

Financial Planners Talk

How to show value and build a scalable practice with holistic advice



with

Jodie Douglas, Mad About Life

Issue

Advisers who have a product-based business can find it challenging to transition to the new wave of goals-based advice and build a scalable practice.

Solution

Introducing Moneysoft gave Jodie Douglas another way to articulate the value she could provide to clients. This gave her emerging risk advice business the ability to expand beyond insurance to provide broader, more holistic ongoing financial advice.

Jodie uses Moneysoft to help clients develop increased awareness of their spending as part of an overall 'money plan' to reach their goals. It provides a basis for regular connection with clients to help keep them engaged and make positive changes that last.

Result

Moneysoft helped Jodie to develop a client value proposition that people were willing to pay for, generating a sustainable and thriving advice business. Client retention has increased with the move to holistic advice.

Jodie Douglas originally built her financial planning business, Mad About Life, on commission-based risk insurance. She reveals how Moneysoft helped her shift to a holistic-based advice practice where clients are more than happy to pay a fee for service.

Why did you start using Moneysoft?

This is our fifth year of business so we're still relatively young. When we started we were risk only – it was all commission-based advice. But we chose to change our business because the world was changing with the 'future of advice' legislation. We wanted to shift to holistic advice and transform our practice by charging upfront and ongoing fees.

But I realised I couldn't just charge clients a fee without clearly showing the value they'd receive. You can't just give them insurance – they'll never want to pay upfront for that – so I went looking for other things that would add more value for the client.

The first thing we added to our service was estate planning, followed by Moneysoft. It helped us articulate our fee for advice proposition. Initially, we just gave them the Moneysoft app to see what they could do with it, but now it's evolved into us taking a more leading role with clients.



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I imagine it was a bit frightening to go from a commission-based business to fee for service because then you're really in front of someone, having to justify your value. It's sink or swim.

Definitely. We started our business in January 2014 as a bootstrapped startup – we didn't buy a book. By April, I thought how are we going to survive? We were still waiting to get paid commissions because the average risk case takes weeks.

I was quite lucky I had a business coach who said you need to sit down and work out what your client value proposition is. It was about midnight one night when I sat down and actually cried and thought 'I can't do this, it's too hard to charge fees'.

But then I cracked the client value proposition, charged my first initial advice fee to a client, which was \$550 at the time. I remember they said 'Is that all?'. It quickly jumped to between \$2,500-\$5,500, because we show the value and know how to articulate it with additional tools like Moneysoft.

Advisers are well placed to help people improve their personal financial management but many are concerned about charging for it and aren't sure that it's a scalable service. How did you tackle that?

We didn't just give clients Moneysoft – we developed packages that included it. Our three ongoing service packages fit with our client value proposition: Awareness, Peace of Mind, and Choice of Life. Clients on Peace of Mind and Choice of Life get review meetings, news and education, super checks and so on – the addition of Moneysoft sweetens those packages.

The financial planning experience can be just meeting your adviser, talking, setting up a plan, and then reviewing it once a year, whereas now we have multiple touch points throughout the year. This includes things like more regular reporting and even sending warm and fuzzy messages like "Your Money Plan looks fantastic this month!". It's interactive and more engaging.

Moneysoft gives clients an awareness of everything we've done for them: it shows them their investments, super, and cash flow. We can even take them on that journey with reports showing where they were a year ago compared to

today. It gives them a digital snapshot of what's going on and makes our advice more transparent.

Client retention is an ongoing issue across the industry. Has using Moneysoft helped?

I don't think we've had any client that's on Moneysoft leave us. The clients that have left us have been the risk only clients – they're not really engaged. All our Moneysoft clients are our holistic clients and the majority are on the [mid-level] Peace of Mind package so they're more engaged and we are speaking with them on a regular basis, not just once a year.

A recent Investment Trends survey pinpointed retirement planning and budgeting as Australians' top two unmet advice needs. The demand for budgeting and cashflow as a service is there but how do you ensure it doesn't take up too much of your time?

Moneysoft was one of the things that we could easily plug in and not have it take too much time if we didn't want it to. But that's where we eventually also had to get quite specific about what we wanted it for, because at one point all I was doing was Moneysoft because I would go in and set up all the rules and transactions.

I realised that wasn't completely workable, so we took a step back and transitioned some of our clients from Moneysoft Pro to Moneysoft Lite.

We now have a 'money plan' for our clients where we help them set up an appropriate banking structure because most of our clients have 10 bank accounts and are not managing their money effectively.

It's the simple stuff – tools like the templates. When you look at what clients actually value and want, it's the fact they can see their expenditure and that we can see it and report on it as well. They need that awareness of their spending.

Some clients aren't as keen to work on their cash flow but they still get value from Moneysoft because they get the app and can see all of their money in the one place.

It sounds like switching some clients across from Moneysoft Pro to Moneysoft Lite was part of refining your service offer?

When we started we had all of our clients on Moneysoft Pro but I didn't realise Moneysoft Lite was so good. It's kind of the same you just don't have the budget side of it in there. This is great because it can be quite time consuming, so it gives us flexibility to apply it for only those clients where it is needed. Most of our clients actually just want reports on their balances and how they're tracking.

When we want to do our six monthly or yearly reports we can also flick them to Pro and then back to Lite. It's great that Moneysoft provides the flexibility to do this free of any charge.

We also turned off all notifications that clients received such as warnings that they've gone over budget. Our clients didn't need that level of information. We now direct all notifications to the Adviser and I choose which ones to forward to the client.

It's all about what we're really using Moneysoft for with the client – we want all of our clients to be aware of their spending and what their balances are.

It's so easy to lose track of your finances no matter what position you're in.

Everyone is good at sticking to it for about three months and then you see their spending go crazy again. It's when you check in and go 'how's everything going?' and they say 'gosh, I knew you were going to call...'

Sometimes they email me and say, 'I know you're probably horrified about what's going on with our spending lately... ..'. That starts a conversation: is there something I can help you with? Do you want regular reports again? We do monthly cashflow/spending reports when they start and then move to six monthly and yearly.

I might send them a new money plan template and talk to them about changing the way they use their accounts, reducing the number of accounts they have, changing the way they manage their money. It just depends on the client. It's more the awareness rather than the hands-on budgeting in our business.

The word 'budget' is something many people don't like – does framing it as a money plan make a difference in selling it?

Definitely. I say to clients, let's remove the word 'budget' because it sounds awful and no one wants to stick to one. Let's go with the words 'money plan' because we're planning for great goals and your future so we need to make sure your everyday spending and cash flow (your money plan) also fits in with those goal.

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Mad About Life clients are mad about life! They value lifestyle. They're typically aged 18 to 45 and have young families so we're setting up their foundation: getting their insurance and super sorted, making them more aware of their cash flow. The majority are pretty good with their money already – they're motivated.

We're changing their thought process and making it more positive – making them realise cash flow is at the core of everything from a planning point of view. The client needs to be aware of it because you can put your head in the sand, go and do a great investment or super strategy but if their spending is rubbish, it undermines everything.

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