

FIN THE GAP D and create value

“Find the gap!” This was the message to independent financial advisors at the recent Masthead Professional Development Days across the country, during which various speakers highlighted how to find the gap to create maximum value for advice practices and clients.

“We see the gaps,” said Masthead’s Andre le Roux. “Advisors need to take into account that clients are saving less, don’t have a financial plan and can’t retire financially secure. Advisors should also focus on brick-walling clients and creating further efficiencies in their practices.”

Mindset of leaders

“To build capital value in a practice takes the right mindset,” said Ian Middleton, Masthead managing director. “It is about leadership. Advisors who build value show an entrepreneurial spirit as well as a sense of mission. They lead from the front, build a fanatical team of support staff and apply world class technologies in their practices to create value.”

Of the advisors who had registered with Masthead to buy or sell a practice, Middleton noted that only 71% have a customer relationship management system in place, 52% have a segmented client base, 33% have a customer value proposition and 29% have a customer review process. These statistics indicate “the significant gaps that exist in many practices and therefore the huge opportunities to build value”.

Beyond the ordinary

Masthead’s product partners Liberty, Sanlam and Old Mutual, as well as the FSB, also addressed advisors on the topic. According to Liberty, advisors should identify and implement one noteworthy factor that sets them apart. They should also surpass client expectations by going the extra mile.

Old Mutual identified various gaps around the customer value proposition (CVP). Advisors need to align their offering with what clients want. They should consider how they articulate their CVP, how they can attract clients to their practice and how they can remain fit for the future given the anticipated legislation changes.

Finding the right fit

Sanlam spoke about how complex ‘new generation’ financial products have resulted in ongoing mis-selling due to lack of product understanding.





The question was raised whether advisors are offering clients the right insurance for their age, occupational needs and future insurability. The importance of income protection, as well as appropriate dread disease cover taking affordability into account, was highlighted.

According to Sanlam, advisors should recognise the gap when clients are deemed uninsurable and find alternatives for these clients, even requesting a suitable product from an underwriter.

A culture shift

Jonathan Dixon, deputy executive officer of the FSB's insurance division, elaborated on Treating Customers Fairly (TCF). TCF seeks to elevate the fair treatment of consumers on the agendas of financial institutions by changing the way product providers and advisors conduct business. According to the FSB, this will see a shift from a tick-box approach to a new culture of providing a balanced representation of the facts.

In the roll-out phase, the FSB will provide an assessment tool to evaluate how deeply TCF is embedded in a financial service provider's culture. A road map of this regulation will be available by the end of 2010.

Record numbers

During the events, advisors could network with 18 of Masthead's product partners and suppliers at the accompanying trade fair - a record participation of industry-related exhibitors at the Masthead event.

The annual Masthead Professional Development Days emphasise Masthead's ongoing commitment to support independent advisors and continue to draw significant numbers of members. "Advisors recognise the value of these events, the importance of remaining abreast of industry developments, as well as enjoy the opportunity to interact with others in the industry," says Middleton.

