

fit for the future

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Ian Jarvis describes how he has increased his own business efficiencies and the benefits it has brought to his client base.



i: How would you describe your current business model?

IJ: As a firm with a relatively small but largely active number of clients, we have for many years been providing lifetime financial planning to the majority of our clients, taking them through all aspects from protection and debt management, through pension and investment planning, to post-retirement planning and the passing of wealth.

However, in light of changing legislation, regulatory requirements such as TCF and RDR and the continued volatility in investment markets since the turn of the century, we carried out a full business review during 2008 looking for the most appropriate way to streamline and improve our client offering. This led to the adoption of the Skandia Investment Solutions (SIS) platform, a range of pre-defined portfolios and a number of other added value services (such as quarterly rebalancing to the latest asset allocation model) as the core element of our services.

This has provided us with a detailed service proposition which is easily articulated to clients, while enabling us to move away from 'front end' loaded products with complex charging structures and toward customer agreed remuneration and a straightforward charging structure where the emphasis is placed on the ongoing services being provided.

i: What steps have you taken to improve your business efficiency and how will this help you prepare for post 2012?

IJ: By adopting a clear service proposition, incorporating the SIS platform and pre-defined portfolios, much of the day-to-day research which in the past was carried out and documented for individual clients is now

centralised into a quarterly, internal process. This centralisation has freed up a considerable amount of time which can now be spent with existing clients, discussing the progress of their planning alongside any changes to their circumstances and objectives, and with new clients looking for an ongoing advice proposition.

Post 2012 we expect this situation to continue as we continually strive to add value to client's financial planning requirements and continue to develop our service proposition.

We also feel that having a centralised process will enable us, if we wish, to take on additional advisers safe in the knowledge that all clients of the firm are benefiting from both a standardised advice process and a standardised service proposition.

i: What would you consider are the main benefits of using the platform from a client's perspective?

IJ: Without wishing to sound as if we've jumped onto the 'green bandwagon', feedback from clients has consistently centred on the amount of paperwork they have historically received from both us as advisers and directly from product providers, particularly those who have been clients for many years.

By its very nature, diversification leads to increased paperwork and that is something many clients wish to avoid so the use of a platform has enabled us to achieve the same diversification while minimising that paperwork.

Secondly, but perhaps more importantly, clients seem to have a clearer understanding of what it is we are trying to do for them and can see how our service is made up from three distinct elements: advice as how to meet their objectives, for example the choice

of the most appropriate tax wrapper; risk profiling and asset allocation; and ongoing reviews.

Thirdly, clients appreciate the greater freedom afforded to them by the use of a platform with regard to their changing circumstances and objectives, particularly the ability to move between our pre-defined portfolios in an extremely cost effective manner.

i: How has this altered your business financials?

IJ: While we are only one year into our use of the platform, the change of emphasis within our own financial model has enabled us to significantly increase the ongoing remuneration received whilst freeing up valuable time which can be spent on business development.

i: What do you perceive as the impact on the long term value of your business?

IJ: I am sure that whilst typically renewal commission has been considered the benchmark by which advisory businesses have been valued, in the 'post RDR world' ongoing remuneration will only have a real commercial value where it is accompanied by a rigorous client review/service proposition. Without that it is all too easy for ongoing remuneration to move elsewhere should a client feel that the service offered falls short of the remuneration being generated.

On that basis, I would like to think that over the medium term, the use of a platform and the business efficiencies that affords us will enable us to build real, long-term value into the business. ●

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