

MAXIMISING THE VALUE OF YOUR BUSINESS

Suuqea's chief executive Steve Kember outlines practical and proven ways to develop your business in a volatile environment.

When you started out in business, you did so for various reasons and you will have had various goals in mind that you wanted to achieve:

- Personal
- Professional
- Developmental

You will also have set yourself a number of objectives including:

- Financial – turnover, income, etc.
- Business – client numbers, own premises, support staff, etc.

The question today is “Have you achieved everything you can, or are you capable of more?”

Professional Financial Advisers will often tell their clients that their biggest assets are likely to be their home and their pension fund. For many of those same advisers, it is possible to add a third asset to that list – their business.

Are you maximising the value of this asset?

YOUR BUSINESS ASSETS

Looking to the future, what will potential buyers be looking for if they are prepared to pay top market price for your business?

Some of the criteria will include:

- Well trained staff – these are the people who maximise the Advisers time in front of clients. They are also able to develop good client relationships in their own right and deal with the basic day-to-day queries.
- A quality client base that is easily accessible – the prospective buyer will want to access client data easily and this will inevitably mean data is stored electronically. There may well be a ‘gold mine in those filing cabinets’ but, if it cannot be accessed in a timely and cost effective manner, its value will be significantly reduced. When purchasing a business, a key measure for the

relationships for the long term and ensures the lifetime value of a client is maximised as opposed to just having a list of customers who have only completed a one off transaction.

TODAY'S ENVIRONMENT

Financial Services is going through a period of unprecedented change brought about by a number of influences.

Social influences

- Growth of the mass affluent
- People retiring earlier
- People living longer
- Financial Planning is ‘on the agenda’

Technological influences

- Growth in the use of the internet by clients
- Development of CRM software

Economic influences

- High levels of employment
- High levels of equity in property
- Growing indirect taxation
- Pressures on margins of advisory businesses
- Growth of non-traditional competitors

Political influences

- Increasing costs of regulation
- Increasing complexity of regulation, eg TCF, RDR, etc.
- Shifting of the social burden back to the individual
- IHT becoming a potential general election winner

prospective buyer will be securing a Return on Investment (ROI). It will therefore be important to be able identify the most profitable clients. This selection could be done by various methods including funds under management, lifetime value etc. This will help obtain the required ROI because it is more than likely that 80% of the future income of the business will come from the top 20% of the client base.

- An ongoing marketing plan – this will demonstrate how the business maintains a high profile with its clients and ensures that they are kept fully aware of all the latest news and developments from within the Financial Services sector. The relationship with the client will then be one that is based on ongoing advice rather than the need to ‘sell a product’.
- An ongoing contact strategy – this is of particular importance because it helps secure client

We help you to look to, and build for, the future

- ★ designing a business improvement programme
- ★ facilitating a change management programme
- ★ developing a succession plan/exit strategy

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As a Professional Financial Adviser, the likelihood is that you are facing many complex challenges; in fact, more than ever before. The rules of the game are getting harder and only the best will survive. Do you feel confident you will be one of them?

Steve Kember Dip Mgmt (Open), Dip PFS

In next month's newsletter, Steve shows you ways to ensure your future success and to build an asset of real value. He will outline a proven, workable three stage development plan.



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