

On the ropes – Money Marketing – May 2009

I once attended a day's training focused on The Importance of Planning. As an ice breaker we were told the cautionary tale of a roofer who, not wishing to carry 500 pounds of shingle down a ladder by hand at the end of a job, loaded said shingle into a metal barrel, attached it to a pulley positioned atop his scaffolding and released the rope from the ground.

Since the chap only weighed 135 pounds and was still holding the rope, physics took over and he sustained a fractured skull and collar bone (when he met the barrel on his way up), broken ankles and three cracked vertebrae (when he met the barrel on his return journey and landed on the newly deposited pile of shingle).

We all agreed, as I am sure you do now, that proper planning is vital to the ongoing success of any business. This is never truer than the marketplace we find ourselves in presently, and so I have been somewhat surprised with the reaction of many IFAs and industry commentators to Aviva's recent announcements, regarding its intention to grow its direct sales force in order to plug the gap they believe will be left by the exodus of IFA firms in the wake of the RDR.

Obviously at the moment none of us know the full extent of the final draft of the review, and many disagree with Aviva's somewhat apocalyptic prediction that more than 50% of IFAs will disappear in the post RDR world, but one can hardly be surprised or indignant that, given this expectancy, Aviva are making preparations to capitalise and continue their success.

Although presently Protection falls outside of the scope of the RDR, firms in our sector are also taking steps to prepare their business for the future; Bright Grey recently released their first direct to consumer offering, aimed at customers purchasing Protection without help from an adviser, while LifeSearch launched their Get Life Right website, which allows clients to buy a range of Protection benefits online, as a supplement to their existing telephone advice proposition.

Aviva also needs to expand its internal sales team, it says, to service the 2.7 million so called "orphan" clients whom it believes are no longer in contact with their broker. Clearly Protection clients fall into this group too, so, to put it bluntly – if you have sold one of your clients a Norwich Union product, make sure you are in regular contact with them or risk future business being transacted direct with the insurer. Standard practice surely for any IFA?

The facts are that Protection sales in particular are holding up well despite the financial doldrums, more and more customers are finding their needs are met without feeling the need for independent advice.

Every advice firm now needs to prepare properly for a changing retail landscape, as Aviva and others are doing. Otherwise they too could find themselves holding a fast accelerating rope, at the end of which awaits an uncomfortable landing.

By Phil Jeynes, Key Account Manager