



New Model Adviser[®] profile: Striking a chord

By Maryrose Fison | 00:01:00 | 22 July

Keen pianist James Harvey has worked hard at delivering seminars that will chime with potential clients' needs and his growing success rate is boosting his financial planning firm.

James Harvey Associates is not your average financial planning firm and you would be forgiven for feeling a little misplaced upon arrival as I did.

Before I could set foot in the office in Ealing, west London, I came face to face with a dozen men and women who looked as if they had stepped straight out of a Jane Austen novel.

Decked in period garb from head to toe, they were prancing to and fro in time to an inaudible melody. It was not until I saw one of the gaggle prodding some hand-held technology that the illusion began to crumble.

For James Harvey Associates is located a floor above the famous Ealing Studios, the name behind dozens of classic comedies made in the 1940s and 1950s such as *Kind Hearts and Coronets* and *Whisky Galore*. In its more recent guise as a television and film production company it has been involved with box office hits such as *Notting Hill*. And on the scorching hot Wednesday afternoon that I went to visit, a troupe of thespians were rehearsing *al fresco*.

But the sense of imagination does not stop when you set foot in the office of James Harvey Associates.

From the black and white photographs that adorn its walls to the rounded background of founder and managing director James Harvey, the business has more than a touch of the bohemian rhapsody of its neighbours a floor below.

Founding the business

Harvey founded the business in 1998 after 16 years at Allied Dunbar, formerly Hambro Life. He is also a Kinder accredited life planner and counts piano-playing and meditation among his hobbies.

Most evenings, the financial planner spends an hour or so on his piano at home tinkling with some of the most technically demanding compositions by the likes of Sergei Rachmaninoff, Claude Debussy and George Gershwin. The focus and precision used to play such pieces has had a positive impact on his financial planning, he says. 'It gives me a great sense of tranquillity. It is a way of using the expressive parts of myself. It is just like nectar to me and the rest of the evening I am all re-energised.'

Asked why he chose to found his company 11 years ago, Harvey's answer is quite straightforward: 'The future was moving towards independent financial advice and not representing one company. I decided I wanted to come out

of the management side and just give independent financial advice,' he says.

'In a board meeting in December [1997] branch managers were outlining what they wanted for the following year and I knew in that meeting that I had to go. I did not want to do what they wanted to do. It was blindingly obvious that I needed to become an independent adviser.'

Four months later Harvey had left Allied Dunbar and successfully set up James Harvey Associates, in an office in Perry Vale, about half a mile from the business' present location. He migrated around 50 clients across from Allied Dunbar.

Building the client base

While Harvey has a range of professional connections, he says the bulk of his new client base has originated from seminars held with prospective clients.

The first one was held nine years ago in Cambridge Cottage, within the grounds of Kew Gardens. In total, 4,500 invitations were sent out to people living in the Kew area and 67 people committed to attending. The upshot was 12 new clients came on board. But although successful, Harvey says the results were not immediate.

'It was quite expensive. After six months I thought "flipping heck, am I going to lose money on this?" It was early stages and there was not that much fat in the business to deal with that problem. But it has been

profitable and it has been worth doing and the quality of the clients is good.'

The delayed response rate didn't deter Harvey from running another seminar more recently in 2005. This time the business sent invitations to 3,000 prospective clients and 60 people turned up on the day. Four new clients came on board.

However, Harvey said the seminars would not have produced the positive results that they did without the help of some expert training on how to present to a room full of strangers.

CV: James Harvey



Career

- 1982-87: Sales associate – Hambro Life/Allied Dunbar
- 1987-98: Branch manager – Allied Dunbar.
- 1998-Present day: Director – James Harvey Associates Ltd.

Qualifications

- Registered life planner
- Certified financial planner
- Financial planning certificates 1, 2 & 3.
- G10 taxation and trusts
- G20 personal financial planning
- G60 pensions
- Advanced planning certificate
- MAQ mortgage advice certificate

Public speaking

Several weeks before the seminar, Harvey employed a professional public speaking expert to help him prepare for the big day.

This involved a thorough review of his visual aids, practising techniques for taking command of the room and changing his mindset from a presenter with financial planning knowledge to an audience member with little or no financial knowledge.

'Before the first seminar I had 40 slides and the professional trainer came in for a morning and said "James, too many numbers, far too many numbers, that's got no colour on it" and so on. We came down to 10 slides which was a much more manageable number.

'He showed me how to take control of the room using techniques to make you feel you are in charge. It was psychological stuff. He was also constantly telling me to see things from my prospective client's point of view. I would say something and he would say "James I don't understand that". I thought what I was saying was fully understandable but he would say "No, you understand that because you are in the profession. I don't understand that. I don't know what it means". That was very valuable.'

Client numbers

Since then, client numbers have grown. In 2006, the firm had 210 clients. This swelled to 246 in 2007 and last year grew to 274 managed by a four-strong team.

The bulk of Harvey's clients come from London, mainly from Ealing, Chiswick, Shepherds Bush, Croydon and Central London. He also has some in Buckinghamshire.

Harvey also enhanced his client bank in June 2005 with the strategic purchase of a retiring IFA's client book. The IFA was based in Wiltshire and Harvey had worked with him for many years at Allied Dunbar.

Of the IFA's 50 clients, Harvey has taken just 12 as ongoing clients. He says this was a deliberate decision, based on a clear plan to segment clients that best fitted his remuneration structure.

Harvey charges £2,500 per year for his advice to individual clients, typically

taking 1% on investments of £250,000 or more.

But the remuneration structure has changed considerably since the company's inception and the move to fees began five years ago. Initially, the business was transactional but Harvey always strived to create ongoing relationships with clients.

'Even though I was working on a full commission basis I did get clients to meet me on an annual basis. I was getting remunerated through commission but I was creating opportunities to meet with people where you might find additional business. As a result, it was relatively easy to move that structure to a fee-based one.'

The transition to fees is not yet complete but he made a conscious decision to stop all commission-based work 12 months ago. However, it has not been plain sailing. The change in business model has been challenging.

Total income fell from £409,000 in 2007 to £382,000 in 2008 at a time when Harvey significantly cut down on commission-based work.

'It tied in with not doing the transactional work and getting the bigger fee at outset but very little ongoing. Then consciously focusing on only doing the ongoing clients and charging slightly less on the initial implementation fee,' he explains.

Harvey admits it has been 'nerve-racking' stopping transactional work but he is committed to the fee-based model.

'If you are in a low period, you cannot go out and get a quick fix and bring in a big investment which delivers 10 or 12 grand because you have committed to fees and that is not where I want to be.'

Support

Helping him to the position he is in now was FP Advance, the consultancy firm famed for its abilities to turn IFA firms around.

Harvey saw Jim Constable bi-monthly in the first year of their interaction in 2007. In the second year, at Harvey's own request he saw FP Advance twice. However, he realised the business needed

more structure and has since moved to meeting with FP Advance on a quarterly basis with telephone contact in between.

A key exercise that has stood him in good stead was measuring how long it took him to do tasks. For three months, Harvey timed himself doing typical day-to-day activities to gain a better understanding of the time he was spending on activities.

‘I spent three months where I monitored all the time so I would know where the time was going and that did highlight what was profitable and non-profitable. I found that what I thought took 10 minutes did not.’

This understanding also underpins Harvey’s stance on fee-charging. He is averse to the hourly charging structure because he feels it alienates clients.

‘We want a working relationship so I want to talk to them about their holiday and their life and their aspirations. If you have a clock ticking on that it is not conducive.’

The advice from FP Advance and Harvey’s conscious decision to move to fees exclusively has helped the business stabilise and given Harvey a clear sense of direction.

Active client numbers have grown steadily from 165 in 2006 to 169 in 2007 and 181 in 2008. With this, funds under management have risen from £29 million in 2006 to £41 million in 2007 and £46 million in 2008.

The firm is also well on its way to a fully recurring income. In 2008, the percentage of recurring income was 10% higher than in the previous year, standing at 63%. Harvey forecasts it will be at 80% within two to three years.

The process has also strengthened his ability to communicate the proposition better to clients.

‘The pitch has to be quite good and you have got to understand where [clients] are at and I have done a lot of learning about that. My skill at explaining the service has really had to be honed.’

Future

Going forwards, Harvey is committed to getting his Kinder life planning training embedded in the business and believes strongly that financial planning must incorporate all-important personal questions.

‘What is money about at the end of the day? It is to provide a quality of life or standard of living. So therefore you need to be clear about what that standard of living is and it is not good enough for an adviser to say to someone how much are you earning now. How much do you need in retirement. That is meaningless.’

But if you actually start talking, getting clients to articulate what they think their life will be like when they stop work and whether they are going to stop work in one go or whether it will be gradual, then

you can actually add some value and help and it is much more meaningful.’

Harvey is also supporting new team member and paraplanner John Diaz in his quest to attain the diploma in financial planning within 12 months and is moving the business from a traditional active investing approach to a passive approach.

‘From 1 June we have been going through the pros and cons of active and passive investment with all new clients. So what I would really like to do is get that embedded over the next 12 months so we can provide a much better, tighter and more administratively sound investment offer.’

Top five tips

- * Keep focused on the bigger picture, don’t let the day-to-day tasks get in the way

- * Integrity must drive business decisions

- * The client service proposition and its implementation are vital

- * Engage only clients who fit the practice however difficult this may be. It brings good long-term results

- * Embed ‘process’ to as much of the business as possible, ensuring consistency of advice and business efficiency