



From ‘want to’ to ‘how to’ – how a marketing plan helps to make the IFA business plan achievable

My wife the anti-marketing campaigner

My wife has always referred to marketing as ‘mumbo-jumbo’. She’s convinced that the world would be a better place without marketing. I’ve spent the majority of my working life in marketing, so I feel obliged to continue defending the ignoble art until long after her eyes have glazed over and she’s completely switched off. Of course, marketing theory tells you to listen to your customers (although, it doesn’t actually mention wives) and I’m clearly not listening. Whilst I maintain that marketing isn’t mumbo-jumbo, my wife is right on one count, the words we use can be.

At a course where I lecture, we jokingly inform delegates at the outset that the reason we are here is: *“To maximise our proactive mind share and optimise our dynamic experiences in order to evolve out-of-the-box thinking, unleash cutting edge convergence, integrate sticky schemas...”* etc. etc. Sadly, most of them believe us! Evidently, our reputations as marketers have gone before us. (That or they’ve all been listening to my wife.)

The purpose of explaining all this is to start the process of persuading you that putting together a marketing plan isn’t complex. In fact, it’s easier than good financial planning; actually, it’s just common sense. Unfortunately, marketing practitioners’ use of mumbo jumbo, the misconception that they all want you to advertise (which costs big bucks) and the view that marketers don’t know their APRs from their elbows, has helped to put financial advisers off the idea of developing a marketing plan. The irony is that the big boys of the industry – the providers – have for many years spent, and often wasted, bags of cash on marketing. Perhaps it’s witnessing this profligacy that has put off the shrewder IFA firms.

Minding your own business plan

Marketing theory tells you that the marketing plan should evolve from a business plan. However, I've heard it estimated that only 20 per cent of IFA firms have got one of these, so I put ownership of a marketing plan at around 10 per cent. But why have those 20 per cent bothered putting a business plan together? A couple of years ago I went to see a new client (one of our few clients who operates outside financial services). The business was headed up by an 18 year-old who'd left school to set up her own company. Whilst she (Jane) was, and still is, guided by her mother (both her parents were clearly entrepreneurs), Jane was very much the driving force behind the business. At our first meeting, she pulled out a scrappy exercise book which she said contained her business plan. Whilst we talked and she picked my brains about marketing, she made copious notes and said she was going to amend her business plan later. I'm sure she did.

Jane is unusually focused and driven, and she clearly knows where her business is going. The reason that she knows where she is going is because she has got a business plan. And that business plan is a living document that changes every week – almost every day. What she wanted from us was advice on how to develop a marketing plan. The business plan provided the targets or objectives which subsequently guided and drove the marketing plan. Like most real entrepreneurs, Jane is a natural marketer. She is aided by common sense and the ability to look at things simply – to see through fog and cut through the mumbo-jumbo.

So what is a marketing plan? Well let's assume you're one of the 20 per cent of IFA firms with a business plan. The chances are that 90 per cent of that business plan is about growing/ developing the business – the other 10 per cent may be about cost cutting etc. etc. The marketing plan focuses on those grand statements about growing the business and should translate them into practical, every day actions. Of course, there's a theoretical process which should ideally be adhered to when developing your plan, and includes the obligatory SWOT and PEST analyses. Whatever process you use, the important thing is to ensure that you take into account where your business is up to and what's happening in the world outside (competitors, regulation etc.).

So, let's assume one of the objectives (or targets) of your business plan is: *"To increase gross operating profit by 25 per cent"*. A perfectly laudable and, probably, typical

objective. But written like that in a document, perhaps prepared to placate the bank manager, and without any supporting substance, the chances of achieving it are – at best – slim. That statement and the figure of 25 per cent both need breaking down. Figure 1 below provides some more detail.

In this hypothetical example, the IFA firm, ABC Holistic Financial Management has decided to come up with a number of ways achieving this objective. They boil down to increasing productivity, increasing salesforce numbers, and reducing lapse rates and overheads. They've defined each with a percentage. You don't need to spend weeks with a calculator making sure the equations work – because you'll never hit each target exactly, they are merely indicators to give you a feel for how much effort you need to dedicate to each element.

How?

If we focus on the statements in bold, we can see the development of the target (we've called it a strategy) of increasing average adviser productivity by 35 per cent. Again, that sounds easier said than done. But this process forces you to keep drilling down until you've come up with daily actions. In other words, to make you keep asking, "How are we going to achieve that?". In this example, the "How are we going to increase average adviser productivity by 35 per cent?" is answered by two suggestions: implement a lead generation programme and provide in-branch marketing support.

The next question is again, how? Whilst you need to ask that question of each suggestion, this example follows the path of just one answer. So, in response to, "How will we implement a lead generation programme?" the answers relate to the implementation of a direct marketing programme and the development of affinity marketing partnerships. Whilst figure 1 below, stops at this point, the process can keep going on, ending up with actions as simple as, "conduct one direct mailing to existing clients per quarter".

Historically, advisers have worked on ratios. 20 calls, 5 appointments, 1 sale etc. etc. This process is no different. Suddenly that original glorious objective of increasing gross operating profit by 25 per cent becomes defined, it is brought to life.

Control the costs

With your list of actions in hand, you need to consider the likely costs of each one and compare against likely results. The first bit – identifying costs – is easier than guesstimating likely results. The more experience you have, the easier this becomes. But again, common sense will help to put some figures against each planned action. Forecasting the possible results of each action will help you to eliminate – at this stage – those ideas which are too expensive, unlikely to generate results or are just unrealistic.

Of course, this isn't the end of the process, there are a couple of critical elements missing – timings and responsibility. A planning process conducted recently with a relatively small IFA client, resulted in the normal plethora of varied and very practical actions. Unfortunately, no company, however large or small, can afford the financial and human resources to undertake every action immediately after the development of the plan. So, each action must be timetabled – ideally into separate quarters over the coming 12 months (and beyond). At the same time you need to think about prioritising each action into, say, three different categories. This enables you – each quarter – to focus on the top priority items and to ensure that these are achieved. The process of timetabling is different to prioritisation – a top priority action won't necessarily be timetabled for quarter one. You may also need to schedule major actions to ensure that they don't coincide.

And lastly, you need to delegate as many actions as possible. It's not realistic or appropriate for the principal to do everything. The best way to approach this process is often to consider which actions can't be delegated rather than which ones can. As long as expectations are managed, this should help your firm to accomplish as many actions as possible as well as adding variety and a sense of achievement for the people to whom the actions have been delegated. This forms part of the control process which is essential to any plan. Review the plan regularly, both progress and results.

Figure 1

Section of Marketing Plan for ABC Holistic Financial Management

	Objectives	Strategy
Corporate	▪ Increase gross	▪ By increasing average

(3 yrs)	<i>operating profit by 25%</i>	<i>productivity of each adviser by 35%</i> <ul style="list-style-type: none"> ▪ By increasing salesforce size by 50% ▪ By reducing average lapse rates by 10% ▪ By reducing overheads by 5%
Marketing (3 yrs)	<ul style="list-style-type: none"> ▪ <i>To increase average productivity of each adviser by 35%</i> 	<ul style="list-style-type: none"> ▪ <i>By implementing lead generation programme</i> ▪ By providing in-branch marketing support
Marketing mix (1-3 yrs)	<ul style="list-style-type: none"> ▪ <i>Implement lead generation programme</i> 	<ul style="list-style-type: none"> ▪ By implementing direct marketing programme ▪ By developing up to six affinity partnerships with professional bodies

Source: LIMRA/ *The Outsourced Marketing Department 2002*

Staff benefits

The more thorough the process you've gone through of getting to grips with your business and the world around you, the greater the chance that the results you achieve will bear some semblance to your original objectives. A marketing plan has often been likened to a route map. On a journey, if you are sure of the route you're taking, you are normally able to adapt more quickly and effectively if you're thrown off course by, for example, roadworks. Similarly, with your marketing plan in place, you should be aware of the landscape and be able to react appropriately when, for example, new regulation looms large on the horizon.

A well-developed marketing plan also acts as the obvious vehicle for communicating with, and obtaining the support of, staff. The plan gives them a view of where the business is going. Furthermore, if it were me standing in front of staff talking about the

business plan, I know I'd prefer to talk about, "Conducting one direct marketing campaign per quarter" rather than, "Increasing gross operating profit by 25 per cent". It somehow seems more manageable and tangible.

How much you involve staff in developing your business and marketing plans is entirely down to you. However, their ownership of the plan is critical to its success, so logic tells you that the more input they've had, the more likely it is that they'll help you to deliver it.

And finally...

It's very easy to let your targets constrict your firm's progression and growth. One company we work with has consistently set itself the goal of increasing turnover by 25 per cent. For the last two years that company has achieved the goal, very pleasing of course. However, we could argue that perhaps that goal should have been, say, 35 per cent. They wouldn't necessarily have achieved 35 per cent, but they may well have surpassed the original 25 per cent.

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