

# Like father,

## A father and son overcome generational differences to successfully merge their separate financial planning practices into one business

In most family run businesses there has long been a tradition of passing the business from father to son.

Where it becomes different is when the son takes over and changes the way the business is run – and still keeps his father involved.

Bill Haywood started out in the financial services industry 30 years ago as a National Mutual life agent. Gradually his business incorporated financial planning.

Son, Scott Haywood started in the financial planning industry nine years ago, running his own separate business.

The generational differences meant father and son had very different ways of running a financial planning practice, although there were common threads.

Scott, a CFP® professional, is a firm believer in risk insurance being the foundation stone of any plan. It is a point his father endorses.

However, for Scott's father, succession planning was to become the issue for the pair after they merged their businesses two years ago.

Some would say it was a brave move to incorporate two different cultures and two generations. Yet two years down the track, the practice is growing, the client mix is right and Bill now has time to go and play golf one day a week.

It has been a successful outcome, but it was not achieved without a lot of hard work and the desire to build a model that would work in a changing financial planning industry.

"It was obvious from day one of the merger that we were under-resourced and the business

was really just a collection of advisers working individually," Scott Haywood says.

"The first step was to get an integrated business and the advisers working as a team."

Because of the family links, Haywood Financial Management (HFM) holds its licence through AXA Financial Planning and its business development team was called in to help. This resulted in a business plan with goals to be achieved and a time-line to achieve the targets.

"AXA has been a part of the success of this business, acting as our business coaches," he says. "The aim was to build a business that provided advice without relying on selling products."

While this is the ultimate goal, the practice still provides products for clients, especially risk. Haywood said risk insurance is the foundation stone of any plan, which is not surprising when you look at the practice's pedigree.

"Trauma insurance is a big part of our business and in every statement of advice I make sure we include trauma insurance," he says. "When I started my career, I only provided risk advice for the first five years, so it's an integral part of my way of delivering advice."

### Consistency

But before a client gets a plan, they have got to be accepted as a client. Haywood said the days of accepting every person who walked through the door as a client are gone.

"We have got a five-point criteria that we

expect people to meet before we accept them as a client," he says.

This criteria includes:

- the client wants to receive advice;
- the client is open-minded and will take action on the advice;
- the client is prepared to pay for advice;
- the client will commit to an ongoing relationship; and
- the client is pleasant to deal with.

"We want to work with people who will be friendly and be prepared to be coached into making the right decisions for their financial future," he says.

That includes acting on the plan when it is delivered. Haywood says the practice doesn't want clients who take a plan away, sit on it for a year and come back to discuss it further, when it is no longer relevant.

It is the attention to delivering consistent advice that saw HFM being accredited as an AXA Certified Quality Advice Practice.

Delivering the same level of advice in a practice is not unusual, but with two of the four advisers aged over 60 and the other, including Scott, being well below that age, achieving a level of consistency is surprising. Haywood attributes this to turning the practice into a place where people want to work and achieve.

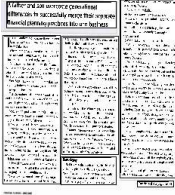
"Now the employees run the business," he says. "We want our staff to love the business and we want to be an employer of choice for new staff."

Staff are given targets to achieve, and are rewarded with days off. They are also regularly sent on training days, with the emphasis in the practice being on a balanced workplace and home life.

HFM staff and planners are expected to deliver a report each week on what they have

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done and achieved for the week. If Haywood sees five days of zeros – meaning no meetings, no client contact and no reviews – then the practice is not performing.

“An adviser needs to be reviewing existing clients’ portfolios and situations while contacting new clients, and ensuring we are delivering timely and relevant advice,” he says.

The merged practices had a large client base and inevitably it was more than HFM could service at the levels Haywood wanted to deliver.

“We looked at restructuring the client base, and some were sold through AXA’s Discovery program to an adviser building his own practice,” Haywood says. “We also had my father’s client base that needed to be reduced to a more manageable level for him, as he moves towards retirement.”

Haywood says a practice can’t keep accumulating clients when it is struggling to service those it has.

The practice is now working on the optimum number of clients, with the right level

of planners and support staff to service them.

One change the practice has implemented for clients has been making them come to see the planner in HFM’s Melbourne offices. Haywood says the days of going to see every client in their own home has gone. He puts this down to achieving greater efficiency within the practice and having planners working to maximum capacity.

#### Advice model

The focus on delivering advice, rather than just selling the client a product, is the ultimate goal for Haywood’s practice.

This advice role, with recommendations of products which the client then sources, is the model Haywood wants to see develop in the future. He believes it’s a model that will turn financial planning into a truly recognised profession.

“We enjoy giving people advice and we want to see our industry develop into one where people are on waiting lists to see an adviser,” he says. “This is what happens in the medical profession. People will wait for the best advice. That is the future.”

Having worked with his father on succession planning, Haywood is now thinking about his own.

“I will be looking to take on another adviser to work with me with the aim that they eventually succeed me,” he says.

However, at 32, Haywood says the actual succession plan may take some time to implement, although the planning has started.

But working on internal succession plans has developed another avenue of business for HFM.

“We are now offering our succession planning expertise to other businesses,” he says. “Currently we are working on a succession plan for a Melbourne building business.”

Again, this is part of Haywood’s vision of developing an advice business, not just a product distribution channel.

“You have to keep reinventing yourself and look at other areas of business where you can use your advice expertise,” he says.

“We are offering our knowledge and expertise to people outside of financial services to help solve their problems, such as succession planning.” ❀