



Scaling advice businesses

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In our view, most advice firms do not stall because they lack process, systems or ambition. They stall because the quality of their decisions collapses as complexity rises. It is not a structure problem. It is a thinking problem.

The wrong diagnosis

The industry has settled on a familiar diagnosis. Founder dependency is the problem. Corporatisation is the cure. Add structure, document processes, bring in professional management, and layer in technology. Growth follows.

That logic is neat, but it does not tell the whole story.

What actually breaks as firms grow is not execution. It is judgment. In practice, execution failures are often how judgment failures first appear.

Why judgment fails at scale

In a founder-led business, decisions are fast and coherent because they sit with someone who has earned pattern recognition the hard way. Pricing, client selection, risk tolerance and trade-offs are handled with context that no playbook fully captures. Remove that person or dilute their involvement, and performance does not hold. Not because the founder was irreplaceable, but because the business never translated how those decisions were being made.

So the firm scales activity, but not capability.

This is where most scaling efforts quietly fail. They document what to do, but not how to think. They build workflows, but not decision rules. They distribute tasks, but leave judgment implicit. The result is predictable. Work gets done, but inconsistently. Mar-

gins compress. Clients feel the variation. Leadership responds by adding more oversight, which slows everything down.

You end up with structure without clarity, which is just bureaucracy with better branding.

From dependency to translation

The push to eliminate principal dependency often makes this worse. Dependency is treated as a flaw to be removed when it is an asset that has not yet been systematised. The real task is not elimination.

It is translation.

High-performing firms take the instincts of their best operators and force them into the open. But the mistake is to reduce those instincts into rigid rules. That is where most firms lose traction. A better approach is layered translation: principles, boundaries, and judgment aids.

A layered decision model

Three layers: principles, boundaries, and decision aids.

At the top level sit principles – non-negotiable statements about how the firm creates value and manages risk (for example what constitutes a suitable client, or when to walk away).

Beneath that sit boundaries – explicit thresholds, ranges, and escalation triggers that constrain decisions without pretending to eliminate context.

Only at the lowest level do you introduce decision aids – examples, case patterns, and worked scenarios that show how experienced operators think in practice.

This preserves nuance while still making judgment transferable. The goal is not to eliminate discretion, but to make it legible, testable,

and challengeable. Delegation works not because decisions are pre-made, but because the person taking on the task is guided by a shared logic rather than guesswork.

Governance makes judgment defensible

But this only holds if governance keeps pace with translation. Without it, principles decay into slogans and boundaries drift under commercial pressure.

Firms that do this well treat decision frameworks as governed assets embedded within their compliance infrastructure, not static documents. They assign clear ownership for each principle and boundary, define review cadences, and test decisions against real outcomes – including complaints, file reviews, and near misses. When a decision fails, the question is not just who made it, but whether the underlying logic was flawed, incomplete, or ignored.

This creates a feedback loop between advice, risk, and compliance. Breaches and AFCA complaints are not handled as isolated events but as inputs into refining the decision system itself. Over time, this is what turns judgment into something that can withstand scrutiny – not because it is perfect, but because it is continuously challenged, evidenced, and improved.

Without that loop, what looks like a scalable model will fail the first time it is tested externally.

Example: Client selection

Before translation, client selection relies on instinct. A founder might reject a prospect who appears profitable on paper but shows signs of complexity, indecision, or unrealistic expectations. Across a team, that instinct becomes inconsistent.

After translation, the firm defines:

- principles (we prioritise clients we can serve with clarity and long-term alignment)
- boundaries (for example multiple strategy changes pre-engagement triggers escalation)
- decision aids (examples of past clients who became unprofitable or high-risk)

The outcome is not uniform decisions, but consistent reasoning.

Incentives break systems

There is a further constraint most firms avoid confronting: remuneration design. You can define principles, boundaries, and decision frameworks with precision, but if advisers are rewarded primarily on revenue, asset growth, or client retention, those incentives will quietly override the system.

In many firms, the highest-performing advisers by revenue are also the most frequent boundary-breakers. Unless that tension is addressed explicitly, no decision framework will hold.

This is where many well-designed operating models collapse. The formal logic says one thing; the economic logic says another. In practice, staff learn quickly which one matters.

Firms that sustain decision quality at scale align incentives with the behaviour they claim to value. That means introducing metrics tied to decision quality – file review outcomes, client complaints, adherence to escalation triggers, and long-term client retention adjusted for suitability – not just volume or revenue. It also means making trade-offs explicit: accepting lower short-term growth in exchange for consistency and defensibility of advice.

In practice, this means scheduled decision reviews, documented rationale for edge cases, and formal escalation logs. Governance is not periodic oversight – it is continuous interrogation of how decisions are actually being made.

Without that alignment, governance becomes performative. Principles exist, but are selectively applied. Boundaries are documented, but regularly stretched. Decision frameworks become artefacts of compliance rather than tools of operation.

In that environment, scale does not just amplify inefficiency. It amplifies misconduct risk, because the system is effectively rewarding people for bypassing the very constraints it claims to enforce.

Technology magnifies issues

Most firms avoid codifying judgment into principles, boundaries, and decision aids because it exposes inconsistency, challenges high-revenue behaviour, and forces trade-offs they would rather ignore. What felt like a repeatable business is often held together by individual judgment calls that no one has written down.

Technology does not solve this. It magnifies it.

For regulated advice businesses, this is not just an efficiency issue. Under section 912A of the *Corporations Act 2001* (Corporations Act), licensees are responsible for the systems they rely on. That means automated or AI-supported decisions must be explainable, monitored, and subject to oversight. If a firm cannot demonstrate how an outcome was reached, or detect when it starts drifting, it has introduced not just operational risk, but systemic compliance exposure.

There is a growing tendency to treat AI and automation as the next lever for scale. In reality, they are multipliers. If your data is messy, your processes are loosely defined, and your decisions are subjective, automation does not create efficiency. It accelerates confusion. Errors happen faster. Inconsistencies scale. The business becomes harder to manage, not easier.

The firms getting real value from technology are not the most enthusiastic adopters. They are the most disciplined operators. Their data is clean because they had to make it so. Their workflows are clear because ambiguity was already costing them money. Their decisions are structured because they learned, often painfully, that intuition does not scale across a team.

By the time they introduce automation, they are not searching for use cases. They are targeting specific failure points – reducing rework, tightening margin leakage, and improving consistency in how advice is delivered.



The quote

What actually breaks as firms grow is not execution, it is judgment.



**Sean Graham,
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Sean is Assured Support's managing director. He specialises in financial services law, compliance and risk management. In addition to consulting and policy roles with Suncorp, BT, ASFA and Mills Oakley Lawyers, Sean has held senior executive roles with Millennium3 Financial Services Group, CBA and CFS.



The quote

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The myth of scale

There is also an assumption running through much of the scaling conversation that bigger is inherently better. It is not. Scale introduces its own friction. Decisions take longer. Coordination costs increase. Culture becomes harder to maintain. The transition period is rarely smooth, and margins often dip before they recover.

For some firms, especially those built on deep, high-trust relationships, remaining deliberately small is not a failure to scale. It is a strategic choice to protect a model that works. The question that rarely gets asked with enough rigour is: why is scale required in the first place?

If the answer is vague, centred on growth for its own sake, or a general sense that the industry is moving in that direction, the business is not ready. Scale should solve a specific problem. Without that clarity, it simply introduces new ones.

What actually scales

What separates the firms that do scale successfully is not that they have more systems or better technology. It is that they achieve operational precision before they pursue growth. They understand, in measurable terms, how they make money, where margins are won or lost, how workflows break down, and how decisions are made when trade-offs arise. That precision allows them to expand without increasing complaints, rework, or margin volatility.

This approach is not costless. Most firms should expect 6–12 months of disruption as decision rights are clarified, inconsistencies are exposed, and new behaviours take hold. It initially slows decision-making, exposes internal inconsistencies, and often results in rejecting revenue that would previously have been accepted. But without those trade-offs, consistency and defensibility are an illusion.

Conclusion

The end state is not a business that runs without people. It is a business that does not rely on individual interpretation to function well. People still matter, but they operate within a set of explicit, shared, and consistently applied principles.

That is a much higher bar than most scaling conversations acknowledge.

Until firms shift their focus from doing more work to making better decisions at scale, they will keep hitting the same ceiling. They will just arrive there with more staff, more software and more complexity underneath them.

That is not progress. It is an amplification of the original constraint.

And if incentives remain misaligned, the system will not just drift. It will optimise for the wrong outcomes, with governance reduced to explanation after the fact.

Key questions

Why do advice firms struggle to scale despite having processes?

Because processes document actions, not decision logic. Without shared judgment frameworks, outcomes become inconsistent as teams grow.

How does section 912A of the Corporation Act apply to decision-making frameworks?

Licensees must ensure systems are adequate and monitored. If decisions are inconsistent or unexplainable, this may indicate a failure of systems and controls.

What are ‘principles, boundaries, and decision aids’?

A layered model: principles define intent, boundaries constrain decisions, and aids provide real-world examples to guide consistent judgment.

Why are complaints and breaches important beyond remediation?

They provide evidence of system failure and must feed into continuous improvement of decision frameworks and controls.

Why do incentives break otherwise sound systems?

Because advisers follow economic signals. If revenue is rewarded over decision quality, frameworks will be bypassed in practice.

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