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Choosing a new platform & shared services – successfully identifying the optimum working partner.

To go it alone or not to go? For many senior financial advisers and wealth managers, that is the question. Then, if the answer is yes, the next question is with whom – and how? The upside is being your own boss, servicing your clients and running your business exactly the way you want to. The downside is, well, ugly. We talked to Simon Harradence, principal of Lugarno Partners, about his experience and why he chose Powerwrap.

For Simon, the timing was fortuitous. After eight years with a large international investment bank he was starting to feel that he could offer more to his clients outside the big corporate envelope. At the same time the bank decided to exit the wealth management business. While most of their advisers grouped together to form new business partnerships, Simon opted to go it alone. As he explains, there were two major reasons why.

“I think that big organisations find it really difficult to manage compliance. They’ve got so many different things to worry about. Of course they need to take compliance extremely seriously, but it’s really difficult for them to manage a large adviser base, so they’ve really got to lay down the priorities for their advisers, ultimately that is always what is best for their clients.

“I respect why they do that and how they do it, but the business that I ran just didn’t lend itself to that and that’s not because I sit outside of the compliance policy. It’s actually the opposite. I have a small client base and very personal relationships. Avoiding long-term capital loss is our absolute priority so we run very straightforward & diversified investment portfolios with very little deviation in anything that may cause our investors to be surprised.

“The other reason is that to satisfy their shareholders large businesses need to grow, so they devote large amounts of time to expanding their client base. To my mind that is a bit of a conflict in itself, because as well as expecting an adviser to deliver optimum service to their clients, they are also required to allocate substantial amounts of time to finding new clients; it’s not to say that I won’t ever grow, but I want to be empowered to allocate energy toward growth only after our clients are 110% satisfied that their desired outcomes are being met.

“I wanted to be able to walk into work every day and know that if the client called for it or if the clients needed it, that I could spend two weeks, one month, six months of my time just wholly and solely dedicated to the customers that pay my bills. Because we operate in a volatile market there have to be times when the business doesn’t grow. Growth, I think, can

be an illusion of progress, especially a business like ours where there's enough income to be made from delivering exemplary service to our existing clients. I think that the outcomes for them become much better when you are just focused on clients and not on growing the business.”

In choosing Powerwrap, Simon said there were two important factors: making sure he could maintain his business values and realise his really clear ideas about how he wanted to service his clients – a combination he didn't think was possible. He continued;

“Powerwrap made it possible because they bring scale to critical elements of our business - back office services like settlements, reporting, payments and even compliance. However, I think there are also elements of our business, the personal service side, where scale actually destroys what I'm trying to do. Powerwrap gives me the best of both worlds.

“I looked around, but there was nobody else who could provide what Powerwrap offer. Dealing with high net worth individuals can be a tricky business, they expect an integrated global portfolio management service. I found there are plenty of firms that do it really well for 85-90% of the assets that we run, but only Powerwrap could deliver on that final 10 or 15% when we actually really needed them to step up.

“My clients expect to choose their investment universe, not have it dictated by a platform. It's no good sitting with people like these and saying, “Oh, look. We are happy to manage these assets, but those we just can't do - that's like providing a burger without the chips. It's not satisfactory, so Powerwrap have built their operation around supporting businesses like mine. I know that it's a really difficult thing to do, otherwise, everyone would be doing what they are doing.

“However, I've found that Powerwrap don't just give you access to their platform, they actually invest the time in making sure that the experience for you and your clients is a good one. The customer relationship manager I have at Powerwrap is outstanding. With them I feel like I like I am not just dealing with a business, but that I am dealing with a person who actually cares about the outcomes that we're trying to achieve.

“I've worked with my clients, their accountants and other advisers, to keep them informed throughout the process. From go to whoa the complete transition is about 12 months and communication has been the key to keeping everyone comfortable. Powerwrap have done a phenomenal job in providing support during the transition and they worked really closely with our administrative team, which allowed me to just focus on client engagement and communicating with them.”

What would have Simon done without Powerwrap?

“I don’t think I would have started my business if Powerwrap weren’t there.”

And finally, any regrets in stepping out from under the comfort of the big business umbrella?

“Not at all! There is something amazing about being able to walk into a meeting and tell a client that I am here to serve them and no one else is going to get in the way of that.”

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About Powerwrap

Powerwrap Limited (AFSL No. 329829) is an Australian financial services company that delivers a sophisticated, unconstrained next-generation platform service for delivering efficient client outcomes.

For more information contact:

Cormac Heffernan

CEO, Powerwrap Limited

Phone: 0409 332 046

Email: cormacheffernan@powerwrap.com.au

Web: www.powerwrap.com.au

