

# Are we nearly there yet?

**Carl Redfern.** Director, Redland Business Solutions takes a look at the journey IFA firms are facing en route to 'destination RDR'



A man in a traffic jam winds down a window and asks a passer-by, "How do I get to 'destination RDR'?" He receives the answer, "Well, I wouldn't start from here, that's for sure!"

For many firms, the RDR process will be like that.

It is now starting to become clearer where companies need to get to, but they are not necessarily in the best place from which to start.

However, what is certain is that if firms have not yet started the journey, then they are in danger of arriving too late. Take the Professional Standards requirements for example; advisers need to achieve the new QCF level 4 qualification threshold by the end of 2012. It is predicted that this will take some 370 hours of study – no small undertaking for advisers who already have a full time job. Worryingly, the pass-rate for some companies and networks is typically not high – in some subjects, it may even be less than 50%. If companies work out how many exams their advisers need to pass by the deadline and then factor in the average pass-rate, they may find that they get a scary answer about how many will pass the qualifications in time.

It is alarming to discover then, in a recent PAA Leads study, that 18% of firms say they are waiting until 2012 to get ready, while another 62% are planning to make the changes in the next

year. We worry that many may be potentially starting very late, though some seem to be holding back for more clarification from the FSA/FSSC/OfQual on the final syllabus – despite the ‘no regrets’ provision.

We suspect that most monthly management meetings held over the next few years (through to end of 2012) will be expecting to review a report covering RDR progress. Indeed, it is likely that most Managing Directors (or CEOs) and Heads of Compliance will be more persistent than the average five year old in the back seat of the car, demanding ‘*are we nearly there yet*’...

The challenge for T&C teams, therefore, is magnified significantly. Not only do they have to manage the transition to the new qualification - working out in detail where all of their advisers and staff are currently starting from and then plan their individual study schedules (journeys), but they also need to be able to confidently measure progress and report on it accordingly. Ultimately, firms need to be able to quickly and efficiently evidence their Advisers’ compliance with the RDR standards in order to allow them to continue to trade.

As with the persistent five year old, the next question in the management meeting after ‘are we nearly there yet?’ is likely to be ‘how much longer before we get there?’ Projecting an answer to such questions, including assessing the risks with any certainty is going to be akin to trying to read a crumpled map with one hand, whilst trying to drive through London in the rush hour.

As companies construct detailed plans to prepare for the RDR deadline and embark on delivering them, it is worth thinking hard – in advance – about how to measure and monitor the progress and risks from the outset. MI reporting should also be able to project what is left to complete along with some confidence in predicting whether things are on

track to get to where you want to be and whether you will be on time.

The electronic systems or paper process (paper files, spreadsheets, or electronic T&C records) for recording where each adviser is starting from or underway in terms of current qualifications, current CPD, current training or self-study, all needs to be robust enough to efficiently measure and report on progress.

- Which route are staff adopting – do they study for current qualifications or wait for new (later this year)?
- Have they started the required study?
- Are places booked on examination sittings?
- Are any re-sits that may be required planned into the schedule?
- Are CPD requirements being met?
- Can companies record and monitor the new structured CPD process or the ‘Gap Fill’ CPD process when it is defined?
- Is everyone doing what they need to be doing to get ready?

Ultimately, it will be each individual’s responsibility to prepare themselves and put in the necessary time and effort. However, the senior management team in each business will look to the T&C staff to manage the process and deliver the organisation to ‘destination RDR’ on time – with minimum cost and minimum disruption.

In reality, organisations need to provide their advisers with RDR ‘Satellite Navigation’ - a road map guiding them through the maze of subjects to achieve the qualifications. Moreover, they need personal support to ensure they can follow the map correctly.

It might be a good time to adopt a higher degree of automation in the T&C process – up to now, IT solutions have been a little thin on the ground. However, that has changed and with the prospect of having to manage and control a wide range of

knowledge, skills and experience coupled with an ever-increasing level of examination complexity, technology can offer an essential timesaving and risk management solution.

## “ Organisations need to provide their advisers with RDR ‘Satellite Navigation’ ”

Meanwhile, back in the management ‘car’, providing the answer ‘be quiet in the back, I’ve got my hands full driving!’ is simply not going to cut it.

Management teams will have to be prepared to answer the questions ‘are we nearly there yet?’, and ‘when will we arrive?’ clearly and confidently, without spending all of their time compiling reports and collecting data; (they are going to be too busy for that!) The phrase ‘fail to prepare – prepare to fail’ is especially relevant to plan effectively and have systems in place to automate and track progress - Information Technology will need to be at the heart of this approach.

If we plan our route in advance, set off in good time and take notice of the sat nav, we might even have time to stop for a ‘comfort break’!