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A vision in progress

Dominique Vinecombe has turned around Regency Investment Services' prospects with the firm achieving chartered status this year and pursuing ambitious goals

TIM COOPER

For fast-talking Dominique Vinecombe, taking over as managing director of Regency Investment Services at the age of 37 was a life-changing decision.

That was in 2008, only a year after the firm had received a £14,000 fine from the Financial Services Authority (FSA) for inadequate record keeping. Vinecombe knew there was a huge task ahead as the firm was in the middle of overhauling compliance procedures, which would in turn spark a transition to the new model. Plus she had just given birth to her second child and was about to take her chartered exams.

'The question was: do I go back [to work] with everything that is required of me as managing director and knowing that treating customers fairly (TCF) and retail distribution review (RDR) are around the corner?' says Vinecombe.

Since then she has overseen a fundamental transition, implementing a service proposition that has resulted in active client numbers being concentrated from 3,000 to 820, and has achieved individual and corporate chartered status.

'The only way it works is to be hyper-organised,' says Vinecombe, who admits to being a fiery character. 'Also I have the most fantastic nanny on the planet, who has been with me for seven years, and a supportive husband. When I was studying, I would come home every night, put the children to bed, lan my husband would feed me, then I would get the books out.'

Expansion and contraction

Regency Investment Services has recently celebrated its 45th year. It was founded by Vinecombe's father John Holloway, maternal grandfather Herbert Baker, and a third partner, Ian Grant. The firm started in Nottingham and grew to have around 40 registered individuals (RI) based in offices in Reading, Gerrards Cross, Windsor, Egham and Holland. It

then contracted to a single office in Egham. The firm's £150 million under influence reflects its large legacy book.

'Our legacy is our greatest strength and our greatest weakness,' says Vinecombe. 'We still have a cup that used to be given to the salesperson of the month. We keep it as a reminder of how far we have

'Our legacy is our greatest strength and our greatest weakness'

come. Now we have one site, seven RIs and we have changed from a sales organisation to a professional, chartered service provider.

'We contracted offices because, even back then, they realised that a smaller number of high-net-worth clients was better than mass marketing.'

Career trajectory

Vinecombe originally had no intention of being the third generation at Regency. She trained as a classical ballerina until the age of 15, and then changed tack. She studied economics at university and joined a graduate training scheme at Scottish Widows.

'From the start I enjoyed it. I love the combination of the fiscal and the people side,' she says.

She joined Regency as a junior IFA in 1995. In 1999, Holloway handed over the managing director role to Laurence Cahill, who retired 10 years later after spending a year helping Vinecombe take over the top job.

'I'm not yet 40, so age is on my side,' she says. 'It's a



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Client proposition

Regency's proposition now comprises three service levels: Select (£25,000-£100,000), Executive (£100,000-£250,000) and Premier (above £250,000). Implementation is charged at 3% on the first £100,000, reducing for subsequent amounts, and the annual fee is 0.5%.

Regency has an investment committee that meets monthly and monitors a panel of around 80 funds, which are placed into seven risk-related portfolios. Funds are rated according to a traffic light system.

Asset balancing is done for Select level clients every two years or they could choose to go into multi-manager funds. Clients in the other two categories receive more regular reviews. Apart from main reviews, funds and assets are only rebalanced when it is a major call, says Vinecombe. This would be something the committee decides needs more immediate action: for example, during the property bubble or when Gartmore fell into difficulties.

The firm carries out central research on discretionary fund managers (DFMs) should top-end clients wish to use them, but Vinecombe is not that keen on it. 'Many DFMs haven't performed any better than the portfolios we have put together. Some are now more reasonably priced but still haven't necessarily made their case.'

Regency's most popular portfolio is cautious income (see table for performance, fund selection and asset allocation). The portfolio is 60% allocated to bonds. 'That is a typical allocation, though we are aware of the wider issues in relation to inflation which could see interest rates rising,' says Vinecombe. 'That's why the committee has been moving from investment grade to strategic bond funds recently, as we want the managers to have a more flexible mandate to deal with that.' Its TER is 1.456% including trail of 0.5%.

Regency Cautious Income portfolio

Fund	Growth over one year to 16-May-2011	Portfolio weighting
Artemis Strategic Bond QR Dis	10.71%	13.0%
Fidelity Strategic Bond Inc	5.39%	13.0%
Invesco Perp Monthly Income Plus Inc	10.95%	13.0%
M&G Optimal Income A Inc	7.99%	13.0%
Schroder Strategic Bond Inc	6.69%	13.0%
M&G Property Portfolio A Inc	3.71%	6.0%
Artemis Income R Inc	14.22%	7.0%
Schroder Income Maximiser Inc	8.43%	7.0%
M&G Global Dividend A Inc	12.43%	15.0%
Portfolio	9.1%	100%

Source: Regency Investment Services



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West Financial Management in Plymouth

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DOMINIQUE VINECOMBE CV

CAREER

1992 - 95 Scottish Widows, broker consultant
 1995-present Regency Investment Services, IFA
 Joined the board in 2003
 Appointed managing director in 2008

PROFESSIONAL MEMBERSHIPS/ QUALIFICATIONS

BA in Economics & Politics from Exeter University
 Member of the PFS and CII
 APFS
 Chartered Financial Planner

general issue for the industry that the average IFA is white, male and 53. Even now, when I go to seminars I see only about 10% to 15% are female. When I first joined in my early 20s, it was very intimidating. There were a few old school clients. Now I'm knocking on 40, it doesn't seem to make any difference. But there is a plus side: I get a lot of referrals who only want a female.'

An FSA fine and a lesson learned

In November 2005, the FSA started a thematic review of income drawdown advice. It selected 10 adviser firms to investigate, of which Regency was the first.

Vinecombe explains: 'We had had no complaints about income drawdown but the FSA weren't happy with the know-your-client data on the file. It was a process problem, the fact finds were not up to date, so we couldn't demonstrate it to the FSA's satisfaction.'

The FSA ordered the firm to review all of the 150 income drawdown cases it had written since 1996. From those, it found one case in which it felt the lack of information was so significant that the client could have been disadvantaged. The result was that Regency had to offer compensation to the client and pay a £14,000 fine.

'You are in double the trouble: first because it happened and then because you didn't have the management systems in place to identify that it was happening,' says Vinecombe.

Remembering the moment she received final notice of the fine, she says: 'The notice is stark, it's in your face and you're thinking, "how will this look?" But I am positive by nature. We have learned from it. Though I wish it had never happened, it's even more satisfying to reach the goals we are now reaching because of where we came from.'

The investigation centred on one director who has now left but Vinecombe says there was no question of blaming the old guard. 'We operate a no blame culture,' she says. Instead, the firm reviewed all its processes and Vinecombe took over the compliance function.

'It became the springboard or kick that we needed to

reshape the business,' she says. 'I realised that doing all of this would make such a difference to the company. Now it is unrecognisable compared with what it was. More recently we had a TCF visit and passed with flying colours.'

An Hallelujah moment

A major step in the firm's transition was asking consultant David Shelton to conduct a thorough review. He helped set five-year rolling business plans, the first of which began in 2008.

One of the firm's first new goals was to gain corporate chartered status, which it achieved ahead of target this year.

'David reviewed the whole practice and asked: "What do you want to achieve?"' says Vinecombe. 'We didn't know who our clients were; we had no data. It's taken a lot of time and money to concentrate the thousands of clients down to a few hundred, and to put in a service and fee proposition.'

'During the process, we had an hallelujah moment. We were assuming what clients wanted, then someone said: "Why don't we ask them?" We were really surprised by some of the answers.'

Not all clients wanted regular contact or valuations as they had assumed, though contact of some variety was generally welcomed, especially when the news was bad. 'For example, it means so much more if you call them to talk about the stock market crash before they see it on the 10 o'clock news,' says Vinecombe.

'In addition, clients want to feel that they are not one of the herd, so tailor what you give them as much as possible. For example, some clients want the valuation and agenda before the meeting, some want it in the meeting. Some want emailed valuations, some don't.'

'You get that at the top end and then the amount of tailoring reduces as you go down the service levels.'

Boosting at-retirement offering

Another goal has been to boost the firm's offering to the at-retirement market. 'We have a mushroom of clients in the 55-65 age range so that has become critical. We spent a lot of time last year looking at our processes and what we offer,' says Vinecombe.

'We designed an attitude to retirement income questionnaire last year. If the [client] is risk averse, that leads us to various types of annuity; we have a set fee for that report. If the client is more prepared to take risks, we

'We had an hallelujah moment. We were assuming what clients wanted, then someone said: "Why don't we ask them?'"

do a more comprehensive report, which goes into third way options, phased retirement and income drawdown. We charge more for that.

'There are lots of new options and we are finding that people often choose a combination of an annuity (because rates may go lower still), a third way product and drawdown.'

Regency has grown organically through referrals, and Vinecombe plans to build and strengthen links with solicitors and accountants. 'Many people are not aware of how the new £50,000 annual contribution limit into pensions will affect them. We intend to hit the accountants with these types of ideas and run seminars. We are corporate members at Wentworth Golf Club so we run seminars up there, which always go down well.'

The firm's plans mean that, after a long period of contraction while the new service proposition kicked in, client numbers are projected to increase again.

Expansion plans

Among the firm's goals is to boost the number of advisers from seven to nine. This is proving difficult, says Vinecombe.

'We can't find quality people for love nor money. The reason we want nine is that we can't get any more in the building. We don't want to go back to multiple offices. We want high calibre professional advisers servicing a maximum of 150 clients each. You can't offer the level of service to any more,' she says.

'Because turnover is linked to the number of RIs, I'm happy for it to plateau if we can't find additional advisers. We have learned it's better to have no-one than the wrong person. It's a problem that I can see getting worse because we won't take anyone without a diploma. They have to bring some clients, though we can add an extra

BUSINESS FIGURES: REGENCY INVESTMENT SERVICES

	2008	2009	2010	2011	2012*
Total number of employees	11	12	12	13	14
Total number of clients	4,200	3,520	2,350	954	900
Total income	£1.1m	£1.1m	£1m	£1.2m	£1.3m
Total costs (inc. directors emoluments)	£632,189	£665,180	£610,356	£692,756	£725,000
Funds under management/advice	£105m	£125m	£132m	£140m	£150m
Recurring income	41%	44%	50%	55%	58%
Total number of active clients	3,024	2,843	1,812	796	820

Notes: * projected figures

Star profile



TEAM GATHERING: (left to right) Jane Daniels, paraplanner; Diane Condon, administrator; Keith Davis, director; Stephen Hatherall, director; Alan Lander, associate director; Tim Borrelli, paraplanner/office manager; Dominique Vinecombe; Gerry Probett, adviser; Yvonne Kerswell, company secretary; Georgina Catchpole, adviser; Sharon Bahia, paraplanner/trainee adviser

FIVE TOP TIPS

- Keep in regular contact with clients, they would rather hear from you with bad news than not hear from you at all.
- Maintain a happy working environment, treat your staff well and invest in their skills.
- Lead by example.
- Always keep one eye on the end game, it is very easy to get caught up in day-to-day issues.
- Involve your clients when designing your service proposition, don't just make assumptions, you might be surprised by their responses

layer. Generally, we don't look at an IFA unless they are doing £100,000 a year.

'I am not looking for people coming from life offices. The culture is massively important. They have to agree to our systems and processes; and have the right ethics and service standards; and be able to fit their service model into ours. It's a big ask.' The firm came close to an acquisition last year but could not agree a price.

'One paraplanner has expressed an interest in becoming an RI and that could be the way,' says Vinecombe. 'We are all earning a good living and we are

'We are all earning a good living and we are nine 10ths of the way to RDR compliance, but we have to do something if we want to develop the business'

nine 10ths of the way to RDR compliance, but we have to do something if we want to develop the business.'

Vinecombe says Regency's biggest issue regarding RDR is capital adequacy. 'No-one seems to be talking about it,' she says. 'I have no sympathy with people not taking exams. Anyone can redesign their client proposition and fees; it just takes time and effort. But capital adequacy that has to be realisable in 90 days is a hot potato. The implications for firms our size and bigger will be huge and could mean a fundamental shift in business practice.'

Finding balance

Vinecombe says her father came from a poor background in Nottingham. 'He grew up in a one-up, one-down where the bath was a tin on the back of the lounge door,' she says. 'He has made a success of his life. So there must be an element of pride that he's been able to give us a better start and that I've taken it over.'

Her father is still a shareholder in the firm and she sees him regularly. 'We are similar characters: both Leos. We can be quite fiery. But we never had that many issues.

'We were all impressed how little he has interfered [since retiring], as long as it's profitable and his old clients

are being well looked after. Compared with what might have been, it's been a pleasurable experience and it's still nice to have him to bounce ideas off now.'

To balance work with family life, Vinecombe does not work on Fridays and instead goes into the office on Sunday afternoons. 'That's for pushing the company forward,' she says. 'I can't plan and strategise in a busy office with the phones going.'

She swims twice a week, which she says is her 'sanity'. The rest of her time is spent with children nine-year-old Luke and four-year-old and William (pictured on the cover), and her husband.

'This weekend I have 17 four year olds coming for a dinosaur party. In the morning you are mummy and wiping Weetabix off faces, and then half an hour later you're talking to someone about half a million pounds drawdown. You have seven minutes to drive home and change back into mummy. For me it's the perfect balance; I didn't want to be a full-time mum.'

Reflecting on how she has coped with all her work responsibilities and looked after two small children, Vinecombe says: 'You just get on with it, which is why you have to enjoy it. Otherwise all the money in the world doesn't make it worthwhile.'