

Financial Planners Talk

Creating new revenue and client engagement

*with***Simon Rayner, Dynamic Orange**

Issue

Almost one-third of people (30 per cent) who have not received financial advice associate a high cost as being the [key reason](#).

Solution

Implementing Moneysoft into his practice has given Simon Rayner a powerful and engaging proposition to connect with new clients; those who having seen the benefits, are willing to pay for his services. When new clients come in, Simon uses Moneysoft to evaluate their cash flow and to build a holistic financial plan, tracked it in real time. "Moneysoft is one of the key components you need to do that."

Result

Using Moneysoft, Simon has been able to engage both new clients, as well as existing in holistic advice. His advice practice also has a key point of difference, against his competitors.

One client has already gone from not having a dollar to having \$17,000 in their Offset account, in the space of just five months. Plus, they've also gone on two fully-funded overseas trips during the same period.

Moneysoft spoke to Simon Rayner at Sanctuary Cove practice Dynamic Orange about the way he's created a new revenue stream by transforming his clients' lives.

Financial planning has traditionally focused on investments, insurance and superannuation. Why do you use a personal financial management tool like Moneysoft in your practice?

It's the bit that's been missing from our industry. We jumped over the cash flow and having a plan that was tracked against real data and instead sold product. But this is really the core part of what we should be doing – managing cash flow – because that's how clients make money. Our office has a point of difference against most of our competitors because they're still in the realm of old-school style advice. They don't have a holistic approach to strategic financial modelling and tracking.

How did you previously track the financial position of your clients?

I asked clients to keep receipts of everything that they purchased or go through their bank accounts at night and type the data into Excel spreadsheets.

But the process was very manual and antiquated. Moneysoft was an eye opener. It meant our processes could move with technology and become very efficient. I don't have to rely on clients' information which often contains errors or rounding. People say 'I've got \$20,000 in the bank' but they don't – they've probably got \$19,350. Everything was wrong.



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How many of your clients are now using Moneysoft?

We initially put on about 30 clients including retirees, pre-retirees, accumulators, and people with cash flow problems. It allowed us to see the workload and how we could streamline it. We built our monthly client communication around their cash flow reports and then built a service offering around it. We could see how engaging it was.

It's now just part of our introduction to a new client and we're in the process of moving all clients onto Moneysoft. We use a co-branded Moneysoft client user guide (provided by Moneysoft, as a part of their service to us) and have email templates introducing Moneysoft and explaining why it's a core part of our business.

Moneysoft provided engagement benefits but have clients been prepared to pay for the service?

Moneysoft gives the on-going accuracy we need to see real scenarios tracked in real time. How you package it, bring it to your market, and explain it to clients – that was a learning curve.

When new clients come in, whether they're reviewing their insurance or super, it all comes back to how you fund it. Let's look at your cash flow, let's build a proper financial plan, let's track it in real time. Moneysoft is one of the components you need to do that.

Our initial service package is X Flow for clients that need cash flow advice. They essentially get a cash flow report, expense report, and merchant report. We aim to move them to the X Flow Plus service package, which incorporates financial modelling, tracking and building a plan.

X Flow helps clients learn to run their household like a business, to understand their profit and loss and work through their spending inefficiencies. It's about removing the convenience from their day-to-day spending habits, which costs them. We create rules like stopping ad-hoc shopping by implementing meal planning and ordering groceries online. We also allocate a certain amount of money each month to discretionary items. It turns their household financial position around.

X Flow is very engaging but it's time consuming – we actually spend more time helping the client than the remuneration we get. They don't have the money to pay – but that changes once we get them 'financial'.

I say to clients 'I'll reduce your expenditure by 30 per cent', which is my rule of thumb. Then we're able to show them what to do with the money. We've delivered value and can put them on a higher fee structure because we're able to talk about the financial strategy that comes with the X Flow Plus service.

Once clients become really disciplined, we use Moneysoft to capture their spending data as part of our ongoing planning,

monitoring and reporting. The expense reports become less important compared to Moneysoft's cash flow report, which we use as part of the financial modelling we prepare through Prospera.

The hard part is to try to teach clients not just why cash flow is important, but why they should pay for it. And it sounds like that's something you've started to unlock moving them from X Flow to X Flow Plus. How has that progression been?

I'll give you an example of a young professional client couple in their mid-20s who were recently referred to me. They had no money, lived week-to-week, had a pretty good social life, and owned a poor performing residential property they couldn't sell.

They had a lifestyle they wanted to keep but they had no money. Their lives were all about convenience: they couldn't see how much money they were spending on discretionary items through poor planning. They didn't know their flow of funds and had too many accounts.

We gave them a plan and they've gone from not having a dollar to having \$17,000 in their Offset account. They've gone on two fully-funded overseas trips in the space of five months.

They just needed help with their cash flow but as a result of that they can now afford a full plan that involves overseas travel, purchasing another property – and they know exactly when they'll own their own home. We've done their insurance, super, estate and wills, and will refinance their loans when they come out of their fixed structure. Initially the client had no savings and after three months of using Moneysoft we implemented a strategic plan that will produce over \$7,800 in revenue for this practice.

Are all clients able to commit to the plan?

Convenience has gone. It's tougher, it's harder and I explain to them, 'you're not going to like me in the first three months because it's not going to be easy'. But in three months' time you're going to love me because you'll realize, 'wow, I now know how to do this and I'm happy; we don't have arguments about money and we've got a plan'.

The first month is the catalyst – clients want to change but we start by focusing on three key areas. We don't try and build Rome in a day. We go through the six months of transaction data we capture, we categorize it and get help from the client to understand their financial footprint.

Then we present their current position to them and the areas they can improve. We put a target for the first month and then we look at what worked, what didn't, and how they felt. We ask what other areas can we improve and how can we change their behaviour?

By the time we get to the third month we see a dramatic decrease in discretionary spending. They've become so self-

aware that we start to see them getting quotes for general insurance and so on because they're starting to really drive home efficiencies.

After six months we really see significant changes to the point that we no longer have to closely monitor their cash flow habits because they're entrenched. If we see things pop back up, then we address it. We give them tips every month with their cash flow statements to help them become more efficient with the little time they have.

We have had two instances where clients have withdrawn because they wouldn't commit to the Moneysoft program but if they weren't going to commit, they were never going to get where I needed them to, so they were better off doing it themselves.

What Moneysoft functionality do you get the most out of?

Moneysoft enables me to understand people's financial footprint: we can understand what drives their decision making and see the inefficiencies through the transactions. The reports that we commonly generate are the cash flow report and the merchant report.

The cash flow report shows each transaction and categorises them – how much you spend on each, that's brilliant.

The merchant report is great. I can see, for example, if someone's going to Woolworths 44 times in a month – then we've got a shopping problem. They're buying off the cuff, not planning meals, and buying small volumes. They're a very nice client of Woolworths so should probably be a shareholder. The merchant report allows me to teach them how to stop going to the shops.

The expense report is almost built into the cash flow report. The other thing we use is the budget when we set one for a client. I use that to show how they're performing.

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All of your clients have used Moneysoft Pro until now but you've recently introduced Moneysoft Lite. Why?

It really depends on what the client needs from our advice. Are we really working hard on improving their cash flow with Moneysoft Pro or has the client got plenty of cash and I just need the data capture from Moneysoft Lite?

"Moneysoft Lite definitely fits the retiree market and those clients who are very financial. I just put a white collar professional on where we don't need to discuss transactions. He just needs Lite so I can pick up the data and put it into my financial models every month. I can then show his 'track to plan' using Prospera.

Moneysoft Pro is for clients who need to make changes in their household habits. We need to pull all the reports, we need to run a future budget and show them how they're tracking against it. We need to set cash flow and budget goals. We're teaching them how to spend and save.

The difference from an advice perspective is Moneysoft Lite is lower cost and I like that because the system is still delivering what it needs to do.

What is the single biggest reason you'd recommend Moneysoft to other people?

I just gave a speech at a PD day and said it's time to stop asking clients for their financial data – it's inaccurate. Use Moneysoft as a data capture. Introduce it as another service offering because it's engaging and will lead to many other services you can provide.

If you sell insurance to a client, then the client doesn't need to come back to you for a year or unless they need to make a claim. There's no engagement. Cash flow is very engaging and the client relationship is significantly improved. It will make you a better adviser to your clients.

Take the opportunity to register for your own Moneysoft trial

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