

A tale of Two Cultures

By Justin Urquhart-Stewart, Marketing Manager 7IM

There have been many examples of accountancy firms looking to establish effective financial services arms in various ways and certainly I have come across a significant number of failures over the years. Trying to find a common theme for these is difficult but the root cause of the difficulties seems to come from the differing cultures of the two professions.

How refreshing therefore to come across a successful example and one which easily provides a model for others.

Scott-Moncrieff Wealth Management can trace its lineage back to a life and pensions business started in 1988 to support the clients of the Scott-Moncrieff accountancy business. However it was not until the driving forces and innovators Andrew Cumming and Raymond Ellis took over management control in 1999 that the wealth and financial planning business was established. Since then it has grown and now has more than GBP1.2m in recurring income and GBP310m of assets under administration.

Staff

A great innovation I liked was its programme to take on graduate trainees in financial services straight from Glasgow Caledonian University who have developed through to becoming consultants in a four or five-year period. This is a commitment to staff recruitment and development rarely found in financial services.

The firm currently has nine part-timers looking after 1400 clients segmented into wealth management, financial planning and an online service. Additionally there are a further 2000 employee benefit clients.

Systems

1st Software and Financial Express Analytics. INVU Services document management.

What are your key obstacles and threats?

Although they support the drive to industry professionalism, they are heartily fed up with the changes and "contradictory statements" that have been forthcoming on retail distribution review. This they find especially frustrating when trying to lay out an effective strategic plan for the future.

Your opportunities and next clients?

Andrew and Raymond both see the opportunity of good quality banks of clients becoming available as smaller IFA businesses leave the industry. They believe that they are well placed to absorb such businesses into their culture while also giving the confidence to the previous principals that they have left their clients in good hands.

Additionally they are now receiving a rising proportion of new business from referrals from existing clients and have found the close liaison with their accounting colleagues in both Edinburgh and Glasgow is proving the greater synergy of the business. On that basis they would expect to be able to at least double their assets managed, as well as their recurring income basis, within five years.

What we got right?

"It was the re-positioning of our business model in 1999/2000 away from a transactional model to a financial planning/ re-current income model and developing a graduate training programme. A painful

process but one we got out of the way early on in the industry. We could see where the changes were leading us."

What we got wrong?

Acquiring a small mortgage brokerage just before the housing market nose-dived and deviating from our core business: "And it is gone now."

Any issues around RDR?

They see themselves as being in reasonable shape for the RDR but need to fine-tune their systems and procedures to comply. "Our consultants are busy 'cramming' for their top-up exam requirements."

One thing that needs addressing in our industry.

"It has been fairly obvious since RDR was first mooted that our industry is totally disparate and does not have a voice, despite numerous attempts from a variety of organisations. There appears to be too much self-interest and egocentric behaviour and one wonders if there will ever be an organisation that can represent the whole industry or if there is a need to segment just as we have all been doing to our client banks."

A timely call for the industry leaders and representatives to get a grip.

Our tip for success in this profession.

Honesty, integrity, time-management, self-motivation and a desire to do the best for your clients.

Our special thing (fairy dust) than helps stand apart from your competitors.

We enjoy what we do and hopefully convey that enthusiasm to our clients. We also try to ensure that our clients are the main focus of our business because without them we would have no business.

My View?

Firstly, I think the accountancy and financial services linkage can be very powerful, and I was delighted to find that it really worked with Scott-Moncrieff Wealth Management. A good model for others. There is though a common theme with successful wealth management and planning businesses - it is their enthusiasm both within and without the office. A lot of this is down to the culture embedded by Mr Ellis and Mr Cumming. However their commitment to graduate and staff training is commendable and one which has paid off.

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Registered in Scotland No. 112315
Authorised and Regulated by the Financial Services Authority FSA:142614

This article first appeared in the Financial Adviser, December 2010.