

Sales & Marketing

Update

7th Edition May 2004



A solid result

TOWER has released its half-yearly results for the six months to the end of 31 March. We have been working to turn TOWER around for some 18 months now. The TOWER Limited profit has been well received.

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Building your Brand

A powerful brand is the key to business success — premium brands can charge premium prices and have a real competitive advantage in the marketplace.

by Peter Fleischer

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Set those Financial Year Goals ... Now!

The end of the financial year is a good time to reflect and review the progress of your business over the past year.

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Income Protection Plan – answers for advisers

Putting together an income protection strategy for your clients means more than just calculating 75% of their income.

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A solid result

As you know TOWER has released its half-yearly results for the six months to the end of 31 March. We have been working to turn TOWER around for some 18 months now. The TOWER Limited profit of NZ\$20.5m has generally been well received.

As always the financial results are the last piece of the turnaround challenge to show an upturn. Other important drivers such as relationships, service, lower costs and competitive products must be delivered first and in turn these lead to better sales and improved business value. I am pleased the results reflect a continued build in our business. Naturally I am delighted also that TOWER, as a Group reported a good profit and TOWER in Australia was a significant contributor to that result.

Thank you for your contribution to our result. Our business is relationships. Our people and our relationships with key advisers and business partners are in the end the real value in our business.

TOWER Australia Limited's profit was A\$9.2 million for the half-year to 31 March 2004. This is a very pleasing change to 2002 and 2003 poor results although the second half of last year did show a sound improvement over the first half 2003.

The most pleasing part of our result, and that of the Group, is that it reflects hard work that has been implemented to build the business. We have made hard decisions to rebuild this business and some of the decisions made have already borne fruit. These will continue to deliver benefits while others are yet to produce the full outcome we want.

We have continued to build our financial strength in TOWER Australia Ltd. Six months ago I reported that our capital position was 1.9 times minimum solvency requirements. We have improved this now to 2 times minimum solvency. This is very pleasing.

While we have been building this strength, we have been achieving in other areas.

We are a much more tightly focussed business with competitive new products and improved service levels.

Focussing the business meant us deciding and

committing to being a specialist risk business with directly related investment products.

This has resulted in the closure of a number of products. Many in fact. We have closed products most of which were unprofitable and tightened our business. This was not the time for dreaming about selling Annuities on the Internet but about simplifying what we do and getting back to our core competency of Life Risk.

Unfortunately our flirtations in the past with many such ideas cost money but we are now tight and very focussed. It might sound a long call today but our goal is to be the Number One Life Risk business in Australia. We know to do that we must build an absolutely first class business. Everyone must have a dream or ambition. This is ours. Everything we look to do must be a step towards that goal. I wish you all the best in your goals. We are going to have fun delivering on ours.

We have taken many hard calls as we have reduced costs. 33% cut out in 18 months (A\$34m) is a lot on money but our people have stepped up. Fewer people are delivering more value and better service today. We had to cut costs because we must deliver competitive products to you and your clients as well as delivering good value in the end to our shareholders. Normally, people equate cost savings with service reductions. I am so proud of our people. We have improved our service and will continue to work hard to do so.

We are committed to ensuring we deliver on service and I am pleased to say that the feedback we get is that we are doing much better.

Our sales are also up and our retention levels are improving. We need both to improve further but we have made some good gains.



Jim Minto
TOWER Australia
Chief Executive Officer

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A solid result *continued*

One of the most frustrating issues has been the disappointment of non addressed compliance and service related issues going back over past years. We have faced our problems and our team has spent the last 18 months working solidly on improving compliance and standards in TOWER. We will continue to see these issues through as we look to build to be a first rate business.

The last element which I have referred to is people. Firstly we have a marvellous team of which I am enormously proud. All we have achieved is through people and they share that dream of leading the market in Risk. I publicly thank them all once again.

The very cornerstone of our business is relationships and it is advisers and business partners who have contributed to this result. We value those relationships and thank you once again for supporting us. It has not always been a clearcut decision to support TOWER and we tested your loyalty. Thank you for staying with and believing in us.

All of this adds up to a good picture for the future. It is a solid foundation. There is more to do but this is a sound start. Clearly, in today's business environment, no-one can rest on their laurels. The market is moving too quickly for that.

To achieve this, we will continue to work with you in a partnership to deliver for clients. I have been meeting with advisers around the states recently and I plan to meet with many more in the near future.



I look forward to seeing more of you.

I am receiving much sound advice of how TOWER can do better in building those partnerships but, it is also pleasing to say, we have been receiving compliments on our work to date.

To sum up this is a job only part done. Another step forward, new challenges but most importantly lots of opportunities.

Again thank you for your support of this. We look forward to working together with you in the future.

Jim Minto
Chief Executive Officer,
TOWER Australia Limited

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Building Your Brand

by Peter Fleischer



The best explanation I ever heard about branding didn't come from a marketing professor or a consultant. It came from a musician, David Byrne, of the band Talking Heads.

Byrne once said when he got started in the music business he intentionally wore the same outfit every day so people would remember who he was.

That's what brand building is all about: thinking about how you want to be remembered and consistently communicating that idea in everything you do.

You are a brand

A brand is simply an idea. Designs and logos are the physical expression of a brand, but the only place where a brand really exists is in the mind.

A powerful brand is the key to business success — premium brands can charge premium prices and have a real competitive advantage in the marketplace.

As a financial advisor, you are your own brand.

Friends, family, colleagues, clients and prospects all have an idea about who you are and what you stand for.

Their perception of your brand comes from the way you look, what you say and what others say about you.

The challenge lies in making sure the idea others have about you is positive, relevant and consistent with the idea you want them to have.

There are four steps to achieving this:

- Define an idea that is relevant to your target audience.
- Understand how best to communicate that idea to your audience.
- Always act in ways that are consistent with the brand idea.
- Make sure the brand idea is understood and resonates with your target audience.

A clear and relevant idea

We live in turbulent times. The convergence of a shaky economy, fear of terrorism and a general feeling of unsettlement have created the "perfect storm."

Consumers are looking for safe harbours.

Research conducted by Ketchum* tells us that to prosper during the perfect storm, MDRT members must become beacons of hope, much like a lighthouse that others look to for guidance, support and reassurance.

Keep the lighthouse idea in mind as you create and strengthen your own personal brand.

Marketing your brand

Advertising, speeches, marketing materials and referrals can help you communicate your brand to your target audience.

The key is to be clear, consistent and persistent.

Review your printed material, your sales pitch and your answering machine message – do they support your brand?

If they don't reinforce what you want people to think about you, change them.

It is not enough to tell people your brand is built on trust and integrity.

To be successful, you must live your brand. Everything you do and say must reinforce, and never undermine, your brand idea.

If you define your brand as a trusted counsellor, but your prospects view you as a pushy salesman, your brand will not be seen as authentic.

How do you know if your brand is being perceived the right way?

Ask your friends, your family, your colleagues and your clients how you appear to others.

If you don't appear how you want, you have some work to do. If you do appear the way you want to, you are on your way to building a successful brand.

*Ketchum is currently working with MDRT to promote the brand with consumers in newspapers, radio and television.

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Set those Financial Year Goals... Now!

The end of the financial year is a good time to reflect and review the progress of your business over the past year.

It is also an opportune time to implement those plans and strategies that will be the foundation for the on going success of your business in the future.

Ask yourself what are your goals for the coming financial year.

How do you want your business to develop?

What successes do you want to achieve – both personal and business?

Documenting these objectives can be the catalyst to a truly satisfying and rewarding new financial year.

Learn to delegate

There are so many things to do when you're running a financial services practice and it is so easy to fall into the trap of trying to do them all yourself.

Then we wonder why we haven't achieved the goals we set ourselves; and why we're so tired and have no time for anything else.

Delegation is the key to a successful business and a healthier, happier and more productive you.

Market and promote your business Far too often the task of marketing and promoting a financial service practice slips to the bottom of the to-do list.

If you want to raise the profile of your business, retain existing clients and attract new customers and centres of influence you have to make marketing and promotion a high priority.

Develop and implement your own personalised marketing and promotion plan setting aside time each week for these activities.

Plan for success Planning is a vital activity if you want to achieve the goals outlined in your marketing plan.



Planning helps to set the direction, establish the key milestones in the business journey and will help to stay focused, on track and avoid costly mistakes.

Set realistic goals Goal setting is a valuable practice as goals will give direction and facilitate success. Identify those goals that are achievable, rather than unrealistic ones that are out of reach and will lead to frustration.

Lighten the load If a new piece of equipment or the services of an additional member of staff can lighten your work load and make you more productive, then stop procrastinating and get

what you need. It will be worth it in the long run.

Continue to learn Continuous learning and personal development will add to your 'bank of skills', whilst challenging and motivating you.

The importance of networking There's nothing like networking with other professionals for developing new business concepts and making contacts that will assist your business to progress and grow.

Give to your community There are many local and professionally based organisations that give and support the community.

Identify a cause that matters to you, and then give what you can - be a mentor, volunteer, or join a group in your community that is dedicated to making life better for all.

Make time for you Take the time to relax and recharge your batteries. All work and no play is a recipe for disaster.

So make the time to do those things that bring you enjoyment and personal fulfilment.

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INCOME PROTECTION PLAN – Answers for Advisers

Optional Benefits

Putting together an income protection strategy for your clients means more than just calculating 75% of their income.

Ideally, you want to be able to design an individual solution that has relevance to their specific circumstances and takes account of their needs. In short, you need to be able to offer personalised lifestyle protection, not just income protection.

At TOWER we have developed our product to do just that. Our optional benefits enable you to build a customised solution that provides genuine 'value adds' to match real client lifestyle demands.

In the current regulatory environment the value and importance of a thorough needs analysis has become paramount. TOWER optional benefits give you the opportunity to respond to uncovered needs with practical product solutions.

THE INCREASING CLAIM OPTION

Protecting lifestyle from the rising cost of living

The concept of protecting lifestyle must take into account the worst case scenario.

In Income Protection terms this means potentially permanent conditions, which may result in long periods off work. In such cases, the impact of increasing living costs can have a massive impact on the purchasing power of income. One way of protecting against this contingency is to build in inflation protection.

TOWER Income Protection offers an Increasing Claim Option which automatically indexes benefit payments on each claim anniversary by the lesser of the indexation factor or 10%.

The Increasing Claim Benefit in action

The graph on the left illustrates the impact that the inclusion of this benefit could have on finances. It compares a non-increasing benefit with one which has an increase of 3% and another with the maximum 10% (based on a \$5,000 monthly sum insured).



What about situations where 75% is simply not enough?

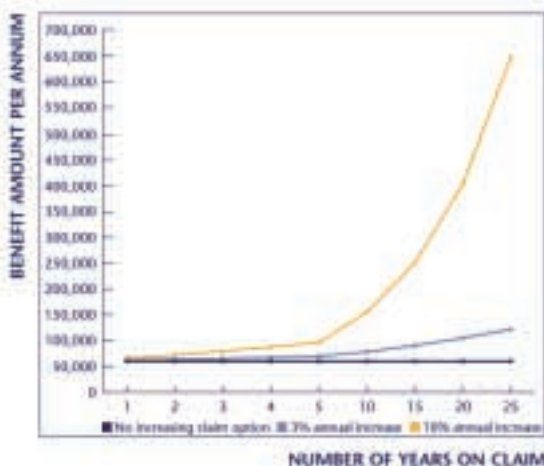
75% of pre-disability income is generally accepted as the amount required to maintain basic living standards. It is possible, however, to creatively provide extra protection for clients beyond 75%.

The TOWER Retirement Protection Option and Disability Plus Option are two ways that you can significantly boost protection to cover specific situations.

THE RETIREMENT PROTECTION OPTION

Protecting lifestyle beyond retirement

This option provides a simple way to increase income protection benefits. It offers an additional 10% of income in the form of a reimbursement for superannuation contributions made to a complying superannuation fund.



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It effectively enables 85% of pre-disability earnings to be insured and allows the client to allocate their basic benefit to immediate needs, without having to worry about compromising their long term savings.

The Retirement Protection Option in action

Current monthly salary (including super contributions)
\$8,000

Income Protection Monthly Benefit
 $\$8,000 \times 75\% = \$6,000$

Retirement Protection Option
 $\$8,000 \times 10\% = \800

Total Benefit Payable
 $\$6,000 + \$800 = \$6,800$ or 85% of pre-disability earnings

DISABILITY PLUS OPTION

Protecting lifestyle at the time of greatest need

While lifestyle expenses may be predictable at the time a policy commences, they can blow out radically if a disablement is particularly severe in nature. This can expose the client to a financial situation that a 75% income protection benefit may not cope with.

The Disability Plus Option can provide an additional 50% of earnings in order to protect against such severe disability.

Qualification is based on the insured being permanently unable to perform at least two of the five activities of daily living.

This extra income stream can help fund one-off expenses related to severe disability, such as:

- access ramps;
- bathroom alterations;
- environmental control;
- electric beds; and
- augmentative communication computers.

It can also cater for increases in ongoing expenses, such as:

- bed and nursing care;
- domestic care;
- case management expenses;
- physiotherapy; and
- motor vehicle modifications or purchases.

These costs alone could add up to tens of thousands of dollars each year. And apart from the living costs, there could also be the burden of medical and rehabilitation costs not covered by private health insurance.

The Disability Plus Option in action

Current monthly salary
\$8,000

Income Protection Monthly Benefit
 $\$8,000 \times 75\% = \$6,000$

Disability Plus Option
 $\$8,000 \times 50\% = \$4,000$

Total Benefit Payable
 $\$6,000 + \$4,000 = \$10,000$ or 125% of pre-disability earnings

TOWER's Income Protection Plan is providing more than just 75% of replacement income:

Income Protection Benefit	75%
Retirement Protection Option Benefit	10%
Disability Plus Option Benefit	50%
Total Cover	135%

At TOWER, we have developed solutions which protect your clients against short-term loss, severe disablement, and contribute to their long-term financial security.

Our optional benefits provide more than just income protection, they provide lifestyle protection.

