

Compliance: when it really matters

Ensuring your practice is compliant can result in real business benefits, writes **DENISE EASTABROOK** and **PETER BOBBIN**.

Comply or die has been the catchphrase for many since the introduction of Financial Services Reform (FSR). If you are reading this, congratulations – you are one of the survivors.

As we now pass the second anniversary of the new comply or die requirements of the law, it is time to put client issues to one side and ask: just where are you headed? Are you confident that your organisation is growing as you want it to?

How would you measure such thoughts as:

- Is staff turnover depleting the organisation's efficiency?
- Are our clients more or less satisfied than they were last year?
- Have all possible risks to the business been considered?
- Is the quality/efficiency of our product improving?
- Are we eliminating waste of resource and work?
- Is profit growing in both real and comparative terms?

Whatever your thoughts on how to improve your business, real and long lasting improvement requires a system that is measured at regular intervals, modified for improvement, and understood by the people who work within the organisation.



Denise Eastabrook

Curiously, any organisation that has become used to the notion of comply or die and taken steps to comply can easily take the next challenge that will reap enormous benefits, but often they miss



Introducing quality accreditation standards into your practice will put it on the fast track to success.

the opportunity of extending their compliance system for real and measurable gains.

Maintaining business growth

The financial services industry is subject to many laws, regulations and industry codes of practice. Just like most other areas of business, it is also concerned with maintaining growth and productivity.

Events such as high staff turnover can devastate a business unless appropriate training systems have been developed, refined and kept up-to-date to facilitate the replacement of staff with equally efficient newcomers who can adopt the systems and culture of the business with a minimum of resource and time being expended.

Some of the core comply or die policies and procedures are as follows:

- Policy Statement 146: Training of Financial Product Advisers;
- Policy Statement 164: Organisational Capacities;
- Policy Statement 165: Internal and External Dispute Resolution;
- Policy Statement 166: Financial Requirements;
- Policy Statement 175: Product Disclosure;
- Policy Statement 181: Conflicts of Interest;
- Policy Statement 182: Dollar Disclosure; and
- Policy Statement 912A: Corporations Law 2001.

Management principles

Now compare these to the eight quality management principles of ISO 9001:2000.

Customer Focus: Organisations depend on their customers and

therefore should understand current and future customer needs, should meet customer requirements and strive to exceed customer expectations.

Leadership: Leaders establish unity of purpose and direction of the organisation. They should create and maintain the internal environment in which people can become fully involved in achieving the organisation's objectives.

Involvement of people: People at all levels are the essence of an organisation and their full involvement enables their abilities to be used for the organisation's benefit.

Process approach: A desired result is achieved more efficiently when activities are managed as a process.

System approach to management: Identifying, understanding and managing interrelated processes as a system contributes to the organisation's effectiveness and efficiency in achieving its objectives.

Continual improvement: Continual improvement of the organisation's overall performance should be a permanent objective of the organisation.

Factual approach to decision-making: Effective decisions are based on the analysis of data and information.

Mutually beneficial supplier relationships: An organisation and its suppliers are interdependent and a mutually beneficial relationship enhances the ability of both to create value.

If any of this sounds familiar, why aren't you doing something about it? If you have survived the last two years of comply or die, it is now time to comply and thrive.

Quality accreditation

Before you file this article in the round filing bin under your desk you should be asking what is in it for me?

A law firm is a professional services business like many within the financial services industry. And we have similar rules. We must be licensed and we must hold practising certificates. We must issue a Financial Services Guide and we must issue a retainer, which mostly includes the same information.

We must have adequate professional indemnity insurance to remain in business and our insurance is also compulsory.

But we sell different products. Or do we? If you are an Australian Financial Services Licensee (AFSL) in distribution you sell advice about financial planning, we sell advice about law. If you are an AFSL that makes the financial product you will sell the product; we will sell the structures that your products sits within. So are we really different?

How does this lead to the opening challenge?

In 1999, we at the Argyle Partnership embraced quality accreditation and since then have been recognised as satisfying the eight quality management principles of ISO 9001:2000. This doesn't mean that we always get it right, but it does mean that we have a system for always seeking this.

The benefits of compliance

Quality accreditation to the level expressed in ISO 9001:2000 is easy, as long as you embrace it from the upper levels of management; any lower and you are wasting your time. But if you do

embrace it, what can you expect?

Comply or die will no longer be a fearful phrase, it will be second nature, in fact, your business will become comply and thrive. Your professional insurance premiums will drop, ours did, so why not yours? No single member of staff can jeopardise the business, it will be solidly placed within a documented and well-understood business system.

You will save money from lower staff turnover, higher productivity and staff-identified business improvements. You can also display a quality accreditation logo that will be recognised by Government and major potential client or referral sources as a badge of a quality systems-based business.

Measurement of client satisfaction is an essential business tool, but in a comply or die environment can you afford to do this? In a comply and thrive environment it becomes second nature.

It is easy to measure quality and efficiency if you have set out a system for doing so. It requires the dedication of the people working in the business to improve these essential elements of a business, but it also requires the managers of the business to introduce policies and procedures that can be accepted by their staff as being one of their duties.



Peter Bobbin

In 1999, we introduced quality accreditation into the Argyle Partnership. In 2006, with 60 staff operating in Sydney and Melbourne and still enjoying a continuing and consistent 18 per cent cumulative annual growth, we know where the future of this business is – it is with the financial services industry and a comply and thrive approach that embraces quality accreditation.

Just where are you headed? Are you still worrying about complying or dying?

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