The question here, then, is what exactly do I mean by product.

*Yes, that’s what we’re asking.*

Yes, well, just do this and it will tell you. These now become...

*So products become services.*

Services becomes your product. When you package it together so it’s so consistent, so slick, so crisply articulated that I get it in seconds, that’s when it becomes a product. I get it. I don’t need to spend 25 minutes explaining it to me I just get it. When you can do that as a leader... Now, give me some examples of tools.

*A wrap.*

A wrap is a tool. Give me another example of a tool.

*A truth, Prestwood.*

Yeah, that’s why Prestwood are in so much trouble with truth, having to call everybody back for courses to explain how to use truth because they are selling it as a service and it’s a tool. It’s not a service. Clients were walking out with truth, trying to charge a fee, and you can charge a fee for... “I’ll charge you a fee for this forecast”. Well, that’s low perceived because it’s software. I get software on my PC all the time and it’s worth nothing.

*I use JCS but what I’ve noticed, I’ve just started using it, the first one was for an accountant and I finished it on paper. I put it on the size of our TV screen, line after line of this data, he loved that. But for other clients I’ve simplified it and you flick to the graph, back and forth and if it is up on this date you change it relatively, you change the analysis. It’s that interaction which is the value, not the tool. I put it up on the screen, people don’t understand what’s going on with it.*

Your challenge is, you younger guys, you are in a tool based environment, a sophisticated tool based generation. Everybody has got sophisticated tools online so you have to put it in its place and so in their head it’s a commodity and therefore it has low perceived value. It’s what you do with it in the service you deliver, that’s where the value starts coming.

*How do you present that starting. I’ve started to say it’s been very well received by clients. I’ve started playing the service into our... but I suppose until you’ve experienced it yourself and had some feedback you don’t get the enthusiasm for actually throwing it in instantly.*

And that’s why we created a workshop called the transformational first meeting because with just the tool it can be too transactional a relationship or the first meeting but with the right structure of that meeting, the whole meeting becomes transformational with the tools which are low value perception in the client’s head because it’s just a product.

Hilary, if you changed the product or tool to commodity and recognised what today’s society regards as commodities you realise the low perceived value. So, my laptop is just a commodity now, it used to be really exciting but now it’s like 600 quid, it’s a commodity. When you start commoditising things it becomes dangerous for you because then the price value drops. Does that make sense?

The next question is this relationship is a real problem. Currently the relationship tends to be with what, with whom?

*The individual.*

Where would the highest value be for the business?

*With the business.*

With the business. so, your question as the leader of this is how do I drive the relationship into the business, not into me.

*Is that possible in a one man band?*

Yes, in other words, could I walk out for six months with glandular fever tomorrow and bring somebody to replace me and they still feel the same about the business? If they don’t then it’s essentially personality based and you’re very vulnerable so you have to find a way to create something, a structure so that the clients love you but actually it’s what the business does to them that really matters. That’s a difference between being a financial planner and being an entrepreneur.

*But, is it possible to not have the replacement there, is it possible just to ...*

That makes it really hard. When you are...

*A locum, where you couldn’t really expect a locum to do it.*

Yes, locum but the problem with being a micro-business is this personality problem. So, my challenge is I’ve been doing this for four years and they’re sick of me. You can only love somebody so much, particularly if he’s male and you’re male, you can only love them so much so that’s why I’ve realised this has got to stop being about me and I’m very “It’s mine”. And they say, “no, it’s not, it’s ours.” It’s mine, I started this thing. Yes, but it’s not about me, it’s about them and they’re about them to so get out the way. So, his job, he said to me, I said “well, where are we going with this?” He said, “we probably just want to get rid of you actually.” What! It’s my flipping business! He said, “no, what I mean by that is we want to wheel you out when we want to wheel you out, like they would do with Dan Sullivan, 25 years later they just wheel him out.” But, you want to speak to Dan Sullivan and get private coaching you have to be earning $1 million salary, not turnover, salary. Does that make sense? So, that’s his job. Get me out the way, wheel me out when he wants me to and Andrew wants me to.

So, that’s the challenge with a one man business, how do I do that, how do I do that? The answer, typically, ends up being either outsourced or internally there needs to be somebody else because, otherwise, the challenge I found as a financial planner was I then become a danger to the client because if it is just me and I really do get sick and human beings tend to get sick every now and again is ethically where does that leave me with the client relationship when I promised and I can’t deliver. And, I began to feel privately that was a bit unfair on him or her. That’s why I made the change I did. It’s a difficult decision, it’s a hard one.

*David, I want to ask a very simple question, I’m not sure what TPR is.*

TPR, turn the page.

*Right, on this tool people understand.*

That’s where we’re heading. The concept is the TPR mix. That’s where you are today, that’s where we’re heading tomorrow.

*We’re not looking at this yet, we’re going to turn the ...*

Look at both because I need you to compare with each other why the product now is called tools and why service is now called product and why relationship is... what is the difference here, what is going on? Why have I product to tools, and why have I changed service to product? Why have I done that? What am I trying to communicate?

*Are we needing to be in that service needs to be systematised so that actually is a product. The service is a product. It’s in a book, it’s not airy fairy, it’s in a book and we know what we’re going to get. With a service it might be...*

And more importantly they know what they’re going to get. In other words it’s so clearly and simply and consistently communicated and articulated, clarity, simplicity, consistency, that they get it in seconds without you sitting and waffling on for an hour about how amazing your service is. They just get it and the rest is all about them.

So, I chatted to one of your colleagues in the team this week, in fact, and talked about the first meeting and they’re passionate about it, passionate about this first meeting. We show them this, we show them that, we tell them that. And I began to get really worried. I said “how long does this last?” 45 minutes. I thought this was about them, why are we spending 45 minutes talking about you and your service.

Then I talked to him about discovery meeting that you and I have had. Tell me who we talked about and what we talked about in the discovery meeting. I never once mentioned the Adviser Gym the programs the projects, never once even discussed it because nobody asked me. I spent seven hours talking about you, seven hours, or however long we spent together. Therefore, the only way I could do that, Simon, was by crisply, succinctly, clearly articulating what we do through those 25 questions I sent to you. This is what we’re really all about and the programs and projects we talk about later but we’re all about shaping you and shaping your future. And, frankly, that’s all that mattered.

So, it’s taking a complex service. Remember that story I told you about, the chap in the south east of England, very high profile financial planner called me in because he was in a mess, the business was just really struggling. I asked him the one deadly question, explain your fee structure. 2 minutes later he was still discussing the fee structure. I looked at him and said Fred – not his name – I’ve been 20 years financial planning, I’ve been fee structuring since 1989, I haven’t a clue what you’re talking about, not a clue. Simplicity, clarity, consistency. That then becomes almost like a product, almost, in their eyes, get that, crisp, clear consistent, simple. Then, that has a higher value than tools.

Tell me about some tools, what tools do good financial planners use at the moment?

*Specific tools?*

Yes, give me some examples of tools.

*Profile questionnaires.*

*Like truth or...*

Yes, cash flow forecasting is just a tool and that’s why Paul Etheridge had to call everybody back for more courses because they were all trying to sell truth as a service and not realising it’s just a tool, the service is the other stuff you build on top of truth so he had to call them all back for training courses because they weren’t using it, ever, they would just buy it and get fed up with it.

So, the tools are your wraps, the software platforms, the true potential, it’s just a tool, the service, the product is what you develop on top of that. Now, there’s this relationship here and this relationship here and I regard them as being different. Why would they be different? Who is the relationship with here?

*The relationship there is with an individual.*

Yes, and here? Where are we driving with this?

*Is it a relationship with the business?*

With the business. could I take you out, Simon, with glandular fever for six months and your clients would never even think of going elsewhere and still get business done for them and still have their... because they love the business that you’ve created and what it emanates.

*One day, yes, it’s not fully standardised yet but one day.*

*If you can find somebody else to run it.*

And there lies the difference in your first question between a financial planner where this is happening, and an entrepreneur who understands this and that’s where the highest value is. The reason why some IFAs, financial planners can charge £10,000 - £15,000 for the advice before implementation, 10 – 15,000 is because they get this. They get that.

All right, let’s stop there. There are some great conversations on these two tables. Hilary, how close are we getting to answer your question?

*Yeah, we’re getting closer.*

Getting closer, all right. Turn to Page 27 first. Tell me, these two tables know, the difference between 27 and 28. What has been communicated here, 27 and 28, what is the difference? They are all clearly in the same place, I’ve simply renamed them, why have I renamed them, what am I trying to say? Who am I trying to save with these two graphics? This is really important you get this because, otherwise, you devalue your business and your service.

Have a bash, this table and then this table, what is the difference, what am I trying to say here, why has product changed to tools, service changed to product and relationship stays as relationship, what is going on? Let’s talk about tools first of all. Name me some classic tools, today, of a good financial planning business.

*Cash flow forecasting.*

Software, yes. Examples, brand names?

*Truth, voyant.*

Yes, ok. That’s why Paul Etheridge had to call people back to retrain them after he had sold them in 2008, truth, by the package and then call them back in 2010 for new training courses because they thought truth was a service and it’s just a tool. He then had to teach them how to use the tool, layered with a service. They just misunderstood. So, why is service, Page 27, now changed to product? What am I trying to communicate there?

*Service is a product.*

Yes, your sophisticated service is the product that you are selling. Now, by that I mean your ability as the communicator, the leader, communicator, story teller to be able to tell your story, simply, clearly and consistently and succinctly without big long pages of waffly stuff and hours of meetings. You will help the client, or prospective client understand you as almost as if it was a shrink wrapped product although they know behind it is enormous sophistication. That’s what I mean by product, just get it crisp and clear.

I’ll tell you a story about a very high profile financial planner I met – I won’t say where – in the south east of England about 2.5 years ago. He joined the program and in the end we had to go our separate ways, he just didn’t get it. Very intelligent guy and I sat with him for a whole day, 7.5 hours, and I asked him the question that I wish I’d never asked him. “Would you please explain, Fred, not his name, your fee structure?” 20 minutes later he was still describing his fee structure. I sat there with my mouth open and I thought, I’ve been a financial planner for 20 years, I started fees before this guy even started in financial planning and I don’t understand a word he’s talking about. He’s asked me to meet with him for a day to understand why does my business not attract the consistent quality of clients that I wish, because your communication of your service is so complex, I just don’t get it.

So, that’s what I mean by product. I don’t mean to commoditise it or make it cheap, that’s what I mean, it’s crisp and clear, it’s packaged, it’s well communicated, it’s articulated succinctly, that’s your product, however sophisticated.

So, what is the difference on Page 27 between relationship and Page 28, these two tables have already discussed it, what is the difference, the big difference? They look the same word, why are they different now, in this context?

*Relationship can now be built on your service.*

Ok, carry on.

*So, I guess your service enhances the relationship you’ve got with your client.*

Ok, on Page 27 who is the relationship normally with? In most IFA businesses.

*The service could be the service with the insurance company or the product providers.*

Just stick to relationship for the moment, that’s the highest value, that’s where you’re going to score the most value and the highest fees. In most financial planning businesses who is the relationship with, as far as the client is concerned?

*The IFA.*

Yes. and Page 28 what are we trying to say needs to change?

*The relationship needs to be with the company or the business.*

Yes, that’s where the strength and value is. Where the relationship shifts from the personality led IFA to the values, dream, vision driven business within which it’s a brilliantly communicated crisp, clear consistent product however sophisticated it may be. That’s where high fees are attracted. I’m talking fees to £10 – 15,000 for the advice alone before implementation because we do have clients doing that.

Where you can back out after, be very ill for six months or whatever and still the business delivers that ethos value, its dream, its vision, the way the product works without you; it just continues to be delivered. As David said, really hard work if you’re a one man band with one para planner, really hard work. So, the question is, in the future, and this is the way the future is already, today, there are going to be fewer and fewer one man bands because the merger rate is, actually, accelerated phenomenally in the last year, particularly since the recession, the merge rate has accelerated, more and more people merging and realising, if I want t create a business where the relationship with the client is with the business then I’m putting myself at risk if the relationship is just with me.

From the client point of view the ethics of that is I’ve made a set of promises to help change the clients’ lives, how can I do that if I’m not there? They simply ask the question, I’ve made a promise, how do I deliver on that promise if I’m sick for six months with glandular fever. It’s an interesting question that’s forced many to say, no, the business needs to develop this relationship so that the client feels, “whoever I talk to it all feels the same.” Does that make sense? That’s where we’re heading with this. Does that begin to answer the question, Hilary? That’s where the value is, in the relationship.

I won’t’ pay you tuppence ha’penny for your laptop software but I’ll pay you £10,000 for a relationship that changes my life. And they do, they really do.

Peter Lisney, Martin’s counterpart in the north, who many of you have met, sat with one of our clients about three weeks ago and asked this question, they are paying him and us by the day, paying Adviser Gym by the day, he’s working on a project consultancy basis, and introduced a theme to this adviser which immediately increased the revenue by £28,000 in one foul swoop without anything else being done. They changed the fee structure. They then talked about other things that he was thinking of doing. Martin and I will need to talk about this with Peter but here’s the question he asked.

“Look, we’ve got all this work to do, that you want done, it looks like we could create a value, here, of maybe in excess of £50,000 over the next couple of years, per annum, extra, just by going through these changes of marketing, fee structures and what have you and communicating a service. I’m going to be working with you for X days, at the end of that time, if we create that kind of revenue, an additional £28,000 here and maybe an extra £50,000 a year, what would that be worth to you?” They said “£10,000 - £15,000, maybe 20. Cool.” OK, so we will meet in June and I’ll ask you the question again and then we’ll just agree a cheque, £10, 15 or 20,000 on a contingency basis. If you think it’s worth nothing then you pay me nothing, or you pay my day rate, I get paid, but if you think it’s worth that much money then that’s ... I thought, blimey, that’s an interesting question and you know what, they will pay that because of the value to the business, the value to the business and the relationship.

So, forget about time. We’ll talk about this in our next workshop. Forget about time, you’ve got to cost your time, anyway, that’s just business discipline but can I ask you to write down one phrase, “I’m not a service based business, we’re not a service based business, we are a value based business.” Not values, value based business. Your role as the leader is to find out what value am I delivering and how do I quantify that. How do I monetise it? We’re not a service based business. All of your competitors are delivering some sort of service, we’re a value based business, how do I deliver that value in the client’s life. That’s where clients will pay you, even lower earning and middle earning people will pay for value.

When I lost my business, Simon, and was a quarter of a million pounds down my brother phoned me from Florida and said “bro, I’m getting married.” I said, “oh, that’s amazing, I never thought you’d ever get married, you’re just a ladies’ man”. He said “I want you here as my best man.” I said, “look, bro, I just... I can’t even afford the train fare to London, I’ve had to borrow that for my interviews. I certainly can’t get to Florida, certainly not with the family”. He said “you are my brother, I don’t intend to do this twice, I want you at my side, at my wedding. Let’s find a way of getting you over here.” So, we begged, borrowed and raised £3,000. It was a lot of money in those days, to take the family over there, had a brilliant time, we found the money for what we valued, Simon.

So, my question to all of you is if they won’t pay you the fee then maybe they don't value what you are delivering. People will pay for what they value. People will pay in the pub on a Friday night what you are telling me they won’t pay you on a fee. People will pay. What do they say in the Field of Dreams? People will come. People will definitely come and pay you lots of money.

Page 29 and 30, and I think we’ll begin to wrap up. This is a team exercise. Pretend you’re an IFA team, you’re a business, a single business. We’ll make this the last big exercise of the afternoon and then we’ll wind up.

*This position of service in there, could it be something like lifetime pathway forecasting and therefore the tool is whatever you need to do or is it the service?*

Well, the software is a tool. I wonder what else you’re going to give that’s not a tool.

*So, ignore the software tool.*

I would call the concepts of coaching, in the way that you’re beginning to talk about, as part of a service. I would call, maybe, a trustee service as part of a service. It starts off as a tool but it can become quite a sophisticated service. I guess I would call estate planning a service within which there are a whole bunch of tools, so think that level. I think I would call post retirement planning as a service which may not be about pensions, it may be about a whole host of other things. So, Robin Clark who was here before, he’s had a lot of marketing done on him, he is all about the retirement Saga age group in Worthing and what kind of services do they really want. So, he’s gathering alliances around him where he can’t deliver all the services, that’s not his job, who talk about the emotional problems of retiring and all that kind of stuff.

*So it is more specific for ??? (29.00)*

Yes, I think both of those, yes. So, what service, it doesn’t matter that you can’t deliver it, that’s not the issue here. The services are what are the services that they want, my target market, assuming you’ve got a target market. What services could we deliver or could we orchestrate. Does that make sense? So, for example, Nicolas is multi-generational family planning as far as the money is concerned. That’s quite a complex service. It’s estate planning, legal...

*That’s where your niche starts to detail.*

Yes, that’s right but he just understands his marketplace, he’s very clear and, therefore, he knows how to get to it easily and then he has alliances of professionals that deliver stuff he can’t deliver in that multi-generational, does that make sense?