



ADVISER BUSINESS REVIEW

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**Effective use of trainees
in adviser businesses**

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We talk to adviser firms about why they set up their trainee development schemes, how they run the schemes, what works and what doesn't and how they ensure the programme best benefits their businesses

With the number of financial advisers in the UK significantly below that of 20 years ago, it is of little surprise that firms are increasingly looking at trainees as a means of injecting fresh talent into the industry.

In the past, banks and building societies often had a role to play in providing training ground for the next wave of future advisers, but with that avenue largely closed it's falling to firms themselves to provide the grounding they require.

But, with trainees often having little or no experience, how do firms ensure they're providing individuals with the right communication skills, understanding and knowledge to carve out a career in financial advice?

Paul Lindfield, director, Sedulo Wealth Management, believes the beauty of developing staff from trainees

is that firms have the opportunity to hone and mould the individual to fit their particular culture and ethos.

It is a sentiment echoed by Kevin Chalk, founder of Provest Financial Management, who says: "For a trainee, you're better off with a blank piece of paper, someone who hasn't already worked for a financial services company and isn't governed by the processes of another firm."

It appears a common approach for firms to lean towards trainees with no experience, helping them learn from the bottom up, often starting in administrative roles while they learn the ropes.

Trainees at Manchester-based Sedulo spend close to four years progressing up the ladder, from administration to hybrid paraplanning and sales. However, from the outset they are provided with 'client case ownership', which the firm says gives them the opportunity to learn the level of involvement clients require.

Lindfield explains: "You will learn a great deal more

on the job working together with advisers than from an exam. It's really important that anyone wishing to become an adviser really understands why particular products may or may not be suitable for a client.

"If we receive an enquiry, I encourage the trainee to carry out the research and not just give me the answer, but tell me why they came to that conclusion," he adds.

Bill Smith, managing director, Scotia Wealth Management, says: "You're taking people with no experience whatsoever and ensuring that they understand everything to do with working for an IFA firm. We really make sure they get the full grounding and don't let them see clients for at least three years."

Smith believes trainees must understand both the ethos of the firm as well as the ethos of advising in order to succeed. The Edinburgh-based firm has taken on five school leavers in recent years and Smith says they must all learn the processes of the business, in addition to utilising their own skills.



Paul Lindfield,
Sedulo Wealth
Management

Where trainees can best make an impact

When it comes to making sure trainees utilise their own skills to best effect, Chalk advises firms to look at their business processes and concentrate on where people could really make an impact.

"Nowadays, trainees have fantastic industry resources available which is key, but you need to

ensure that individuals learn about the touchy-feely client interaction side as well as the technical side. It's about ensuring they're well-rounded and have the skill set to build relationships of trust," says Chalk.

For many trainees, being given the independence and freedom to apply their own skills and strengths is beneficial to their learning curve and preparation for a career as an adviser.

Lindfield is a firm believer in not mollicoddling trainees, but having belief in them to do well by themselves. It is an approach, he says, which helps to increase the trainee's own self-confidence and ultimately, help them grow in the role.

Nurturing confidence

Norwich-based Chadwick's shares the mentality that giving trainees the independence to learn by themselves is the best way of ensuring they excel.

The firm, which made the decision five years ago to take on trainees as a result of "too many failed attempts to recruit good advisers," believes

its culture has enabled it to attract and retain top candidates.

Director Richard Ross says: "The deal at Chadwick's is that you have to keep learning and we will both support and, reasonably subtly, pressure you to do this. The right people respond to this positively."

The firm, which favours graduates with an economics degree because the style of learning fits well with that of a financial adviser, assists its trainees through level 4 then CISI Masters and Chartered Status, as well as edX courses to fill knowledge gaps.

Ross says: "We give our trainees a fair bit of leeway to try new ideas and the space to fail. Two are driving forward our auto-enrolment proposition and have designed a solution, The Pension Counter, which has seen more than 1,000 employers sign up.

"The most important thing is that we create a learning environment and a culture where we share knowledge. By celebrating and creating pride in

achievement, it is the culture that ensures people continue to develop. This means it is self-policing; all the company does is facilitate development both financially and by managing workloads so there is time for learning.”

Ongoing training and review

Coldrey & Bryant Financial Consultants, which describes its own training system as “simple and flexible” uses the IFS qualification system, which concentrates on “on-going” achievement rather than one-off exams.

Founder Charles Coldrey says: “We find it easier to monitor the trainee progress as we can ask to see their written work and help them with research and education. We use the questions set in the IFS paper as a basis for the training together with on-the-job work. Because we are a small firm, questioning and over-seeing is very easy and on-going.”

Providing on-going supervision, mentoring and access to senior advisers is crucial in ensuring that trainees are progressing on to the next level.

Sedulo's trainees undergo bi-annual reviews, which focus upon what the trainee is doing, areas of expertise they've built as well as knowledge gaps and whether particular exams are needed to plug that gap. For each passed exam, the firm operates a financial incentive in the form of a pay rise.

Scotia Wealth Management uses the services of an external training company, which carries out regular reviews and ensures boxes are ticked.

But while Smith says he enjoys training youngsters in the advice field, he readily admits they may wish to move on to larger firms or banks and use Scotia Wealth Management as a stepping stone.

Smith says: “Trainees are still doing their administrator role while they are learning, so it's helpful for us as a firm, but more than anything I want to see youngsters supported in their ambition and desire to build a career and that is what we look to offer.”

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