now on the need to become a "Modern IFA". I concur with the article that unless many financial advisory businesses change their current operating models their business will not make a successful transition into the post RDR market place.

My concern is that if the numbers are correct, and IFA firms decline by 10,000 just one year after RDR implementation, then this has two potentially disastrous consequences. On a conservative estimate this could mean 2 million clients have to deal with new financial advisers. From their perspective this will be a worrying time, with huge inherent risks for service and overall satisfaction levels.

From an IFA's perspective this can only mean selling their business in a "fire sale". This must be of immense concern to such business owners who have put their money and effort into building up their businesses, in many cases from nothing.

I am sure there are a number of IFAs who are well aware of the situation but in many cases don't know how to move forward. The type of business management skills needed to transform such businesses for the post RDR market place, or prepare the business for sale and ensure a seamless handover from a client's perspective, have not traditionally been developed in the IFA community. These skills have sat with large organisations because the effort and cost of developing and maintaining them lie outside the means of many small to medium sized businesses.

I suggest that the time is now for IFAs to start thinking strategically about their businesses and to get the professional help they need to ensure both they and their clients get a fair deal over the next four years.

Yours faithfully

David Cox
Managing Director
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