

# Friendly changes

Friendly societies are looking for new ways to grow, while playing to their strengths.

**By Cameron Cooper**

A name change, a rebranding and a launch featuring the work of a body artist—they are not the typical actions of a supposedly conservative friendly society with 130 years in the business.

However, the management of South Australian mutual KeyInvest is determined to look to the future while drawing from the strengths of its history. Formerly known as IOOF SA, the friendly society changed its name in May 2007 to avoid confusion with other entities operating under the IOOF label.

General manager business services James McGill admits it was a big decision to abandon a trading name with more than a century of credibility.

"But if you're going to grow your business, you want to make sure the business you grow and the brand you grow is something that's unique and you can talk about," he says.

KeyInvest is implementing its 2006-11 strategic plan, which draws on a strong balance sheet to pursue opportunities in niche investment areas such as retirement living and investment bonds.

McGill believes the present economic turmoil presents further growth prospects.

"We're at the more niche end, so, as some of the larger companies exit markets or slow down, it does create opportunities for us."

The blueprint is to be cautious but positive.

"We're a long-term player. We've been around for 130 years and we plan to be around for a lot longer. We are not an opportunistic, short-term type trading organisation."

Friendly societies have a proud history in Australia, acting as grass-root providers of financial products, insurances and other related services since the earliest days of Australia's colonisation.

Another friendly society that is looking at

significant change is IOOF, which is merging with Australian Wealth Management to increase its scale and service options. IOOF brings product strengths to the table, while AWM provides a core competency around distribution.

"So it's really a meeting of the minds," says Renato Mota, general manager of investor solutions at IOOF.

He believes consolidation will be an increasing trait within friendly societies.

"Financial services is becoming a scale game—be it scale in distribution or scale in administration, and I think we are seeing the same dynamic, albeit on a different scale by friendly societies and credit unions."

Mota believes the friendlies are faring well in the current environment and show no signs following the collapses that have beset the mortgage-broking sector. "So that says a lot about our level of prudence," he says.

At KeyInvest, good financial management and strong niche areas such as retirement villages represent the future. It has run one successful retirement village at McLaren Vale, south of Adelaide, for two decades, but a couple of years ago management decided to target the sector as a growth strategy.

"It became clear that there are a lot of good opportunities, again as a long-term player. As a small player, it's very easy to get burnt if you go into an area you don't know. You can come undone very quickly."

KeyInvest is constructing a new retirement village at Woodside, and has acquired four other sites.

McGill says the concept matches the friendly society's caring ethos and business needs. "It's good for our business, but it's also good for the local community."

**Cameron Cooper is a freelance writer**