

For financial advisers only

Develop professional connections



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Getting started

You know that good working relationships are key to a successful business. But the thought of developing new professional connections can be daunting. Who should you approach, and what makes an effective ongoing partnership?

Why do you need to bother?

As a financial adviser, looking for new opportunities can help you to increase revenue and maximise profits. One area worth exploring is the professional services community. There are a huge number of accountant and solicitor firms in the UK. And while some of the larger practices have established their own advisory businesses, many others haven't – which provides opportunities for you.

Here you'll find ideas and support to help you tap into this market.

What's in it for clients?

From a client's point of view, solicitors, accountants and advisers are perfect partners. Clients rely on solicitors and accountants at crucial points in their lives, such as moving house, setting up a business, getting divorced or making a will. These are also the kind of situations where they'll need help with financial planning. And if a solicitor or accountant they trust recommends your services, they'll be more likely to follow up and seek your advice.

What's in it for a solicitor or accountant?

By forming a successful relationship with you, solicitors and accountants can offer a wider range of services to their clients. As a result, their clients will feel more satisfied as their wider financial and legal advice needs will be met. This in turn will lead to improved client retention and repeat business, as well as the extra income from referrals. Satisfied clients will recommend their solicitor or accountant to friends, while you might be able to refer clients back to the solicitor or accountant.

What's in it for you?

There are clear advantages to having a steady flow of high-quality clients, who have been referred to you because they have an identified need and are willing to seek advice. Clients like this are more likely to be interested in profitable areas of business, and will have a higher than average conversion rate.

We all know word of mouth is the best kind of advertising. If you work successfully with other professional organisations in your local community, word will soon spread.

Making contact

Working with solicitors and accountants is largely about building relationships and trust. Here we give you some ideas for approaching potential business contacts.

If you haven't already done this, put some thought into defining your business proposition – what do you have to offer?

What are your strengths in terms of knowledge? It's not necessarily best to know something about everything. Solicitors and accountants themselves often specialise, and it can help if you can reflect that specialism in your proposition.

It's important to research the firms you're looking at – what do they specialise in, and how will your offering fit? This will help you to see if you're compatible.

Do your research

You need to find out which accountants and solicitors specialise in which areas, and who's who in these firms.

Personal contact

There's no substitute for local knowledge and contacts. You're a member of your local community and, as an adviser, you'll already be a member of the local business community.

Some ways of making contacts in local communities can be seen as old fashioned – but they do work. It's worth exploring the usual haunts of Round Table, Rotary Club, golf club, parent-teacher associations and local business forums. Do you have an accountant or solicitor yourself that you could ask about the members of the local professional community?

Seminars

You could attend any seminars or meetings run in the local area with topics that are likely to be of joint interest. Or you could run seminars or webinars of your own.

Online search

It can also be worth searching the appropriate regulatory bodies' websites. All websites allow you to search by area and some allow you to search by specialism as well.

The main websites are:

- The Law Society, covering England and Wales – lawsociety.org.uk
- Law Society of Ireland – lawsociety.ie
- The Law Society of Northern Ireland – lawsoc-ni.org
- Law Society of Scotland – lawscot.org.uk
- Institute of Chartered Accountants in England and Wales – icaew.com
- Institute of Chartered Accountants of Scotland – icas.com
- Chartered Accountants Ireland – charteredaccountants.ie
- Association of Chartered Certified Accountants – accaglobal.com/uk

Ways of making contact

It's always best to contact people in person if possible. If you can't do this through local clubs or organisations, you could carry out seminars and presentations.

Present at a solicitor or accountancy firm's regular meetings

Most solicitor and accountancy firms have regular update or planning meetings. You could offer to present to all its members, explaining:

- The benefits of getting involved in financial services (for the solicitor/accountancy firm and its clients).
- The types of arrangements that can be set up.
- The things to consider when looking at setting something up.

Ideally, there shouldn't be any selling involved – just a simple presentation of the facts, including answers to common questions.

Present at local meetings of professional bodies

Many professional bodies have local sub-groups, which hold regional meetings during the year. Often the organisers of these will be interested in external speakers, as long as the talk is generic, timely and relevant.

The key is to find out what's of topical interest to the attendees. You can get ideas from local contacts, news items or journals on the professional body websites, or from reading the journals that the firms read, for example [accountancydaily.co/magazine](https://www.accountancydaily.co/magazine)

This gives you the opportunity to demonstrate your professionalism, knowledge of the subject and understanding of the solicitor or accountant's point of view. It also gives you the chance to chat to attendees personally afterwards to build contacts and knowledge, rather than selling your services. Again, you can find out about these meetings from local contacts or online.

Offer seminars for groups of local firms

Look for topics that are of common interest between you and solicitor/accountancy firms, for example, family and business protection, pensions and divorce, investments, pensions for professionals and so on. The seminar should cover technical issues, compliance requirements and how you can help.

Seminars give you two main opportunities:

1. To demonstrate your professionalism and knowledge.
2. To network with attendees afterwards or in the breaks.

Direct mail

You can also use a direct mail approach to reach named individuals within firms. However, this is likely to be seen as the most direct way of approaching contacts, and can put people off.



Making your case

When approaching experienced professionals like these, remember that they know their business inside out and will be ready with objections if they can't see the value of your proposition. You'll need to persuade them that they should get involved with financial services, and that you're the right person for the job. You can find some good reasons in the **Getting started section**.

Here are a few other ideas to help you make your case:

- Think about how clients of the solicitor/accountancy firm will need financial advice as a result of work done by their solicitor or accountant.
- Develop an understanding of the solicitor/accountant firm's culture and how you'll fit with this.
- Demonstrate your compliance processes (fact finding, terms of business and client reports), your normal systems and controls, and how these will protect their clients. You'll find more details in the section – **The nuts and the bolts**.
- Demonstrate how you propose to work with the solicitor/accountancy firm and their clients (see **The nuts and the bolts** section), highlighting the compliance, procedures and communication strategies you'll follow.



Help them trust you

Put yourself in the solicitor or accountant's shoes – what would you be wary of? They've worked hard to build up their practice and reputation with their clients – why should they risk that by involving someone they don't know and have no control over?

It takes time to build up trust, so it's unlikely that a solicitor or accountant will rush to refer all their top clients to you at first. However, there are a couple of things you can do to encourage them:

- Offer to work with one or two clients initially on a trial basis. After you've done the work, their clients can provide them with feedback on their experience. You can then discuss with the solicitor or accountant how they'd like to take the relationship forward.

Starting off like this not only builds trust, but also helps you to see whether a relationship with this solicitor or accountant is right for you.

- Offer financial advice to the solicitor or accountant first. By doing this you can demonstrate the value of what you could do for their clients.



The key is to demonstrate that your services are perfect for them, and they can trust you to maintain their reputation and add real value for clients.

Working together

So you want to work with a solicitor or accountant, but what does that actually involve? Here are some ideas about how you can work together.

There are many ways that you can work together with solicitors and accountants. In general, the most successful of these are referrals and joint ventures. However, it's helpful to have an idea of all the possibilities before you approach any potential business links.

What solicitors can and can't do

Solicitors and accountants can carry out certain regulated activities without being regulated by the Financial Conduct Authority (FCA), as long as they meet the conditions specified in section 327 of the Financial Services and Markets Act 2000.

You can find more details in the Solicitors Regulation Authority (SRA) Standards and Regulations.

A number of solicitors and accountants will have chosen not to deal with regulated activity and this is where your knowledge and expertise becomes invaluable.

Options for solicitors and accountants

Here we look at the ways solicitors and accountants can offer their clients financial solutions, and the pros and cons of each one.

Employ an in-house financial adviser

| Pros | Cons |
|---|---|
| The two can enjoy close working relationships and a shared culture. | The solicitor/accountancy firm's partners must meet the FCA supervisory and management requirement – do they know enough about financial services to do this? |
| | Mixed practices have higher regulatory costs than those that only offer financial services. |
| | The solicitor/accountancy firm won't be used to FCA procedures and requirements. |
| | Only solicitor/accountancy firms of a certain size can support a full-time adviser just for their own clients. |

Create a new advisory business

The solicitor or accountancy firm can keep full ownership of the new company, or the adviser could have a minority share.

| Pros | Cons |
|---|--|
| The solicitor or accountancy firm doesn't have to meet the FCA requirements. | A new company needs fresh FCA authorisation, which takes time and money. |
| It reduces regulatory costs. | |
| Referrals can be paid for by dividend payments (if the client agrees) rather than commission. | |

Joint ventures

The solicitor or accountant can take a minority interest in an adviser joint venture. A joint venture can be contractual, for example a partnership agreement, or have a separate legal identity.

| Pros | Cons |
|---|--|
| The solicitor or accountant is committed by their investment. | The business will be subject to the Solicitors' Separate Business Code and the solicitor or accountant will be held responsible for any transgression. |
| It provides a closer relationship than referrals. | It's a risk for solicitors and accountants, as they'll be part of a business in which they're unlikely to have any day-to-day involvement or control. |
| Payment can be made in dividends, avoiding any complications of sharing commissions or fees and VAT accounting. | |

Referral of clients

Unlike introductions (which we discuss on the next page), the referral of clients is a formal relationship that should be recorded in writing. The solicitor or accountant agrees to work together with you and will keep up to date with the work you carry out on behalf of their client.

The main thing to remember with a referral is that it produces an ongoing three-way relationship between you, the solicitor/accountant and the client. Clear communication between all three parties is critical. You can find ideas on how to set up and maintain this relationship in the section **The nuts and the bolts**.

Another thing to remember if you're considering this type of relationship is the payment to the solicitor or accountant and the VAT on such payments.

If the solicitor or accountant is paid for referrals, they need to:

- Tell their clients the details of these payments.
- Explain what they're doing to justify these payments - this also involves asking their client to agree that they should keep the payment to offset any fees due for such services.
- Get their client's written agreement to the arrangement.

Provided there's an audit trail, these payments shouldn't be subject to VAT. If a solicitor or accountant raises their own fee bill, they might be charged VAT.

| Pros | Cons |
|---|---|
| Solicitors and accountants are only subject to the conduct of business rules of their own professional body - not the FCA's | You and the solicitor/accountant work in different locations, so regular, clear communication is vital. |

Introductions

This is where the solicitor or accountant simply tells the client that they know of an adviser that they've heard good things about, if the subject of financial advice comes up. The introduction must relate to financial advice in general and not to a specific investment.

This differs from a referral in that it doesn't involve the solicitor or accountant in any ongoing role.

| Pros | Cons |
|---|---|
| It's less effort for the solicitor/accountant | Payment to solicitor/accountant may be subject to VAT (practices may vary between VAT offices). |
| | The FCA prefers you to set up referral arrangements with solicitors and accountants as it sees this as the professional way to do business. The solicitor/accountant needs to show commitment to the co-ordination of their clients' affairs and that the payment they receive reflects these services. |

The nuts and the bolts

Completing all the paperwork and getting the processes right might not sound very exciting, but it's key to a successful relationship.

It's important to get the paperwork and processes right because:

- It makes sure you, the solicitor/accountant and the client are properly covered.
- It makes sure the appropriate regulatory bodies will be satisfied with the arrangement.
- It demonstrates your knowledge and professionalism, reassuring the solicitor or accountant that you know exactly what needs to be done.

Here we outline one possible process for referring clients that meets the relevant professional and regulatory bodies' requirements. It also makes sure there's a clear audit trail to follow, and that solicitors or accountants can justify any payments they receive.

Finally, it demonstrates good ongoing communication between all three parties.

Step 1 - getting started

Once the parties involved have agreed the way forward, put this in writing. This isn't a regulatory requirement, but it's good practice. A written agreement provides part of an audit trail and will make sure all parties have the same view of what the relationship is about. It also helps show that the solicitor or accountant should be exempt from VAT on any payment they receive.

Solicitors and accountants generally have to provide their clients with a document like an adviser's terms of business letter. This is called a client care letter. A separate terms of business for financial services should be added to this, reflecting your terms of business and to tell the client:

- What your charges are, in accordance with FCA requirements.
- What you've paid the solicitor or accountant for referring them to you.

The solicitor or accountant should also add a paragraph to their covering letter to let their clients know that financial advice is available.

Step 2 – working with a particular client

Data protection issues need to be covered if they haven't been covered in previous correspondence with the client. The client needs to agree in writing to their solicitor or accountant passing their information to you, and vice versa, so you can give them advice.

The solicitor or accountant should send you a letter referring their client to you. To help justify their referral fee, they can use this letter to demonstrate that they've given you appropriate information on their client. This could include:

- Proof of their client's consent for data protection purposes.
- An explanation of how the need for advice has arisen and what subject area it's likely to be in.
- Evidence of their client's identity and address for money-laundering checks.

The solicitor or accountant could arrange an introductory meeting with you and their client at their office.

Once you've carried out the usual fact-find and decided on your recommendation, you should send both the client and the solicitor or accountant copies of the client report.

The solicitor or accountant may wish to write to their client to say they've received the report. This isn't a requirement, but it can show their involvement in the process.

The solicitor or accountant should write to their client once they've received your payment for the referral. The letter should make it clear that the client doesn't need to pay the solicitor or accountant anything for the work they've done during the referral process, as their adviser charges cover this.

Step 3 – keeping it going

Once the initial activity has died down, it's important you don't neglect the solicitor or accountant, or take them for granted. The relationship has to be nurtured.

You need to make regular contact and check whether they're happy with the arrangement – to make sure everything stays on track. You can agree on the best way of doing this with the individual solicitor or accountant. It could involve quarterly reports, regular phone calls or face-to-face meetings, email or web-based communication, social contact or any combination of these.



The opportunities not to miss

You may well be able to help their clients, but will the solicitor or accountant spot the opportunity?

One key reason why professional relationships fail is that the solicitor or accountant missed financial advice opportunities. Solicitors, and to a lesser extent accountants, aren't necessarily trained to identify or understand areas where financial advice may be needed.

Here we look at various things you can do make sure you don't miss out on potential business.

Referring clients

Rather than trying to spot particular transactions that may result in a need for financial advice, the solicitor or accountant could simply refer every client (if their client agrees) to you. This takes the pressure off them to spot financial advice needs, and lets you make your own assessments.

Make a list of common mistakes

It's easier for the solicitor or accountant to identify clients who are using them for certain types of business, than to identify their individual financial advice needs. The solicitor or accountant could therefore bring up the subject of financial advice with all clients who come to them for specific types of business.

Some of the easiest transactions to spot are the types of business that generate a lump sum. For example:

Estates

This is one of the most obvious areas where people might need financial advice. Even if the solicitor or accountant agrees to refer only clients that fall into this category, it would be a decent start.

Dealing with lump sums from estates is usually the remit of the tax/trust/probate department of a solicitor/ accountancy firm. If they're offered any help at all, clients with lump sums may be referred to a stockbroker.

However, this isn't always in the client's best interest as they may be better served by a financial adviser's ability to look at their whole financial picture. For example, they may need financial advice following the change in their circumstances that generated the lump sum. This could include considering trustee investments, inheritance tax planning, long-term care planning or underlying investments for trusts.

Divorce

Divorce can result in a client receiving a lump sum. There may also be children's interests to consider when investing it – which is another reason why direct shareholdings through a stockbroker might not be the best course of action.

Alternatively, the client may have lost money in the divorce and need to look at rebuilding wealth. Clients going through a divorce are likely to need help with other financial matters, for example pensions, joint endowment policies and the protection of maintenance payments.

These present opportunities for you and the solicitor/accountant to work together, for the benefit of the client.

Litigation

Clients may need investment advice following litigation cases that result in lump sums. For example, they may want to secure an income for life because they're unable to work.

Preparing for the future

Solicitors/accountants tend to focus on the task at hand. Whereas you could use the client's current life stage to encourage them to think about their future, help them put things in place to achieve their long-term goals and improve their overall financial wellbeing.

This may not be the big mortgage opportunity that it first appears, as the client may arrange their mortgage before the solicitor is involved. However, this won't always be the case. This area also has opportunities for looking at putting protection cover in place to protect mortgage payments, buildings and contents insurance, and short-term investments while the client makes up their mind.

Find out more about how to help clients improve their financial wellbeing

Corporate clients

Although the investment of lump sums isn't such an issue for this group, employers will need to look at many other financial areas such as pensions, employee benefits and key person insurance.

Expats

Expats may go to solicitors or accountants for help with things like processing work permits or starting up a new business abroad. They may have specific financial planning needs because of their expat situation, as well as more general ones.

Look back at past clients

Another possibility is for the solicitor or accountant to look through their records of one-off clients, in other words, those who completed one transaction and then didn't come back. They can contact these clients to keep their records up to date, and use.

Whatever you decide to do, it may be an idea to discuss case studies at the regular meetings between you and the solicitor/accountant. This way you can learn from each other, where the opportunities lie.

If things don't work out

It all started so promisingly, but six months down the line your professional relationship seems to have fizzled out. What do you do now?

There are all sorts of reasons why professional relationships fade. The key is taking the time to think about why this has happened and what you can do about it.

Ask yourself:

- Can the relationship be saved – and is it worth it?
- How much effort have you put in, and how much damage has been done?
- What's the root cause of the problem?
If you don't know, see if you can meet the solicitor or accountant to discuss the issues.

If you really want to get the relationship back on track, it's important to understand the other party's point of view. Arrange a meeting to discuss, constructively, what has happened.

Agree and write down:

- What you expect to happen from now on, who's doing what and when.
- What each party's expectations are for the relationship.
- How you're going to communicate with one another about clients and the relationship as a whole from now on.

Be realistic. Are you both committed to making it work and putting in the time needed – or is it best to call it a day?

Some of the reasons relationships fail

Here we look at some common pitfalls of developing professional connections – and how you can avoid them.

Promising more than can be delivered

When trying to make a good first impression, or getting caught up in the initial enthusiasm of a new project, it's all too easy to say things that aren't feasible in the cold light of day. As time passes it becomes increasingly obvious that, deliberately or not, one or both parties have given a false impression of what they're about and what they can do.

If one of you has intentionally misled the other, it's unlikely you'll be able to put things right. However, if it's just a case of someone trying too hard to say the right thing, a full and frank discussion can sometimes restart the relationship along more realistic lines.

Again, it's important that both parties take the time to get to know and trust one another before making any major commitment.

Being unprepared

Both parties need to make it clear what they can offer, and what benefit they expect to get out of the relationship. If one of you isn't sure about these things at the start, the relationship is unlikely to succeed.

It's a good idea to think things through beforehand, and write down the proposition and expected benefits so that everyone is clear (see the section **Making contact** for help).

If you're in a partnership where this hasn't happened, see if you can clarify the situation with the solicitor or accountant and get things in writing now.

Problems can also arise when there hasn't been enough discussion about exactly who'll be referred and how. A common problem is that solicitors, and to a lesser degree accountants, aren't trained to spot financial advice opportunities and may be missing chances to refer clients to you. You can get more help with this in the section – **The opportunities not to miss.**

Unrealistic expectations

Sometimes there are unrealistic expectations about the benefits of a professional relationship. One or both parties may view it as a passport to success, when there may only be a certain amount that either party can bring. There can also be unrealistic expectations about the amount of business or money that the relationship should generate.

Again, clarifying at the start what each party sees as success will help prevent unrealistic expectations. Each party should write down, or at least discuss, what they would class as success and how they would measure it – by number of referrals, amount of business or some other measure.

Lack of communication

After the initial enthusiasm when you first set up a professional connection, it's all too easy to start to take it for granted. But there has to be an ongoing, two-way communication between you and the solicitor/accountant, both about mutual clients' progress, and about the relationship and how it's working.

Ideally, when the relationship is set up you'll both agree on how and when this communication will happen (see **The nuts and the bolts** for some suggestions). If this hasn't happened, it may be worth meeting to discuss the issues and draw up a mutual agreement.

Developing professional connections takes time and effort, and it's important to be realistic about what you can offer. If one relationship doesn't work out the way you hoped, don't be discouraged. Take what you've learned from the experience and explore other avenues.

Take a look at our guides **Creating a powerful business plan** and **Marketing your business**