

Help me help you: Professional connections and the art of referrals

Build a stronger business



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Referrals from professional connections are a much-coveted business opportunity and working with accountants and lawyers is said to be akin to the 'Holy Grail' among advisers. Jenna Brown talks to those in the know about the art of connecting, humility in collaboration and making it work for the client

Building strong client relationships is a key part of any adviser business but forging professional connections with like-minded lawyers, accountants and other IFAs is also essential.

Good working relationships with legal and accounting professionals can be a rich source of client referrals often at crucial times for the client in life events such as divorce, where the help of a trusted financial adviser is essential and a lawyer or accountant does not quite fit the bill.

Andrew Pennie, managing director of specialist retirement planning advice business Intelligent Pensions, says: "Working with professional connections is the Holy Grail for many financial advisers and if you can get it right, it can provide a highly attractive and profitable stream of clients and work.

"Solicitors and accountants are typically the most sought after professional connections as they tend to have attractive higher net worth clients and their work can often promote the need for financial advice such as a divorce or a business sale."

SIFA Professional helps advisers build relationships with lawyers and other legal professionals. Business relationship manager Pat Seaward says developing such relationships will create an additional referral channel for advisers "from trusted legal professionals".

"Referrals received through this route have been 'qualified' - the solicitor's code of conduct stipulates that they must always act in their client's best interests so, if the solicitor recognises the need for complementary financial planning but does not make a positive referral, they would clearly not be doing so," he explains.

The professional connections expert adds that creating these links among fellow professionals also allows advisers to offer their clients a more holistic, joined-up financial and legal service "which an increasing number of clients need, and deserve".

Seaward explains there are many and varied ways to make professional connections: "A good starting point is to identify the areas of financial planning in which you consider your firm/individuals to be specialists i.e. divorce, estate planning, trustee investment and later life planning."

He suggests advisers think about becoming affiliate/accredited members of specialist organisations such as SOLLA, Resolution and STEP, which complement, and are respected and relevant to, their legal connections.

SIFA suggests advisers also consider membership of organisations that come with a high degree of affiliation and accreditation through examinations that "reflects that you are serious about that area of advice".

"Organisations such as SOLLA, Resolution and STEP all complement working with legal connections. However, Resolution and STEP members are primarily from the legal professions, so their meetings provide superb networking potential," says Seaward.

"Additionally, as with so many things in life, regular communication is key when it comes to maintaining your connections in the areas of advice that affect both professions."

He says there may be potential connections out there who are keen to link with advisers in theory but are unsure of when would be best to do this in practice.

"It may prove valuable to assist solicitors in being able to identify clients they should be referring for financial advice that complements their legal advice, and at what stage in the process. During these conversations, it's worth also explaining to solicitors the points in your processes when you will be referring clients to them. It must be a two-way street."

Pennie agrees professional connections are about give and take: "Perhaps the most important thing when working with professional connections is to make them look good. If the client is impressed with your work that will reflect well on your professional connection and improve their chance of repeat business.

"The building up of trust over time is essential to get the best out of your work with professional connections."

The adviser adds: "Another effective way of working with a professional connection is where you can both benefit from each other's contacts and referrals. If both parties benefit commercially by working together that is likely to keep both parties interested and referrals front of mind."



From bun fight to collaboration

Richard Bertin is founder and chief executive of Tether, a financial planning software business for accountants. He is a Chartered accountant and former financial planning business owner.

Talking to *PA*, he says: "I come at this from both the accounting side and the wealth management side and I can see both bits. For me, it is like a Venn diagram. It doesn't matter whether you have the accountant that sits in there or the lawyers or regulated advisers, sometimes you end up with a bit of a bun fight in the middle as to who is doing what."

Bertin cites estate planning as a good example of a scenario where it is unclear as to which profession should lead - IFAs, lawyers or accountants are all likely in the mix.

"You often end up with blurred lines," he says. "Better business always comes from clarity, it comes from clear roles and responsibilities. Making sure that all the actions are agreed between the different parties."

When a referral has been made and collaboration is required, he notes, it is essential someone, not necessarily the IFA in all cases, takes the lead.

"Sometimes everyone wants to be the trusted adviser but someone has to deal with the client and you collaborate from that point of view.

"When I was a financial planner you always think that it should be you that is in charge of things but sometimes it isn't you. You can have a lawyer or an accountant that has a 20-year history with the client and they are collaborating with you.

"It is important that people put their own humility to one side and work out who is in charge of the relationship and work collaboratively."

In the know

SIFA's Seaward says one of the biggest challenges in making professional connections is keeping up to date with what is happening within the other professional markets, such as the new rules and regulations under the Solicitors Regulation Authority for lawyers.

"To ensure your approach is compliant and professional can prove challenging," he says. "Similarly, ensuring that any communications are relevant to existing/new clients to enable the solicitor to understand when financial advice is essential, and a referral is in their client's best interests, needs ongoing attention to ensure relationships are maintained."

Bertin agrees education about other professions is often lacking, which can cause hiccups or "duff referrals".

"If you look at the accountancy space, the legal space, they then have their own designated professional body rules, ethics guidelines - there's still that element of self-regulation but regulated advisers report direct to Financial Conduct Authority.

"If you were to ask the average financial adviser how the other bodies work there is a general lack of education. And probably from the lawyers and accountants, there is a general lack of education.

"It is important to get to understand how their businesses work."

Pennie also points out that professional connections do not need to come from different industries.

"Financial services is a wide and varied market and no one adviser can be an expert in all areas," he says. "In recent year's we have seen financial advisers work with DFMs and pension transfer specialists to increase the range of solutions and/or expertise they can offer to their clients.

"Working and collaborating in this way can be highly effective and works most effectively when the client understands the value and function of each adviser and how they combine to help them meet their goals."



Charging as the differentiator

For Bertin, charging structures across advice could become an important factor in the referral process as lawyers and accountants are looking for differentiators in a seemingly homogenous marketplace.

He says there are "winds of change" in the advice arena, with fee structure something that is likely to shift towards that of other professions.

Bertin ran a financial planning business that moved to fee-based charges in 2007, several years before the Retail Distribution Review (RDR).

"IFAs have gone from being financial intermediation to financial planning," he says. "That has been a big change.

"From outside of that camp now, I have seen that the regulator is concerned about clustering of charges. Because advisers were pushed to go down the fee-

for-service route instead of intermediation it looks like everyone is doing the same thing.

"How do consumers differentiate in the marketplace if the cost and service look the same? If it is difficult for the consumer to work out the marketplace, it is going to be difficult for other professions who might want to collaborate with financial advisers."

However, he adds: "But I think there is a wind of change on this. Look at the Royal Commission in Australia and this fee-for-no-service issue and the recent FCA consultation paper on consumer outcomes.

"You have this tussle between whether you are an 'industry' or a 'profession'."

Bertin says an hourly rate or fixed fee model not linked to assets would put advisers in line with lawyers and accountants.

"Loads of people are going to disagree with me but if you are a 'profession', clients go to their lawyer or their accountant for something and they are going to give you an hourly rate or a fixed rate for a piece of work.

"Financial services industry has adopted a fee-charging structure from RDR and I think that is going to change.

"If you are a lawyer or accountant then they may look at that - if you can find someone who is going to charge a fixed fee not linked to AUM but linked to the value of advice maybe that could be a change.

"It won't necessarily happen tomorrow but if the regulator has an eye on value for money I think that will possible come in in the future."

Whatever the future of charging holds for advice the message is clear on professional connections - it is time to dust off the contacts book, arrange those coffee meetings or join the professional bodies and networks that will boost your business referrals.

TIPS FOR ADVISERS LOOKING TO EXPAND THEIR LEGAL NETWORK

1. Identify firms that complement your own organisation ie, a large law firm does not necessarily mean good/appropriate referrals. Within that firm, identify the individual who has the responsibility for determining any third-party referral process. Within law firms, this is the compliance officer for legal practice (COLP).

2. Join one or more professional accredited networks

3. Maintain your knowledge of what's happening in the legal marketplace, in order to be able to appreciate the issues affecting your professional connections.

Source: SIFA