

Millfield Partnership **integrated marketing powers the** **fastest growing IFA network**

Angus Jenkinson
Professor of Integrated Marketing
Luton Business School
angus.jenkinson@luton.ac.uk

Branko Sain
Research Fellow
Luton Business School
branko.sain@luton.ac.uk



**Centre for
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Integrated Marketing is an holistic discipline that inspires coherent and creative organisation, culture and customer experience alignment around fundamental truths of the brand to deliver value to customers, employees and the organisation.

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Integrated Marketing begins with a differentiated and integrating business model and/or positioning. Millfield Partnership is an excellent example of a business that creates differentiation and competitive advantage from the top down. Millfield Partnership has a functional and effective business model that encourages ambitious and success-driven independent financial advisors (IFAs) to work at both individual and collective levels. The model drives integration and synergy among the network members and yields substantial gains and business opportunities for all involved.



The challenge

The world of finance marketing and IFAs is extremely individualistic and profit-driven. Often IFAs compete for the same portion of the market and sometimes they belong to the same network. On the other hand there are numerous potential business opportunities that are not exploited due to lack of specific expertise or poor organisation. Millfield Partnership was determined to find and implement an optimised business model that would create value by servicing IFAs, taking full advantage of the changing IFAs market in the UK, and taking a share in their success.

The strategy

In a conventional national finance firm, managers have to manage their staff. Regulations then prevent them from being independent in their advice. Yet, many clients want independent advice. At the same time, many people want to work as an independent because of the freedom and potential financial rewards it brings. The challenge is how to grow a substantial business of nevertheless *independent* financial advisors who also each gain from cross-referrals built of client trust. This amounts to: how to get a win for a business and its investors, for the 'staff associates' (i.e. IFAs) and for clients, who get a better service.

One business model operating in the UK IFA market to achieve this is the network model. Network allows small IFA firms to come together to use their combined might to reduce their PR costs and their regulatory compliance costs. However, each typically has its own identity.

The alternative is to work for a national branded firm, but as an IFA. Millfield Partnership is a leader in this concept and a recent winner of the Money Marketing IFA of the Year Award. IFAs as customers are effectively the core focus of Millfield's business strategy. Of course, to be successful in this they

have to find ways to help them add value to clients, so that clients become a further group of customers, with two marketing challenges therefore for the Marketing Director, Neil Stevens.

Mike Ahern, National Development Director, described the vision as follows: “There are thousands of IFAs, both individuals and businesses throughout the country who have recognised that the industry is changing dramatically and that for the small independent, survival will become increasingly difficult. We at Millfield feel that these are often exactly the kind of IFA who have built a business based on intimate knowledge of client’s needs and circumstances and that for them to cease trading would be an awful loss for their clients and for the industry. The Millfield Associate Partnership offers the independent a way to continue to grow their business both in capital value as well as turnover and to benefit from the support, technical and product expertise as well as regulatory responsibility provided by Millfield. MAP is exactly that - a map of the future for the IFA.”

IFAs remain independent but give up a percentage of their commission or fee earnings (up to 40%, reducing with productivity). In return, they get support in the form of regulatory compliance costs, PR cover, marketing, quality offices with meeting rooms for clients, computers, stationery and more. Within this infrastructure, they can employ their own PA or assistants so that the IFA spends all the time with the clients. In other words, the IFA is as though franchised to run a mini business within the Millfields brand, while Millfield Partnership makes its money on commission from its IFAs.

It is a dynamic sales environment that appeals to entrepreneurs because of its sharing and entrepreneurial culture (60% of the business is shared between IFAs). Some of the firms that join may be reasonably substantial IFA groups in their own right: e.g. Parkers joined in October 2003 to become Millfield Parkers Financial.

To date Millfield Partnership includes around 650 IFA associates across their operating divisions that are client-focussed and offer specific skills and knowledge to each client. Neil Stevens, Marketing Director thinks that the company needs to reach the critical mass of 700 IFAs to become profitable, although they expect to break-even earlier.

Business governance is detached from advising clients and the IFA process. There are people at the top whose only job is to run the business, and for them the IFAs are customers. Investors and product advisors like this

structure because it gives them the confidence that Millfield Partnership have a long-term commitment to the business.

Millfield Partnership supplement this with strategic partnerships with firms such as estate agents who need or would like to be able to provide expertise and services, for which they would be legally liable. Millfield can remove risk to firms like Chesterton, provide superior services to their customers, and also provide value to Millfield associates.

What IFAs and clients gain

IFAs have two main sub-groups of clients: businesses and private. Each IFA will tend to specialise, perhaps specialising further within each community. This specialisation is the key to Millfield synergy and client service.

The IFAs get the leads generated by marketing activities of Millfield and develop further their own client base. They are encouraged to refer business opportunities to other specialists in related fields under the Millfield Partnership umbrella. Neil Stevens illustrates a typical scenario:

“Suppose I’ve done the Estate Planning for someone who’s got his own business. I’ve taken the business out of the estate to protect it, but he probably also needs to look at some sheltering of his tax and profits. So because of Millfield, I am going to refer him to our business solutions team and get somebody there to talk to him. Or, if I’m with you in your living room and I’ve done your life assurance and maybe some school fees planning, and then you tell me you’re running your own company and it’s doing well but you’re paying too much tax. Then I would then say, ‘Well I’m not an expert in that area but I know a man who is’. Therefore, this dynamic really does encourage business sharing. It’s working incredibly well.”

The IFAs normally get 20-30% of the business as reward for their referrals.

Supporting this synergy is one of the key strengths of Millfield: they create internal events when IFAs meet, exchange views, network, educate each other or are educated and build up the trust bonds that further their businesses. IFAs have reported their enthusiasm for the Millfield model and their success in creating this culture of sharing. One IFA for example reported a multi-million pound deal they had achieved through referral.

Learning points

The case highlights a solution where people work for themselves and each other successfully, creating 3-dimensional worth. Millfield Partnership created an entrepreneurial culture supported by a sound structure that encourages both individual and shared success. As a result, the members of the partnership work together cohesively and harmoniously. The positive feeling of belonging together is reinforced by tangible benefits they experience when they achieve collective goals. The whole organisation is more integrated and has a stronger position in the market.

Millfield's model forces them to make belonging to the company and commitment worthwhile to each individual. That is also the secret of their success. It is a lesson many companies with conventional business models could successfully learn.