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Eliminating Limitations

Sales Management Process to significantly increase IFA recruitment rate

Executive Summary:

Positive Solutions head office in Newcastle, has been in operation since 1997 and has ten business centres throughout the UK and more than 800 IFA Partners. Positive Solutions is one of the fastest growing National Independent Financial Advisers (IFA's) in the country having achieved significant growth over the last five years. In November 2002 Aegon UK, one of the world's largest listed insurers (£188 billion managed assets) took a 60% stake in the business of Positive Solutions (Financial Services) Limited and signed a deal to buy the other 40 per cent in 2006.

The TOC* based approach to sales management implemented in a very aggressive and competitive environment improved the recruitment rate three hundred percent with the first results visible after just one month!

Positive used this unique, industry strength methodology for sales management across its recruitment "projects" to give a clear, easy to understand, real time, visual report of individual prospects status and overall company recruitment pipeline status. This information was early enough for salespersons and management to take the necessary corrective actions to ensure recruitment got back on track.

This solution as well as giving benefits in the short-term gave key statistics for focussing continuous improvement activities for individual salespersons by clearly identifying root causes, common problems and highlighting weaknesses and areas for development.

Business Challenge:

Positive's sales consist of the fees and commissions it receives on the financial products its advisers sell. The trend in the UK Insurance business over the last five years has been to downsize or remove their direct sales force. Positive Solutions (PS) strategy was to buck this market trend and build their business upon an increasing direct sales force. This meant for their business, an increase in the Independent Financial Adviser (IFA) sales force would be directly proportional to an increase in revenue and hence profit. The PS business plan hence reflected this tactic and their aggressive growth plans were built upon an ever increasing direct sales force. In the first four years of business this strategy had been working very well and Positive were increasing the number of IFA's in line with their plans.

However, in the first eight months of 2002, the recruitment trend of IFA's, instead of increasing in line with the growth plans, was actually slowing down dramatically. In order to maintain the company's credibility and remain attractive to potential buyers, the company needed to achieve its challenging growth plans and consequently its expected IFA recruitment targets. The current negotiations that were taking place to sell the company could have also been seriously jeopardised by the lack of attainment of these goals. Our objective was to rapidly increase the recruitment rate of IFA's to ensure that the end of year growth plan for recruitment was achieved; this gave us just four months to succeed and this included the Christmas and New Year period!

How We Helped:

The vision of Positive Solutions was built using the TOC Thinking Process work that founder David Harrison did in July 1997. At this time, David Harrison attended an Advanced Goldratt Thinking Programme in which he formalised the idea of building PS and turned it into a realistic project plan. After several years of significant growth, David and his partner realised that the pace of growth was slower than expected. It was obvious to them that a constraint was blocking the growth. They had tried to address the constraint but with little success. It was no surprise then, when there seemed no obvious solution to his recruitment problem he decided to look once again at using a TOC based methodology to help him out.

This search for a TOC based methodology to help with increasing sales rapidly, particularly focused on the reduction in the sales cycle lead time led him to approach Goldratt UK, who had years of experience in implementing the approach in a large insurance company (1991-1996), seeking the "constraint busters" views.

Goldratt UK and Levee had collaborated to develop a unique sales management application based upon TOC and incorporating elements from Lean and Six Sigma methodologies. There was a natural synergy then as PS appeared to need exactly what we offered.

After more investigation by PS they felt that this sales management approach was distinctive in being able to help to achieve the rapid and sustainable results they needed. The extra focus that the approach brought would also allow top management to focus their time and energy on the vital few leverage points in the process that would really make a difference to performance, instead of the trivial many.

The TOC team offered a clear, direct, common sense approach in facilitating organisations through the change process by educating and transferring

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the knowledge to them. This appealed greatly, as PS believe that treating individuals in the right manner is the strength of their company.

The process began with an initial three day education and development workshop involving the Chief Executive, all the Directors and all the Area Recruitment Consultants (ARC's). The ARC's being the people directly responsible for recruiting the IFA's.

We began by agreeing upon and naming the problem, that recruitment was slowing down and not on target to achieve the year end growth goals.

The education and facilitation on the direction of the conceptual solution then began. After the initial agreement on the direction of a solution, we all value stream mapped the existing sales process, performed a demand analysis and identified and agreed upon the wastes. We then constructed a new leaner sales process. This gave real clarity for everybody in understanding very precisely which stage of the process each potential recruits was in, which greatly helped with communicating the status much more effectively and in a timely manner. TOC Buffer Management** was then applied to manage the individual flow of the recruits through the process and to manage the overall pipeline of recruits in PS. What this means is that it identified where in the pipeline to focus activities as a company to fill any gaps. To begin with the sales management used a simple MS Project and Excel spreadsheet before the final complete solution was transferred to the PS intranet. The Buffer Management helped to focus the individual ARC management reviews on taking the recovery actions necessary to speed up the flow of individual recruits in the process, as well as identifying the individual ARC's limitations and weaknesses in the process. This helped to focus and develop individual continuous improvement activities for the ARC's to address their own limitations. One of the main blockages and distractions for all the ARC's, was the belief that when a potential recruit entered the recruitment process they must not leave the process until they had been recruited. This was despite the recruit being in the process and stalling for a considerable length of time, Buffer Management immediately identified this blockage to flow and forced IFA's to take difficult decisions.

The solution as designed addressed the IFA recruitment process and the measure of success would be in achieving the short term goal of this year's recruitment target, and then the longer term goals of the following year's targets.

The PS team with the facilitation, support and ideas of the TOC team developed the real time on-line solution for the management of the IFA recruitment. The status of the individual recruits in the process, and the Pipeline Buckets***, were immediately

visible as they used a very simple colouring scheme to identify current status, which in turn identified where and when to focus recovery actions. This was updated over the web by the ARC's and reviewed by everyone who has web access. All of this initial development was achieved in less than one month from initial engagement. The following three months were used to coach the ARC's and act as a catalyst for Six Sigma type process improvement activities, to further increase the recruitment rate and reduce the sales cycle.

High Performance Delivered:

Business Value & Benefits

Within one month of engagement the number of recruits per month had doubled and within two months this number had trebled, this new level continued for the remaining two months and the immediate target growth plans were achieved. All of this helped with the sale of 60% of the company. The money paid cannot be legally disclosed but was widely reported in the trade press at the time to be in excess of £40m.

The following year, 2003, was PS's best year so far in terms of the number of IFA's coming on board; it increased the number by 36pc to 750. It also increased its turnover by 41pc to £25.6m and grew its gross profit by 54pc to £6.2m and is still on a major growth spurt.

In March 2004, accountancy firm Vantis published its Hot 100 list of the privately-owned companies with the fastest turnover growth in the past four years and Positive Solutions found itself ranked second only to London film distribution company Redbus.

Customer Quote

'We view the company as a leader rather than a follower and aim to take the company even further. These achievements are a great accolade to the hard work and dedication of Goldratt UK and Levee....' David Harrison, Chief Executive Positive Solutions

"The approach has helped me to develop more focus and understanding on the process of recruiting an industry professional in to Positive Solutions. The focus on the stages and being able to define where a potential recruit is, makes it clear to see what I am doing at any moment in time and what I need to do to achieve my target. This hasn't only given me a clearer process but also greater control and empowered me to ask them to make a decision to join much sooner than I would have done in the past, with me forcing the issue rather than them deciding in their own time when to join, giving me a psychological advantage that I am the buyer not

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them. I also feel that I have a clearer picture of what type of person I want to join PS and therefore reject those that I feel would not do well with PS rather than trying to make them fit. This gives me a greater feeling of control over my own destiny" – Ian Sharkett Business Consultant Positive Solutions.

TOC* - this refers to the Theory of Constraints which is a body of knowledge developed by Dr Eli Goldratt to manage, control and improve systems and organisations.

TOC Buffer Management** - The rate of use of aggregated safety in strategically placed buffers demonstrates the status of a project. If the buffer is being consumed at an acceptable rate then the project is on course for finishing on time and is coloured green. No focus or recovery action is taken by management. If the buffer is being consumed faster than expected but the project is not yet in jeopardy of finishing on time then it is coloured yellow. Management are expected to investigate the project and put a recovery plan in place that can be executed should the project be jeopardy. If the buffer is being consumed at a rate that puts the project in real jeopardy then it is coloured red. Management must take corrective actions on red projects, if there is already a recovery plan in place then it must now be executed.

Pipeline Buckets*** - These control the steady flow of recruits into the recruitment process. This is done by identifying the stages that have insufficient recruits to support the target recruitment. This is done once again by using a very simple Buffer Management colour scheme to identify where management should focus and when they must take corrective actions. The number of recruits in each stage of the process to support the recruitment targets was agreed. When the number of recruits in the stage was equal to or higher than this it was coloured green. When the number of recruits in a stage fell below an agreed level that put the recruitment targets in jeopardy the stage was coloured red. When the number of recruits within a stage lay between the two levels it was coloured yellow. Management was expected to behave in accordance with Buffer Management; take no action on a green, investigate and plan for a yellow, mandatory corrective action on a red.