

Transcription - John Alford Part 2

Welcome back, I'm Kim Baillie, she's Fulyana Orsborn and this is Inside Exec. Today, we're continuing our discussion with John Alford and we're looking at some of the skills he developed early in his career that have carried through to the present day. We are also going to talk with him about the differences between a transaction business and a service business when you're in the same industry.

So starting off in the financial planning industry was a little bit different. The financial planning industry, financial planning world, was full of probably guys that worked on the life insurance side and I felt that bringing a stockbroking element to financial planning added a completely different dimension. The financial planning industry back in the 1990s was still quite a fledgling industry, managed funds that were on offer were quite rudimentary and generally it was less sophisticated than the industry required. That has definitely changed over the last 30 years.

What is the biggest change in that 30 years? It is definitely the sophistication of the advisers. However, starting off as a financial planner without any clients was quite a daunting task. I had no idea where to start. I had a desk and I had a phone and not much else. My first appointment was a client coming to see the fellow I had replaced, he hadn't told the client that he had left.

To start off and get clients was not easy. I was not in any way, shape or form interested in cold calling. That, to me, was unprofessional and I was not used to having to cold call people so I never did. What I did was write to the members of IOOF to explain my position and offer my services as an advisor to the members. Another option for me was to purchase the "shared investor lists" of Bundaberg Sugar when CSR took over Bundaberg Sugar. Again I wrote to them saying I'm a little bit different to everyone else offering to sell your shares, I can take them further and invest in managed funds as well as shares, giving you options, helping with your superannuation planning and so forth.

The company had a relationship with the NSW Railways Fund so I spent some time travelling around NSW providing redundancy seminars for the staff affected. That was probably my first big kick off in building my client base. Given that a lot of these employees were involved in State Super, I did a course on State Super which meant I was a qualified advisor for the State Superannuation System and that actually led me to doing a course to become an advisor to the Commonwealth Superannuation System.

Through the 1990s redundancies were prevalent, the rules were complicated, everybody needed advice, simple as that, to know which was the best structure and best strategy for themselves and given that I was fully trained up on both these superannuation systems, I was brought in to do seminars in all sorts of places. By providing these seminars and a bit of an education to people, my client base grew.

It's interesting if we look at your whole career, you really have gone through big changes that were brought about with an immediacy that wouldn't allow you to adjust yourself to thinking about, well this is going to be a change. From the sounds of it, it was one excitement after the next, so how do you deal with change?

I guess my first reaction to any change is usually a negative. But I then have to stop myself and sit down and I work through to the positive.

The other thing is with this podcast you have given us many examples of how resilient you are. That's a good thing to remember that we've all got something there that we could use. Like as a young man, you were really walking on water at a very very young age, then your journey and you do things and your wage doubles and doubles again. Then you found yourself in a position where you haven't got a client, you've got an empty book and you have to start from there. Then you figured out how to do that and how successful it went from there, then the GFC and so on and so forth and how you've kept recovering. I think this is fantastic for our listeners and ourselves in that no matter how tough it is, you will find a way if you continuously remind yourself you've got it and use the things that are around you to make it happen.

I agree. I think it comes back to Kim's question about change. We live in an everchanging environment. Don't get caught up in the change as being a negative even if at first you can't see the positive. Quite often the change is not a positive, don't get morose about it, work with that change for an outcome which will be a positive in the long run.

Is there anything else that you think is a skill that has traveled with you through all of this time that you picked up at that early stage?

I guess it's not so much skill, it's probably more lessons. The lessons that we learned on the trading floor were things like do not stand in front of the market. What that means is, if you think you're right but the market is doing the opposite,

don't stand their on your laurels. You have to stop and work out, if someone argues with you or tells you that you're wrong or has a different opinion, how to take a step back and look at it from their perspective and make sure that you thjink about your idea before you keep going.

You talked about being in a transaction industry and going to a service based industry. Do you prefer one over the other?

Absolutely I prefer service over transactions. One of the most important things we do is hold people's hands and not let them do rash things.

Do you think there's value in understanding a transactional business before you move into a service business if it's in the same arena?

That's interesting isn't it? The whole world's moving to more service orientated business. There's very few transactional businesses left - real estate agents are the only ones I can think of. So is it important to understand that? I don't think it is. I think you can get by without it but I do think that understanding a service industry and having models for your service, that is is what people want and it is up to spped are important.

Time to take a break in our discussion with John Alford. Join us for Part 3 next time, for now I'm Kim Baillie, she's Fulyana Orsborn and this is Inside Exec.