

Bridging the advice gap



Getting expert advice can make a meaningful difference in the success of your business, yet many professionals and entrepreneurs shy away from the intuitive logic in this idea.

Rather than seeking advice from professionals such as accountants, lawyers and financial planners when making strategic business decisions and planning for the future, some often find it easier to seek counsel from other less experienced sources.

This is the gap between the need to be confident in decision-making and knowing where to source good-quality advice.

Sydney-based Satill and Miller Chartered Accountants say this gap reflects how important it is for people to experience the benefits of advice for themselves.

According to director Ray Loulach, word-of-mouth referral feedback confirms that once people have benefited from professional advice they realise that the resulting advantage and economic gain far exceed the cost.

Further, although people may initially be hesitant to approach experts, they eventually become willing to engage

more professional services as their value becomes clear.

In September 2011, Macquarie conducted a large-scale research program to examine Australians' life and financial decision-making. Twelve discussion groups were held across Australia, together with a detailed online survey of 1,600 Australians.

The research found that only 25 per cent of Australians felt confident and in control when making life choices and 72 per cent of those surveyed opted to rely on family and friends, neighbours and colleagues when it came to making those decisions. When questioned about financial decisions, 65 per cent of Australians said they also relied on these same non-professional sources of advice.

Only 45 per cent of respondents said they sought advice from experts.

Yet those who did seek expert advice said they were much more confident about their decisions than those who had not. Indeed, those who had sought professional advice were more confident in talking about their finances (56 per cent) compared to those who had not (44 per cent).



Many factors are at play in guiding and informing these choices and perceptions about taking professional advice.

Cost is a significant one, yet Loulach says there is a certain irony to this.

“In the financial context of tough business conditions, many business owners decide to cut costs, which could mean accounting, for example,” says Loulach. “And that’s the very reason they should be using a professional accountant, because you shouldn’t go it alone in the face of challenging markets, the high dollar and rapid technological change.”

Other obstacles to seeking professional advice include time constraints, the perceived complexity of a problem and the fear of being on the wrong end of bad advice.

Yet Macquarie Relationship Banking division director Grant Robson says there is potentially much more at stake.

“You only have to get one thing completely wrong to make the amount of lost opportunity far greater than the cost of advice,” he says.

At the moment, the Federal Government is working hard to make professional advice more attractive to more Australians, particularly in the areas of financial advice and superannuation.

For example, in a recent submission to Treasury, the Institute of Chartered Accountants in Australia called for the

cost of financial advice to be made tax deductible. This is just one of many similar suggestions.

Major reform packages such as the Future of Financial Advice (FOFA) reforms are designed to encourage more Australians to seek advice that is tailored to their needs and to take more interest in their financial future.

While such endeavours are worthwhile and will only serve to strengthen the advice proposition, the tangible benefits of professional advice should be clear by now.

It is becoming more widely accepted that advice from a person who has studied, trained and worked in a specialist field will be better educated and informed in a specialist area such as taxation, the law and financial services than from a person who has not.

Yet surprisingly, some professionals and SMEs think because they know their own business quite well, they are best equipped to make critical decisions by themselves, without seeking professional advice.

“If they have professional expertise in one particular area, it doesn’t necessarily mean they will be knowledgeable in all others,” Robson says.



Another trap is thinking that your circumstances are unique.

Experienced and professional advisers have often seen either the same or similar circumstances when advising other clients. This is a good thing. It means they do not start from scratch when it comes to providing advice to you.

There are also some less tangibly obvious benefits of sourcing professional advice. Peace of mind is high on the list, but there are also some seemingly incidental issues that come with the process of getting good advice.

For example, while discussing your business's taxation you may make a passing reference to another area of your finances. In the course of having a frank and open conversation with an advice professional, other issues are often highlighted and can be addressed in the context of the bigger picture, not in isolation.

"It's like going to the see the doctor for your cholesterol and he finds a mole which could be worrisome," Robson says. "You'd want to know."

As previously highlighted, one of the largest obstacles to overcome when seeking professional advice is the issue of trust and the existence of bad advice.

According to Loulach, bad advice is usually the result of inadequate analysis of the facts of a particular situation.

"To give good advice, you need qualitative and quantitative information on a business and in the context of current legislation."

Robson warns that you only get out of the advice experience what you put into it. It is a two-way street and you cannot get the best advice by simply providing a snapshot of information.

"It is very rare that advice that is off-the-cuff is at a high level. Nowadays, everything is so complicated, to get the right advice you have got to give more information than you may necessarily think you need to."

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