

RDR is introducing some of the biggest changes ever to face the industry. **Ian Patterson** shares his thoughts on what actions supervisors should take in the run up to 2013

How to encourage RDR buy-in

Many businesses will find preparing their people for the retail distribution review (RDR), and prospering from it, to be a challenge. One of the key factors influencing this will be the skills and actions of supervisors. There are two important, and interrelated, questions a supervisor should consider. Firstly, how do you add value? And secondly, what action should you take to ensure the business and the advisers are ready for RDR?

Here is a five-point plan outlining some of the key recurring issues for firms along with some tips on how to resolve these issues and key questions to ask yourself.

1. Help every adviser up to achieve the Level 4 exam. This is well underway in most firms, but not all. The breadth and depth of each diploma module means those that have not yet started, should do so soon.

Tips:

- Recognise that for most, it is not how much revision is undertaken, but how effective the study is. Just reading the study text works for some but for others, audio material and/or practice questions work best.
- Book the exam date first – you might not get the date you would like and a deadline provides focus for the study.
- Do not just rely on the accumulated knowledge from your day job. Level 4 exams have a broad syllabus and almost everybody will need to prepare and study.

2. Identify the skills your advisers will need post RDR. For some, RDR will mean little change; for others it could be a

transformation. What will they need to be able to do (or do better) to survive in a world of adviser charging, restricted or unbiased and unrestricted advice? What do more professional advisory skills actually look like in your firm?

Tips:

- Start planning this now if you have not already done so. Will supervision need to be stepped up and if so, with whom and how?
- The role of any regulator is to establish a minimum standard. What does going the extra mile mean in your organisation?

3. How will you measure performance post-RDR? Think how key performance indicators should change to reflect the new regime. For example, if your firm still records NTUs (not taken-ups), consider how well this fits into a post-RDR world.

Tips:

- Behind every informed business decision is relevant business-critical management information. All information will tell you something so the knack is to distil this down to just the critical information. If you could only choose six pieces of information to do this, what would they be?
- Why not include client satisfaction ratings in the way you monitor adviser performance, or more service-based indicators?

4. Start developing the skills of your advisers. It is not just about monitoring so use observations and coaching to approach this on an individual basis.

Tips:

- Amend your observation form (which should show both compliance and client-facing behaviours) to reflect the changes. This provides a benchmark for assessing skills and for providing subsequent coaching.
- Undertake joint visits/observations to check and develop these skills, and to ensure the adviser is confident. Remember, even the Financial Services Authority (FSA) wants to see more of this.
- Use coaching to motivate people – catch people doing things right.

5. Gap filling and CPD. Remember that even if you have the Level 4 exams, you may not have met the FSA requirements. This applies particularly to people who have some or all of their credits from the JO or AFPC exams where the syllabus is some way off the FSA's requirements published in June 2010.

Tips:

- Use the CII gap filling tool to identify your gaps: www.gapfill.cii.co.uk.
- Do not leave it too late (the gap is likely to be larger than you think) and remember to properly evidence any resulting CPD.
- From 2013, FSA T&C rules will require a minimum of 35 hours' CPD, of which 21 hours will need to be structured. Why not get into the habit of structured CPD now?

I have focused here on the key T&C-related elements of the supervisors' role. The process and skills necessary to communicate and manage people through change are another story. So are the many advisers who already have the Level 4 exams and are progressing beyond the minimum to achieve Chartered status.

I have been involved in the industry for 30 years and in T&C since its inception in 1993. RDR is a major change, but it is only the latest in a series the industry has been through. Experience tells us that most people will buy into something and prosper if they can see what is in it for them. If there is a lack of direction or buy-in within your business, perhaps this is telling you something you should not ignore. **FS**

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