

# *Tricentric Partnership*

Building Businesses



## **Tricentric Partnership - Helping financial planners build bigger businesses!**

It is a time of significant challenge within the financial services sector, particularly given proposed regulatory changes. There is no doubt that financial planning businesses and finance broking businesses will be impacted both positively and negatively as a result. Some business owners will see the opportunities presented and look for opportunities to grow by acquisition, others may feel that the costs and risks in acquisition are not balanced and seek alternative ways to grow; still others will decide that the time is right to retire and sell their business. In any case, retention of clients will be a key factor. Whether it is now or not, all financial planning businesses, will at some point in time be presented with the challenge of growing or exiting the industry.

Tricentric Partnership has a solution for financial planners that need to grow their business to meet their financial objectives.



## **Establishing a finance broking business.**

**The opportunity to offer clients both services not only improves the economics per client of a business it improves client retention and engagement through provision of a greater number of services and for financial planners provides a number of significant benefits:**

- **New qualified financial planning client prospects from your broker(s)**
- **The opportunity to build another asset, a finance broking business**
- **Profit from a finance broking business**
- **Additional revenue from your existing clients for finance broking services.**

A simulator is available for modelling the financial benefits of establishing a finance broking business.

Finance Broking and Financial Planning until recent years have only occasionally been offered from the one business. In truth the primary reason for this has been that the economics of both these business models has provided sufficient returns per client to allow these businesses to run separately and on a standalone basis. The economics for both these business models has changed over time and will change further.

As a result of economic and regulatory change there is increasing overlap in the professional roles of financial planners and finance brokers. In particular, we all see finance brokers increasingly doing risk insurance. This will inevitably lead to the convergence of financial planning and finance broking over the coming years.

**So now you need TIM!**

Time to get trained and to write and process lending business for clients and run a finance broking business as well as your planning practice.

Interest in becoming a finance broker

Motivation to obtain the necessary knowledge and business processes required to run a finance broking business.

**Or**

**Acquire a finance broking business!**

You will need to find a quality business for sale in your area and that won't be easy, take on existing staff if you don't know how to run a finance broking business and be the successful bidder on the business. You will need to manage and grow the business as well as your planning practice.

**Or**

**Get someone to do it for you!**

You already have a business to run and clients to service. Tricentric Partnership's business is specifically designed to establish, manage and grow finance broking joint ventures with financial planning businesses.

Finance broking is a different business to financial planning – the 2 businesses sit on opposite sides of the client's balance sheet. However the key to success is seeing more clients, just like planning businesses.

Tricentric Partnership's management team has extensive hands on management experience in financial planning, in fact the founders are all from the financial planning and wealth management industry and have in excess of 100 years combined experience.

We understand what it takes to source, manage and retain a client base as a financial planner and with this knowledge we have built a model that integrates finance broking into a financial planning business – but in a very different way to previous, unreliable models.



## Who is Tricentric Partnership?

Tricentric Partnership is a special purpose business established by Trigon Financial

[www.trigonfinancial.com.au](http://www.trigonfinancial.com.au)

and Centurion Partners.

[www.centurionpartners.com.au](http://www.centurionpartners.com.au)

Tricentric Partnership is a business that partners with financial planning practices to establish, manage and grow finance broking businesses.

Please call if you would like more information about Trigon or Centurion Partners.



## How does Tricentric Partnership partner with financial planning practices?

Tricentric Partnership and your business enter into a formal joint venture (JV) to establish a finance broking business – this will probably be a company. The finance broking JV may form part of a larger, more diversified financial services group, centred on the lead Financial Adviser (a “Hub” and “Spoke” model), with potential partners being:

- wealth creation financial planner
- general financial planner (investment, retirement, etc)
- risk insurance financial planner
- finance broker/s
- accountant
- general insurance broker

The JV will engage finance broker/s either as employees or (preferred) as independent contractors; these finance brokers will be licensed through Trigon as credit representatives of Trigon and, in accordance with Tricentric’s business model, will be (re)trained, managed, developed and mentored in a very hands-on way by a Trigon Business Manager.

## The JV operating model

The Operating Model, specific to your JV, will depend on a number of variables which we need to discuss. We do not run a “one size fits all” business model. However, based on our experience, we suggest the following general parameters....

### The Broker

In our finance broking JV, there may be a number of brokers; that certainly would be the objective, over time; the more brokers, the more new clients, the more referrals for your financial planning business, the more successful our finance broking JV business. The brokers will be remunerated by our finance broking JV; the pure model would have the brokers on a share of revenue generated only (fixed % or a sliding scale based on performance, this is a decision for our JV.)

It may be desirable to offer a small retainer for the first few months of the Broker’s engagement, with the risk of the retainer being reduced depending on the amount of broking business likely to be generated by your financial planning business in the early days.

The Business Manager is engaged by Trigon (not our JV) and remunerated according to the performance of his brokers; he is directly responsible (under the mentorship and guidance of Tricentric Partnership) for the training, sales management, business management and business mentoring of his brokers.

The broker does not own his own “business” and his own clients – the business and the clients belong to our JV. The broker will be entitled to earn equity in our JV based on KPI performance and tenure; this is a decision for our JV.

The broker is offered outsourced loan administration as a key part of removing the administration that gets in the way of a Broker writing more loans, the cost of which is shared by the Broker, Tricentric Partnership, the Business Manager and our JV.

### Referrals

It is absolutely fundamental to our JV that the finance broker/s refer clients to your financial planning business.

All the new clients sourced by the Broker are qualified and introduced to the financial planning business. It is possible that you may be happy for a qualified finance broker to give limited advice on risk insurance, but that is a decision for you; you may prefer all financial planning advice, including risk insurance advice, to be only provided by your own Planners.

### Equity/Profit Share

An opportunity to earn equity in Trigon Financial is made available to our JV (Our JV can offer equity in our JV to its own brokers.)

Through equity participation there is an opportunity to share in Trigon Financial’s profit for our JV (Our JV can offer a share of the profit in our JV to its own brokers.)



## **Trigon provides the Australian Credit Licence.**

Trigon Financial holds its own Australian Credit Licence. Tricentric Partnership uses Trigon exclusively for licensing of brokers and Business Managers. Trigon provides full compliance support, access to all major lenders and manages all commission payments.

Specialist brokers are available within Trigon for commercial real estate, equipment finance, factoring, etc. if a Broker requires specialist services.

## **What role does the financial planner take?**

Your role as a financial planner is to:

1. provide financial planning services to clients referred to you by the finance broking JV's Broker/s.
2. refer clients to the Finance Broker/s.

## **What does your financial planning business do as a JV partner?**

As a partner in the finance broking JV your role is to work with Tricentric Partnership to ensure the success of our whole JV operations – i.e., both our finance broking JV, and your financial planning business.

Importantly the economics of your current financial planning business and this finance broking JV will depend, in its early stages, on your ability to identify clients from within your planning practice who may currently have financing arrangements that can be reviewed by

your broker, or who have never been marketed to for finance assistance.

The greatest opportunity from within your business is to identify existing clients or contacts that are likely to come into contact with others that need finance arrangements. Tricentric Partnership will work with you to identify and approach these contacts to market both your financial planning business, and our finance broking JV.

## **What does Tricentric Partnership do as a JV partner?**

Our job is to set up and run your finance broking business. What does that really mean? Well in short it looks like this:

- Establish a company for our finance broking JV
- Provide a shareholders' agreement for the JV owners
- Set the strategy for our JV business with you and implement
- Recruitment and selection of finance broker/s – you will of course interview any preferred candidate before hiring
- Documenting the legalities of the regulatory and contractual relationships between the Broker, our finance broking JV, Tricentric Partnership and Trigon Financial
- Implement strategies relating to financial planning referrals (as agreed with you)
- Train and assist Brokers to gain new finance business, risk insurance business and financial planning generally

## The financial equation?

### Equity

You and Tricentric Partnership will own the finance broking business. In some instances if the Broker has an existing client base or revenue streams the Broker may have equity in the business by vending in his existing book. In any event, the Broker will be given the right to earn equity in our finance broking JV business, based upon agreed KPIs.

### Costs

To start and run the finance broking JV business you will need between \$10,000 and \$30,000 for the first 6 months. The variance in costs will depend on the remuneration terms for the right broker for the business and the speed and effectiveness of developing initial finance business from your client base.

### Income

You can receive referral income from the JV business for your clients who become clients of the JV. The referral income will be a % of the upfront and trail commissions for each referred client.

### Profit

As an owner of our finance broking JV business you will receive profit distributions from that business. The JV business will have costs that include:

- Broker remuneration
- Rent paid to your business for a desk in your office
- Phone and computer for the broker
- Broker “costs of being a broker” – PI insurance, membership of the MFAA, membership of COSL, membership of the aggregator

- Incidentals and a small monthly marketing, travel and entertainment allowance for the broker.

### Other

Your business will desirably provide a desk for the broker(s) to work from.

## What do you need to do next?

Pick up the phone and call Tricentric Partnership to discuss your options for becoming part of an exciting and different finance broking business.

Additional information is available and we build a financial model to demonstrate the economic benefits to your business.

Don't just refer your clients for a fee. Refer them for a fee, own a good part of the business and receive all the brokers' financial planning leads.

Call 1300 766 156 and arrange a time to talk to us.

