

FIND THE GAP AND CREATE VALUE



Find the gap, independent financial advisers were told at the recent Masthead Professional Development Days across the country as various speakers highlighted how to do so to create maximum value for advice practices and customers.

"We see the gaps," said Masthead's Andre le Roux, in his opening address. "Advisers need to take into account that customers are saving less, don't have a financial plan and can't retire in a financially sound state." Advisers should also focus on brick-wall clients and creating further efficiencies in their practices.

"To build capital value in a practice takes the right mindset," said Ian Middleton,

Masthead managing director. "It is about leadership. Advisers 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 Advisers who had registered with Masthead to buy or sell a practice, Middleton noted that only 71 per cent have a customer relationship management system in place, 52 per cent have a segmented client base, 33 per cent have a customer value proposition and 29 per cent have a customer review process. These statistics indicate the significant gaps that exist in many practices and therefore there is huge opportunity to build value.



Speakers from Masthead's product partners Liberty, Sanlam and Old Mutual, as well as the FSB, addressed advisers on the topic. According to Liberty, advisers should identify and put into practice one noteworthy factor that sets them apart from competitors. They should also surpass customer expectations by going the extra mile and doing something for clients beyond their call of duty.

Old Mutual identified various gaps around the customer value proposition (CVP). Advisers need to align what they offer with what customers want. They should consider how they articulate their CVP, how they can attract customers to their practice and how they can remain fit for the future in light of anticipated legislation changes.

Sanlam spoke about how new-generation financial products with their complex definitions and designs, which were launched in 2000, have resulted in ongoing mis-selling due to lack of product understanding. According to reports from the ombudsman, 51 per cent and 54 per cent of complaints were about mis-selling products in 2005 and 2009 respectively.

The question was also raised about whether advisers are offering clients the right insurance for their age, occupational needs and for future insurability. The importance of income protection for clients was highlighted, and it was noted that dread disease cover should be offered more appropriately, taking affordability into account.

According to Sanlam, advisers should recognise the gap when clients are deemed uninsurable and find other relevant products for these clients, even if it means requesting a suitable product from an underwriter.

Jonathan Dixon, deputy executive officer of the FSB's insurance division, introduced and elaborated on Treating Customers Fairly (TCF), the regulator's biggest initiative in recent years. TCF seeks to elevate the fair treatment of consumers on the agendas of financial institutions by changing the way product providers and advisers 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.

During the event, advisers were able to network with Masthead's product partners and suppliers

at the accompanying trade fair which had a record number of 18 industry-related exhibitors this year.

The annual Masthead Professional Development Days continue to draw significant numbers of members. "Advisers 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," said Middleton. These events emphasise Masthead's ongoing commitment to support independent advisers.

To find out how to join Masthead, please contact a Masthead consultant in your region, or visit www.masthead.co.za.



Duncan Fraser (Masthead member) and Ian Middleton (Masthead MD)



Richard Mulholland (Liberty's speaker)



Danie van Niekerk, Lisa Mulock-Houwer, Tracey Ricardo, Nomsa Nkuta and Erika Geldenhuys (Masthead staff)



Donovan Walls (Masthead member), Quinton Kotze (Chartis), Quinton Quait and Warren Carless (Masthead members)

