



# From entrepreneur to enterprise:

**Why a robust strategy is key to every  
successful business**





“There’s excitement and adrenalin in being a lone ranger - it’s the entrepreneurial drive that got your business started. But being a leader is a different skillset.”

Ray Sclafani, ClientWise

The pace and complexity of change has increased over the past few years, and is likely to continue to accelerate. For financial advisers and practice leaders looking to build a strong, sustainable business, it's becoming clear that what worked in the past may no longer be enough for the future.

Hard work and talent may no longer be enough to deliver results: you need a smart strategy as well. But all too often, we hear people say that they don't have time for strategy while focusing on the day-to-day. Or, they develop a comprehensive strategy with the best intentions only to get bogged down in enterprise-sized frameworks that don't fit their firm. All this strategy work is then cast aside when monthly targets need to be met and clients need their attention.

Put simply, a strategy is a series of decisions. What will we do, what won't we do, and how will we measure it? And then those decisions need to be executed.

It sounds simple. But making good decisions (fast) can be challenging – especially when the consequences of making the wrong call can be high. “Some decisions are a leap into the unknown,” explains Sherise Mercer, Head of Macquarie Virtual Adviser Network (VAN). “If it's the wrong call, you could put 20 years of prosperity at risk – but the risk of doing nothing may be even greater.”

“Over the years, we've seen successful advice businesses link strategy and operations in a robust management cycle, with the right capabilities and tools to execute those strategies and maximise the probability of success.”

This guide will show you how they do it, and offer some right-sized frameworks for your firm, to help give you confidence in the strategic decisions you're making – and know how to translate them into action.

# When strategy falls short

Effective strategy planning takes time, effort and rigour. But as author and management thinker, Peter Drucker said, “Unless strategy evaluation is performed seriously and systematically, and unless strategists are willing to act on the results, energy will be used up defending yesterday.”

John Sullivan, Head of Client Development, Macquarie Virtual Adviser Network explains how he sees this reflected in businesses. “Too often, we see businesses treat strategy as an ad hoc process – something they do once a year but never reflect on. There may be little attempt to get diversity of thought, or bring in external perspectives. Or a lack of clarity about the direction the business is heading and how they will measure success along the way.”

He says all these things can hold you back from making the best decisions.

“We know the industry is changing, and at some point you will come up against more professional, better capitalised, more robust competitors. And you’ll run the risk of having strategy done to you – rather than controlling your own destiny.”

With mounting external pressures – including the rising cost of compliance, service commoditisation and margin pressure – you will need to be able to prioritise initiatives and put resources in place to execute.



## Warning signs your firm's strategy might be falling short

**Prioritising projects and putting resources in place to execute will be challenging if the following situations apply:**

**Lack of time:** the business owner has too many responsibilities (client relationships, HR, technology, marketing) – and is unwilling to let go of some of those to lead the strategy.

*"I don't have time for strategy."*

**Lack of focus:** leaders are distracted by what's in front of them in the moment or blind-sided by an external development.

*"One partner wants to have a strategy for Facebook, the other is focused on adviser fee consent changes."*

**Lack of clarity:** staff do not understand the business' direction, or their role in it, leading to a lack of engagement.

*"There's no big picture. I don't know what we're trying to build."*

**Internal focus:** without an external perspective or diversity, you end up with a 'vanilla' strategy – failing to capture how you are different, or challenge conventional thinking.

*"This is the way we've always done it."*

**Short-term focus:** a business plan is not a strategy, nor is this year's financial targets.

*"Let's just focus on preserving cash flow this quarter."*

**Lack of rigour and accountability:** after an ad hoc planning session, the strategy is filed away until the next year.

*"Has anyone actioned the priorities we set last year?"*

**Projects are never completed:** often this comes down to a lack of priority or resources.

*"It was a great idea, but we lacked the time and expertise to make it happen."*

## Is your business 'playing to play', or 'playing to win'?

McKinsey research found only one in 12 companies moves from being an average performer to a top-quintile performer over a ten-year period.<sup>1</sup> Your role as a leader is to beat these odds – to set the business vision by reframing what success means, and make some bold decisions, and then empower the rest of your team to make that success a reality.

"Some founders struggle with this, because their first passion is giving financial advice to their clients," acknowledges Sherise. "They've gone from being the 'rainmaker' to managing a team of people, and they need to decide whether they want to be a practice owner, or a business builder." She says one option is to bring in a CEO to execute strategy and hold everyone – including the owner – accountable.

This outside perspective could also accelerate strategic momentum. Analysis of nearly 600 new CEOs found external hires have a greater propensity to act than those promoted from within.<sup>2</sup> But hiring an external CEO isn't the only way to gain an outside perspective.

"Business leaders can draw on research and insights from both the financial services industry and adjacent industries," suggests Sherise, "or work with a consultant for a period of time. Networking with industry peers is also critical – to hear how other business leaders are tackling challenges similar to your own."

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1. Strategy to beat the odds, Chris Bradley, Martin Hirt, and Sven Smit, McKinsey Quarterly, February 2018

2. How new CEOs can boost their odds of success, Michael Birshan, Thomas Meakin, and Kurt Strovink, McKinsey Quarterly, May 2016

# A bridge to growth

Macquarie's VAN connects like-minded business leaders and works with them to drive sustainable growth in their firms. While working with over 100 firms since 2011 Macquarie has tested frameworks and tools that can help you build a more sustainable and prosperous business – with better outcomes for clients, staff and the future of the firm.

Drawing on some of those learnings, here are four ways you can embed a more robust and systematic approach to decision making and strategic execution in your business.

## 1. Be a leader, not a lone ranger

While we encourage an external perspective, smart strategic decisions start with an internal mindset shift. Ray Sclafani, founder of ClientWise, a pre-eminent US coaching firm focused solely on financial advisers, describes this mindset shift as moving from being a 'lone ranger' to 'leader'.<sup>3</sup>

"There's excitement and adrenalin in being a 'lone ranger' – it's the entrepreneurial drive that got your business started," says Ray. "But being a leader is a different skillset."

Similarly, in his book *Built to last - successful habits of visionary companies*, Jim Collins suggests it is more important to be a 'clock builder' than a 'time teller' – to create the culture and structure that will thrive beyond your leadership.<sup>4</sup> Time tellers have talent, and they may be charismatic visionaries. But clock builders create great and enduring organisations.

"We work with business owners and leaders to give them clarity on the direction they're going, and what it means for them personally," says John. "Then they can recognise the behavioural and psychological changes they may need to make in their approach to leading their firm – and the potential dividends this shift can create."

He describes the role of the leader as being a 'project sponsor' when it comes to strategy execution. "Changes are inevitably project-led, but they need to involve people across the business and have board visibility," John explains. "With an executive sponsor projects have a better chance of success, and the resulting change will last because everyone has bought into the process."

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3. 4 Ways to Take Team Leadership From Good to Great, Ray Sclafani, ClientWise, August 15 2016

4. Building companies to last, Jim Collins 1995

## 2. Bring insight, not assumptions

Letting go of long held beliefs about your business, and your role in it, can be hard. One way to reflect on this is answer three vital questions:

- What level of growth are you looking for?
- What level of risk are you prepared to take?
- What level of control do you want to retain?

This Growth-Risk-Control profile covers the three strategic mindsets. You can't accelerate one without adjusting the other: it's very difficult, for example, to achieve high levels of growth with minimal risk, unless you're willing to let go of some control and become part of a bigger group.

It's also important to stretch your thinking on the source of growth. The external perspective of a board, business coach or a community of like-minded business peers can provide divergent thinking.

## 3. Make your choices clear, and articulate success

According to Roger L Martin, "strategy is an integrated set of choices that uniquely positions the firm in its industry, to create sustainable advantage and superior value relative to the competition."

His Playing to Win framework is a relatively simple way to visualise these choices, and share them with your team.

"We recommend firms focus on two of the five key Playing to Win questions, to develop a distinctive choice that will help your company succeed," says John.

- Where will we play? Which regions, products and client segments will we service? And which ones will we avoid? You cannot capture all channels, geographies or category segments at once.
- How will we win? What is our advantage in this playing field? You can't go to market with the same strategies or capabilities as your competitors.

The answers need to fit together. For example, if your 'how' (your potential advantage) is exceptional client experience, is that what your clients value above all, and is it achievable in those regions and with those products?





## 4. Stop starting, and start finishing

If your biggest challenge is not in strategic planning but delivering on those intentions, you're not alone. Analysis of thousands of US companies suggests employees at three out of five companies rate their organisation weak at execution.<sup>5</sup> And while 73% of financial services firm executives believe the COVID-19 crisis will create significant new opportunities for growth, only 21% strongly believe they have the expertise, resources and commitment to capture new growth opportunities.<sup>6</sup>

For a "serious and systematic" approach to strategy, you need to prioritise initiatives, allocate resources, and then create a robust rhythm of review.

"We take leaders of financial advice businesses participating in Macquarie's VAN program through a complete management system that adapts the Kaplan-Norton closed-loop cycle for the needs of advice firms," explains John. "It's not about putting in layers of bureaucracy, but establishing some discipline: the roles and accountability to make sure you get things done."

This approach can help you focus and set priorities. And importantly, it includes a cycle of regular reviews to keep everyone on track. For example, while strategy planning meetings should take place annually, strategy reviews should happen quarterly and teams could review progress on objectives and key results (OKRs) weekly.

5. *The Secrets to Successful Strategy Execution*, Gary L. Neilson, Karla L. Martin, and Elizabeth Powers, HBR June 2008

6. *Innovation in a crisis: Why it is more critical than ever*, McKinsey & Co, June 17 2020

## How are advice firms bringing it to life?

### Bringing discipline to entrepreneurial drive

The founder of a small Melbourne-based firm is the first to acknowledge he finds it hard to focus on one idea at a time. He wanted to seize every opportunity that came his way, and became frustrated by a team that couldn't keep up with his latest thinking.

He started working with a mentor to keep himself personally accountable, and established an external board to keep the business accountable. A more formal structure to decision-making quickly changed the trajectory of the business – allowing the founder to still be brilliant and positively disruptive, challenging the status quo – but giving the team more certainty in their direction.

### Making time to spend on the business – not in the business

A Queensland-based firm was operating more like a collective of focused, driven individuals, with several partners managing their own client base. Setting up weekly coffee meetings to make strategic decisions transformed this model.

Every Tuesday they'd plan and set responsibilities, and then make things happen. Eventually, one partner took the driving role as CEO and let go of his client responsibilities, so he could prioritise strategic growth.



# Build a different future

Strategy is a series of choices, and then a series of actions. It's not complex, but it can be hard. Here are three things you can do now in your firm to improve the decisions you make and maximise your chance of success.



## 1. Stretch your thinking

As a leader, your role is to manage change. Reflect on what that means for the way your business operates, and the responsibilities you share with your team. Challenge yourself to let go of the cultural norms and the things you 'think you know' about your business and sector.

For example, instead of thinking 'our clients will always want a face-to-face adviser to help them make their biggest decisions,' consider how you might leverage the skills learned during COVID about developing and maintaining relationships with clients remotely to streamline efficiency while maintaining the strength of your client relationships.

## 2. Align your leadership team

Answer the Growth-Risk-Control questions to understand where you want your business to be. This can help you work out possible scenarios, and whether you are willing to tolerate risk or let go of some control.

Once you've done this, ask the other members of your leadership team to answer the question too. Do your answers align? Where can you compromise to reach alignment and agreement?

## 3. Make small, achievable changes

Where are the gaps in your strategy process?

If it's the clarity of your direction, start with the two Playing to Win questions. Get broader input from your team, external partners - and perhaps a few trusted clients. If it's making your strategy come alive, consider how you'll launch the strategy to your team. How can you ensure they understand where the business is heading, and what they need to be doing, every day, to help the firm move in the right direction. If it's keeping people accountable, consider setting up a board, or a non-negotiable schedule of weekly 30 minute reviews. Stand up if necessary, to keep people focused.

## From entrepreneur to enterprise

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In times of change and challenge, there are always opportunities. But there is a difference between seeing opportunities, and seizing opportunities. Ideas need to be executed to have an impact.

Your ability to make good decisions and see them through to realisation is a fundamental driver of future business success. It takes courage to delegate responsibilities to the rest of your team, and hold each other accountable to doing things within a timeframe. It takes discipline to ruthlessly prioritise ideas and finish the projects you start. And you may need to push out of your comfort zone – because what got you to this point is probably not going to get you where you want to be in the future.

However, the upside is significant. We have seen businesses in the VAN community thrive through the current environment – and a major reason is the strategic decisions they had already made to be flexible and resilient.

If you'd like support as you work through this journey, please speak with your Macquarie representative or email [wealthsales@macquarie.com](mailto:wealthsales@macquarie.com)



# Macquarie VAN

## Build for the Future program

Making better decisions and executing successfully is just one part of Macquarie VAN Build for the Future, an 18-month program for a select group of 8 to 15 like-minded financial advice business leaders. Work with your peers and our experts, and be guided through the four core foundations for growth. Programs operate in most state capitals.

The program includes four full-day workshops, a series of coaching calls, and opportunities to build supportive networks that will help you stay accountable via online tools and forums.

**To find out more, go to**  
**[macquarie.com.au/van](https://macquarie.com.au/van)**

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