



Learn from the Past, Maximize the Present, Plan for the Future

Developing a Vibrant and Sustainable Business Model BY PAUL ECKERT

In the last decade or so, our industry has seen many changes: the ups and downs of governmental regulations and the twists and turns of consumer habits and technology. The one undeniable fact that remains the same is that providing services for the unbanked and underbanked is essential to a large segment of the population that is in fact growing, not shrinking.

The July 2018 issue of *The Guardian* stated that 80% of the population lives paycheck to paycheck. It is clearly evident that to maintain a vibrant business and a model that's sustainable, not only individually, but as an industry, it's vital that we learn from the past, maximize the present and, in fact, plan for the future.

What does learning from the past mean, and what does that entail? It means our understanding of the fact that what the financial services industry used to be will never be again. We can't be lulled into thinking that because the current trend is for deregulation that somehow the things that we've been enduring with regard to compliance will somehow magically go away. Money Service Business bank opportunities may become more plentiful but the regulatory requirements for those banks will remain challenging. The biggest mistake that any of us can make is thinking that somehow we can become complacent with regard to compliance, and that since the banks are opening up in certain sectors, we might be able to return back to the past. Although banks may be more attainable as more are entering into the marketplace, their requirements have not lessened.

Now we move on to the consideration of the present. One of the great opportunities that we can capitalize on in our industry is commercial business accounts. It's a way to maximize our profits but it must be handled with care both with regard to compliance and individual bank requirements. We all recognize the potential here. Are we in a position to capture the business available to us? Do we seek it out? Do we fully appreciate the compliance aspect of this business? Do

we fully understand how our processing bank views commercial business? Have we made alternative arrangements for that business to diversify our risk with one single bank? Yes, this is just one element of our business but one that truly should be maximized during this present business cycle.

Do we have a wealth management strategy so as to maximize our profits into larger investment returns? Now is the time to investigate and research how to take our present profits and use them to provide us with an enhanced return. Have we fully analyzed the fees of each and every strategic partner or vendor we use? Are we getting the best prices for the services we offer to our customers? Do we analyze our expense line items, making sure we're paying the proper amount for our insurances and other essential items? Is there an alternative product or vendor that will give us more return for the dollars we spend? It's time to look closely at everything we do and every dollar that we spend.

Let's discuss the future. The only way we can mitigate future events that will impact us is to plan for them. We need to take the initiative to be proactive and not reactive. In other words, take the fight to them! Yes, in some instances we can control a great deal of what happens to us by planning for the future. What are some of the things we should be thinking about? One critical item that requires our attention is a succession plan in place for our business. Do we plan to retire from or sell our business? If we think that we can just sell our business when we are ready, is that enough preparation? Absolutely not! Some questions that we may consider are: Who would we sell to? What is the market value of my business?



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How many potential buyers are there? Could an unstable bank cause a possible fire sale? What would the associated cost to sell be? Would I have to hold a note? Would I have to train the new owner? Do I have the necessary internal equipment, policies, and documented procedures to make this a doable transaction? What can I do to make the business more attractive to a potential buyer? The time to consider all these things is not when we're ready to sell but to be prepared long before that, so when the decision is made to sell, we are in a position to do so. Any decision made in a rush or rashly is most always the wrong one.

We have just touched on a few of the things that all of us need to be considering. I look forward to seeing you in Las Vegas, where we can discuss this subject in greater detail. ■

Paul Eckert is Founder and CEO of Family Financial Centers based in Doylestown, Pennsylvania, and the Eckert Group. He is a member of the FISCA Board of Directors. Eckert will be presenting in General Session II at the FISCA Conference. He may be contacted at paul@familyfinancialcenters