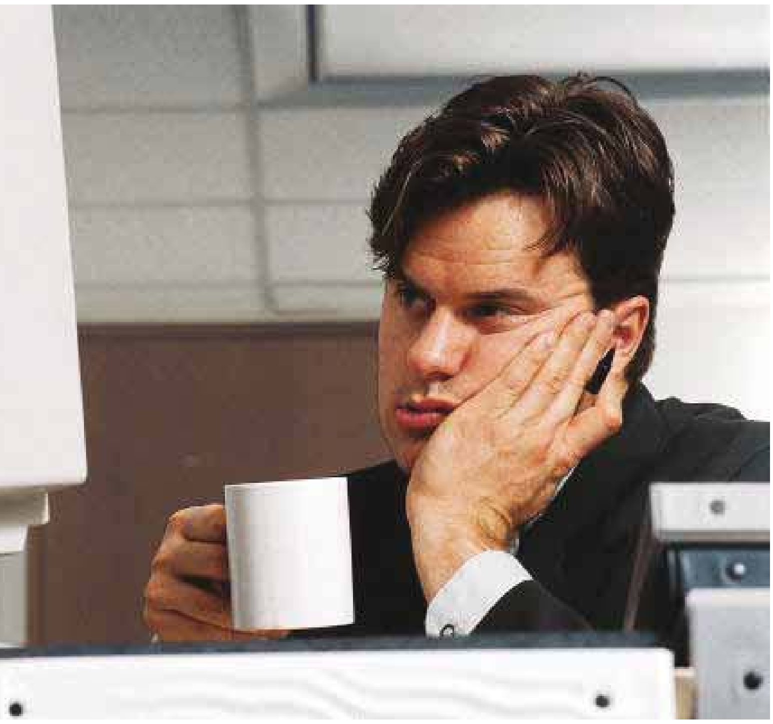
Joining the dots to create a better picture

Redland Business Solutions look at the need to be able to consider the overall competence picture

The recent Treasury Select Committee (TSC) grilling of the FSA over its plans of Retail Distribution Review (RDR) appears to have left the existing plans and importantly timescales for RDR intact. The FSA was resilient in its defence despite some outspoken Members of Parliament tackling the big issues head on.

If people were in any doubt, or expressing wishful thinking that the RDR deadline would be moved from the end of 2012, those doubts should now be well and truly extinguished. Advisers have 21 months to complete their studies and pass the level 4 qualification. Many of those that watched the committee hearing will have taken note of the comments, body language and 'knowing expressions' from Hector Sants with regards whether the mandatory level of qualification is likely to rise further post RDR – possibly to Level 6.



The FSA certainly did not get an easy ride from the TSC and the Conservative MP Mark Garnier challenged the value of increased qualifications, asking whether it simply leads to having better qualified crooks. Whilst it is fair to challenge the value of increasing qualifications, we should be careful to not dismiss that they can have a role in helping to improve the competence of advisers and thus benefit their customers.

His statement was deliberately provocative but does raise the issue that distribution firms do need to ensure that Adviser development does not become solely focused on passing QCF qualifications. The exams may prove knowledge but they usually fail to test the softer skills that are needed to become a successful adviser and it remains good business sense for firms to ensure that advisers have all the necessary skills, including good communication skills, good people skills, good sales and marketing skills. It is also fair to say that not everyone performs well in formal examinations and there is concern that some of the more mature advisers should be given an alternative. The CII has worked with the FSA to launch workplace assessments which may be an attractive option for those who struggle with formal examinations, but the FSA says that it is having problems getting personnel to carry out such assessments and insists they are not likely to be less demanding an assessment of knowledge held by the adviser.

Training and Competence schemes need to ensure development plans are in place to produce well rounded, highly skilled and knowledge advisers. Schemes will need to include a variety of development techniques. Traditional class room training, remote reading of relevant texts, computer based training (CBT) and testing all play a part. Importantly, accompanied calls, one to one reviews, peer to peer discussions and attendance at industry events also have a vital role to play. After all, as with a doctor, the role of an adviser is more than academic and a balance of learning and assessment needs to be applied.

Inputs to the development plans should not simply come from the standard set of development plans promoted by industry bodies or central Human Resources departments. Plans need to be tailored to the individual and should be fed from the output of other processes being performed by the business. Case checking results will highlight development needs and the same will be true of customer complaint reviews. These days customers should be surveyed about their experience with the adviser and firm and these survey results can show strengths and weaknesses, not just knowledge gaps but skill shortfalls too.

Training and Competence systems can and should also feed other systems within the business. For example, the qualifications of an adviser can dictate the percentage of cases that are reviewed by the case checking process.

The FSA also has its own reporting requirements coming into force with effect from July 2011 as it seeks to build up an adviser data base. Initially, the data will capture information such as alerts about concerns and 'issues' to do with an adviser. These alerts can be from firms or independent whistle blowing and eventually may be from the accredited bodies. Along with other data, the aim is to enable the FSA to identify the highest risk advisers.

The full reporting requirements come into force from December 2012 with data that will cover the individual reference number, the adviser qualification status and the accrediting body. Akin to a 'Competence and Conduct Reporting Record' the data will build a picture of the adviser over time that can cover historical employment positions and be used by the regulator to assess risk of customer detriment and potentially prompt remedial action to be taken. Firms that are not using effective techniques to track competence and ethics have a very short period left to start putting systems and processes in place.

The FSA is going to use the information on Advisers to support its risk based approach to supervision. The FSA is 'Joining the dots' between information on advisers and risk based supervision and large distributors should be aiming to do the same.

For those Training and Competence schemes that still operate in a manual world, managing multiple development activities and revising these in real time according to the output of other processes is virtually impossible. Rarely is the need for automation more clearly identifiable than in the increasingly complex and interdependent Training and Competence environment that exists today.

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Through Technology firms can:

- ❏ Build consistent development tracks to start building individual adviser's personal development plans
- ❏ Change and adapt each adviser's plan to reflect their specific needs
- ❏ Incorporate input from other parts of the businesses activities to manage quality and risk
- ❏ Generate real time Management Information (MI) to help supervisors proactively manage their teams
- ❏ Drive the development plans through the use of e-mail alerts and reminders to ensure the adviser understands the task assigned to them and the timescales in which they need to complete them

Any firm looking to develop and manage its advisers effectively needs to consider not simply automating their T&C process but also joining the interdependent processes within the organisation. By implementing a joined-up approach, a proactive T&C system can be built that isn't simply about compliance but is focused on the development of employees in a way that will improve business practice and customer satisfaction.