

PROFILE ROBERT FRANCES

A firm built from within

PEAK Financial CEO likes the holistic view of a client's needs

BY DON MACDONALD

THE ROAD THAT LED ROBERT Frances to the top of one of Canada's fastest-growing financial services companies started one night in the mid 1980s in a Montreal rock bar.

At the age of 21, Frances was finishing his commerce degree at Concordia University during the day and playing keyboard and guitar in a rock band at night. Between sets one night, the lighting man mentioned he had a friend who worked at Investors Group Inc., and that the firm was hiring representatives.

"So I got a haircut, bought a suit and went in for an interview," Frances says with a laugh. "I started with Investors on the mutual fund sales side. Then I worked for another firm in Montreal, and in 1990 I started my own company."

Frances called his firm PEAK, and a little more than a decade later PEAK Financial Group has become a multi-faceted organization with \$1.7 billion in assets under management and a growth rate of 50%-70% a year. PEAK began life as a fee-based financial planning firm. In 1992, Frances added a mutual-fund business that grew quickly, in step with the entire fund industry. In the past two years, the firm's insurance brokerage, added in 1998, has started to take off, and last year PEAK added a securities arm.

In all, the company has 250 reps, including mutual fund advisors, insurance brokers and a smaller number of fee-based planners and securities brokers.

While PEAK's business is concentrated in Quebec, the firm also has reps in Ontario, Manitoba and British Columbia. Frances, who is co-chairing the Canadian Association of

Financial Planners' annual conference June 6 to 9 in Montreal, says a key challenge for his firm has been not just to grow quickly, but to manage growth responsibly.

"Yes, we're proud that we grew, but we're even prouder of the retention [rate], the number of planners we've kept," he says. Only five representatives who passed their probation period have left the firm in the past eight years, Frances says. PEAK surveyed its reps last year and came up with four reasons for the firm's success in retaining their services:

- **INDEPENDENCE** There are no quotas or in-house products reps must sell;
- **INTEGRITY** Strict compliance with securities regulations, as well as delivering on promises made to reps on matters such as technological upgrades;
- **TECHNOLOGY** The firm has developed in-house software to assist reps in managing their businesses, as well as accurate back-office support systems;
- **MANAGEMENT** Peak's management team received high marks for accessibility and communication.

Frances says he encourages planners to go beyond financial products to a holistic view of a client's needs and aspirations. "I'm constantly reminding planners and employees that we're not in the business of selling mutual funds or selling insurance or just giving financial advice," he says. "We're in the business of making clients' lives better by the way they use money."

"People don't come to see us to say, 'I want more money [now] or more money at retirement,'" he continues. "They're coming to see us either to create something or to preserve it; to create a nice lifestyle, create the stability they need or the peace of mind they're seeking with their finances. Or they're saying they want us to preserve what they have, to make sure they're set up for later in life."

Frances insists it takes more than products to satisfy those client needs.

"If all we're selling is tools, we're a little bit limited. But if we're selling deep solutions to these extremely personal needs, then we're going a step beyond and creating a relationship with the client. We're also opening our minds to all kinds of things that we can make available to them," he says.

Frances strives to set internal standards at PEAK and encourages reps to focus on those rather than industry standards.

He cites as an example an effort in the early 1990s to produce a consolidated client statement, even though much of the mutual fund industry didn't see that as a necessity at the time. PEAK developed systems to reconcile data coming from financial institutions in



Robert Frances is co-chairing this year's CAFP conference in Montreal.

order to produce accurate, consolidated statements. More recently, he has had to combat worries about layoffs and salary freezes at other financial services companies because of a slowdown in the industry. "We've got to find ways [to avoid that]," Frances says.

Frances, who is just 35, doesn't appear concerned about an economic slowdown. He predicts another year of 50% growth for PEAK, which for the past three years has made *Profit* magazine's list of Canada's 100 fastest-growing firms. With the addition of the securities dealership a year ago, the PEAK group is now rounded out and it's just a matter of building up each of the pieces, Frances says.

The firm has made a few small acquisitions over the years, including two in 2000, but remains cautious about generating growth that way. Frances prefers to build the business from the inside, recruiting reps and ensuring that they stick around.

"We've found that acquisitions are interesting in building scale but they're very difficult to integrate," he says. "We haven't seen the value of doing acquisitions just to aggregate [assets]. What we've seen so far in the industry is not consolidation but aggregation ... so the jury is still out on whether it makes financial sense to do that or not. When companies have very different systems and cultures, I don't think it makes sense."

Frances, who holds an MBA from Concordia University and the CFP and RFP designations, among others, says he started his own firm because he had developed a large book of business as an advisor and found he lacked the tools he needed — such as consolidated statements — to serve his clients.

When he was starting out as an advisor, he used financial planning seminars in workplaces to build his practice. He still recommends seminars as a good way to build business, but adds that referrals have become the biggest source of new business at his company.

PEAK advisors always are encouraged to take a financial planning approach. "We tell our planners there's no way a doctor would give a prescription without a diagnosis," Frances says. "In our industry, it's the same thing. How can you recommend any investment product or financial strategy without a diagnosis of the situation?"

Frances, who is married and the father of three young children, says he is looking forward to the CAFP convention this year, which has "On the Right Track" as its theme — a play on the Canadian Grand Prix auto race which is being held in Montreal on the same weekend.

Frances is co-chairing the event with Katherine Aziz of Kerr Financial Corp. of Montreal. He expects 2,000 people to attend the event, making it the largest CAFP convention to date. ■

First person: The planning approach

Robert Frances, chief executive officer of Montreal-based PEAK Financial Group, offers the following tips to help financial advisors build successful businesses:

- start with the end in mind. Begin with a personal vision statement of what you will do for your client;
- always take a financial planning approach, whether you're a planner or not;
- communicate and clarify expectations. All too often, advisors think they know what the client wants, without discussing it with them;
- document like crazy. It enables you to go back and show clients why the plan is important;
- get an assistant as soon as you can. That way you can spend more time with your clients.

— DON MACDONALD