

## First mover advantage to Scottish Provident (QUOD) - Money Marketing – January 2005

When Scottish Provident created Self Assurance they set the benchmark for all providers of protection (old & new) to aspire too. Their efforts culminated for all to see when, in the Swiss Re 1998 annual report they were shown to have become the biggest term provider in the UK. This was no mean feat when you consider they had written annual premium business during the year of a little over £37.5 million, some 20% higher than the mighty HSBC who were in second place.

So what did Scot Prov get it so right and what elements of their proposition ensured their success? Over the years I have spoken to many of those that worked at Scot Prov during this time, some of them worked on product, some in service and others in sales (or distribution as it is known today). They all have slightly different takes on which, of all the ingredients that went into the mix, made them so successful. To establish some facts lets have a look at what they did.

When it comes to product there is no doubt they raised the bar of expectation. There isn't a protection expert I know who wouldn't agree that their products, benefits (risks covered) and options for the customers met just about every set of personal circumstances the advisers of their day could imagine their customers needing. However, whilst adviser's expectations, as far as product benefits are concerned, have been raised, today's 'mass' market relies heavily on mortgage advisers for sales, many of whom are not enthusiastic about PHI (IPB), and frankly do not want to discuss the ins and outs of the 10 or so additional medical conditions covered by product provider A's CI policy when compared to Policy Provider B's policy. Some do I grant, but many don't and I am therefore of the opinion that this degree of product development can win you friends and of course many prestigious awards, yet it probably represents only a small part of the success they experienced.

The degree of flexibility, demanded by the Scot Prov product gurus, created their own problems, in particular how to quote. It was a fact that the way in which the product could be made to fit the customer's circumstances so neatly, meant that it didn't fit the late 1990's version of the eXchange's all market, all providers quote utility. The solution therefore was that Scot Prov would have to provide its' own quotation solution which they did, on disc (and later via the web). The quotations disc, imaginatively entitled QUOD (Quotations On Disc), was a great idea, but getting advisers to use it in the first place was going to be, in anybody's language, difficult. However, if successful, the dividends would ultimately be huge, not simply because once you created a habit of using QUOD it would be difficult for others to break, but also you effectively remove the competition from view, QUOD only ever quotes/quoted Scot Prov. So determined and effective was Scot Prov's effort that even today I meet advisers who describe themselves as independent and yet do little more than turn to QUOD for all things protection.

The benefits that came with QUOD, once installed and instilled, cannot be underestimated. However, no one has truly ever succeeded in replicating it's success which I put down to two things; firstly changing the habits of advisers, as I said above, is never easy and secondly because they were first, they benefited from the 'first mover advantage' and whilst an adviser may invest the time necessary to use one quote disc proficiently, two or three discs all looking and acting a little differently is another matter entirely.

Finally, when it came to distribution Scot Prov's focus meant they saw two things others didn't. The first was that the mish-mash of regulator and regulatory carve ups had resulted in an important means of distribution (non-reg advisers) being left out in the cold by the majority, and secondly these people were as interested in alternative commission styles (2 year claw back) as they were by absolute amounts. A few tweaks to the systems, one waiver from the regulator later and all things were in place for a great success story.

I finish however with a cautionary note to other providers, many have copied parts of Scot Prov, some have even tried to build new version yet this is to completely misunderstand what the people at Scot Prov did, during all developments they looked forward not backwards or sideways.

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