



Graham Bentley offers his seasonal take on industry regulation and platform pricing.

December 2008



Graham Bentley
Head of Investment Marketing,

'twas the night before Christmas...

What's your poison? Sherry? Mince pie?'

Santa offered, as the consultant took his seat. 'Thanks, but I'm driving,' came the nervous reply.

It had been a long trip, but at 39p per mile expenses it had been worth it. He had persuaded his manager that Lapland was indeed on his patch; 'Just north of Newcastle,' he had confirmed. Now he had to deliver. Santa, meanwhile, squeezed his generous frame into the high-backed leather seat at his desk. 'Your phone call unnerved me somewhat, dear boy. You said that you had something to offer me which could save my business. I wasn't aware it was in any danger.' He popped a pie in his mouth, and deftly brushed the crumbs out of his beard.

'You're familiar with RDR?' asked the consultant.

'Ah, yes' responded Santa, 'Reindeer Delivery Review. You're not the first to suggest this will have a major impact on my little operation. However, I should tell you I've been entirely independent for 500 years, sonny. I have a full sleigh licence, no convictions.' He paused. 'Although to be fair I was banned in England for a while by the Puritans – complete nutters, believe me. I also have a Masters degree in Gift Distribution; examinations hold no fears for me. Furthermore I charge no fees, although I have been known to take the odd shilling from my suppliers; you know, Harrods, Argos and the like.'

'Commissions, you mean?'

'Let's just call them expenses, shall we?'

'OK, and happy to hear that,' the consultant began, 'but there's also TCF to contend with.'

Santa leaned across the desk and held the consultant in a steely gaze. 'Are you suggesting I don't treat children fairly...laddie?'

The consultant squirmed in his seat, 'No, no, of course not! In fact let me take this opportunity to thank you for the BMX I got when I was nine. Fantastic. It's just that you have to be able to demonstrate that expectations are rewarded by outcomes all the time. In 1977 I wanted a Sex Pistols album but I got a pair of football boots. With four stripes. I was gutted.'

Santa sighed. 'That's mums for you. Still, I'm sure she meant well. But let's cut to the chase. What's this really all about?'

'Well,' the consultant said enthusiastically, 'at the end of the day this is all about making your business more efficient, Mr Claus. It's clear the regulator is making a big thing about gift advice, and the next compliance visit you get could be the last. You're going to have to change the way you run your business.'



'It really is beyond the pale,' replied Santa, raising a stubby pinkie as he sipped his sherry. 'This is our busiest time of the year for heaven's sake. I mean, do they know it's Christmas?'

'Very droll,' replied the consultant. 'Look, the regulator has made a big thing about present allocation. You need to get with the programme; it's no good just giving every kid socks and a selection box for Christmas. Presents have to be matched to a child's fun profile. Kids are different around the world. What's appropriate for someone in Kidderminster may not be for a child in Kyrgyzstan.'

'That's easy for you to say,' replied Santa, 'but we've had years of experience at this game. In fact, Kidderminster and Kyrgyzstan are remarkably similar in ways you couldn't begin to imagine,' he added, mysteriously.

The consultant raised an eyebrow. 'With respect, experience isn't enough. Do you keep an audit trail of the decision-making process?'

'Oh for heaven's sake, the kids make the decisions, dear boy. I get letters scrawled in crayon - and that's just from the parents...' Santa poured himself another sherry.

The consultant shook his head. 'No, that's execution only. I'm talking about advice...'

'We tend not to do that,' Santa replied. 'As I said, we get these letters... what do you want me to do, write back and suggest the Barbie might be better for his sister?'

The consultant changed tack. 'Where are you sourcing the presents from?'

Santa disposed of another mince pie. 'In the old days we used to make them all here, but today the elves get most of the stuff from a range of quality retailers, from whom we get a nice little mark-up... oh, and we've got one elf who seems to like Asda - always doing Julie Walters impressions...'

'Well,' gushed the consultant, 'we have sixty-odd quality outlets available, with nearly 1,000 different presents to choose from, and all available on one website.'

The way the process works is you ask the child a set of simple questions to ascertain their attitude to fun. It's on a scale of one to ten. This score is then matched to a set of toys in order to match the right toys with the right child. You can then print a report which tells the child exactly how you chose the presents, and the 'fun number' attaching to it. You can then go straight to transactions, and place your order.'

'So how do those numbers relate to presents then? What defines a fun level one?'

'Well, a jigsaw, for instance, or a celebrity autobiography, that sort of thing. Or socks.'

Santa leaned over the desk, as far as his not insubstantial girth would allow. 'Do you have any idea what this job entails, sonny? This stuff is all very well, but I want something really useful. A sleigh alarm, for starters; there's a big house in Windsor where they'll have the runners off your sleigh as soon as your back's turned. SatNav wouldn't go amiss - can you imagine the hassle of opening out twenty million AA route planners in mid-flight? A present wrapping machine would be a blessing - why parents want to wrap bicycles is beyond me. And then of course there's ETFs.'

"ETFs?"

'Elves, Trolls and Fairies. Brilliant present wrappers, don't need any direction, just get on with it. Virtual automatons they are, and cheap as chips.'

The consultant thought for a second, then played his trump card. 'How about we get rid of all our front-end charges, and those of the retailers?'

Santa beamed, as he poured his guest a large sherry. 'Now you're talking, laddie...' ●

www.skandia.co.uk

Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

Selestia Investment Solutions investment platform gives you access to an ISA and Collective Investment Account provided by Skandia MultiFUNDS Limited, Collective Retirement Account and Collective Investment Bond provided by Selestia Life & Pensions Limited and an Offshore Collective Investment Bond distributed by Skandia MultiFUNDS Limited for Old Mutual International (Guernsey) Limited.

Skandia fund platform gives you access to MultiISA and MultiFUND provided by Skandia MultiFUNDS Limited and to products provided by Skandia Life Assurance Company Limited.

Skandia Life Assurance Company Limited, Skandia MultiFUNDS Limited, Skandia Investment Management Limited and Selestia Life & Pensions Limited are registered in England & Wales under numbers 1363932, 1680071, 4227837 and 4163431 respectively. Registered Office at Skandia House, Portland Terrace, Southampton SO14 7EJ, United Kingdom.

All companies are authorised and regulated by the Financial Services Authority with FSA register numbers 110462, 165359, 208543 and 207977. VAT number for all above companies is 386 1301 59.

Old Mutual International (Guernsey) Limited is regulated by the Guernsey Financial Services Commission and is licensed to write long-term business under the Insurance Businessn (Bailiwick of Guernsey) Law 2002. Registered number 2424. Registered Office at Fairbairn House, PO Box 121, Rohais, St Peter Port, Guernsey GY1 3HE, Channel Islands.