

What are your T&C goals?

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Joel Turland, managing director of T&C software supplier Redland, explains the importance of having good training and competency schemes in place.

A lot of management time and press attention has been given to the challenges of obtaining the professional qualifications necessary to operate post-2012. However, care should be taken that obtaining professional qualifications, while a key objective of RDR, does not become the end game.

A new era

RDR represents the beginning of a new era of maintaining and evidencing higher standards of competency. A focus on qualifications alone is not the same thing as building a robust competency framework for improving and maintaining standards. Good training and competency (T&C) schemes develop individuals but a well executed T&C scheme will also help to deliver wider business successes and manage the associated operational risks.

With so much change affecting our industry, including new platforms, charging styles, products, business models and customer relationships, the technical knowledge of advisers should probably be the least of our worries.

Without the training and skills to correctly operate a wrap or convincingly sell the value of a fee-based service to customers, advisers will fail to thrive in the new world just as certainly as if they had not passed their exams. Indeed, from a firm's perspective, the passing of exams denotes little other than a minimum level of knowledge which most advisers, based on experience, have been operating at for years.

It is the application of that knowledge, coupled with the firm's good practices and the adviser's skills that will provide the customer, adviser and firm with the outcomes they need. Well written and efficiently operated T&C schemes manage risks, increase sales and mitigate operating costs; three outcomes probably near the top of most firms' strategic objectives.

Operating a T&C scheme has been a key requirement of the financial services industry for many years, long before RDR was conceived, and on the face of it every firm is already operating something similar.

The key activities within most T&C schemes have not changed greatly and vary little from firm to firm. There is knowledge to be acquired, licenses to authorise, accompanied visits to undertake, CPD activity to complete, and one-to-one sessions with supervisors to be carried out. Yet the differences between a well-run scheme and one that pays lip service to these tasks are all in the detail of the operation.

If the running of your T&C scheme is labour intensive, paper heavy, disruptive to business and appears to do little other than tick boxes for audit purposes, it is easy to see why it is considered a regulatory burden and drain on resources. But if T&C activities are clearly aimed at developing skills that help with sales and customer satisfaction, easy to understand and administer and provide clear and visible improvements in individual's performance, then they will be seen in a different light.

One issue is that these activities are often instigated and recorded in paper-based solutions. For firms of any size, this makes monitoring the progress of its advisers cumbersome, time consuming and costly and the ability to get a holistic view of competence across the whole firm in a simple, accurate, up-to-date and concise manner often does not exist.

Electronic T&C systems

The ability of advisers to give (and be perceived to give) good advice to clients should be a key objective of any distributor firm. It should be monitored and reviewed at a macro level (how many advisers are at a particular level of competence?) as well as a micro level (does a specific adviser have specific development needs in some areas?). The traditional routes of judging the characteristics of advisers through qualifications and accompanied visits are still relevant but should be complemented with other information on activity and developmental progress.

Electronic T&C systems dynamically identify these development needs across the firm and for individuals, immediately that they occur. This provides managers and supervisors with opportunities to take appropriate action. The system then rapidly feeds back the results.

A specialised T&C system will ensure effective management of all aspects of the individual's development, in line with the policy and objectives of the firm. The requirement is much more than just using computer-based training (CBT) and electronic testing to pass exams. Rather it is about the collection and collation of information on competence from multiple sources; collaborative building of development plans between adviser and supervisor; storing, monitoring and driving activity to achieve these plans effectively; analysing the results of activity and providing clear efficient feedback; and monitoring the risk associated with the competence of an advice service and proactively addressing issues as they arise.

The most important asset of any financial services firm is its people. The measurement, management and development of that asset must be key to its success - keeping it above the bar.