



## CASE STUDY KIMMORLEY FINANCIAL MANAGEMENT

# TO SELF-LICENSE OR JOIN A LICENSEE?

**After a big four bank's decision to close its advice arm, Kimmorley Financial Management had just six months to decide the optimal structure for their business to enable them to continue to provide high quality, tailor-made solutions to their client base.**

Each path, whether self-licensing or joining a licensee, offered multiple options and models to choose from. These included self-licensing, licensing through a business that offered future merger or share acquisition potential, joining a local boutique licensee or becoming part of a national firm.

For Kate Kimmorley, a Certified Financial Planner and a member of the Financial Planning Association with over 20 years' experience in financial planning, being aware of all the possible alternatives was an important first step in determining the future structure of the Gold Coast advice firm. "A challenge as a business owner is understanding what is available to you, as it is not something you explore unless you are really serious about moving," Kate says.

**"TODAY WE NEED TO BE MORE COMPLIANT THAN EVER BEFORE AND I NEED TO KNOW THAT I HAVE THE RIGHT TEAM IN PLACE WITH THE RIGHT RESOURCES"**

Kate Kimmorley - KFM

# THE PROCESS

After researching possible options, Kate and her business partner spent some time analysing their business goals, including their succession plan and reasons for operating.

“2019 was very overcast from an industry perspective, so it was easy to overlook the reason we do what we do, which is serving our client base,” says Kate.

We looked at our current and future goals and ultimately we decided that we were not ready to put the brakes on. Both my partner and I were wanting at least another three to five years at the helm.”

When selecting a new solutions provider, the key objectives were moving the business forward with minimal interruption, continuing

to meet its compliance obligations and finding competent business and technological support.

“Even though we were aware that the bank might close its license, we were hopeful that they were working on another solution. This did not eventuate and as a result, we did not have much time to do due diligence and transition,” Kate says.

Even with tight timeframes, Kate and her business partner spent time ensuring that they completed a full review of their short listed

options. In addition to investigating self-licensing, Kate and her partner also spoke to a number of local, boutique licensees and firms that offered a potential merger or share acquisition plan.

“With so many challenges facing our industry, I was concerned that smaller AFSL holders may not be able to efficiently and cost-effectively respond to the changes, potentially resulting in rising costs, a lack of support and a huge disruption to our business model,” she says.

**ALL DECISION MAKING IS A VALUES-CLARIFYING EXERCISE** - TONY ROBBINS

## REVIEWING THE RESULT

Making the switch to Centrepoint Alliance has allowed Kate to put the focus back on her business, even despite the current volatile financial markets.

“Centrepoint has supported us with all the tools necessary to do this and engaged us to find solutions where we have encountered stumbling blocks,” she says.

Kate also appreciates the breadth of support Centrepoint Alliance’s cohesive team and the broad range of skillsets they bring to the table, across technology, compliance, education and business support.

“I am confident that they will progress from strength to strength – there is a ‘good vibe’,” she says.

Overall she is very satisfied with the decision to license through Centrepoint Alliance.

“The contact with senior executives who are committed to supporting business growth and are not focused on the ‘lowest common denominator’ approach has been very positive. We have minimal interference but also have support when and where we need it,” she says.

# TIPPING THE SCALES

After engaging with a broad cross-section of quality service providers, the practice decided that joining or merging with a smaller licence holder could potentially result in a loss of control over their business' future. Nor did they think that self-licensing would be right for them, in part due to the rapidly changing regulatory environment the financial advice industry was currently facing.

"Today we need to be more compliant than ever before and I need to know that I have the right team in place with the right resources. When I do need support, I want to be able to make a phone call and not have to worry about the compliance framework."

After meeting with some large, national groups Kimmorley Financial Management ultimately

opted to license through Centrepoint Alliance, a decision that was based on a number of factors, including the technological support on offer and the group's focus on continually evolving in a rapidly changing market.

"Centrepoint was a standout given their scale, people and commitment to the future," Kate says.

Kate says the enforcement of FOFA, the best interests duty and now the FASEA requirements are some of the biggest changes she has seen over the course of her career.

"As a result, we need technological support more than ever in order to be able to run our business more efficiently and continue to maintain a profitable operating model," she says.

Further, as a listed firm, Kate says she appreciated the 'warts and all' transparency of Centrepoint Alliance's balance sheet and future objectives.

"We felt that a larger firm would be better positioned to deal with any future disruption that could come from an ASIC review, and the executives we met prior to joining were all very qualified, professional and solutions-driven."

Kate says her decision to license through Centrepoint Alliance has allowed her to meet all her business' initial objectives.

"We wanted to focus on running the business better than we ever had, I wanted to continue to study to meet the FASEA requirements and we needed support with minimal disruption to our future business model," she says.



## A FORMULA FOR SUCCESS

for advice businesses who are considering a switch, Kate recommends being clear on business goals and objectives and then developing a comprehensive list of questions.

"First of all, establish what you want and then shop around. Technology was a really big decider for us and the support we would receive in that tech space, as well as culture and resourcing," she says.

When meeting with potential service providers, Kate advises taking plenty of notes and being prepared to have second or third meetings if necessary.

"Sometimes enthusiasm can cloud judgement in initial meetings. Ask if you can meet other members of their team and even attend one of their professional days if possible, to get a clear sense of the business."

While other advisers may be focused on keeping licensing costs down, that was less of a factor for Kate's business.

"Ultimately we made the final decision based on the services we needed to continue to run our business and service our client base to the very best of our ability," she says.

# NEXT STEPS

Now Kimmorley Financial Management is an established member of the Centrepoint Alliance community, its key goal is to grow the business further. "For us it is about developing the existing clients

(average age 60), continuing to be quite specific on the future clients we want to take on, better embracing technology and making our business the best it can be in the ever- changing environment," Kate says.

## Decision-making checklist



**Determine long-term business goals, including succession plan, ongoing study and training requirements, resourcing, client needs and plans for growth.**



**Define key support objectives. For Kimmorley Financial Management these were as follows:**

- Providing the ability to move forward with minimal business interruption.
- Running the business as seamlessly as possible within the legal regulatory framework.
- Support from a business that could supply service needs competently and with a rational mindset. Non-negotiables for Kimmorley Financial Management were:
  - Technological support with Xplan.
  - A competent, stable and professional executive team focused on evolving into the new world.
  - Adequately resourced to deal with any potential regulatory disruption.
  - Offering a sense of security, with scale and financial transparency.



**Investigate the work involved in self-licensing and research and meet with a cross-section of AFSL providers, including boutique local-based providers, firms that offer merger/share acquisition plans and large national firms.**



**Evaluate each option against the degree of control you would like to retain as a business owner.**



**Measure each provider against key business objectives and make a selection.**

## ABOUT CENTREPOINT ALLIANCE

Centrepoint Alliance is a contemporary provider of advice and business services to financial advice firms throughout Australia. The group is one of the largest non-institutionally owned advice businesses with a national footprint, supporting licensed financial advisers and self-licensed businesses. We are committed to fostering a strong and closeknit advice

community that shares ideas, works together and supports each other. Being a part of the Centrepoint Alliance community gives you the strength and resources to operate your business, providing a breadth of quality services that enable you to serve your clients in the best possible way.



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