

## COVER STAR

# Spa town success

Malcolm Coury's affinity for Bath complements the confident strides his business is taking both in this location and in Bournemouth. Since launching Money Wise 10 years ago this thriving practice has embraced the advantages of wrap, gained discretionary status and is now going for growth via acquisitions.

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▶ Malcolm Coury first came to Bath 22 years ago and knew immediately he wanted to make the city his home.

'I came to meet a friend studying at Bristol university and thought "I want to live here"; he says.

At the time he was working at Financial Planning Services in Bournemouth, but managed to convince the firm it should open a branch in Bath, and within five years, Coury had grown the firm's presence in the region to four branches with a combined turnover of £4 million.

Walking up the picturesque route from Bath Spa railway station to the firm's Chapel Row office on a sunny summer's day, it is easy to see why Coury was so taken by the place.

Coury has just spent the morning on his regular Monday run, and on his way up to the office spots me and offers me a lift in his gleaming new Mercedes Benz.

After parking up and fetching some bacon sandwiches from the nearby café, he takes me on the short stroll to his offices, and his affection for the city shines through.

He points out the life size pig models that have sprung up around Bath as part of a major public art project to commemorate King Bladud, who founded the city almost 3,000 years ago, as passers-by greet him on the way to work.

Money Wise has its offices just off Bath's leafy Queen Square. Coury takes me up to his office and boardroom, equipped with a large flatscreen TV that he uses when talking to clients.

## What might have been

It's all very serene and civilized, but had it not been for losing out in his bid to buy a nightclub in Bournemouth just over a decade ago, Coury could have been living a very different life.

'We got gazumped on the day we were due to complete. I'm glad that happened, because that, and other things I was dabbling with at the time, taught me to stick to what you know,' he says.

Together with his DJ brother-in-law, Coury had just laid on what was then the biggest-ever dance music tour of the UK across 12 different venues. But despite their success in attracting £150,000 in sponsorship, the tour made him realise he wasn't suited to the industry.

'We didn't actually make much money and I found that nightclub people were very shady and unreliable characters,' he says.

At the time, Coury was working from home after having become disenchanted with life at FPS following its acquisition by General Portfolio and then French insurance giant GAN. The culture changed. When it was FPS, it was a very entrepreneurial culture. The key managers like myself were left to get on and run the business. To a certain extent that continued when it was General Portfolio. But when GAN took over, they started pulling in all the decision making to the centre, and we ended up being run by a bunch of accountants. All the good guys like myself just couldn't stick it. We were having our hands tied.'

## Wise move

But after his brief foray into the world of dance music, Coury was soon back in the financial services game with the launch of Money Wise in 1997.

Fellow director Stephen Thornton came on board a year later, and by 2000, the burgeoning firm had already built up a turnover of more than £380,000.

Ed Hockey and John Skillman joined in 2001, before Richard Armstrong's arrival in 2006 brought the number of directors to five.

The directors own the bulk of the business, with some of the firm's advisers also having shares as part of a loyalty incentive scheme.

The firm now has 12 advisers, including the directors, working from two offices, in Bath and Bournemouth.

They are backed up by a 10-strong support team, including five administrators, two working on accounts, one on compliance, and two paraplanners.

The bulk of the firm's mortgage work, which is done on a fee basis, is conducted in Bournemouth, where the firm established its presence in 2004.

## Moving to fees

The transition to fees has been a gradual process during the firm's 10-year history, he says, but the move to wrap – in this case Ascentric – has made it easier by allowing the firm to take fees from a client's cash account held on the platform.

Clients on the wrap are generally placed in model portfolios, and are charged 1% per annum on the assets they hold on the platform.

Cash is included as an asset for charging purposes, a move the firm believes allows it to advise impartially on a client's placement in cash.

The firm still operates a commission model for more basic investments, which sees Money Wise take 3% initial and 0.5% trail.

Coury estimates that moving away from an initial charge may have had an impact on business income at first, but says the strategy is an investment in the long term.

'It's been very helpful this year, as we've been building up assets on the wrap, to build up the trail income,' he adds.

Recurring income makes up around a third of revenue at present, but Coury is aiming for a 50% figure in the long term.

The firm sees clients between once and four times a year depending on client preference and needs, but that has no effect on the fees.

## Going for growth

Growth in the business has been exponential, rising to more than £1.6 million in turnover last year, and Coury is targeting much higher levels over the next two years.

'The goal moving forward to 2009-10 is that I'd like to start to grow a nationally recognised brand through acquisition, achieving sales of £10

## MONEY WISE BUSINESS FIGURES

Year	2006	2007	2008
Employees - salaried/consultants	8/11	9/12	10/13
Total Income (£)	1.20m	1.64m	N/A
Funds under management (£)	70m	90m	100m
Number of active clients	N/A	N/A	2,000
Recurring income (%)	N/A	N/A	30



Malcolm Coury says:

- 1 Involve people in what you are doing:** Share your vision of where the company is going with the people you work with and let them contribute and take responsibility in making it happen. By involving people you get the best out of them and they will want to contribute to the future success of your business.
- 2 Treat people as adults:** Treat your colleagues as adults by delegating important things and allowing them to use their imagination to solve problems and take responsibility for their actions.
- 3 Embrace wrap technology:** Wraps are the future of retail financial services and they give the IFA and their client control and visibility of their savings and investments. Wraps are also vital in helping the IFA increase the value of their business by growing a more sustainable, recurring income.
- 4 Keep in touch with and involve clients:** Clients like to know about you, your people and the firm as well as how their investments are doing.
- 5 Be honest:** It is better to be honest even if it involves giving clients or colleagues bad news. In line with this offer good value and do not be greedy with regards to your own remuneration.

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to £15 million in that timeframe, which is a big step up from where we've been,' he says. 'So far our growth has just been organic rather than acquisitive.'

Plans along these lines have developed to the extent that on the week of this interview, he is due to meet a firm that deals in seeking out appropriate IFA acquisitions and is currently talking to three potential sellers.

Coury said he is looking for firms with around £500,000 to £1 million in turnover that will embrace Money Wise's way of working, adding that he isn't looking to just take on extra client banks.

'There are a lot of very good quality firms in that range, where they are owner-run IFAs,' he says.

'A lot of them would want to remain in the business and that's what we would want. We don't mind if there are one or two principals or partners who would want to retire within a reasonable time frame so long as there are people who would remain in the business.'

And while Coury's eyes are trained on new model-type firms, he said he would also look at IFA outfits that have not yet made the transition, but are keen to do so.

The firm is looking to increase its presence from two to 10 or 12 locations over a three to four-year period.

'We're not going mad, but if we do that, I think that will be a good achievement,' Coury says.

### Ascentric wrap

Coury was the driving force behind the launch of the Ascentric wrap, bringing together the present heads of the business Hugo Thorman and Michael Fordham to work on the proposition, before stepping back into a non-executive role.

Unsurprisingly, Coury sees Money Wise's wrap use as a vital part of the firm, and has moved about £30 million of the £100 million the firm manages onto Ascentric since he started using it in January 2007.

'A wrap platform is absolutely core to our business. I would describe it as like an iron rod through the centre of it,' he says.

But he says his enthusiasm for wrap has spread to clients, with around three quarters of them now comfortable with looking at their assets online.

'I've had clients say, "This is just what I've been looking for," he says, adding that the firm was even picking up clients as a result of using wrap.

'Where one client at the pub or over dinner has talked about this wonderful wrap, and how they can see everything in one place – we've picked up clients off the back of that.'

The ability to re-register off the wrap is crucial, according to Coury, who sees the re-registration issue as having a large bearing on IFA firms' value should they ever decide to sell.

'Ascentric is quite happy if you want to move the assets away, they'll re-register. There's no barrier for me as an IFA,' he says.

'If I put it all with Skandia or Cofunds I can't move it. Cofunds or Skandia own the assets, not me.

'With a proper wrap platform, you the IFA clearly own the assets. And if I'm building my firm up and I want to sell that business the most valuable thing to acquire is the clients and the assets. It's much more valuable if you have the ability to control and manage the assets yourself. The multiple is probably between two and four times the multiple you'd get if you were using the old model. To me it's a no-brainer.

'It sort of worries me that there are still so many IFA firms out there that haven't got that, that are still selling products of the various providers.'

The firm's use of wrap is backed by 1st Software's Adviser Office system.

### Model portfolios

Money Wise has been running model portfolios for nearly a year, but is about to streamline its range from nine to seven.

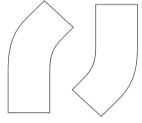
The firm had offered nine portfolios – income, income and growth and growth versions, each in a cautious, balanced or adventurous form. But the income adventurous and income growth adventurous models are being removed due to a lack of client demand. A breakdown of the adventurous growth portfolio is shown below.

Alternative investments figure heavily in the growth



DREAMING SPIRES: Coury loved Bath the moment he arrived and has achieved his ambition to live and work in its impressive surroundings

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adventurous portfolio, making up 48% of it, with green funds like Impax Environmental Markets and Quadris Environmental featuring. UK equity makes up 20%, overseas equity 26%, and there is a 6% weighting in cash.

Coury said the move to model portfolios was motivated by the need to provide better service for clients.

'What we found is that if you're running, say 100 portfolios, it's impossible to do so efficiently,' he says.

### Consistent advice

A crucial outcome of the change has been to standardise advice, added Coury.

'We want to make sure the advice that goes out from the firm is standardised, so it's Money Wise advice that's going out. What we want to do is remove the idiosyncrasies,' he says.

'That's not to take out the individuality because at the end of the day the client is dealing with an adviser with whom they have a relationship, but it's very important that as a professional firm the advice that goes out is consistent.'

Planned changes to Ascentric will see the wrap being able to manage model portfolios by replicating changes to one portfolio across all the others in that model, but due to his non-executive role with the platform, Coury is already using the system before its wider roll-out in November.

'Using the wrap, we have the ability to manage them on a

### MONEY WISE GROWTH ADVENTUROUS PORTFOLIO BREAKDOWN

Asset Class	Portfolio weight
<b>FIXED INTEREST</b>	<b>0.00%</b>
<b>UK EQUITY</b>	<b>20.00%</b>
BlackRock Merrill Lynch UK Abs Alpha Miton Optimal Special Situations	
<b>OVERSEAS EQUITY</b>	<b>26.00%</b>
First State Asia Pacific Leaders Soc Gen Japan Core Alpha Lazard Emerging Markets Martin Currie N America Alpha Schroder Global Energy	
<b>ALTERNATIVE INVESTMENTS</b>	<b>48.00%</b>
Impax Environmental Markets Brandeaux Ground Rent Portfolio The Assured Fund Quadris Environmental Var Gth EEA Life Settlements	
<b>CASH</b>	<b>6.00%</b>
Deposit	
<b>TOTAL</b>	<b>100.00%</b>

Note: This isn't the full portfolio, but the asset allocation is correct.



TABLE TALK: (back row l to r) Kevin Moxham, commissions manager; David Underwood, mortgage consultant; Richard Armstrong, director; John Skillman, compliance director; Nick Twist, consultant; Ross Pepperell, head of research; (back row l to r) Julia Smart, PA and paraplanner; Rosemary Burchill, accounts administrator; Bashar Aboush, paraplanner; Jenny Harry, PA; Jo Pavay, PA; Malcolm Coury, managing director

group basis, which actually means the client gets a much better, more proactive service than we could possibly provide on a one-to-one basis. If anyone tells you otherwise, I don't believe them,' he says.

### Discretionary status

Money Wise has also just attained discretionary status, a move Coury says will make the model portfolio system run even more smoothly.

Previously, Money Wise dealt with clients on an advisory basis, and so client permission was sought each quarter when the investment team of Ross Pepperell and Bashar Aboush recommend changes.

Now, however, changes to the models will be able to be made at all times and without client permission, meaning the whole process will become faster.

And while Pepperell already has the Securities and Investment Institute qualifications necessary to manage funds on a discretionary basis, Aboush is working towards them.

The two researchers also have a variety of tools at their disposal as they set about picking funds and maintaining the model portfolios.

The firm uses Synaptic systems for product research, and Finex Analytics for quantitative investment analysis.

Ready use is also made of Bloomberg, while macroeconomic commentary is gleaned from GaveKal.

### Sponsoring Bath Rugby Club

Money Wise has a sponsorship deal with Bath Rugby Club which allows the firm's use of the club's logo on its literature, and means the firm's brand appears on the stands at the ground.

Coury is a huge Bath Rugby fan, rarely missing a home game, so the sponsorship deal allows him to feed his own passion for the game, as well as being a useful way of building relationships with clients.

Money Wise has a box in the stadium's grandstand shared with another firm, and Coury will often bring clients along to games.

But Coury is keen also to emphasise the boost the association gives to the Money Wise brand.

Branding is very important for Coury, and he is proud of the firm's sponsorship deal with the rugby club, which he says allows the firm to punch above its weight in the drive for recognition.

'We're seen alongside big names like Kronenberg and Helpline, and that gives us a bit of kudos.'

### Fine tuning the website

This emphasis on a strong brand is also seen in the effort the firm has put into its website, shelling out up to £15,000 to develop it.

'If you look at our website or at our literature, you get these consistent images being shown all the time,' Coury explains. 'It's about perception.'

But setting up the site has also been a learning process as the firm figured out ways of driving more internet traffic towards it by including the words 'investments', 'pensions', 'mortgages' and 'independent financial advisers' in the banner in a bid to attract more internet users using search engines to find financial advice sites.

'One of the first things search engines look for is the banner, before they scan over the text,' Coury explains. 'Our old website had a lot of images, but because they were images the search engine wouldn't pick them up.'

'Originally we had "Welcome to Money Wise IFA". But who looking for pensions advice is going to be tapping in "Money Wise" or "Welcome to"?''

### Brand building

When picking the name of the firm, Coury always had in mind his ambition for Money Wise to become a large recognised IFA firm. 'I was thinking of lots of different names at the time on the basis that I didn't want to have my name on the door,' he explains.

'I tested a number of names and Money Wise was one of them. It's a "does what it says on the tin" type of name.'

'If you look at the largest brands, especially in the financial services world, they have moved away from being named after individuals,' he says.

'We want to be perceived as a strong brand.' □