



The SMSF Academy Podcast – Transcript

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Aaron Dunn: You are listening to the SMSF Academy Podcast. This is episode 28.

Speaker 2: Welcome to the SMSF Academy Podcast, the show designed to help professionals stay ahead of the curve. Now, here's your host, the man that's in the know and shows you how SMSF is done right, Aaron Dunn.

Aaron Dunn: Hey there, folks. Aaron Dunn here from the SMSF Academy. Welcome back. We look forward to an even more exciting podcast in the 2018 year. Hopefully, the year is going to be full of excitement and opportunities for you. For us, we're seeing the exciting rebrand of our SMSF Academy business towards the end of January. We'll share a little bit more of that rebrand over the coming weeks as we get close to the launch stage.

So it is an exciting time of year. It's a part of the year that is full of optimism as we focus on what we want to achieve in the year ahead, whether that's from a personal context, or business context. I guess when we look at what we want to focus on and specifically some of the things that we're trying to achieve, what I thought I'd cover off on today is eight things that you might want to be focusing on in 2018. Of course, this will have a very direct relationship to the SMSF part of your business, but more importantly it does branch right across the way in which you would operate your business, whether it's as a financial planning practice, an accounting practice, maybe a composite of that, or some other areas that you work within inside the financial services sector.

Let's go through some of these things. Again, just really touching on some key items that I see as being really important and things that I'm doing myself at the moment; sharpening the pencil in respect to what I'm looking to achieve inside the business in this current year. The first one here is around 'upping the ante in your knowledge' for this year.

Now the super forms have meant that you're going to need to increase and improve the knowledge and skill around superannuation and SMSFs. And we've seen over the past year, there's been a real focus on trying to, I guess, recalibrate your mind in terms of the old rules and bringing in the new requirements. That's certainly going to continue, I think, about myself in the lead up to 30, June or the introduction of those measures from the 1st of July, it was very linear in the approach to trying to etch out some of the old requirements and starting to build in the way in which the new rules would work, the transfer balance cap, we'd be thinking about total superannuation balances and so forth.

It wasn't until when I got to the 1st of July, and actually went away for five weeks that I came back, and it gave me time to then think about more laterally, will how are these rules now going to apply to many of the strategies that we'd been employing with our clients over the many years, of which those simpler super forms had been in play.

So this is something that in particular in this year, I'm hoping that you're starting to think a little bit more laterally on the basis that in the last calendar year, you

spent a lot of time rewiring your brain around the new rules and what they actually mean with your clients. You would've spent a lot of time looking at the processes, maybe updating trust deeds, having discussions around advice for your clients. But it is going to continue to evolve this legislation and there, what goal, therefore, are you going to set yourself, your business, in particular your staff as they start to have to implement many of these measures and in this year ensuring that you are ultimately providing the best advice to your clients. That may be through creation of opportunities and looking at the latest strategies post 1 July 2017, but also it may be around managing risk as well. So, I challenge you to up the ante in your knowledge for 2018.

The other thing here is consistency in approach. This is number two. One of my favourite sayings here is to be successful, you need to be consistent. This is true in life as we set goals at this time of year. The same here actually goes for a range of things, right across your business, in particular when we look at our SMSF business. It's around the way in which we generate the particular documents. So, making sure we've got a consistency in the documentation that we implement for our particular clients, processes in how you do your work, the way in which you apply your marketing or social media approach for clients and prospective clients. A consistency in all those things is going to be key. Most importantly here, it doesn't matter how small the steps are that allow you to move forward in this space. It is more important that these steps are actually going to be consistent here.

The consistency is one of the real critical pieces in this overall approach, because consistency will ensure that you start to build a rhythm in how you go about doing whatever you're intending to do in that particular year. Now, let's move on to what I see as the third one. This is around ramping up your technology focus.

Sowe've spent a bit of time over the past few years looking at the impact of things like automation, the adoption of, say, cloud-based software. That's being driven through efficiencies, but also putting a focus on the fact that we can provide better reporting with our clients and greater levels of engagement than we've ever had before.

Now what we're seeing though is it's going and extending much more beyond just that information, being there available to us and to our clients to not only deliver those efficiencies, but engage. Those things are going to be critically important going forward. But now we're starting to see large levels of data being available, giving us insights that we really only dreamed about a few years ago. Therefore, as we move into the future and we think about things like what artificial intelligence might be able to do, it is, without a doubt, going to reshape industries like we've never seen before.

We are already seeing, within the SMSF space, the influence of things like Big Data, in particular where we could very quickly and distinctively look at which clients had a total superannuation balance of above \$1.6 million. We're able to identify within the software what clients had concessional contributions above the reduced 25,000-dollar cap. All those things where we've got this data available to

us and having these insights available in our software, like Simple Fund 360 or Class and so forth means that we have these stuff at our fingertips that allows us to better make decisions for our clients in a more timely basis, and the ability to overlay that further with artificial intelligence, like I said, over the coming years, it's going to be very exciting. Very scary for some people by the same stretch, but very exciting in terms of where we may head around that technology as well.

So whether you're at the start of a technology journey, and there are still many of us thinking about cloud decisions here, or whether you're well into the process, remaining focused on this area, keeping up with trends and remaining curious of what is potentially available here will be crucial to your success in 2018. In many respects in my own business, we, three years ago, wouldn't have even contemplated the fact that I'd have two full-time developers now working inside our business.

As we went on the journey of building a document platform and the integrations that we have inside our membership area, many of the thoughts and processes that I had in my own head were, "I wonder if I could do this?" whereas now it is all about, "I wonder how I can achieve this?" And the one word there has made a profound difference. No longer am I wondering if, but I'm actually focusing on how it can actually happen. Therefore, thinking about that technology footprint, how that fits into your business, like I said, is going to be really critical to your success not only in 2018 but well into the future.

So our fourth one now is really thinking about revisiting your business model. With the ongoing regulatory reforms, we've seen legislative change, and this technology forging ahead in leaps and bounds, it is important to take a step back and revisit just how your existing business model is currently set up and assess its viability moving forward into not only the year ahead in 2018, but the years beyond. In this area, what we see is the very traditional ways in which, say for example, accountants have gone about doing their work, is fundamentally changing as a result of things like the technology and the software that we have in play now.

So one of the tools that I highly recommend people use in this space to consider around your business model is the Business Model Canvas template. This was developed by Alex Osterwalder of Strategyzer some time ago which takes a single page view of your customer segments. So, who is your ideal client? It'll look at your value proposition. You can go down further and look at the value proposition canvas that they also have in this space. It'll determine your customer relationship. Are you a low-cost provider? Or are you trying to provide a high-touch service? In many instances, businesses get caught up in price with their clients. And the clients will challenge them on whether the price that they're being charged is competitive in the marketplace. Because what the problem is, is the articulation of the value in that value proposition is being tested against a business it has an entirely different business model.

So if you are a high-touch relationship, and you've actually set about the way in which the customer relationship is to work, and the way in which the value proposition is to be upheld, then you shouldn't be having those conversations

around things like your pricing and being compared to a low-cost online provider, because you're being able to clearly articulate that as part of your overall business model.

You'll need to think about here your channels of communication to your clients, the revenue stream. So are you looking at an annuity-based model, or are you looking at still continuing in a time sheet-based approach?

What key activities are you going to be putting in place, the key resources you actually need in your business? We spoke before about the increased role in which technology will play. Are you going to look at just hiring more accountants? Or do you need to make a shift and look at how you might actually start to employ various technology or web development skills to be able to deliver certain solutions to your clients? Key partners in your business. So whether that's the software providers. It might be a licensee that you're working with. Ultimately, your cost structure that sits around that as well.

So revisiting your business model as point number four here is one of the things you should focus on in 2018, I think, is really important. Then five, we move into creating a plan. We have an understanding of what our business model is like today and where you want to take it. We need to start to put in place your plan for the future, setting out what your goals may be over the next three to five years. Not only do we need to look at that in that timeframe, but of course we need to start peeling that back so that we actually look at it in terms of the next year, and then we might take that down to the next 90 days.

If you take an agile approach to dealing with work, we see a lot of businesses now, and we do this ourselves, we try and break it down into bite-size chunks. We might be moving in two or three week blocks, and really stepping through what we're trying to achieve. Bite-size chunks, being consistent, as I talked about before, step two, consistency in approach, we ensure that we get to what we're wanting to achieve. That's one of the key things that I've been focused on in our business, to ensure that we have our plan. We've got our clear business model. And we work in a consistent approach to ensure that we achieve what we want to achieve.

It may be making, in your business, a shift to a more advisory-based solution. That might require further education inside your practice. It might to bring staff on in your business. It may be investing heavily into technology to better deliver services to your clients. You need to put some time frames around those things, and then work out from there how are you going to break that down to ensure that you can achieve that within the specified time frames.

Number six here is to get the team involved. Team buy-in here is king. They say, that you're only as good as the people working around you. Business here has always been about people, whether it's as an employee, whether it's been contractors, you've got your business collaborators that you have, key partners, your clients and your customers. Your focus must be here on the creative potential of those around you to ensure ultimately that you deliver on what you are promising your clients. It's important here to nurture the talent that you have

in your business. Engage them in the big business decisions that are going to ultimately impact their lives too, and help release that true potential of what can be achieved in your business in 2018. I can't stress that enough. Regardless of how small you are (practice-size), ensuring that everyone's involved is going to ultimately help deliver the outcomes that you want as well.

Number seven here is get real expertise in your business. What do I mean here? What I mean is do you have a person or people who are 100% across the specific software that you use in your business? Hand on heart, can you say 100% specifically across the software you use in your business? The challenge here is if you don't, how much therefore are you leaving on the table where you don't have that genuine expertise around what is a fundamental core part of your business to deliver what you provide to your clients?

Now sure you might say Sue or Tony is the go-to person in your business when it comes to a piece of software. But if you ask them just how much they know, they'll probably fall well short of 100%. If they don't, fantastic. Well done to you. That's great. But it is very, very rare that that is the case. Now, Steph Hinds from Growthwise spoke about this at the BGL Reg Tech events in August last year around Australia. This really hit a chord with me because it is very important, and she raised this with the room. There weren't many that could fundamentally say, "We had that person inside the business."

I go back. The reason why it's sort of hit a chord with me is because I recall my early days as an accountant working within SMSFs. Funnily, I built-up a really strong working relationship with Matt Crofts who's now the head of Cloud at BGL and I guess challenged myself. It was more motivated to me, I guess initially, rather than the business sort of pushing me around this. But I became a beta tester for the Simple Fund product.

Now this isn't a way for you to go, "Okay. Well, I want to become a beta tester for a product," or whatever, but it's about really knowing your craft in respect to what you're using. Here, fundamentally what I did is I asked questions. I provided regular feedback, to the point that Matt was probably sick of me. But it created new and improved ways of doing things, not only in respect to the clients and the service offering that we had, but also to the product to further enhance the product, again, to deliver ultimately what we wanted to provide for our clients.

Now sure, that provided a lot of other benefits beyond our business as well, which is fine, but it's still to this day I regularly chat with Matt about the direction of the industry and the role that the software is going to play. And in particular now where we have in our own platform the integration that we have with Simple Fund 360, to help practitioners be at the top of their game.

This is really critical here. So get the expertise in your business. Make sure they're challenging the ways in which work is going to be done, and where it can be improved. Really focus on that continuous improvement, because we're seeing the software fundamentally reshape the way in which we are doing our work. So being at the top of your game, and having 100% knowledge across software is going to be really critical.

The eighth and final one here in the things to focus on in 2018 is to take action. Too often, the best ideas never move past the pieces of paper that they're written on (that's a quotable Tweet that you could use). It's very easy to get caught up in focusing on what your competitors are doing, or you're just getting busy wondering whether it can be achieved or not. Or you just get so busy in what you're doing, you go back into being busy and looking for any excuse other than actually taking the action that you were intending on doing.

The reality is that your speed doesn't matter when it comes to taking action. Forward is forward. That's the most important thing that you need to focus on here. Start and don't aim for perfection, or else you'll never finish. If it's seeing whether a client is prepared to move to monthly pricing, for example, but you're not sure or not, test it on a new client, one that doesn't know the old ways of how things are being done. Test it and measure it constantly until you feel like you know that you've got a minimum viable solution that you can roll out to the next group of your clients and so on.

It's not about rolling it out to all of your clients right now. Therefore, as the saying goes, you're never going to eat an elephant in one bite. Start one bite at a time. That's a philosophy that took me a while to overcome. But importantly now, get it to a point where we can get our users and our clients, our customers to really get their teeth stuck into it. Sure, it might not be perfect, but if people see the potential in it, they're going to be prepared to stick it out and provide as much feedback as they possibly can to ensure that it's going to improve their lives as well. So taking action is the final one there in the eight things to focus on in 2018.

Let's just recap. The first one, upping your ante in the knowledge. We've spoken about the impact of the super forms, and the ongoing challenges that that presents. The year ahead provides us with a greater level of opportunity to think more laterally around how it's going to impact our clients as we move into 2018 and beyond. The second one is consistency in approach. To be successful, you need to be consistent. The third one, ramping up your technology focus. Looking at the impact that this is going to play on the way in which you deliver services to your clients.

The fourth one was revisiting your business model, understanding what impact things like technology, regulatory reform and legislative change is having on the way in which you're doing work today and into the future. The fifth one is create a plan. So set about your targets for the next three to five years and then break that down right back down to a year, and then your next 90 days, and even into smaller bite-size chunks as you see fit. The sixth one, team buy-in is king. So, get your team involved. Like I said, you're only as good as the people that work around you. The more you can engage, statistics and data tells us, that the better that team will ultimately perform.

Seven, get real expertise in your business. Ensure that you've got people who are 100% across specific software that you use in your business. Without that, you're leaving value on the table with your clients. And the last one, number eight is to take action. Don't wait for perfection. You'll be waiting forever.

That's it. I'd love to hear your thoughts on what you're focusing on in 2018 in your business. I wish you a great year ahead. I look forward to talking through on many of these topics right throughout 2018. Take care. I look forward to you joining me for next week's podcast.

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