

The problems with problems – Money Marketing – August 2005

This protection market of ours is beset by problems; you only have to read 'the pinks' to understand all the sales, service and product problems we are attempting to deal with as an industry.

In my experience one of the main problems with problems is the way that most organisations set about trying to deal with them. Financial Services businesses typically start by gathering the views and opinions of experienced industry people, move on to customer focus groups (valuing 'the view of a few' as if it were the entire population) and finally arrange for large numbers of employees to meet and discuss the findings, the conclusions from which are usually about as innovative as the process. All very introverted isn't it! And that is the issue, it doesn't seem to matter how many times businesses attempt to find the opportunities masked by problems, few truly fulfil the potential that addressing problems should provide.

The clue to where it is all going wrong lies in the words of Albert Einstein, he said "Problems cannot be solved by thinking within the framework in which they were created". Nowadays people call that 'thinking outside of the box' or 'lateral thinking' however few people really know what these terms mean and even fewer know how to achieve such thinking. It is a fact that most people's brains are just too experienced in approaching problems in a particular way and so every problem they confront is addressed in the same or similar fashion. This 'problem with problems' occurs in many other industries involved in manufacturing and distribution. They too struggle with 'experienced brains' which in turn leads to less and less innovation, less differentiation, increasing commoditisation, where scale inevitably becomes the only real means left to unlock profits.

If our market is to break this downward spiral into commoditisation and scale being all important we need a different approach to finding our opportunities and as businesses our differentiation.

One practical application of Albert's advice would be to take our problems, consider them within a different context (market or industry) gaining fresh insight which we then use as a basis for development.

By way of example it is the case that many sales managers of face-to-face advisers struggle with the business and compliance implications when addressing the twin problems of improving sales penetration and ensuring consistency of advice across their advisers. Sounds like it should be easy but in truth it is akin to 'herding cats'. Near impossible.

So to address the problem let's take a lateral step into another market, which has some parallels with financial advice but is sufficiently removed from our own industry to have evolved differently. Tailoring.

In the past men would walk into a tailor, examine the cloth available and the price per yard. If satisfied they would have the tailor, tailor a suit for them. The suit would of course be the closest clothes could get to being a perfect fit.

Today very few people buy their suits in this way. We have a mass market for suits and so companies mass produce them. They make them in all shapes and sizes, customers simply try a number of suits on in their price range, preferred colours and styles until they find one that fits well enough. As customers we can do this without the salesman if we are confident and experienced or with him if we value his input and knowledge.

In the future we will have our contours mapped by a human operated machine. We will use this information to shop for clothes viewing the fit (and budget) before committing to buy. The whole process will make buying easier and less time consuming (anytime and anyplace where there is a broadband connection) which should lead to greater satisfaction with the things we buy, less returns, no stock overruns and improving margins and/or pricing.

Now, I can't tell you yet how this context or perspective has helped my firm to attain a fresh and unique insight in the tools we can develop for protection advisers and their sales managers. For that you will just have to 'watch this space', in the meantime don't just take my advice – take Albert's.

By Richard Verdin, Sales & Marketing Director, Direct Life & Pension Services Ltd