This guide builds upon the introductory guide in this series, *Building a successful fee-based advice practice*, delving further into the topic of *keeping your promises*. 

**Value creation**

- A valuable business
- Achieving profitable growth
- Ensuring client loyalty
- Defining a compelling client promise
- Keeping your promise
- Aligning your people
Why keep your promise?

Keeping the promises you make is the simplest way of earning long term trust with your clients. This in turn helps to ensure they remain happy to pay your fees for service for many years to come – the basis of long-term profitability. This guide discusses the importance of your processes in making sure you keep your promise.
Promises and business value

In other guides in this series we discussed how building a successful fee-based advice practice rests on making a compelling client promise that you are able to keep. Doing so builds trust and loyalty, which in turn builds a profitable client base, which is the source of your business value.

Seeking flawless delivery

Not so long ago, you could build a successful financial advice business if you did the majority of things right. But in today’s competitive world, your delivery needs to be flawless if you are to meet your promise to clients, retain their loyalty and keep your business safe.

Remember, your brand is not what you say about yourself in your firm’s brochure or website, or even what you hope your customers think about you. Your brand is based on what your customers actually experience. Your actions speak louder than words.

This guide explores how to achieve the high-quality robust processes required to deliver a flawless experience for your clients.
In a dynamic, client-focused environment, process sometimes gets forgotten. Many think of it only after the sale or as a necessary evil. Some advisers thoroughly enjoy engaging with clients but dread the ‘admin’ that follows. However, flawless delivery relies on robust processes.
The importance of process

In other guides in this series we explore the critical nature of having a consistent, repeatable experience for every client, regardless of which adviser they use. This ensures that your clients feel safe in the knowledge that their plans and aspirations will endure, regardless of staff changes in the business. ‘Systemising’ this experience relies on having a robust set of processes to support it. You shouldn’t leave your client promise, or your client experience, to chance.

Work ‘on’ your business

Spending time ‘on’ your business and not just ‘in’ it, by developing good processes can generate a number of key advantages:

- Allows you to work out the best way to reach you and your client’s goals.
- Serves as benchmarks of ‘best practice’, allowing you to measure your delivery against them.
- Helps control business and regulatory risk by reducing the chances of financial or reputational damage.
- Identifies waste which can help reduce costs and increase profitability.
- Helps your people understand their role in delivering your client promise.

Engage your people

Before embarking on process change, you will need to ensure that everyone in the business understands why and that you bring them along with you. See the next guide in this series, *Aligning your people*, which explores this topic further.

You should engage with every one of your people to help answer the following questions:

Q. What do we do well?
Q. What lets us down?
Q. What do our clients think of us?
Q. Do we deliver what we promise to clients?
Q. What do we need to change?
Improving client outcomes

The point of the exercise is ensuring that you continually improve the outcome for your clients. Effective process management involves everyone in the firm understanding the central importance of generating consistent and even delightful client outcomes, and how to achieve them.

Engaging with all of your people also helps you to leverage the talents and knowledge of those most familiar with the inner workings of your firm, putting them in a position to influence positive change.

Using checklists

Successful firms are increasingly aware of the use of process checklists to reduce risk and improve the client experience. This has grown as a result of books outlining the importance of critical task checklists in several high-risk activities, such as surgery, aviation or high-risk construction projects.

You can clearly see the benefits in life-or-death situations, but you can also apply the same principles in business-critical situations.

Checklist example: going on holiday

We like to think the process is flexible and chosen, but it actually follows a fairly straightforward checklist process that looks something like this

1. Book holiday online
2. Check in online
3. Drop your bags and go through security
4. Pop into duty free
5. Board aeroplane
6. Arrive at your destination

Sound familiar? You’ve been ‘processed’.

Let’s take a closer look and see what happens and why.

1. You book your holiday online because this reduces cost for the tour operator and puts the responsibility on you for making the correct booking. It’s sold to you as being simple, convenient and low cost.

2. You check in online because this reduces the cost of needing to have staffed check in desks at the airport. It’s probably quicker for you too and you may be able to choose your seat.
3. You drop your bags and go through security. You don’t get a choice about security because risk, to you and others, is being controlled by this part of the process.

4. You pop into duty free and this increases revenue for the airport. Airports are now shops where the shoppers arrive and depart by plane. You can’t get to your plane without going through the shopping area. To you, it’s convenient and sometimes you can get a deal on duty free.

5. You get on the designated plane and sit in your designated seat. You usually don’t get a choice at this point because of the need to distribute weight around the aircraft.

6. You arrive at your destination after the pilot has followed a rigorous programme of safety checks and safe flight procedures.

In essence – when we travel anywhere, for business or pleasure, the process is controlled. The airline and the airport have worked out the safest and most profitable way of doing it. Having worked out the safest and most profitable way of doing it, why follow a different process? That would just introduce risk or inefficiency.

Of course the experience should be as pleasurable as possible, but the trick is to create a process that delivers maximum efficiency and risk control.
Create positive change

As you set about improving your processes, you’ll need to create an environment where your people positively support and embrace change. Seeking change can make your staff feel threatened or criticised. Creating a positive atmosphere relies on you working in partnership with your staff as stakeholders in your business, to create change, not dictate to them.

Keeping your promise

- Deliver flawlessly
- Create positive change
- Decide what to change
- Decide how to change
- Measure improvement
Ask for their input

Positive engagement can be improved by asking your people to identify the areas for improvement and being genuinely interested in their answers. Likewise, they should be consulted on ways to achieve those improvements.

Change on a personal level

Organisational change requires that people embrace change at a personal level. Some may fear change, others may embrace it. Some will take time to reflect and consider their participation. Many will need to confront change on a very personal level on some pretty basic behavioural levels, as well as deciding if they are able to make the jump. For the good of the business, you should make efforts to support them as they embark on personal change. You may also find that this has rewards all its own.

Create a ‘beacon’

Successful advice practices exhibit a significant common trait. They all have an unrelenting focus on what ‘great’ looks like. They don’t seek to have an ‘okay’ business. Instead, they ask themselves:

Q. How do we make this a great place for our clients?
Q. How do we make this a great place to work?

It’s no accident that business owners who have enjoyed an increase in their business value have done so by focusing on these questions. They create a description of their idea of a perfect business to serve as a ‘beacon’ so that clients and staff have a shared understanding of what the business aspires to be.

As advice practices have modernised, successful firms have learned to ‘corporatise’ their business to assure their clients of consistent and reliable outcomes. This has required that they change from practices that operated like a series of ‘mini franchises’ with client outcomes dependent on who they dealt with in the firm. Such a change can feel threatening to some, but by creating a meaningful and compelling ‘beacon’ description for the business, the best practices have found that their people find their own way to that beacon.
Top ten tips for leading change

1. Recognise that change will take time. You will have to overcome familiarity and dependence on established practices, which can lead to anxiety and resistance. Recognise these as natural parts of the change process.

2. Remember the people, as well as the process. Aligned and engaged people are required to deliver your processes. To create a success out of your business changes you will need to engage a number of individuals.

3. Expect false starts and hurdles. These are natural, but you will need to show tenacity and be clear on important points of change that are required. Resistance is a positive sign that people are taking change seriously. Embrace the engagement and discuss concerns and how you can overcome them.

4. Expect productivity to slow when people are transitioning to the new way of doing things.

5. Start with small wins. Don’t expect to achieve the grand plan all in one go. Set some achievable milestones, achieve them and build momentum.

6. Not everybody will ‘get it’ immediately. Take time to explain your aspirations and your goals. Just because it’s clear in your head doesn’t mean it’s clear to others. Likewise, your sense of urgency may not be matched by theirs. Keep reinforcing your ‘beacon’ – the place you want to be.

7. Personalise the benefit. Motivation to change can depend on the person’s perception of benefit. Focus on the positive benefits of change for clients and staff, not the negative consequences. Your people will naturally want to know what’s in it for them. Make sure you have a positive answer.

8. Experience can often be your worst enemy. Sometimes it’s difficult to forget how to do something the ‘old’ way. This can lead to backsliding. Develop novel ways of trying new things and rewarding success.
9. Time your changes. Think about timing ‘nice-to-haves’ with those that you have to make. For example, the business may need to adopt regulatory changes. Is it wise to throw more change on top of an already stretched business? Maybe that’s not the ideal time to change.

10. Be realistic. The change you want will be harder and more complex than you think so you’ll need to set realistic goals.

You can read about leading change in more depth in our guide *Aligning your people*. 
Decide what to change

Most businesses are full of processes that have simply evolved over time. Before leaping into the first opportunity that comes along, consider those processes that are most important to you and thinking seriously about what you need to change and why.
Getting to ‘great’

By now you should have a clear idea of what ‘great’ looks like as discussed in the previous chapter. This ‘beacon’ position defines what you need to achieve to be a safe and profitable business that delights its clients. You should also now have a clear idea of what you are promising your clients, as discussed in the guide, Defining a compelling client promise. These two standards together provide a framework to assess your processes and decide what to change.

Map your processes

You might find it useful to break down your processes into the three typical types:
- Those that help you keep a promise to your client.
- Those that keep your business and your client safe.
- Those that increase efficiency and therefore profitability.

These can be further broken down into two categories:
- Client facing processes
- Support processes

Keeping your client promise requires excellence in both categories of process.
Client-facing processes

You may have already mapped out your client-facing processes at a high level. If you haven’t already mapped your client-facing processes, take time to understand these. Gather your teams and brainstorm the activities you undertake with clients and group them into themes. For example:

- Prospecting for clients.
- Contacting clients for the first time.

Making recommendations and giving advice.
- Bringing clients onboard.
- Managing client assets.
- Reviewing client plans.
- Turning clients into advocates.

This example comes from a separate guide: *A systematic investment advice process*, which explores client-facing processes in detail for giving investment advice.

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**Statement of Investment Principles**

1. **Know your client**
   - Review of client’s financial position
   - History, values, transitions, goals
   - Goals-based planning

2. **Develop a plan**
   - Categorise and evaluate
   - Determine risk/return requirements
   - Develop a written plan

3. **Construct portfolio**
   - Strategic asset allocation
   - Sub-asset allocation
   - Passive/active mix
   - Asset location
   - Manager selection

4. **Implement plan**
   - Best execution
   - Tax efficient trading
   - Automate rebalancing

5. **Monitor progress**
   - Periodic financial check ups
   - Significant life events
   - Review progress
Support processes

Likewise, you will need to identify those broader processes that underpin your business. For example:

- Marketing
- Training
- Recruitment
- Risk management and compliance
- Investment management
- Performance management
- Strategic planning
- Finance

This list is not exhaustive – you might find it worthwhile to have a team brainstorm to identify everything you currently do in the business. Covering a wall in sticky notes can prove useful later on when identifying your processes and putting them into themes.

Identify the granular tasks

Next you’ll need to identify the key elements of each task that make up that process. Again, you should try to involve everyone who touches the process as they are best placed to identify the required tasks.

You will need to detail the tasks to a good level, but not yet to step-by-step actions, which will come later. At this stage you are trying to identify those areas that will give you clues as to where improvements may emerge.
Score your processes

The problem areas, if you have any, might be obvious. If you have sought customer feedback (see our guide: *Ensuring client loyalty*) this may have given you clues as to where dissatisfaction or problems lie. If so, these should be noted, but resist the temptation to dive into action. You should delve deeper to discover if there are any serious issues or root causes to the obvious areas of needed improvement.

Having a sense of how each part of each process influences the client experience and business performance will allow you to plot them onto a score matrix such as the one reproduced here. While not an exact science, it may help highlight areas of specific concern or risk. Engage your teams in an honest assessment of how each item should be scored.

This is where those sticky notes come in handy. Each part of each process can be considered separately and awarded a score in each of the three categories above. From this, it may become clear where the key risks to the business lie (from the totals in the columns) or if certain processes are causing problems in all areas.
## Decide what to change

### Scoring
Score each process and task according to its impact, with a positive, neutral or negative.

<table>
<thead>
<tr>
<th>Process 1</th>
<th>Process 2</th>
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</thead>
<tbody>
<tr>
<td><strong>Item 1</strong></td>
<td><strong>Item 1</strong></td>
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<tr>
<td><strong>Item 2</strong></td>
<td><strong>Item 2</strong></td>
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<td><strong>Item 3</strong></td>
<td><strong>Item 3</strong></td>
</tr>
</tbody>
</table>

#### Scoring
Score each process and task according to its impact, with a positive, neutral or negative.

**Positive**
The process works well in all instances and is having a positive impact.

**Neutral**
The process works sometimes, but sometimes fails to meet clients’ expectations, introduces a risk or is inefficient.

**Negative**
In most cases the process fails and affects client experience, risk or efficiency.
Set priorities

Plotting each item against its impact on the client promises against its potential risk or impact on business efficiency may help you prioritise how you tackle process improvements. Plot each item into a grid such as this, using its score.

Including all your teams in this discussion will help them take ownership for the problems and work on those items important to the business. Front line people may be tempted to prioritise those items they know will improve the client experience and make their lives easier.

Support teams will be equally keen to ensure that the business is operating safely (and legally) and as efficiently as possible. It may be necessary to moderate between the various business functions to emerge with an agreed set of priorities for the whole team.

<table>
<thead>
<tr>
<th>Impact on client promise</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Process failures that can be improved when time allows.</td>
<td>Process failures putting the client or business at risk.</td>
</tr>
<tr>
<td>High</td>
<td>Serious process issues impacting on all parts of the business. Should be a priority.</td>
<td>Process failures that risk losing clients.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Impact on risk or efficiency</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td></td>
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</tr>
</tbody>
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Support teams will be equally keen to ensure that the business is operating safely (and legally) and as efficiently as possible. It may be necessary to moderate between the various business functions to emerge with an agreed set of priorities for the whole team.
Decide how to change

By now you should have a clear idea of what ‘great’ looks like as discussed in the previous chapter. This ‘beacon’ position defines what you need to achieve to be a safe and profitable business that delights its clients.
Improve your processes

Having identified those processes having most impact on your business, you can work out how to improve them. This involves examining two things:

- How the process works now.
- How an ideal process would work.

Examine how the process works

First record how the current process actually works in practice. Be honest and describe how it is, not how it should be. You need a clear and honest picture of the existing situation so that you can:

- Understand how you currently do things.
- Understand where training needs might emerge.
- Identify process bottlenecks.
- Identify waste.
- Identify risks to the client or business.
- Identify any client interaction points that are failing.

Again, seek input from your people as they understand the workings of your processes the best. Any defensiveness should be positively challenged with the aim of improving client and business experience. Also remember to seek input from your clients and any other third parties involved in the process, such as outsource partners.
Make a process map

A recognised way to map a process is to consider each and every step in the process. As you map each step, you should consider and record any dependencies for that step, or what that step enables. The following symbols are often used to depict each step of the process:

Investment advice process

- **Start or finish of a process**
- **Information flow**
- **Activity description**
- **Decision point**
- **Document output**
Organise a ‘reality’ meeting with client

Is a viable plan likely with capital, time, risk budget available?

Ask Paraplanner to prep draft plan

Organise plan presentation meeting

Is draft acceptable?

Organise client signing meeting

Ask client to sign terms and agree plan

Enter client on platform

Print APP Pack

Prepare signing pack for client

Is client using model portfolio?

Determine next steps

Execute trades

Update client record

Set up rebalancing progress

Book client return

End
Identify dependencies

As you build a map of each process, number each dependency and enabling function. You’ll need to find the roots of each dependency, as failure can often be deep rooted and not immediately obvious. Consider these questions:

Q What enables this step to happen?
Q Who do we need to rely on for this step to happen?
Q What data is needed for this step to happen?
Q What does this step enable somebody else to do?

At the end of mapping the process, ask those involved in the process, both internally and externally, to verify that the process map is a good reflection of the current state.

Value, waste and risk

The map can then be used to identify three things:

Value
Steps that are adding value to the end result can be marked and recorded as important in any improved process.

Waste
Steps that appear repetitive, or as a result of failure elsewhere, should be tagged as wasteful. Those undertaking in-depth process mapping will often seek to identify/estimate the cost of such steps and work out how many times each is experienced (in a typical month for example). In this way, potential efficiency savings can be estimated and inform the business case for process change.

Risk
Steps that mitigate or introduce client or business risk should be suitably tagged. Controlling risk is a critical function that should be embedded into process improvements. Risk control should not be an afterthought.
What’s the ‘ideal’ process?

Start with the end in mind. Consider the following questions from earlier:
- How do we meet the promise we made to the client?
- How do we manage risks for the client and the business?
- How do we operate as efficiently as possible?

Comparing your current process map with the ‘ideal’ process map will help you identify the key improvements required. This may involve cutting out wasteful steps, or introducing new ones to improve client experience and/or mitigate risks.

If you’ve started with your client-facing processes, you will then need to examine how your supporting processes will need to adapt. Organisations are organic with many interconnecting parts. It’s difficult to improve processes in one area without changing processes in others. This highlights the importance of involving people from all areas of the business in process improvement.
Start from ‘ideal’ and work back

Your current process maps will give you clues about where you can improve your processes. But starting from there may lead to incremental changes that still fall short of ‘ideal’. Better to start from ‘ideal’ and work backwards to understand what it takes to deliver on that part of the requirement.

For each step in your ideal process, ask yourself the ‘how, how, how?’ question.
Q  How can we make sure this step is executed flawlessly?
Q  How can we make sure this step is carried out as safely as possible?
Q  How can we make sure this step is carried out as efficiently as possible?

Asking ‘how, how, how?’ for each step will get you to the root of your requirements.

Requirements versus capabilities

At this stage, consider the requirement against the capability of the firm. As we explored in our guide Defining a compelling client promise, long-term business success and profitability requires that you only make promises that your business can keep. Mapping the requirements to meet your promise may reveal requirements beyond your current capabilities. You need to decide if that requirement should be part of your business, or if your business can master that requirement.
Consider the options

Consider each step of the process and consider what action to take. Action points can include:

<table>
<thead>
<tr>
<th>Action</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standardise</td>
<td>To aid consistency and reliability</td>
</tr>
<tr>
<td>Improve</td>
<td>Where a minor adjustment to the process will suffice</td>
</tr>
<tr>
<td>Re-design</td>
<td>Where a more radical approach is required</td>
</tr>
<tr>
<td>Stop</td>
<td>If it is adding no value</td>
</tr>
<tr>
<td>Collaborate</td>
<td>If team work would help</td>
</tr>
<tr>
<td>Simplify</td>
<td>If too complex</td>
</tr>
<tr>
<td>Automate</td>
<td>If suitable technology can be sourced</td>
</tr>
</tbody>
</table>

Write the plan

After considering all the options, draw up a process improvement plan. This should include the following items:

- The process to be improved (title).
- The purpose of the process.
- What benefits improving the process will bring (internally and externally).
- How you will measure the process improvement (quality, quantity, cost or time).
- The process improvement owner.
- The process improvement constituents (those involved).
- Each process step to be changed – including activities, timescales.
- Related dependencies (training, finance, compliance etc.).
Automate where possible

In a client-centric business like financial services, it’s tempting to rely on the adage that ‘people buy people’. This undoubtedly holds true in many cases, but people also buy trust, reliability and results. Therefore, ‘people’ should focus on delivering those moments of the client relationship that are impossible to deliver with technology. Those reassuring words through troubled markets and that wise counsel to stick with the plan, should all be the domain of the customer relationship manager. Technology should do as much of the rest as possible. Humans are fallible and imperfect. We’re not great at maintaining perfection in highly repetitive, complex situations – which is the role of technology.

The most successful advice businesses understand what to automate. For example, monitoring asset allocations, rebalancing client portfolios, across multiple clients is a promise often made, but difficult to keep. They deploy technology to do the heavy lifting, leaving the adviser to focus on personal and compelling client discussion and interaction.

As you map your processes, consider which steps are particularly repetitive and/or complex and prone to human error. Target these to see if a reliable technology solution can be deployed. This should improve efficiency, reduce risk and support reliable delivery of the client promise.
The most successful advice businesses understand what to automate. They deploy technology to do the heavy lifting, leaving the adviser to focus on personal and compelling client discussion and interaction.
Measure improvement

Improvement can often take longer and will be more challenging than you first imagined. Ensuring that you stay on course and deliver the hoped-for improvements and client benefits requires that you measure and monitor your progress. Remember, only if you can measure it can you really improve it.
Start with where you are

To measure progress, remember to record your current state. This enables you to benchmark what your process improvements deliver. You can use specific measures to monitor progress, such as quality, quantity, cost or time. Alternatively, your improvements may have to come through in more generic results.

In the previous guide *Ensuring client loyalty*, we discussed how to research your clients to assess client satisfaction and loyalty, the ultimate measure of your success. Do this regularly to see if the process improvements you have made are having the desired impact. Due to the law of unintended consequences, a change in one area may produce an unintended consequence in another area, so watch for surprising results.

Finally, a word on the beacon...

Throughout the process, remember to keep an eye on the end objective. Particularly when managing process improvement, it’s tempting to dive into the detail and lose focus of what you were trying to achieve in the first place. This highlights the importance of having a clear vision and description of what ‘great’ looks like when it comes to your client experience and how you manage risk and profitability for the business.

A valuable business comes from securing revenue from loyal clients. Those loyal clients are the ones who are prepared to pay for flawless execution of the promise you have made them. Therein lies the importance of great processes.
What next?

With a plan of action in place, you will want to ensure that the human element in your business equation aligns with that plan and actively supports it.

The best advisory businesses have learned to spend time on their people as the foundation stone of their business. Every component of creating a valuable business requires highly motivated and competent individuals who understand, value and support your business objectives.

The next guide in this series, *Aligning your people*, explores this topic in greater detail.

We are here to help

We’re fully committed to supporting advisers and practices through this transformation. If you found this information useful, you may want to visit the Adviser Support section of our website.

Better yet, why not give us a ring? We’d like to hear about what sort of information or resources would be most helpful to you as you work to build a valuable advice practice. Contact Vanguard Adviser Support 0800 917 5508, or visit vanguard.co.uk.
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