

TALKING WITH

Phil Young

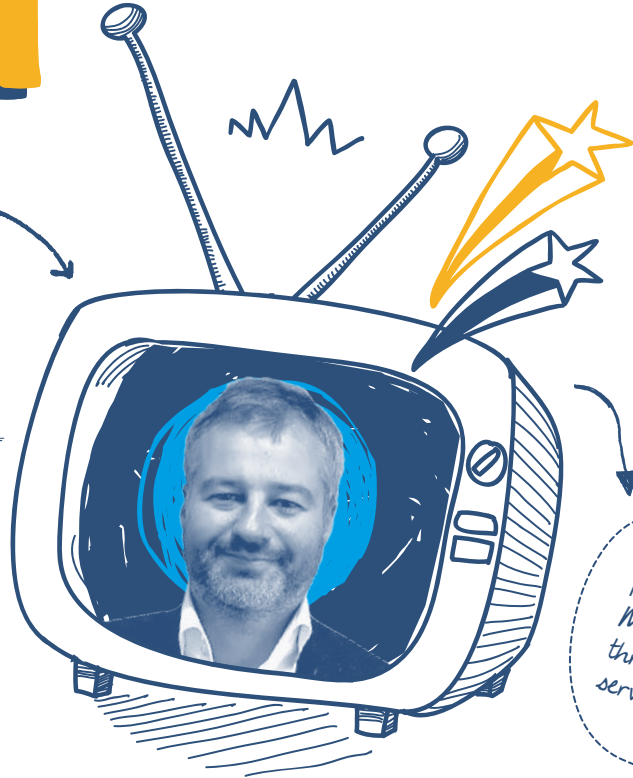
Jamie Farquhar met Phil Young, MD of threesixty services looking bronzed, relaxed and happy having recently returned from his nuptials in Venice and honeymoon on the Amalfi Coast.



HOW DID YOU BEGIN YOUR CAREER?

Entirely by accident...

I originally went to law school and trained as a solicitor with a law degree. Unlike everyone else I hadn't arranged a job for when I finished so I needed to find something to at least pay the rent. I applied for a job advertised as compliance consultancy, which I thought was something to do with electrical goods. On the first day in the job I met Russell Facer in reception. Russell is now our compliance director here at threesixty and we've been working together for just under twenty years. The business was a small consultancy in financial services regulation. It was very early days in the regulatory environment and my legal background helped me to be of at least some use. That was in 1996. Russell and I moved to Bankhall two years later in 1998 from where we departed in March 2003 to launch threesixty.



HAVE YOU ENJOYED EVERY MOMENT OF SETTING UP YOUR OWN BUSINESS?

No - I think that many people glamourise the idea of start ups. It was perhaps vaguely glamorous at times but the first five years were tough, particularly as money was always tight. For instance, you only tend to employ a new body in desperation, when you've literally pushed resource to the edge. Many of the people I meet who work in large financial institutions never see that side of business.

I'd bought my first flat about the same time, so the bank of mum and dad was called upon on occasion and my credit cards and overdraft always seemed to be maxed out. I was only 28 at the time so perhaps it was just the stage in life that I was at.




WHAT PART OF THE START UP PROCESS DID YOU FIND THE MOST REWARDING?

Businesses are ultimately about the staff and I think the greatest satisfaction was in creating a culture where I knew that everyone could go home and sleep soundly without worrying about aspects of their work/life. We created a good, positive working environment for everyone very early in the process and it is still perhaps the most important part of my role as MD today.

WHAT WAS THE MOST VALUABLE LESSON YOU LEARNED ?

Ha, this one's quite easy. When we sold the business to Standard Life we initially sold a 25% stake that gave us an effective dry run before the main event. This enabled us to see what due diligence looked like, and what levers to pull for a valuer. Effectively it taught us how to go about the business of selling your business. The first time around we got many things wrong but when Standard came back for the remaining 75% we were much brighter, much sharper and we understood the rules of the game. I speak to a lot of threesixty advisers now about acquisition. The first hand experience of the inevitable rollercoaster ride has helped me provide useful advice alongside the opinion that they draw from specialists on accountancy, tax and the legal aspects of a deal.

WHAT WAS YOUR GREATEST CHALLENGE IN THE EARLY DAYS?

Adviser support services is quite a mature market and the benchmarks were already well established but launching a new business made us a shiny new offering and advisers would always come to 'have a look,' perhaps out of curiosity. As you become established this effect starts to wear off and you invariably end up pedalling much harder to keep going at the same pace. Staying fresh and keeping the messaging relevant became a real challenge at that stage and we did a lot of work with an external marketing agency to help us change tack on how we presented ourselves and how we connected with business owners. This also persuaded me that my real value was in the 'face to face' and not sat behind a desk, pushing paper around. It's about having a direct voice with your clients and remaining approachable and accessible.

WHAT DO YOU STILL WANT TO DO WITH THE BUSINESS?

At the moment we add about 100 to 120 firms annually to our client list and lose 50 or so, mostly through mergers, a process that we are actively involved with and encourage. Net growth is therefore circa 50 to 60 per annum and I'd love to get to 1,000 firms and 10,000 advisers in the next few years...

WHAT ABOUT OUTSIDE OF WORK?

Not the biggest glamour team in England - I'm a Bury season ticket holder and I still go to all of the home games with my Mum, who is nearly seventy. They're in the third tier of the league and finished mid-table this year. Not the most rewarding of seasons but you take the rough with the smooth with Bury. Sadly mostly the rough. Outside of work and football, painting is my passion, which I find remarkably therapeutic and it's a great way to clear the mind.



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WHO HAS INSPIRED YOU?

I spend a lot of my down-time reading and painting, so I have a great deal of time and admiration for creative people. I find Picasso inspirational, I'm particularly drawn to the whole modernist movement in the twentieth century, so revolutionary thinkers like Einstein fascinate me.



From an art perspective I'm intrigued by those who challenged the norm like Cezanne, Matisse, Degas and Monet, but I guess it's the art 'scene' in which they operated that I find inspirational. Finding new ways to express themselves whilst remaining commercially viable. There's a strong lesson in how far you can push the boundaries.

WHAT PERSON SPRINGS TO MIND WITH THE WORD SUCCESS?

Slightly out of left field but Neil Armstrong, bizarrely. He was one of those who put his neck on the block and will be remembered for it across the generations. Getting to the moon and back in the sixties was pretty darned successful.



WHERE DO YOU SEE THE CHALLENGES FOR THE INDUSTRY?

I don't see huge pressure on adviser fees but I do see it on margins. The costs are the focus and advisers need to establish how to deliver value and charge for it.

With margin squeeze, vertical integration may be the route for some, or at least moving into the discretionary arena.

WHAT THREE THINGS DO YOU THINK MAKE FOR A TOP MD

1. Consistency in style and approach
2. Relentless focus
3. Never lose sight of the coal-face.

AND THREE QUICK FIRE QUESTIONS TO FINISH

Q - Are networks finished?

A - No - Or a Yes but... Some of the small and newer ones will be fine with a modern structure and few legacy issues but the old model faces some serious issues.

WHAT ADVICE WOULD YOU GIVE TO YOURSELF IF YOU WERE STARTING TODAY?

Probably to be a little bolder and a little less compromising. We could have been more radical and less traditional at the start. People like Mark Polson and Holly MacKay have in some ways opened up a new way to talk to the industry. You can certainly challenge politely, and 'challenging' makes for a much healthier environment. I'm also a strong advocate of straightforward, honest communication, and this has been an ethos and philosophy at threesixty since the word go. This has helped us to break down the gender, ethnic and age biases within our industry, and I'm proud of the mix that we see in the audiences at our regular regional meetings. This is satisfying for me at a personal level but I also know that the diversity is good for the long term future of the business.

There's room for personality in our industry so I'd tell myself to just be myself.

AND WHAT ABOUT PHIL YOUNG?

I'm one of the rare individuals in Financial Services that actually has a financial planner. I do a lot of writing on-line and in the trade press and becoming a consumer within our industry has changed my views and given me a new angle on things. My knowledge on investment matters has certainly increased and I'm hoping that all of this will help me, depending on the number of children I'm now required to produce, to retire comfortably at some point. I know almost to the penny how much I need to save each year to stay on track and having a sound plan in place leaves me able to focus on the business, which I find immensely satisfying.

Q - Are platforms here to stay?

A - The next evolution of platforms may be no platforms at all. A custodian with trading functionality and admin perhaps?

Q - Asset management fees - Where are they going?

A - Everyone tells me that they are going south but if you look at the data they appear to be headed north. Senior asset management bods are continually telling me that their fees are under pressure but then sneak their fees up. But they are coming down in the D2C arena and this just tells me that advisers aren't creating a great deal of pressure.