

INSIDE THE DEALERS

# Advisers run their own race at Avenue

A breakaway dealer group has achieved success through hands-on adviser involvement. **KATE KACHOR** reports.

It has only been four years since Avenue Capital Management first opened its doors. Before then, the dealer group was merely a goal to aspire to for many of Adviser Investment Services (AIS) financial advisers.

It wasn't until the late 1990s when AIS' parent group ING created Partnership Planning by merging the group with the planning arm of Mercantile Mutual, ING Financial Planning and Bleakleys that a shift occurred and a new breakaway group exited for greener pastures.

Towards the end of 2000, the breakaway group of advisers formed Avenue Capital Management.

The basis for the new group was to organically grow an independently owned dealer group for financial advisers that was run by financial advisers. And while some may claim there was a level of naivety beneath Avenue's foundations, four years on the group can still boast it is 100 per cent privately and non-institutionally owned.

Avenue Capital Management director Simon Clifford says the breakaway group formed after the advisers decided being privately owned or independent was a better choice than being tied to a larger institution.

"The core advisers [from AIS] formed Avenue Capital Management. We expected to launch with six branches, but found ourselves launching with 13 and that was basically because the rest of Adviser Investment Services' advisers said, 'look, if you want to go, we'll come too,'" Clifford says.

He says it wasn't a great surprise when the remaining advisers under AIS followed and joined Avenue, as it was rather a case of like-minded people working together to achieve a new goal.

Avenue now has 18 offices New South Wales wide, with 44 advisers and half a dozen para-planners, and is actively seeking new recruits.

The group also currently boasts \$917 million in funds under advice.

"We are run by financial planners for financial planners. So we've got rid of the bureaucracy that can sometimes hinder the advancement of a dealer group. We're at the coalface, so the decisions we make day-

to-day from either a client, compliance or strategic point of view affect us in our branches, so there is probably a bit of clarity about the decisions we make and the direction we take the group," Clifford says.

However, while some may claim the term 'independent' has become lost among other industry buzz words, he says the group is still large enough to make a difference but also small and agile enough to make reasonably quick decisions – a core ingredient in Avenue's business structure.

How advisers sit under Avenue's business model is by no means unique, however, the continuation of adviser-to-adviser assistance is perhaps what helps Avenue stand out from the crowd.

"We've got successful branches as our core business structure helping up-and-coming branches become successful. So it is a mentor type operation rather than having development managers who haven't been at the coalface teaching a dealer group by the book," Clifford says.

Avenue's advisers operate their own businesses in a member firm structure, where each branch determines what fee structure is the best fit at its own discretion.



All for one: advisers support each other at Avenue.

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Clifford says most of the branches operate on a fee-for-service base, but Avenue is not rigid on whether the advisers charge a fee for service or operate on commission.

All the branches operate under Avenue Capital Management's banner, Clifford says. However, the dealer group has a number of branches operating out of accounting firms.

A breakdown of Avenue's structure reveals that two-thirds are stand-alone financial planning businesses and one-third operates in some sort of joint venture with an accounting firm.

Avenue's relationship with accountants began more than a decade ago in 1992 when still with AIS.

Clifford says the group considers itself an early adopter of adviser-accountant relations. However, unlike other dealer groups that are keen to cross train the two professions, Avenue believes the two work equally well as separate groups.

"We saw the synergy of what an accountant does and what a financial planner does as a hand-in-glove approach. With our model we don't believe the accountants should or can be wearing two hats, but they have a strong relationship with their clients. And their clients need financial planning, so to us it just made sense," Clifford explains.

Avenue's separate approach

to advisers and accountants has also filtered into the group's attitude to research.

While the group subscribes to external research groups such as Lonsec and AAG, it also has an in-house subcommittee that focuses on research.

While Clifford admits the foundation of such a subcommittee is unusual, he would not comment further on its function, except to say the external research received by Avenue is filtered through the subcommittee.

Although Clifford is tight-lipped on the exact function of the subcommittee, he does say it was heavily involved in the development of its own wrap account, Avwrap, which was launched by Avenue 18 months ago.

"We did a good two years of research in the marketplace before we launched Avwrap," he says.

And while Avenue is reluctant to divulge much about the secrets of its success, the culture of co-operation and information sharing within the group is sure to play a part.

*Kate Kachor is a freelance journalist.*



Simon Clifford

VITAL STATISTICS	
Avenue Capital Management	
Founded:	2000
Advisers:	44
Funds under advice:	\$917 million
Ownership:	100 per cent directors
States:	NSW
Platforms:	Navigator, MasterKey, Asgard, Avwrap (in-house platform)
Research:	Lonsec and AAG