



# OPEN DOOR POLICY

BUILDING PROPOSITIONS

Open Door Blog #1:

Where does ODP come in?

## What's it all about?

Financial Services is heavily regulated, there is no let up in the amount of reporting and controls which are in place, amended and refined.

Back in the 90's we had hard disclosure, firms were instructed to disclose commission paid by product providers and investment houses. Then came along the Retail Distribution Review (RDR) which fundamentally changed financial services, removing the monetary relationship between providers and advisers and replacing it with adviser charging paid for by the client themselves. This removed the incentive to recommend products based on how much an adviser could be paid by manufacturers.

This evolution was all but mirrored in MiFID II with additional clarity emerging, such as assessing suitability of advice at least every 12 months, in effect annual reviews.

The Consumer Duty was equally as revolutionary as RDR, it has become the benchmark, the barometer of the Financial Services industry. Any developments from industry players, and indeed the Regulator themselves is tested against the Duty. Developments go along the lines of "How does this fit with the four outcomes" and "Will this breach the Duty in any way"

That, in my opinion can only be a good thing.

Now in between the lines of the Duty we have the requirement for all firms to ensure their products and services are 'of value' including the advice service from advisers. Product Governance (PROD) has surfaced as a useful tool in all this, then take into consideration CIPs, CRP's, the advice gap, research and due diligence on everything, and not least risk management of the client and the advice solutions.

Take all that, but it in a box and shake it up. You'll see how each element affects other elements in a financial butterfly effect. For instance, a firm sets its cost of manufacture, which enables it to identify a service which is 'of value'. But this service makes use of a CIP, and if a firm builds and refines a CIP it may become more efficient, especially if tech is involved. If a firm is more efficient it can deliver a service more effectively and could reduce minimums thus catering for more clients at a better value price point. Additionally, will the use of software actually change the view on CIPs and the financial instruments used, having a knock-on effect on price & value?

It goes on.

So how do you make sense of all this? What's it all about? A firm lives and breaths clients and the advice given therein. And firms are passionate about this, with clients become lifelong friends. As an industry we are great at providing good outcomes, what we are not so great at is taking the heart of an advisory practice, the advice process itself and mapping it out, documenting it in a way which helps meet Regulator expectation.

That is where Open Door Policy comes in.

## Here's what we do.

Let's start with what we don't do. Open Door Policy won't give you a report, or a list of recommended changes, anything like that. It is quite simple to absorb what the regulator wants to see and then tell firms where they do or don't meet expectations. It's easy to produce a recommended list of actions, reviewable each year.

At Open Door Policy that is stage one, that's the discovery session. We work with firms to build their proposition in their style, and because each business is different you get a proposition which is unique to that business.

## Modules

We take the fundamentals within an advice business, which is the advice process and create a unique proposition. This comes in the form of a proposition document and its aim is to answer the 'why' and 'how' questions. If for instance a firm wishes to formalise how they charge, we do exactly that. Everything is based on what the Regulator expects to see, so the starting point is knowing exactly what the FCA wants, via various publications, podcasts and webinars.



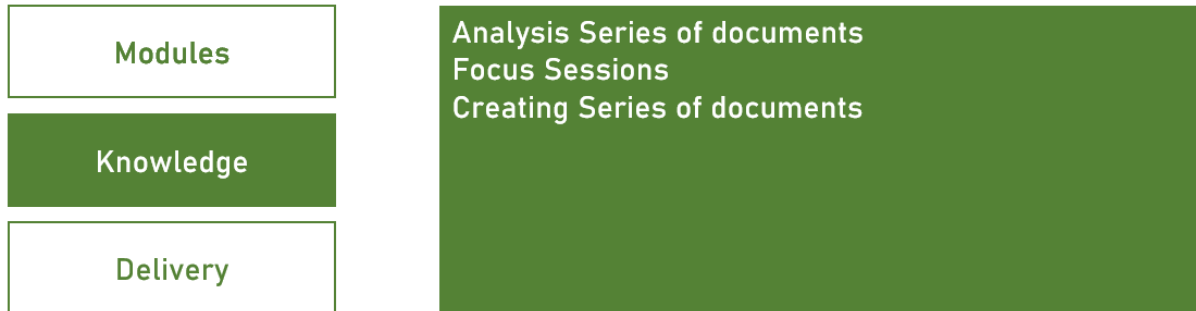
If for example Open Door Policy built a firm's Consumer Duty Proposition, it would not be a report detailing what needs to be done, we would work together and actually do it. The end result is the document a firm would use to demonstrate to the regulator that they are complying with the Consumer Duty. We build stuff.

Under 'Modules' the firm can decide which consultancies they want to formalise. It's not uncommon for a firm to purchase the complete package of four modules.

Of course, things move on, and guidance evolves so a valuable part of the service is ensuring propositions remain fit for purpose and we do that via the Update and Reset Service.

## Knowledge

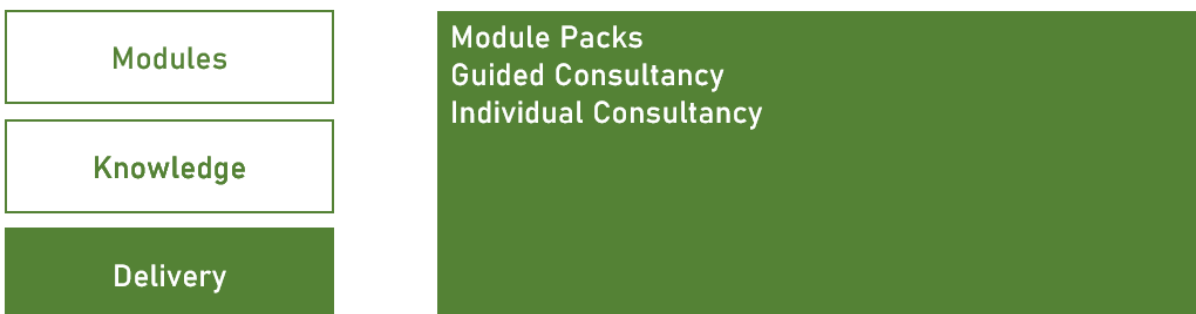
Propositions cannot be created without knowing exactly what the Regulator expects, that is the core of everything. Open Door Policy digests, understands and simplifies guidance from the Regulator in order to create a solid knowledge bank. Overengineered? Yes, absolutely.



Make use of the Open Door Policy guidance papers and recorded web sessions to give your business an educational foundation. This helps support Regulator expectations as the FCA wish to see a positive and educational culture within firms. 'Knowledge' helps do that.

## Delivery

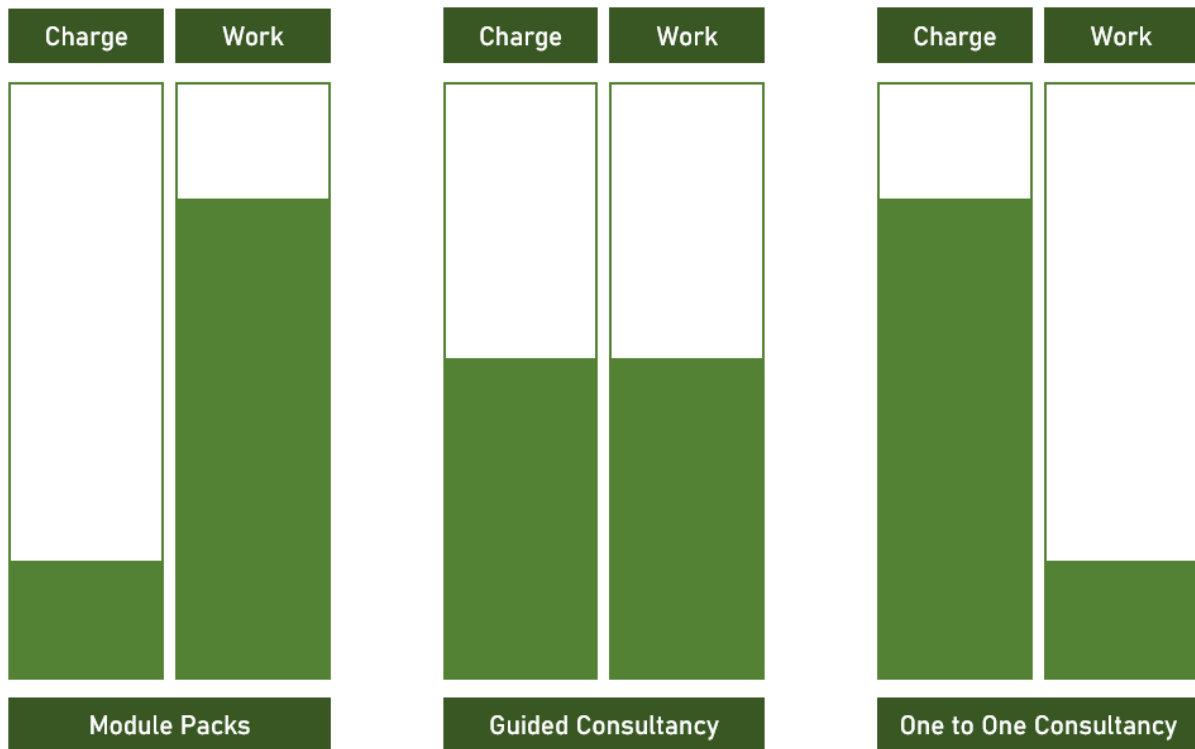
The end result is the same, a unique set of propositions which build a solid, documented advice process. How you get there depends on budget and workload. Delivery from Open Door Policy is on three levels, with differing price points and a corresponding adviser workload.



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The delivery of the services from Open Door policy differ with regards to how much they cost, the trade-off being a greater workload from the advisory firm.



**Module Packs:** Very much a self-learn bank of educational documents and example templates, from which a firm will build their own proposition(s).

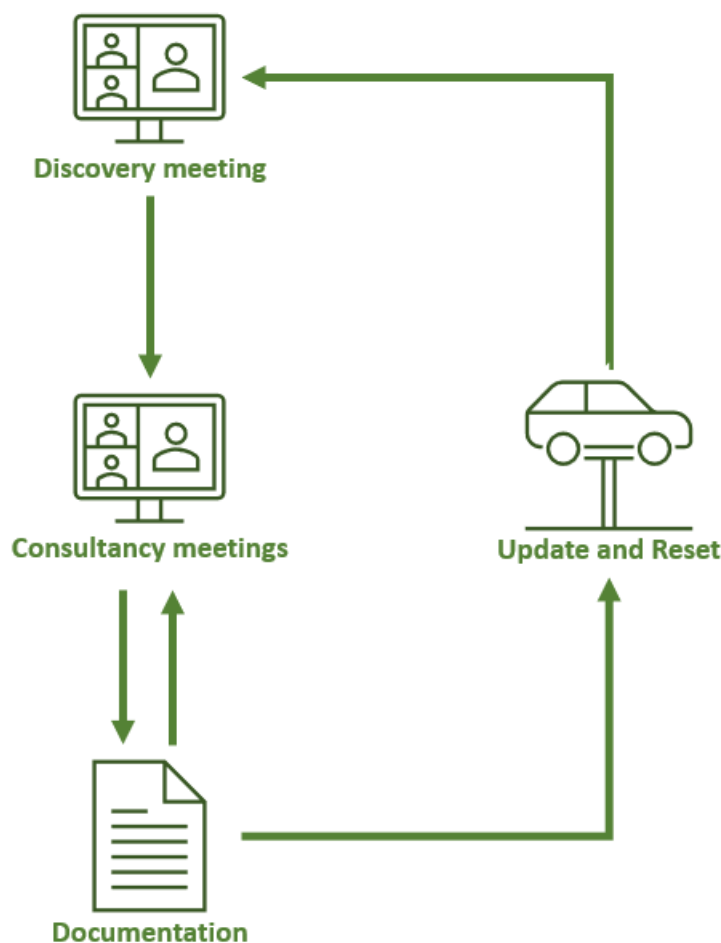
**Guided Consultancy:** A set of managed online workshops with a number of attendees. Open Door Policy will guide firms through each build with additional adviser work between each session.

**One to One Consultancy:** Sessions run exclusively with a firm with maximum support and work done from Open Door Policy.

## How do we work together?

This is true consultancy, the starting point being the firm and what they want to achieve, and it makes for a fluid set of sessions. Open Door Policy brings to the table 10 years' worth of experience over hundreds of consultancies. This means we know what good looks like. Each proposition is project managed to its conclusion, ensuring it is completed in the timescales agreed and to the highest standards.

Online meetings save time and cost and are a highly effective way of progressing each session.



After an initial discovery meeting where we will agree how we will move forward, Open Door policy will create a project plan in order to get things done. This will involve a number of consultancy meetings, working towards finalised documentation.

The Update and Reset Service does exactly that. Once a year we conduct a consultancy session to make any changes from within the firm and to bring propositions up to speed with the ever evolving guidance from the Regulator and the marketplace itself. If during the course of the year additional developments dictate an immediate update, the firm will be contacted with instructions on how to do that.

## Want to find out more?

Have a chat with Open Door Policy, we can arrange a Discovery meeting, which is at no cost to you. We can talk through options and how you could formalise propositions in your business.

The information on the Service is provided with the understanding that Open Door Policy is not herein engaged in rendering legal, accounting, tax, or other professional advice and services. As such, it should not be used as a substitute for consultation with professional accounting, tax, legal or other competent advisers. In no event shall Open Door Policy or its suppliers be liable for any special, incidental, indirect, or consequential damages whatsoever arising out of or in connection with your access or use or inability to access or use the Service.

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