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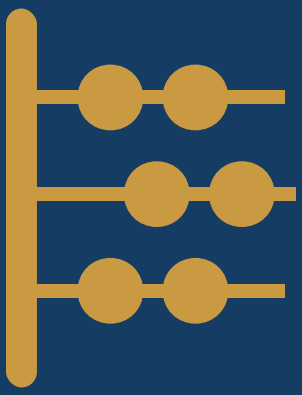
MICRO WHITE PAPER · PRACTICE CAPACITY

Finding Your Client Capacity Number

How many clients an Australian adviser can serve well and how to work out your own number.

The Evidence in Numbers · Six Capacity Factors · A Six-Step Method · A 90-Day Plan

Adequate resources | Ongoing fees | Service model | Cost to serve | Adviser wellbeing | Capacity governance



IN THIS PAPER

Few Australian advisers know how many clients they can serve well. Most guess. The guess is usually too high. This paper shows why capacity is a legal question as well as a commercial one, drawing on Australian legislation, regulator findings and industry research, informed by international studies. It sets out six capacity factors, a six-step method and a 90-day plan to find and govern your number.

Johann Maree, Director · October 2026

IN BRIEF

What adviser capacity is and why it matters

Adviser capacity is the number of client relationships an adviser can serve well, profitably and sustainably while delivering every service the client pays for. It is a calculated result, not an industry benchmark.

Capacity depends on service intensity, client complexity, support, technology and discipline. Michael Kitces argues that an adviser can build a successful practice on about 50 great clients. At 12 hours a year each, 100 clients already take 1,200 hours (1). He also shows that a firm owner might keep 70 to 80 per cent of revenue from the first 100 clients as profit, but only 20 to 30 per cent from the next 100, because another adviser must be paid and overhead rises (2).

Australian advisers carry more. Business Health and the Financial Advice Association Australia report a median of 141 clients per adviser, against current thinking that about 100 to 125 is the most an adviser can manage effectively (3). Advisers average 112 ongoing clients and would like 152, yet 42 per cent cite their own or their team's capacity as a barrier (4). In the United States, thriving advisers are likely to serve 40 to 100 clients, depending on complexity (5). **Knowing your number** underpins every other operational decision.

Metric	Finding	Source
Median clients per Australian adviser	141	Business Health, 2024 (3)
Clients an adviser can manage effectively	About 100 to 125	Business Health, 2024 (3)
Capacity cited as a barrier to growth	42 per cent, up from 35	Colonial First State, 2025 (4)
Advisers at their ideal number or reducing	18 per cent	Colonial First State, 2025 (4)
Client range of thriving United States advisers	40 to 100	Archuleta, 2026 (5)

Table 1: The evidence in numbers (Australian and international sources).

Regulatory note: capacity is a licensing obligation

Section 912A of the *Corporations Act 2001* requires an Australian Financial Services licensee to provide financial services efficiently, honestly and fairly and to have adequate human resources (6). The Australian Securities and Investments Commission expects licensees to have enough people to meet their legal obligations and operational needs. Licensees should review this regularly (7). An adviser who has promised more reviews than the diary can hold already has a compliance problem.

THE AUSTRALIAN CONTEXT

In Australia, capacity is a compliance discipline

The fees for no service project found licensees with no systems to ensure services were provided for the fees charged. Some kept records too poor to monitor delivery (8). Major institutions paid or offered about $4.4 billion in compensation for fees for no service (9). Ongoing fee arrangements now carry an annual test: the client must renew in writing or the arrangement ends. Records must be kept for at least five years (10). The Delivering Better Financial Outcomes reforms removed the fee disclosure statement and changed the consent rules for new arrangements from 10 January 2025 (11). Annual renewal and consent remain (10).

Personal advice duties also take time. A relevant provider must act in the client's best interests, give only appropriate advice, warn when information is incomplete and put the client first (6)(12). The Code of Ethics value of diligence requires advisers to manage their time and resources to deliver professional services (13). Supply is tight. Most existing advisers had until 1 January 2026 to meet the qualifications standard (14). Adviser numbers recovered to just over 15,000 in July 2026 (15). Yet 15.9 million Australian adults have unmet advice or guidance needs (16). **Demand is not the constraint. Capacity is.**

Count clients the way the law does. An ongoing client with a fee arrangement brings renewal, consent and record keeping duties that a one-off client does not (10). Count the two groups apart. Count a couple or a family as one relationship. Many practices also carry dormant clients who pay little but still expect a call when markets fall. All of these groups draw on the same diary.

Australian law or guidance	Key requirement	Capacity implication
Corporations Act, section 912A	Efficient, honest and fair; adequate resources	The service promise must fit the hours
Sections 961B and 961G	Best interests and appropriate advice	Allow honest advice time per segment
Part 7.7A, Division 3	Annual renewal, consent and records	Deliver and evidence every promised service
Regulatory Guide 104	Enough people for legal and operational needs	Review adviser and support capacity
Code of Ethics 2019	Diligence: manage time and resources	Set and govern a client number

Table 2: Australian legislation and guidance mapped to capacity implications (6)(7)(10)(13).

THE DRIVERS

The six factors that set your number

There is no universal optimum. The right number depends on each practice's offer and business model (3).

Overseas evidence agrees. Dimensional's 2025 study of 868 firms found capacity constraints were the most reported growth challenge. The 24 per cent of firms that limit households per adviser averaged 100 (17). In Australia, the average adviser now serves 136 clients, 102 of them recurring (18). Segmentation is the lever practices control most directly. Dimensional found 71 per cent of firms offer more than one client segment (17), which lets hours be measured per tier. The adviser's own definition of enough matters too. Kitces research found adviser wellbeing rose with practice revenue to about 1.5 million United States dollars. After that it declined (19).

Support changes the picture most. A good paraplanner and a client service officer take work off the adviser's desk. Business Health reports 1.5 support staff per adviser on average (3). A practice that adds support before it adds clients protects both service and profit. A practice that adds clients first usually finds the gap in its review calendar.

Factor	Increases capacity when	Reduces capacity when
Client complexity	Needs are simpler and similar	Multiple entities and families
Service intensity	Standardised by tier	Concierge contact for everyone
Support team	Dedicated paraplanning and service	Adviser does the administration
Technology	Integrated workflow and data	Manual, disconnected processes
Segmentation	Documented tiers, consistently applied	All clients treated alike
Definition of enough	A clear target	Growth with no stopping rule

Table 3: The six factors that determine adviser capacity (1)(3)(17).

PROFITABILITY

Cost to serve and the second hundred

Capacity that ignores profit can damage the business (2). Cost to serve asks what a client actually costs. Count adviser time, support time and a share of technology, compliance, licensee and overhead costs. Then ask whether the fee is higher. Australian benchmarks give a starting point: average revenue per client of $3,852, salaries at 44.9 per cent of revenue, profitability of 28.4 per cent and 1.5 support staff per adviser (3). The median ongoing fee reached $4,668 in 2025, up 67 per cent in five years, partly reflecting the cost of compliant advice (20).

Growing past one adviser's capacity adds staff, overhead and risk, so doubling the client base lifts owner profit by far less than double (2). Redesign changes the arithmetic. One Australian practice in the Colonial First State study cut wages from 44 to 36 cents per dollar of revenue over three years. Over seven years it lifted clients per adviser from 125 to around 190. It did this by standardising processes and using model portfolios (4). If a segment loses money, **reprice, restructure or refer**.

> **Practice tip: test your promises against your diary**
>
> List every service your ongoing fee arrangements promise. Multiply by the clients in each tier and compare the total with the productive hours of the adviser and team. If promises exceed hours, change the promise or the client number before the next renewal round (10)(7).

THE METHOD

A six-step method to find your number

Finding your number is a calculation, not an estimate.

Start with productive hours after leave, development, management and compliance. Document the service for each segment, calculate hours per client, weight for complexity and add a buffer. Test the result against profit and client experience, then govern it (7)(10). As an illustration, 1,200 client hours could serve 40 comprehensive clients at 15 hours, 60 standard clients at eight and 30 light clients at four, with no buffer at all. The number comes from the service promise, not the other way around.

Use real data. Ask the adviser and support team to record their time in 15-minute blocks for two weeks. Include meetings, preparation, file notes, paraplanning, compliance checks and client emails. Then add a buffer of 10 to 15 per cent for urgent work, market events and staff leave. The buffer is an illustrative starting point. Adjust it once you have a year of data.

Step	Output
1 **Establish productive hours**	Client hours per adviser per year
2 **Document the service model**	Activities and timing per tier
3 **Calculate weighted hours per client**	Time used by each segment
4 **Add an operational buffer**	Net available capacity
5 **Test profit and client experience**	Margin and service validation
6 **Embed in governance**	A documented number, reviewed yearly

Table 4: The six-step method to find your number.

Practice tip: the three-pass rule

The first pass is almost always too optimistic. People consistently underestimate how long tasks take, a bias called the planning fallacy (21). Leave the calculation for a fortnight. Then refresh it with time tracking data. The third pass is usually the one to trust.

WARNING SIGNS AND THE PLAN

Warning signs and a 90-day plan

Most practices learn they are over capacity only after clients notice. The early signs show up inside the practice first. Backlogs grow. Reviews and renewals run late. Replies to clients slow down. File notes get thinner and advisers work more evenings and weekends. In the United Kingdom, the Financial Conduct Authority's 2025 review of 22 large firms found promised reviews delivered in about 83 per cent of cases and said redress is likely where firms made no attempt (22).

The adviser's health is part of the same picture. Burnout, a prolonged response to chronic work stressors, shows as exhaustion, cynicism and inefficacy (23). Kitces research classed 22.5 per cent of advisers as thriving and 12.5 per cent as unwell (24). Thriving advisers were more likely to control their schedule (5).

Indicator	Green	Amber	Red
Reviews delivered on schedule	Above 95 per cent	85 to 95 per cent	Below 85 per cent
Renewals completed on time	All	One or two late	Any lapsed
Utilisation of productive hours	Under 85 per cent	85 to 95 per cent	Over 95 per cent
Weekly hours worked after hours	Under 2	2 to 6	Over 6

Table 5: Capacity health traffic light model. Thresholds are illustrative and should be set by each practice.

The 90-day plan applies the method to a real practice. The first month gathers the facts. The second month sets the number. The third month builds it into how the practice is run. Each step also leaves evidence that the practice has adequate resources for the services it promises (7). Where service changes, tell the affected clients why, in plain words, well before their next renewal (10)(13).

Timeline	Action	Legal link
Day 1 to 14	Track time; list every service promised	Section 912A
Day 15 to 30	Document the service model and weights	Section 961B

Timeline	Action	Legal link
Day 31 to 45	Complete cost to serve by segment	Part 7.7A
Day 46 to 60	Calculate capacity against the client book	Regulatory Guide 104
Day 61 to 75	Reprice, restructure or refer segments	Section 961G
Day 76 to 90	Adopt the traffic light model; refresh yearly	Code of Ethics

Table 6: 90-day capacity action plan (6)(7)(13).

The bottom line

Capacity is not how many clients you can fit in the diary. It is how many you can serve well, profitably and sustainably, with the records to show you did.

IMPORTANT INFORMATION

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