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Going the
**EXTRA
MILE**

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How first-time business owners
Andy Butcher and Ed Froggatt
learned the ropes



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Going the extra mile for a client is usually just a figure of speech, but in the case of Andy Butcher and Ed Froggatt their new business has meant that they can literally do just that.

‘Once I flew out to meet a client on the Isle of Man; she introduced her mother to me and 10 ginger biscuits later we had a new client,’ says Butcher.

‘I don’t think I would have been allowed to do that at my old company and I might not have had the motivation to go the extra mile, if it weren’t not my own business either.’

The focus on this type of personable service is one of the main reasons the Raymond James partner practice Butcher and Froggatt launched in late July 2017 has made such a solid start.

The business, based in Hampstead in North London, has built up a client book of just over 70, with assets under management around the £40 million mark – a feat the duo had not expected to achieve until three years in.

‘We set ourselves a three-year target for assets under management of around £43 million and we have already achieved this target with the clients we have signed up so far,’ Butcher says.

‘Every few months we ask ourselves “what did we plan to do when we reached this point in two years’ time”. It’s basically the same plan, just accelerated.’

The sped-up timeline means that the duo have managed to hire earlier than

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ED FROGGATT



CV

ANDY BUTCHER

July 2017 - present

Raymond James, Hampstead branch principal

June 2008 - July 2017

NLP Financial management, senior consultant

2007 - 2008

EY, auditor

anticipated. The branch now has a headcount of four, with the latest addition being a recently hired investment analyst who is set to join the team in July.

However, doubling the staff will mean that the practice will have to move to bigger offices sooner than Froggatt and Butcher had expected.

‘We are looking at moving to a new office in the next couple of months,’ Froggatt says.

‘All these recent changes, while stressful, are a part of our original plans and are designed to ensure that the foundations are built to deliver to clients the kind of service we have promised. There is no plan to make big changes to our strategy. Our focus for now is to make sure our clients are on-boarded properly.’

The firm offers discretionary investment management, with a core range of six risk-rated model portfolios that invest in collectives, which can also be tweaked for individual clients on a bespoke basis. Alongside this, it provides financial planning services. Around 90% of the firm’s

AUM is in discretionary.

‘We only invest in collectives when constructing client portfolios managed on a discretionary basis, but on the financial planning side we make use of all the usual tax wrappers, plus select usage of EIS and VCTs, where appropriate,’ Butcher says.

The financial planning service, including discretionary management, carries an ongoing charge of 1%.

A perfect storm

The pair originally met five years prior to starting their business, when they both worked at NLP Financial Management and quickly became friends.

‘We had worked together for five years and we got on well right away. We had a similar work ethic and a similar outlook on how you should treat clients and run a business,’ says Butcher.

‘I can’t think of an exact moment when it clicked that we should do this, it was more a number of things that fell together to make it the perfect storm for us.’

‘The hardest part of launching our business was probably making the decision to actually do it,’ adds Froggatt.

‘When you have a sense that you have a proposition you think would appeal to your clients, it’s just a matter of having the foresight and determination to go through with it. There are a lot of people who talk the talk, but never realise their ideas.’

Clients seem to agree, and the flow of new business has been increasing more quickly since January when the non-compete covenants they had with their previous employer ended, enabling them to contact their old clients to tell them about their new venture.

Froggatt describes this vindication of launching as ‘incredibly gratifying’, saying it has now progressed to a point where the firm has had ‘referrals from our referrals’, as the word spreads.

‘That for me is the validation that we are doing something that is working for our clients. We get a lot of satisfaction from knowing we have done something right and that people we haven’t known for very long would recommend us.’

The slower growth before January also proved helpful, Froggatt says, as it meant that the pair could get used to the administration side of the business.

‘If we didn’t have covenants in place we would have probably struggled with the

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ANDY BUTCHER

volume, but as we did have them, that gave us time to get our house in order, so that when the client numbers really started to tick up, we were ready,’ he says. ‘We’ve never run a business before, so for the first few months we were learning the ropes.’

Butcher adds that outsourcing the back office functions to Raymond James has been a massive help, enabling them to focus on the front end of the proposition.

‘One of the reasons we were able to get so far ahead of our schedule is because of the support services at Raymond James,’ he says.

‘Having a lot of information and expertise on the investment side, with in-house research provided by Raymond James’ 80 analysts, and systems and IT support, has been a massive plus for us. Raymond James has really helped with things like creating a paperless office, and they have an app which would have been incredibly expensive for us to produce ourselves.’

Targeting clients

One of the consistent parts of the pair’s areas of client focus has been the legal profession, with the business having a number of self-employed barristers on its books.

Prior to NLP, Froggatt worked for Lloyds Private Bank for 10 years, at its offices opposite the Royal Courts of Justice. In that time he was able to build a strong book of clients who worked in the legal profession.

‘It’s a massive head start to have an understanding of how these barristers work; it takes a long time and their time is finite,



CV

ED FROGGATT

July 2017 - present

Raymond James,
Hampstead branch principal

November 2012 - July 2017

NLP Financial Management,
senior consultant

2003 - 2012

Lloyds Private Bank,
wealth manager

plus their diaries tend to move around by virtue of the fact they are controlled by the courts,’ Froggatt says.

‘They make good clients because being self-employed, they don’t get any guidance on these issues from an employer. Having experience with them as a client set, you tend to find that generically they have similar issues and opportunities.’

However, despite their experience in dealing with these types of individuals, Butcher says that the firm’s client demographics are varied.

The average client is around 50 years old, but the branch looks after a range of ages, from the children of existing clients to retired individuals who are over 80.

‘It’s really good to be able to explain to a millennial what their parents did financially and why, especially when wealth is being passed inter-generationally,’ Butcher adds.

They hope that their focus delivering a modern wealth management offering will help attract more millennial clients to further diversify their book. ●

WE ARE ALL UNDER INCREASING SCRUTINY

By Andy Butcher

We live in an age where the cost of almost anything can be easily found on the internet and compared across the market place. This is undoubtedly a great benefit for society, and has led to downward pressure on the cost of many goods and services.

Our industry is no different.

While it is important that our charges can be easily compared to our peers, this is often an overly simplistic way of viewing things.

‘We believe that with sufficient due diligence and oversight, buying active funds will serve our clients best’

As is often the case, a consumer needs to look under the bonnet before buying to check the quality of goods and services being compared. This is where we believe we have the edge.

Our fee model is highly competitive and compares favourably to a study by Vanguard that estimated the value of financial advice at around 3% p.a. This study did not, however, take into account the immeasurable value of financial peace of mind, which is the bedrock of our proposition.

Alongside our focus on service is our firm belief in active management. Our investment proposition relies on both tactical asset allocation calls, as well as actively moving between funds as we progress through a business cycle. Of the funds included in our investment portfolios, over 90% are active.

Despite arguments in favour of a passive approach, we believe that with sufficient due diligence and oversight, buying active funds will serve our clients best – especially as we enter a period in which volatility is returning.