

Firing Line: Paul Winter

Giraffes only eat leaves from high in the trees and cannot necessarily see the grass at their feet. Businesses often behave the same way, according to Paul Winter, founder and chief executive of Corpra, a corporate restructuring firm. Many IFA firms, guilty of this too, are facing up to this reality in the run-up to the implementation of the FSA's retail distribution review.

Which is why Mr Winter is working closely with IFAs to restructure their firms and build hardy businesses that will be strong enough to survive the changes into 2013 and beyond.

Many business structures are built according to the status of the senior professional, leaving lower positions with no voice. A business built this way will under-achieve, said Mr Winter.

He said: "You are just what you are, and companies get like that as well. So many business structures stick to the presumption that there is one person who is fairly omnipotent and knows everything.

"This type of structure is going to be slower, less able to react and find everything a bit more difficult."

The ability of IFA firms to react and change efficiently could be the difference between surviving RDR transition and not. With two years left until the new regulation is enforced Mr Winter pointed out that IFAs need to react now, restructure and change with the business to make it better. Firms need to identify the good changes and pull them through, he said, and Corpra is an option for external help that they may need.

Mr Winter initially set up Corpra to advise companies on changing their organisation at the point of a property move. He said that in every move the changes stuck and the companies never turned back.

He said: "Creating a new hub where all the values of the companies act as a communication piece to the business. You need to be able to come back to the office to re-fuel. You come in, you re-charge, you meet everybody."



Mr Winter pointed out that office space does not need to be a big flash arrangement, but more of a practical framework with a strong infrastructure. He stressed that attempting to make big changes to a business that stays put in its original offices does not work, as old habits creep back in.

Building changes around a strong infrastructure is vital for business strength, according to Mr Winter, and flexible working is an aspect to build into that core. It is something that complements the nature of the adviser's working patterns, he added.

Mr Winter explained: "Most of the people IFAs work with are out on the road, so most of the reason they need a desk is for status and territory. Designing workload around outside meetings is a reasonably easy thing to do but most managers do not like to do that.

"Most managers like sitting at the end of a row of desks, putting an arm on the employee's shoulder and encouraging them to work harder. That is the old British way."

The reality is the need to plan people's work for the week with flexible working, he added, to make the most of time and get the balance between outside meetings and re-charging in the office space.

He said: "Advisers are out a lot and do not really get re-charged with a business culture, so they get driven by commission and bonuses."

Commission, in its normal guise, is being done away with by the RDR.

Advisory fees is something that is fairly standard in other professions anyway such as engineering, surveying and architecture, and Mr Winter pointed out that there needs to be stricter self-regulation otherwise commission can still creep in.

He said: "Chartered surveyors will be selling a big investment product to advisers. They will only be making their money on commission on the sale of their product. Sometimes they start off by asking for a consultancy fee first before sharing 'the right thing to do'. This quickly becomes a commission again."

The same thing will happen in the IFA world, where fees will turn into a commission between the adviser and client in a one-to-one conversation, Mr Winter added.

Despite the numerous training programmes for IFAs at the moment, Mr Winter thinks there should be much more. He said advisers should be same status as the chartered institutions.

This would mean licence to trade would be lost if mistakes were made, and repetition of the mistakes could result in loss of company licence.



Mr Winter said: "It is just not working at the moment as a profession and its pretending to be a profession only serves to make its sales work better.

"Professional training to make IFAs a profession will need brutal regulation. It is only at that point that it will become self-regulated and will be in its own interest to ban people who are incompetent."

At the moment, it is external help like Corpra that is identifying categories of weak people in a business.

Once weakness is located it advises re-training, or failing that, to let the person go.

Mr Winter said it was far from comfortable to sack someone but pointed out that if an individual's incompetence is rife, it will have a knock on impact on other employees and after that, the clients.

He stressed that re-training should be happening now, not at the end when a crisis occurs.

The more aware businesses have approached Corpra early to go about the changes, according to Mr Winter, and did not wait for a mess-up to fix things.

"The problem is you are dealing with pensions and people's lives. If you approach retirement and have no money because your adviser has made a bad decision years ago then this will be significantly detrimental," he said.

"Those people can complain but it only leads to a labyrinth of follow-ups which often ends in a firm being charged a little amount.

"This just has not got big enough teeth."

There are some firms that are trying to squeeze the changes into its old way, Mr Winter said, and this simply will not work to create a competent profession out of financial advice.

He added: "You cannot beat banning someone publicly from trading. That brutal deterrent looming in the dark, waiting to get you if something goes wrong, will change people's behaviours."

This sharp attitude and commitment to business has not always been Mr Winter's career focus however. His current working life emerged out of a hair-pin career turn earlier in his life.

After originally making a commitment to professional football he then traced a path into rugby. Following an accident, Mr Winter decided to turn his energies towards business.



He said: "We have to be ultra serious about what is going on. Some are not going to make it through the industry changes because they are not addressing them now. If you are picking it up first, and fast enough then you will be fine."

