



The Retail Distribution Review

A catalyst for delivering sustainable transformational change

White Paper

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The introduction of new regulation governing the sale of financial services to retail customers is upon us. Sean Campbell, Managing Consultant at Unipart Expert Practices advocates that those organisations which look beyond short term interventions can seize this as an opportunity to deliver genuine and sustainable transformational change.

The on-going economic crisis has placed unprecedented pressure on the global Financial Services sector, with the need to restore brand reputation and manage cost being further complicated by the increase in regulatory requirements across multiple jurisdictions.

The latest of these regulations, the Retail Distribution Review (RDR), which was implemented on 1st January 2013 and governed by the UK's Financial Services Authority (FSA), regulates the distribution of investments to retail customers.

Until now, Financial Services providers could improve potential product uptakes by offering higher levels of commission to Independent Financial Advisers (IFAs). RDR replaces this approach with a transparent and fair system, in which IFAs will charge consumers fixed fees for advice and products.

This fundamental change in how the sale of financial products is governed demands that Financial Services organisations refocus their attention away from commission-driven sales, towards product differentiation where customers look to features and benefits, hand in hand with the provision of exceptional levels of customer service.

“Success requires a change in behaviour at all levels and the capability to sustain improvements”

An opportunity to transform the way you do business

Defaulting to a traditional approach to change, where employees are provided with training on customer and regulatory impact, at the same time as adding in new layers of process complexity, may deliver short-term objectives but any benefits gained will not be sustained for the long-term.

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The first step forward for organisations is to embrace RDR as an opportunity to transform the way they do business. By taking an end to end view of the core value streams and the associated processes a genuine focus on customer excellence can be achieved. Emphasis must be placed on creating a future state that delivers significantly improved levels of customer service whilst also improving efficiency and effectiveness. Emphasis must also be placed on reviewing the business operating model, rationalising the product portfolio and the ensuring clarity on the roles and responsibilities of all employees involved in customer delivery.

Once an organisation has confidence in its process compliance with RDR, it will then have the flexibility to adapt to further future regulatory changes.

Taking a Lean approach

The second step to success requires the engagement of leaders and employees in creating new Lean ways of working that focus on delivering value to their customers is critical, and this lies at the heart of our approach.

UEP has a systematic framework for delivering Lean, which creates a culture that not only sustains process performance but continuously improves it, whilst maintaining a strong customer focus. The approach also generates transparency and builds in the agility and flexibility to accommodate future business and regulatory change requirements.

As employees build their Lean capability, they understand and can take responsibility for the components of the entire value stream; this leverages a powerful catalyst for the on-going development of their processes. Future regulatory changes can be successfully managed and sustained by an engaged and capable team without compromising customer service.

Grasp the opportunity

With the introduction of further regulation unlikely to abate, the question for financial service providers is not whether they are ready for RDR, but whether they will embrace RDR as an opportunity for transformational change and thereby establish a new way of working with the skills and infrastructure in place to seamlessly integrate the next wave of legislation.

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About Sean Campbell

Sean is Managing Consultant at Unipart Expert Practices, he has an in-depth understanding of the Financial Services sector, through his work in several major UK and Global Banks over the past 14 years.

Sean specialises in end-to-end Lean deployment and implementation, organisational design and strategic alignment. He has delivered significant programmes in both front and back-office environments that have achieved some £35 million of benefit.

He is currently leading the delivery of a large-scale transformation programme for a Global Banking organisation across all of its divisions, helping the Bank to improve profitability and build a solid foundation for future growth.

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