

Management issues for small firms

The ultimate balancing act

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Where we left things at the IIAC FAS Conference June 11, 2011...

- Volatile Markets lead to Volatile Earnings/Profitability
- Investor Confidence tested again
- Revenues and margins under pressure
- Cost containment focus
- Industry Challenge: Dealing with volume of new regulations

IIAC FAS Conference
June 11, 2011



New developments since June...

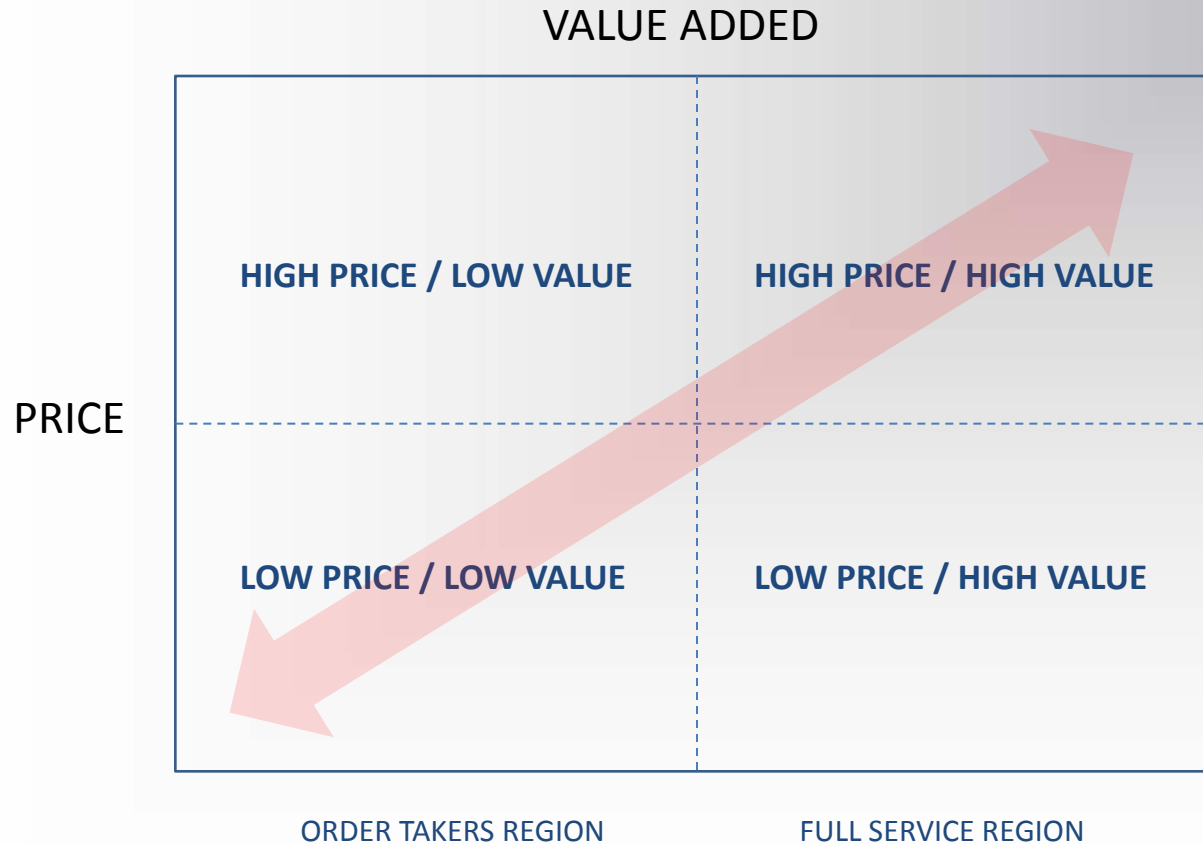
- Possible confirmation of a double dip and down grading of the risk free benchmark
- Greater market volatility
- Dramatic drop in trade volumes
- Amendments proposed by the SROs to the “CRM Project” of the **NATIONAL INSTRUMENT 31-103**

specifically:

- Disclosure of charges related to a client’s account and securities transactions
- Account performance reporting



Amendment to the “CRM Project” of the **NATIONAL INSTRUMENT 31-103**
not just another “regulatory” pretty face...



How will all this affect you and what can you do about it...

EXTERNAL PRESSURE (environment)

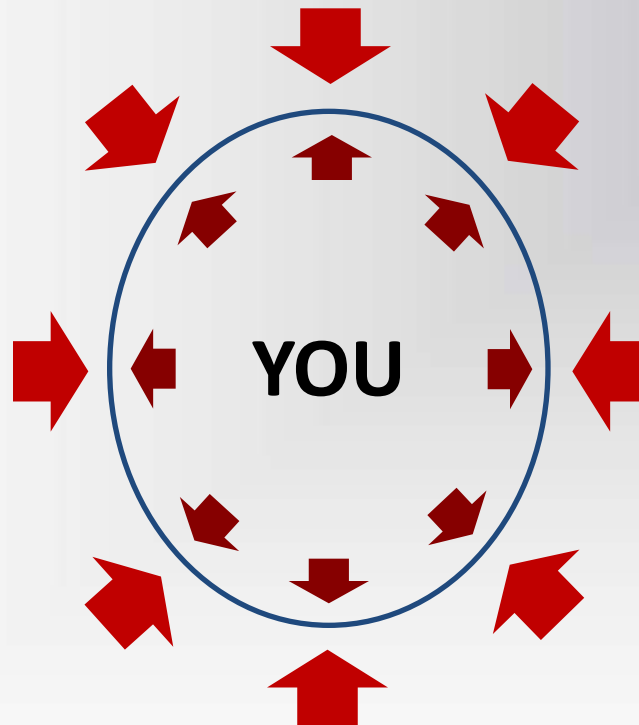
More Regulation

More Client Value Added

Loss of Pricing power

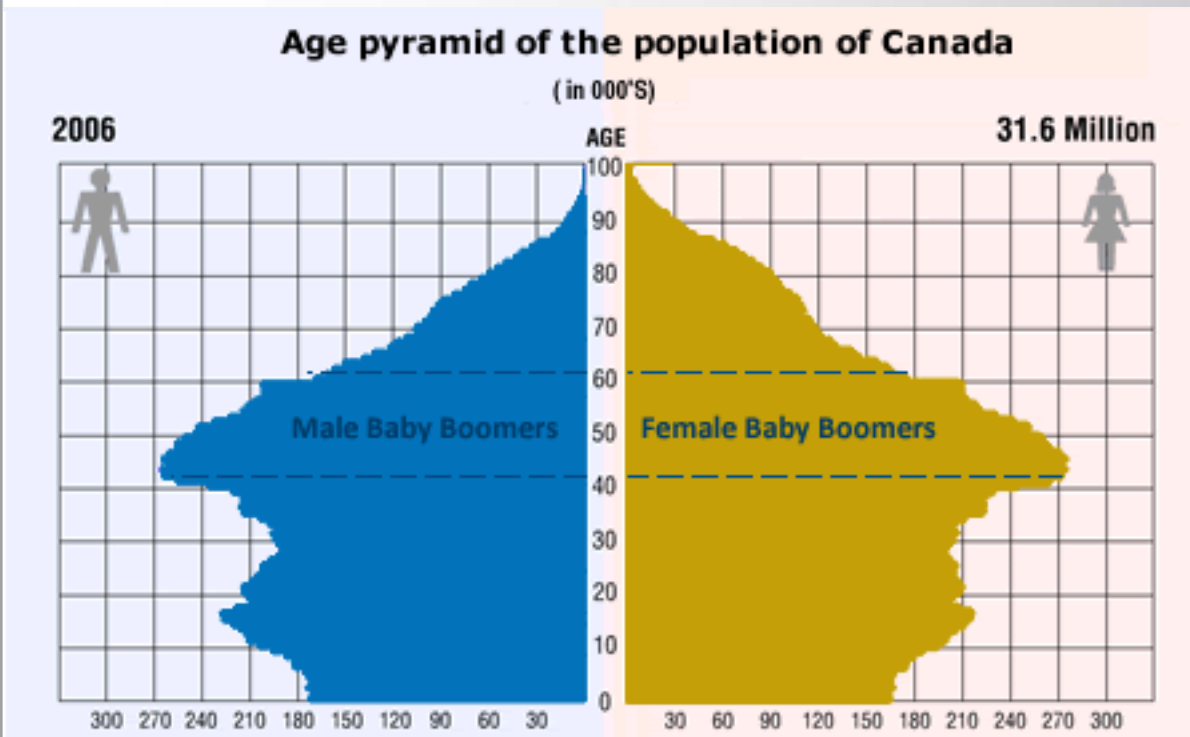
Greater Operational
efficiency

Narrowing Margins



INTERNAL RESISTANCE TO CHANGE (culture /structure)

Not only clients are aging...Investment Advisors are Baby Boomers too!



IN THE 90's

- Boomers were between 31 and 49
- The TSX went from 4,000 to 10,000

SINCE THE TURN OF THE CENTURY

- The TSX has moved from 10,000 to 12,500.
- In 2011 Boomer's age ranges between 47 and 65

Would you say that as we age we become "MORE able" or "LESS able" to embrace change and adapt to new environments?



Fundamental aspects of a impending transformation

- Evolution of executives and principal owners of the business
- Strategies for the firm, rather than fragmented behavior
- Cultural and Structural Transformation
- Update management reporting and compensation to align behavior to strategic direction based on current realities affecting the industry, rather than on outdated models.

