

## CPA Australia Podcast Transcript – Episode 46

- Intro: Hello, and welcome to the CPA Australia podcast, your source for business, leadership, and public practise accounting information.
- Julianne: Thank you for joining us. Today we're joined by Michael Samu who is a CPA and has recently received his ten-year CPA pin.
- Seven years ago, Michael was doing tax returns on his dining room table and now runs his own business, Think Big Financial, based on the esplanade in Port Melbourne with staff of five that is now offering accounting, advisory, financial planning, credit, and cash flow advice.
- Michael, why financial planning? What were your thought processes around this?
- Michael: I believe financial planning just simply goes hand-in-hand with accounting and tax advice. Yes, as accountants, we can look at strategies to minimise tax. However, does this actually fit into the broader picture to help our clients achieve their overall goals?
- One thing that I see far too often is accountants working retrospectively and just doing tax returns instead of forward-planning and looking at other ways to add value to the client's position.
- Julianne: Michael, do you also do business advisory as well as part of what you do?
- Michael: Yes. Absolutely, we do. We do business advisory for our business clients, existing and new. We always think of the end-goal in mind, like what we do with our personal clients, making sure they set up their process and systems, and actually think about their business as a business structure, and for the scale and the sale in the future.
- Julianne: Hmm, excellent.
- Michael: Yeah. So, with what I was trying to achieve ... So, rather than offering the traditional transactional model, and given technology's doing a lot of the work through automation, I identified the issue quite early on in my career, and essentially safeguarded myself for the future by making sure that I'm always relevant to my clients. And by having financial planning within the practise, it also increases touch points with our clients, which makes sure that they feel cared about and that they matter too in our practise.

Julianne: So, how many times would you see a business client who's a financial planning client?

Michael: Generally, a business client at least wants a quota, and a financial planning client that's a business client as well ... Every half year, or annual reviews as a minimum.

Julianne: Hmm, that's quite a lot of engagement.

Michael: Yeah, it is. But the clients need to be loved, and they need to feel loved, and that's why I think we've done a good job to date. And these days, people are also increasingly time-poor, so we wanted to create a one-stop shop for their accounting and financial planning needs. We're finding that people are really liking the idea of having it all under the one umbrella. It's been working very well.

Also, the accounting department is definitely the main lead-generator for our financial planning arm of the business, as there's so much opportunity with these clients.

Julianne: I suppose, Michael ... How do you turn an accounting client into a financial planning client? How do you let them know about what you do?

Michael: Generally, with the tax meeting and doing a simple tax return. It's one thing getting a tax refund, but then it's also explaining to them why, thinking, "Well, have you thought about your finances? What does retirement look like? Do you know how much wealth do you need to retire on?" And looking at any gaps there, and really highlighting it in that meeting, and it sparks their interest, and wanting engage in the FP side of things.

Julianne: Hmm.

Michael: And yeah. And it also works very well as we already have the relationship, so it's a nice, warm hand over into our financial planning element of the business.

Julianne: What did you consider in terms of your licencing options, for example, self-licensing compared to the accountant's limited licence? And then, this is an authorised rep of a licensee.

Michael: Yeah, good question Julianne. In terms of licencing, we're simply authorised reps, at the moment under a licensee based in Melbourne, called Evermore Money Management. And with their licence, we have the ability to provide advice in most areas. Although our core business is mostly based around risk and retirement planning and cash flow, we want to be able to provide a holistic offering to our clients, so it's quite important to have an agnostic APL I guess.

So, our licensee has no approved product list. As such, apart from investments requiring an investment grading, which we love because it provides us with flexibility and freedom and to consider all products and services available to our clients.

Julianne: Have you got any plans in the future of self-licensing, or -

Michael: No plans at this stage to be self-licensed. We just really want to focus on growing the business and level of engagement with our clients, and continue to be affiliated with like-minded individuals as part of our dealer group.

We did look into self-licensing earlier on in the pace. However, after doing the due diligence on the process, the cost and the compliance surrounding having our own licence ... We couldn't justify having our own. It all sounds great in theory, but far too much ongoing work involved versus the reward, in my opinion.

Julianne: Hmm, okay. Talking about licences, I notice you also have got a credit licence. What was your thinking around adding that to your business?

Michael: This one's actually a pretty simple answer. Everyone has debt, so it just made sense. Clients are coming in for tax or for financial planning obviously. As part of our advice, we talk a lot about debt and structuring of debt. So, in both the accounting and financial planning arm, we wanted to be able to assist clients with the implementation of this with our recommendations rather than needing to go externally.

It also creates more control over your clients' situations, so, in other words, not relying on other external to the firm, implementing your recommendations. And the same's true removing the risk of getting it wrong.

Julianne: As an accountant under that credit licence, do you also do leasing?

Michael: Yes. We originally did do leasing in-house, but I found that it wasn't something that I wanted to pursue. I wanted to stick more to the home loans and the mortgages side of the sector. So, I have good referral relationships there to look after my clients, which has been working very well.

Julianne: Okay.

Michael: Also, from day one, we really wanted to be able to offer all solutions to our clients, and essentially, be a one-stop shop. So, people are time-poor these days, as I've already mentioned. They just want someone to be able to look after everything without too much hassle.

A lot of our finance leads come from the accounting and financial planning arm, and vice versa. So, that goes hand-in-hand with the insurance and works really well, and clients have a great relationship with us already, so it's quite easy.

Julianne: How can you let people know that ... You can look at the mortgage or look at their debt structuring. How do you position that in your day to day...

Michael: Yeah, good question. As part of the fact-finding process in initial meetings with clients, I kind of raised the question. So, if you're looking at your cash flow, and looking at saving your money and increasing your net wealth ... Well obviously, we've got to look at the best deal we can get with your loan portfolio and structuring. So, I guess it just works hand-in-hand. It's quite an easy process from there.

Julianne: How have you been so structured?

Michael: Yeah. Originally, as you've already mentioned, I started off as sole trader, doing tax returns on my dining room table. Essentially, a young accountant just focusing on the transactional services to make ends meet. Then, I quickly realised that, to achieve my goal of creating a passive income business one day, like what I'm trying to advise my clients to do, this path wasn't going to get me very far.

And as you've already said, this was hardly seven years ago. So, since then, I've been in a partnership with a financial services firm that didn't work out unfortunately. Then, I decided to get out on my own and start Think Big Financial Group offering the one-stop shop solution.

Julianne: What do you mean by passive income business?

Michael: Essentially, generating good will within the business to ensure that if the principal's not there, or the key people aren't there, that the business still runs by itself, and it creates profit distributions to the owners of the business, no different than any other business.

Julianne: I suppose getting onto client value propositions and those sort of things ... What does your business stand for? And how do you differentiate it from other people, and other accountants offering financial planning, loans, and debt management.

Michael: Good question. We really stand for the relationships that we establish and maintain with our clients. So, as our website suggests, and we'll provide a link ... Notes today ... We see ourselves as being a financial guardian and friend to our clients. Establishing and maintaining those relationships is what's really important to us. We have a very caring and trustworthy approach, and it's been working quite well today, given I can't count on one hand how many clients have decided to go elsewhere.

We really love that we have such great relationships with our clients, and most of them have really become like friends. We have been fortunate that, as these relationships are so strong, that all of our business has been from referrals and word-of-mouth over the past three and a half years, and we haven't had to advertise once yet.

Julianne: How do you encourage referrals to your business?

Michael: Do you mean from clients?

Julianne: Yeah, from clients. Like, do you say -

Michael: It's actually funny. I have to put my hand up, and we don't ask for referrals. So, I guess if we did ask for referrals, we probably could've grown a little bit quicker. It just happens organically, so I guess it appears on face value that we must be doing a very good job, and they must be wanting to deal with us based on this relationship factor, and being approachable, et cetera. So, it kind of just happens organically that way.

Julianne: So, you've done a really good job by the sounds of it with creating that client advocacy for your business.

Michael: Absolutely, and that's what we really stand for, and hence why I think we just get those referrals organically, so it's been really good. But we're ready to ramp things up at the moment, so it's very humbling to know that we've gone this far just on that alone.

Julianne: When ... You've got staff now. Knowing that the relationship skills are really important in your business, what sort of things do you look for in a staff member to join you?

Michael: Good question. I've always said you can teach someone anything, so as long as they qualify and they tick the boxes from the compliance side. I think attitude, and interpersonal skills, and initiative are the three key components for hiring. I've had staff come and go, but the main ones that tick those three boxes are still with us, and will continue to be with us, hopefully, in the future.

Also, I wanted to mention, with the holistic approach of our service offering, we also know that we can really add value to a client's financial will, so we're forward-thinkers, and we really like to bring a level of fun and vitality to what we do. Even the office layout and how we dress is not necessarily the norm. We like to be a little bit outside of the square.

And with that, clients love that we're approachable and behave like everyday people, which we believe is quite different to the traditional suit-and-tie approach, which sometimes can come across as a lack of character or

personality in my opinion. Yeah. And I honestly can't remember the last time I wore a suit unless it was for a specific function or occasion, so there you go.

Julianne: Nothing wrong with that. It's all about your clients, isn't it?

Michael: Absolutely.

Julianne: Just Michael, when you are dealing with a client, and you're having that conversation, and you're looking at introducing the financial planning side, and you might get a client that says, "Oh. How much is it going to cost me?" How do you deal with that sort of client that might think that, "Oh well, you've done the accounting side, but this should just be something that you do." How do you come up with the separate charging aspect of things.

Michael: Yeah. Well, what we're doing now with financial services guide ... We have a range. So, depending on how many areas of advice they want to engage, there's a different bracket of fees that they can expect, so that kind of sets the expectation up-front. But also, if I'm having a conversation with a client that hasn't considered financial planning, they generally don't know what their finances look like or what they're going to look like, so I guess it's scary to them, not knowing where they're going with their finances. So, a small price or a small investment initially to do a statement of advice is very valuable to them, so at least they can have a snapshot, and know where they're heading, and keep them accountable accordingly moving forward.

Julianne: And how do you position the ongoing relationship and the ongoing review to keep them on track?

Michael: Yeah. With the ongoing and the phase structures, especially with the review processes, it's one thing just to do the SOI and put it on the shelf, but I say that it is a dynamic document. We've got to make sure that we're constantly reviewing it and making sure that what we put on paper ... That they're achieving that over the next 12 months, or the next three to five years ongoing. So, it's an accountability process just to see how they're tracking, and that gives them comfort where, if we have to chop or change anything, we can do so at the time.

Julianne: How long did it take you to develop and evolve your client value proposition, and how's it currently being received by your existing and new clients?

Michael: Yeah, good question. I guess we always really knew what we stood for, and how we wanted to leave our message to clients from day one. We knew we needed to be different from everyone else out there. Majority of our clients are now engaged in all areas of the business and have a relationship with all of our staff, which is really great.

I guess a real key difference ... Our team is a very family-like culture, and I think this really comes across to our clients. New clients tend to start out in one area. However, they usually end up engaged in other services in a fairly short amount of time. But as I said, it all just goes hand-in-hand, and once you have built the rapport, and the relationship, and trust, they're usually more than happy to see how else we can assist them and add value by other areas in our business.

Julianne: How do you position the value you provide to a client in terms of setting the expectation of the fee you're going to charge them, or an ongoing arrangement? Do you have some examples of how you ... What words and how you do that?

Michael: Yeah, absolutely. We generally position it by the value that we're adding, whether it's monetary, peace of mind, or just the control factor of making sure that they're on top of their finances. So, we just set that all in stone initially, and then we ensure we deliver on that. But from an accounting perspective, as an example, especially with new clients, we generally like to provide a complimentary look under the hood to see what they've been potentially missing out on by not engaging with us.

From a financial planning perspective, we've been working on a hybrid structure of fee for servicing commission, depending on the situation. But however, we're also in the process now of finalising a new service package to include a complimentary cash flow and money management software, which will be implemented in the coming months.

I think, as I mentioned before, it's one thing to draught and present the plan, which is the start of them getting to take control of their finances or getting them to start thinking about it. However, the challenge is really to keep them accountable ongoing, which is what we'll be using this tool and offering for.

Julianne: So, Michael, how do you position the value in clients recognising cash flow as being important? And what sort of tools do you have them use?

Michael: Good question. The value in using these tools ... I guess it's one thing ... As I said before, creating a financial plan, which ... We do a lot of financial modelling in there and cash flow forecasting. That will also, I guess, contribute to what we're trying to achieve long-term in terms of an asset position. So, with the cash flow management tool, it's a live way of monitoring, even when we do the review, to make sure what we've put on paper is actually what they're spending, and matching to what they're earning. So, it's a way of reconciling it, and keeping them accountable ongoing, which is really important to deliver the results within a statement of advice.

Julianne: How do you see what they're doing...if they've got the tool?

Michael: Because we're the advisor, we have access on the back end, to their log-ins, not to transact for obvious reasons, but we can view their transactions and help them make sure that they keep on track with their budgeting using the live-data feed that comes through ongoing.

Julianne: So, you can hold them accountable to their goals.

Michael: Absolutely. So, I'm really insisting that most clients jump on this platform so that we have a way of monitoring their cash flow and their day-to-day management of it.

Julianne: How do you currently position your business for the future (i.e. for the millennials, or the baby boomer wife that's here and still coming like a tsunami)? How do you do your marketing? And how do you create a digital presence?

Michael: We're really trying to systemize and embrace technology where we can to stay ahead of the game. We have a lot of ideas around client-engagement and client experience, which we'll be working on heavily over the next six to 12 months to improve what we're currently doing. There's so many platforms now available out there to put people back in the drivers' seat and provide advisors with more info than ever before. And so assist with providing great advice and identifying other opportunities to add value.

Something, as we've mentioned earlier on, we're working on is our catch coaching offering, and really utilising the technology. With the millennials ... Let's be honest. Younger clients are not really thinking about retirement, or even buying a home in the current environment. It's all about the experience for them, and how they can maximise their money today to go on that dream holiday or buy a new car.

We've also recently set up another arm of the business called Thing Big Money, making the engagement with a financial services firm more accessible and affordable to people, especially given that these days, eight out of ten Australians don't get financial advice.

With this arm of the business, we also focus on money tips and cash-coaching, which isn't product-related. I always preach in the financial planning side of the business that you need to start with solid cash flow planning as a base. So, in a way, this junior side of our business offering, if you'd like to call it that, is a stepping stone to the full, holistic advice model. After all, people need to start somewhere. So, why not make it affordable and accessible, especially for millennials that need cash flow tips and coaching.

Funnily enough, I've also found with some of my higher net worth, or executive-type clients, surprisingly struggle with day-to-day cash flow management. So, it's also a basic offering attractive for a wider demographic.



Julianne: Also, I imagine that people looking at retirement ... It might be pretty important to have a look at their pre- and post- cash flow.

Michael: Yeah, absolutely. Particularly in retirement, when you're trying to preserve your assets, or make them last, it's definitely important to get them on board and make sure that they stick to their budget and keep them accountable ongoing to achieve their goals for retirement.

Julianne: How do you currently keep track and how do you do all of this?

Michael: To assist with this offering, as I mentioned before, we use a tool. It's called Cash Master. It's a cash flow management software providing our clients with a comprehensive analysis of their cash flows, budgets, upcoming payments, saving goals, live net worth position or financial assets, and account balances for their investments and bank accounts. It's an interactive software programme that makes managing all things financial easy. Users enjoy the convenience of having all account information from their banks, credit cards, super funds, et cetera organised, categorised, and displayed together on one user-friendly screen.

Julianne: So, is that like on iPhones, and iPads, and that sort of thing?

Michael: Yes, absolutely. It's available on Android and Apple. It's an app now. You can do it on your laptop, your desktop, and also on your phone, which makes it quite easy. And literally, you can just track your every day spending, set your goals, and stay up-to-date with all things financial with it.

Julianne: And with people that might not be good at setting these things up, do you help set it up on their phone so they can just use it and help them on how to -

Michael: Yeah. Absolutely. That's part of the Think Big money offering. It's the cash-coaching, setting up budgets, et cetera for them, which is a very cost-effective way of doing it rather than going through the full financial advice process. So, at least starts them off, gets them on track, and then they can manage it themselves, or they can come in and actually seek advice from us, and become a financial planning client long-term.

Julianne: That could be very, very useful for people, considering the latest figures out around household debt, increasing that debt ratio.

Michael: Absolutely, and I think this will also work hand-in-hand with our finance arm. I mean, it's one thing, saving money on your mortgage, but the next is actually, "How do we pay that down as quick as we can?" And also, "How do we save for maybe the next investment, or something else that's coming up that you need to save for?" So, I think it's a very smart way of making managing your money easy moving forward.

Julianne: Michael, just after some suggestions, hints, and tips, if I may, please. So, if you have any suggestions for new graduates thinking about an accounting and/or financial planning career.

Michael: Yeah, absolutely. I honestly think one of the best moves I ever made was doing the double degree in accounting and financial planning. It's essentially allowed us to set up this business that we have today. I think these two roles, in public practise, will be working together even more in the longer term. And there are more and more financial planning firms buying accounting firms, or vice versa to add this capability and offering to their business.

I also believe it's extremely beneficial to have a double degree majoring in accounting and financial planning cause I think it will provide you with greater employment opportunities to make the most out of your professional position.

I also think, now that accounting-related tasks and roles in a compliance space can be outsourced overseas for a fraction of the cost of hiring someone in Australia, not saying that I do that. It's even more important that you aim to be a strategic advisor these days. If you focus on being transactional like how I started, and how most people start, unfortunately your days will be numbered.

So, my advice would be, definitely focus on up-scaling, getting as much experience as you can especially in the strategic advice space. For me, being a strategy accountant and advisor and not focusing necessarily just on compliance or pushing products is what I believe will stand the test of time.

Julianne: So, what do you think is important for these individuals and people aspiring for a career in accounting and financial planning.

Michael: Yeah. Good question. I think, from the business side, cause I'm a business-owner naturally, it's definitely creating and maintaining relationships with your clients. I think, also very importantly, being yourself, and value add services to clients is what really they value these days. This will create loyalty, client referrals, and keep everyone happy in the long-term.

Julianne: And what about some advice for those accountants who have become newly-licensed, whether it's with a limited licence of their own or become an authorised representative of a licensee? What advice would you have for them?

Michael: Yeah, good question. I think finding an area of expertise is very important. So, in my opinion, combining strategic advice with tax, and having the end-goal in your mind for your clients is really important as a newly-licensed accountant. Ensure your advice also goes hand-in-hand, and the two services of accounting and planning complement each other to provide the most beneficial outcome for your clients.

And also, it's extremely important to believe in the advice that you provide, and how you can use both tax and strategies together to provide maximum results.

Julianne: In terms of a newly-licensed accountant, what sort of hints and tips can you give the accountant as to what their clients may be looking for?

Michael: Definitely make sure you continuously read or write, and confirm the value of your advice to your clients at all times, especially in the strategic advice space, where you can focus on guaranteed outcomes.

For example, through clever structuring, rather than just relying on investment performance to make your clients happy. There are some clients that heavily assess your performance based on investment returns. It's becoming more evident these days that clients are simply after someone to look after, control, and provide some solid overall outcomes, which we can deliver as an accountant and a financial planner. Ultimately, as an accountant, you are in the driver's seat as a trusted advisor, so make sure ... Use your skills and knowledge to maximise your offering. Both your clients and your business will reap the rewards.

Julianne: Okay. And to those accountants who are thinking about licencing, but are not quite sure, what tips and advice could you give to them?

Michael: Honestly, speak to someone who does it, who'd living it, and determine what your goal is and what do you want to achieve in business. Providing advice by financial planning is very different to tax compliance, so just be very mindful of that before entering into the realm of financial planning.

Julianne: That's a really interesting comment. So, when you talk about "very different," what does that mean?

Michael: Well, both arms of the business are compliance-driven. Admittedly, obviously ATO and taxation guidelines, but on the other side with ASIC and all your financial planning compliance, it's a very compliance-driven industry, and you really have to be careful, and make sure that you are covering off on all your duties as an advisor, and making sure that you document everything, and make sure that everything is lined up and in line with ASIC regulations. Otherwise, you can get into trouble very quickly.

Julianne: Right.

Michael: But as I've discussed today, it has a lot of benefits for both the business and adding value to your client's financial situation. It is challenging, as I said, running both, but it is very rewarding at the same time if you do it the right way.

If there's anyone out there that wants to talk to me or that's interested, I'm more than happy to chat. Don't hesitate to get in touch. More details will be on the notes today.

Julianne: Okay. I'd just like to say thank you, Michael. And thank you very much for offering to put your details there for people to contact you and perhaps have a discussion, or email you, because sometimes we need those sounding boards to check where we're going on our business journeys.

Thank you so much for your time, and coming in, and sharing your journey, your knowledge, and your expertise.

Michael: Not a problem at all! Thank you for having me. Much appreciated, thank you.

Outro: Thanks for listening to the CPA Australia podcast. To download the transcript, and find more information on today's episode, visit [www.cpaaustralia.com.au/podcast/46](http://www.cpaaustralia.com.au/podcast/46).