

# Taking better care of clients' needs

Freddy Sim and Viviena Chin left stable agency jobs to found their own independent financial advisory firm. They share their experience with **LEE GHIM MENG RENNY, LIM BOON HOW ALASTAIR** and **LIM SWEE HON ROBIN**

EXPLAINING the difference between independent financial advisory firms (IFAs) and the traditional tied-agency model of insurance companies, Eternal Financial Advisory chairman Freddy Sim likens IFAs to electronics megastores such as Harvey Norman or Best Denki.

"Like these stores that carry products from many different manufacturers, IFAs are able to offer consumers products from a range of insurance companies as well as fund houses, yet at the same time still specialise in the sale of financial products only," he says. "Representatives from insurance companies, on the other hand, are tied to the products supplied by their specific insurer. At Eternal FA, our clients have access to the products of 33 fund houses, offering an array of 450 investment funds."

It was a belief in the ability of IFAs to better meet customer needs that prompted Mr Sim and Viviena Chin to give up a successful million-dollar agency they had built up under the insurance arm of HSBC to set up Eternal in 2005.

Insurance and investments are the company's two key business units. Through links to leading insurers, Eternal provides a range of products to meet the specific needs of individual and corporate clients.

Similarly, Eternal's investment platform offers its clients access to many funds, managed by global financial companies including Aberdeen, DWS, Fidelity, Lion Global and Superfund. The company had about \$50 million worth of assets under management before the Lehman Brothers melt down in October 2008.

Eternal also provides equity investment, mortgage, will and trust planning services. Through this model, it can look after clients' needs through the different stages of wealth accumulation, preservation and succession.

Much of Eternal's success is due to the leadership and experience of Mr Sim and Ms Chin, its CEO. Both have been inducted as life members of the prestigious Million Dollar Round Table (MDRT) and have been qualifying members of the MDRT for the past consecutive 17 and 13 years respectively.

Capping this achievement, Mr Sim and Ms Chin have also achieved Court of the Table (COT) and Top of the Table (TOT) qualifications which put them among the top one to three per cent of advisers worldwide. These achievements are by no means easy – they require consistent results for consecutive years.



ARTHUR LEE

**A strong team:** From left: Wilson Koe, director; Freddy Sim, chairman; Viviena Chin, CEO; and Atalie Tan, operations head of Eternal Financial Advisory

But the road to success has not been easy. At the time Eternal obtained its IFA license, Ms Chin's mother was diagnosed with third-stage breast cancer. It was an emotional period for Ms Chin, as she juggled her time between taking her mum for treatment, while searching for premises to house Eternal, overseeing the renovation of its new office and setting up the company's infrastructure.

Despite the difficulties, Eternal FA reported a healthy net profit at end-2005, barely three months after starting up. Its remarkable growth has continued, with net profit increasing six and 12 times respectively in 2007 and 2008.

## Shared values

From a company of two, Mr Sim and Ms Chin have gone on to build a team of 22 FAs. They have also begun identifying potential leaders to run teams of their own. One such leader is Wilson Koe, who has been appointed a director of Eternal. Through the mentorship of the founding partners, Mr Koe himself has qualified for the prestigious MDRT since joining the company.

Mr Sim says: "In the long run we hope to develop a successful franchise of agencies led by our own financial advisers under the Eternal brand."

The company has also stayed lean by outsourcing non-core business func-

tions such as accounting and IT support. This frees the staff to focus on what they know best – providing quality financial planning services to clients.

Recent controversy surrounding the sale of complex structured products put the spotlight on the tactics of sales representatives from banks and other financial institutions.

Giving his thoughts on the matter, Mr Sim says: "We had clients coming to us wanting to invest in such products because of the enticing returns promised. But we advised them against doing so because of the inherent risk. Many of these clients are now extremely grateful to us."

"At Eternal, we seek to build lasting relationships with our clients rather than earn commission by pushing products."

Eternal's founders firmly believe in the important role FAs advisers can play in the lives of their clients by providing professional knowledge and skills to help them better plan for their needs. As such, selecting the right people to join the company is vital.

"Freddy and I personally interview every single potential candidate to ensure that they share the same values as the company," Ms Chin says.

Eternal also has standard operating procedures that its advisers must follow to ensure there are no delays in processing client transactions. Through an online administrative por-

tal, management can also view transactions of individual advisers to ensure there is no churning.

"In addition, regular in-house training sessions are conducted for keep our advisers updated on the latest MAS directives and guidelines," says Atalie Tan, who co-heads Eternal's compliance department with Ms Chin.

With many companies resorting to pay cuts and retrenchments to stay afloat, Eternal has bucked the trend by giving staff pay rises and higher bonuses. Its FAs also enjoy an attractive profit-sharing scheme. All these measures are part of Eternal's strategy to attract and retain the best talent.

"Viviena and myself have combined experience of almost 30 years in the financial planning industry,"

says Mr Sim. "During this time we have been through the oil crisis in 1987, the Asian financial crisis in 1997, the bursting of the technology bubble in 2000, the Sept 11 terror attacks on New York and the SARS outbreak in 2003. Fortune favours the bold – and we believe there are many investment opportunities amid the current turmoil."

"Over the past few years, many Asia-Pacific countries have achieved high levels of economic development and growth. And as levels of income and wealth increase, demand for financial planning services can be expected to grow. The current downturn will eventually reverse, spurring demand for IFAs even further."

*The writers are students of NUS Business School*

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