

Refining your service proposition will help you clarify your approach to the provision of advice and enhance your relationships with clients, says **Ian Patterson**

## Strategies for success

**A**n impact of the Retail Distribution Review (RDR) is that many advisers will spend the next three years working to meet the level 4 exam standards. This is both necessary and important. But while this aspect of the RDR is pivotal, it is not the most demanding challenge for most advisers and firms. That is to define what your service is and how it adds value for a client.

There are some significant questions here. When you deal with a client, what do they value the most? Are clients clear what your service is and what it will cost? How do you define different service propositions? Under adviser charging, what will clients pay and for what?

One way to find answers to is to use the “4 Ps” of marketing: product (service), placement, promotion and price. From the client’s perspective, these translate into a solution to their problem, access to the service, the information they receive and the perceived value. Under each heading, you should explore:

### Product

*Your service - or what the client sees as the solution to their needs*

- What do we provide to clients?
- How do we differentiate our service to reflect different client needs?
- What does our ideal client look like?
- What makes us different from other firms? What are we good at?
- Why should clients use our services?
- What are core services and add-ons?

### Promotion

*How you communicate with clients*

- What does our ‘brand’ say to clients? How do we promote our service?
- Does it really reflect what we do?
- How do we position our services clearly with clients, e.g. ‘this is the ABC adviser experience’, a case study or a story board?

### Placement

*How you make your service available, or how the client accesses it*

- How do we deliver advice – face to face, telephone, web-based?
- How do we deliver ongoing service – on-line, face-to-face, written reports etc
- What should ongoing service look like?
- What are our service standards?

### Price

*How you charge for your service, or what value do clients place on your advice?*

- What charging method(s) best supports our proposition?
- Is it fair and transparent?
- Which are our most profitable clients and why?
- What level of income do we need to generate from a typical client?
- How do we demonstrate value?
- How should we charge, e.g. funds under management, monthly retainer?

All these areas need to be looked at. For example, look at your product or service. Are you execution-only, simplified advice (as defined by RDR), holistic advice, restricted advice, specialist advice, transactional or relationship-based or wealth management?

In future clients will only pay for a service if they are clear about what they are getting and perceive its value. If you offer a transactional sale, don’t expect a client to pay over the odds. If your ongoing service is sporadic or limited, why should someone pay high recurring fees? The 4 Ps of marketing will clarify your service.

It’s a misnomer that RDR is about exams; it’s about raising professional standards. So, putting exams to one side, what does enhanced professionalism look like? Here is what an adviser might want to add to their CPD this year.

- It is one thing to be clear about your

offering, but it is another having the skills to position adviser charging to clients clearly, succinctly and confidently.

- Should the business be offering a wider or a narrower (but deeper) range of planning solutions? What knowledge does the adviser need to develop or expand?
- The advice process is also evolving. For some, this means a deliberate and increased focusing on the client’s non-financial goals and values. This requires questioning skills more closely related to the business coach than the planner.
- For others, financial planning includes cash-flow forecasting, stochastic modelling and asset allocation. If these are likely to form part of your advice process, you will need to develop the knowledge of these processes and the skills to use them in a way that adds value to the client.

Two things are clear. The days of the two-call transactional model (where the adviser is remunerated by commission if the sale is made) are numbered. Many advisers will need to up their game with their skills, as well as working on exams.

Secondly, it is clear the costs associated with the advice process will increase. Businesses could just accept this as a hit on the bottom line or pass it on to clients. As neither of these options sounds attractive, the only option is to revisit the business model and ensure that costs are recouped by having more effective advisers. The challenge for businesses is to shape how this should happen. **rs**

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