



# Triumph against Adversity

Australian Financial Advisers is dedicated to building trust through open communication to help clients realise their lifestyle goals.

Images courtesy of Australian Financial Advisers

**W**hen Australian Financial Advisers (AFA) founder and executive director Paul Betti left high school, he wrote in his yearbook that he wanted to be happy and to be successful at what he does. Decades down the line, this same philosophy—that life is about ‘more than just money’—imbues AFA’s commitment to helping its clients achieve their lifestyle goals by delivering financial independence and security.

“A bunch of circumstances pointed me in this direction,” Paul says. “When I was studying

surveying at 20 years of age, I found that it wasn’t what I wanted to do. I decided that if I wanted to accomplish my goal of being happy and successful, I would have to explore other avenues. I joined a company called MLC in February 1986, on my twenty-first birthday. Later that year, I was given my letter of appointment and became a young and flourishing insurance agent.”

For Paul, it was a job that turned into a career. “I was blessed enough to have some talent in what I was doing, so within one year of getting my own agency, I was doing enough business that I ended up putting

on staff. I was then advised by my accountant to incorporate and set up a company, so by the time I was 22 it had become Paul Betti and Associates.”

Paul continued to expand the business until 1998, at which point he embarked a joint venture with BDO in Darwin. Together, they set up Australian Financial Advisers. In 2003, the two mutually agreed to part ways. Paul purchased BDO’s share in Darwin and took control of the business. “We had a wonderful time with BDO, and we’re still connected with them to this day. The founder of that firm taught me a lot about being in business, >



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including how to think through decisions and show patience and wisdom.

“During this time, I became one of the founding shareholders in AFA Insurance Brokers, which has gone on to become one of the largest privately owned insurance broking businesses in the Northern Territory. We are aligned with Steadfast Insurance Broking, which is a national, publicly listed company.”

In 2005, Paul relocated his family to Brisbane. From there, the company flourished and expanded into Sydney, Crafton, North Lakes, and the Sunshine Coast. However, when the GFC took hold in 2008, AFA had to brace itself for the hit. “The GFC had a real effect on our bottom line, because we were involved with clients who had a strong allocation to equities and managed funds. While we worked well within business rules, we had no idea of the extent of the correction that was going to occur.

“We found that our revenue reduced by close to 70 per cent, while our expenses stayed static, which put a lot of pressure on cashflow. However, we never put off any staff—we managed to work through the process. Fortunately, the lease on our Sydney office expired about a month after the GFC really started to take hold, which meant we could consolidate operations back to our Brisbane headquarters.

“We had in excess of 140 margin calls—which is when the equity drops to the point where there’s insufficient money within the sell-down of the assets to cover the loan, in which case clients have to put up additional security. This meant that we had to restructure many of our investments, and unfortunately many people were faced with delayed retirements. Most of our clients had been through an education process and were fully aware of the extent of the risks associated with investing in equities, and we always made a provision to allow for a correction in the market, but no-one expected a 50-per-cent downturn.”



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- Paul Betti

Paul has taken valuable lessons from the crisis that will continue to help AFA triumph against adversity now and into the future. “One of the great things is that the GFC has taught me a lot about resilience, adversity, and the direction that the company should be going and the way we should be divesting our operations. While our core livelihood is still financial planning and always has been, we continue to expand the financial planning arm and we now have eight offices, with the intention of establishing another five offices in 2015. We’re looking at Sydney and Perth in particular.”

In the depths of the crisis, Paul made a bold move: he took on a 45-year lease for a 500-square-metre space in the Iceworks building in Brisbane. While everyone else was buckling down and reducing their spending on marketing, reducing exposure to risk, and getting rid of staff in order to survive, Paul opted for a more positive strategy. “I wanted to create something that would attract

people, and give me time to build the business to the point where I could run with the financial services again,” he explains.

Paul created the Summit Events Centre, alongside Black Label Corporate Events, which allowed him to run private events in association with the nearby Suncorp Stadium. With this enterprise, Paul attracted hundreds of businesspeople, which enabled him to create and control a database of opportunities and leads for the AFA Group.

This meant that when AFA had recovered from the downturn, it could hit the ground running. “We now have 80-odd staff, and our vision is to take the AFA Group and extend it across more of Australia’s regional centres and capital cities,” Paul says. The company now offers accounting, insurance broking, and mortgage broking services in addition to financial planning. It has also just opened a real estate buyers advocacy to help people make the right investment decisions when it comes to buying property.



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- Paul Betti

Paul is determined to dispel the misconception that financial advisers provide particular products which don’t necessarily suit the clients. “At AFA, we have taken it upon ourselves to focus on educating clients, creating trust, and providing strategic advice. Now, irrespective of whether our clients want to buy property or shares, invest in cash, or handle superannuation, we provide a fee for service, so that the advice we give is unbiased and best suited to the client’s needs.

“I see the advisers at AFA as coaches rather than financial planners. At AFA, we focus on providing our services predominantly to mums and dads, because I feel they are the ones that need our help most. Sadly, 80 per cent of couples in Australia are likely to go from an income of approximately \$150,000 prior to retirement to a post-retirement income of \$30,000. This represents an 80-per-cent drop in income, with a life expectancy of another 20 years in retirement.

“We’re dealing with a real epidemic of prolonged retirement and low quality of life, so I’m really focusing on making sure that mums and dads are educated about the financial decisions they are making, and working from a logical basis rather than an emotional basis. When I ask our clients what they want to achieve in retirement, most of

them say they just want to enjoy it: they don’t have a clear idea in their minds. So my goal is to sit down and find out what their needs are and isolate them from the wants.

“Too many of us are putting our wants before our needs, and as a result we’re not focusing on the end game, which is knowing your key personal goals and financial objectives. Once we’ve established those objectives with our clients, we create a financial blueprint, and we monitor that year in year out to ensure they achieve the goals that they have set and live the quality of life that they deserve in retirement.

“The philosophy that we adopt at AFA is that there’s only one winner, and that’s the person who gives the best advice for the client. We want to be that organisation: our goal is get to the top of the pack. So we’re not about quantity; we’re about the quality of the people that we engage in our organisation.”

To ensure that AFA’s people realise their full potential, the organisation invests in development and training and gives everyone a chance to be the best they can be. “We run quarterly training days for our staff where we put everyone through product education, continued education in relation to the industry, sales training, or

communication skills training. We also fund and assist with the education of our younger advisers and core staff.

“Instead of holding people back by keeping them as employees, my philosophy is to give them an opportunity to become an owner and take responsibility for what they do every day so that they have a sense of achievement.” AFA created a franchise, which means that the people who run the business own the business. This approach means that AFA rarely loses staff, and when they do it’s usually due to spouse transfers or retirement.

“This isn’t to say that we haven’t had our problems. Any business that goes from small to large experiences some wobbles relating to cultural changes, and there’s no organisation out there that doesn’t have problems where human beings are involved. The success of a great organisation is not about bringing together a team of champions; it’s about managing the individual personalities to create a champion team.”

Partners like MLC have also contributed to AFA’s success over the years. “MLC is one of Australia’s largest and most renowned providers of financial products. The company has been instrumental in partnering up with AFA to provide a platform through which we could access a vast array of products, both nationally and internationally. They also play a key role in supplying me with compliance and back office support, so our relationship is very strong.

“I can’t imagine where AFA will be in 10 years time. Across the course of my career, each day I took one step in the right direction, so it’s only with the benefit of hindsight that I can see how far I’ve come as a result of the effort that I put in all those years ago. I would love nothing more than to leave a legacy of having created a wonderful organisation that has helped thousands and thousands of people Australia-wide.” ●

