

# Your business

Ian Patterson asks what divides success from failure in the advice arena

**F**or many financial services firms, the last few years have been pretty good. The stock market, until the middle of last year, had performed well since 2003, clients were happy to invest, house prices continued ever upwards and confidence all round was pretty good.

I'm sitting here in spring 2008 and somehow it doesn't feel like things are quite as good. At best, there are a number of uncertainties around which will ultimately filter through to the bottom line of many businesses. Inevitably for some, it could be a relatively difficult year. For others, 2008 will be a roaring success.

Why is this? Why the discrepancy between firms? There are likely to be a wide range of reasons for this but I'd be prepared to bet that those who will prosper do at least three things well.

## **1 They know the critical strengths of their business**

In a training and competence context, we tend to think of 'competence' in the context of individual people. Indeed, T&C asks us to assess the competence of individuals and provide support to help people develop. Any business is, after all, largely a collection of people, especially in a service industry or profession.

But we should look beyond this at the competence of the business as a whole – the 'business' is not only the individuals, but the systems and processes that they operate. Rarely is a business good at everything – the knack is to recognise what you are really good at, leverage this and play to your strongest suit. Your critical strengths are likely to be the things that your clients most value about the service you provide.

So what is your business particularly good at? The answer to this question represents your particular unique competitive advantage – what works for you won't necessarily work for the business next door. For those businesses which have not consciously considered this crucial question, the following assessment tool could

be a starting point. For those who have already devoted valuable time to considering this, it could stimulate useful further discussion to see what has changed.

## **2 They understand what clients value**

One of the few certainties with clients is that they will each want or expect different things from you – for some, it is the familiar face, the trusted adviser. For others, it is the expertise, price, convenience, reliability or ability to respond rapidly. In other words, value has to be seen through the eyes of the client.

An important element of TCF should be to develop an ongoing understanding of your clients. Among other things, this means that you know how well your clients understand the service they have received and what they like most about your service. This isn't rocket science – and your marketing, advice proposition and servicing should all be driven by this. It will also enable you to segment your client bank effectively so that solutions can be tailored.

## **3 The business is focussed on delivering what the client wants**

So far, I've suggested that you need to be clear about what makes your business profitable. It's then about making this happen and there are three key areas to focus on: people, process and systems. All three are interconnected, which means if you are weak in one area, the other two areas will suffer. Actions will often need to be identified in all three areas.

This might mean focusing on a small number of critical areas where you know you can make a big difference. For others, it may mean looking at 100 things and doing each just 1% better.

The old saying runs: "If you carry on doing what you've always done, you'll get what you've always got." The businesses that thrive in a more uncertain environment are the ones that recognise that what has made them successful to date may not be enough

make them successful in the future. They look closely at themselves, what their clients demand and look to build on what they do well. In a business environment where change continues apace, understanding what your business competencies are could be central to a profitable future.

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**Rank your business competences**

- 1 Attitude of staff to clients is welcoming ● ● ● ●
- 2 Attitude of staff to compliance / regulation ● ● ● ●
- 3 Staff knowledge - general background ● ● ● ●
- 4 Staff knowledge – specialised areas ● ● ● ●
- 5 Staff skills ● ● ● ●
- 6 CPD programmes actually help develop staff ● ● ● ●

- 7 Staff genuinely focus on the needs of the client ● ● ● ●
- 8 Client needs are identified / differential client service levels provided ● ● ● ●
- 9 We know who our most profitable clients are ● ● ● ●
- 10 We know who our most profitable clients should be ● ● ● ●
- 11 Profit from existing client relationships, e.g. repeat sales, multiple-sales ● ● ● ●
- 12 Effective marketing / regular communication with clients ● ● ● ●
- 13 Ability to respond quickly ● ● ● ●
- 14 Innovation, e.g. website, email newsletters ● ● ● ●
- 15 Client data base is effectively managed ● ● ● ●

- 16 Staff levels – do we have sufficient staff to trade as we would like? ● ● ● ●
- 17 We have the right people doing the right job ● ● ● ●
- 18 Physical resources are adequate, e.g. building, furniture, age of computers ● ● ● ●
- 19 Cash flow is managed effectively ● ● ● ●
- 20 Assets and borrowing are appropriate and support the business ● ● ● ●

- 21 Computer systems – accounts packages, fees ● ● ● ●
- 22 Computer systems – suitability letters, report writing ● ● ● ●
- 23 Computer systems – back-office, e.g. T&C, TCF, KPIs ● ● ● ●
- 24 Our service standards are clear and are followed ● ● ● ●

- 25 Compliance – meet FSA requirements and support business ● ● ● ●
- 26 T&C – meet FSA requirements and support business ● ● ● ●
- 27 Advisory process reflects client preference, i.e. how they like to be advised ● ● ● ●
- 28 TCF data is business focussed, clearly measured and acted on ● ● ● ●
- 29 Advice is reviewed effectively – in terms of procedures and quality of advice ● ● ● ●

- 30 There is a clear business plan and strategy ● ● ● ●
- 31 Management have the skills to drive desirable behaviours ● ● ● ●
- 32 Management have the time and processes to manage people effectively ● ● ● ●
- 33 Plans are monitored and reviewed ● ● ● ●
- 34 Responsibilities are clearly defined and are carried out by those most suited ● ● ● ●

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