Management Information: Does it show the full picture?

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The table below records some good and poor practices we have found.

Take a moment to consider which column reflects your own firm's practices. But remember, this list is not exhaustive.

Topic	Good practice	Poor practice
Recruitment	The firm's recruitment procedure included financial soundness checks, ensuring the new employee had the appropriate qualifications by contacting the examination board, ensuring written references were followed up with a structured verbal conversation with the referees, and ensuring that if any new type of business was being brought to the firm that the firm could adequately supervise the new employee.	The firm had no recruitment procedure in place and had taken on a CF24 (Pension Transfer) adviser. No-one at the firm had the necessary competence to check the quality of advice or suitability reports the CF24 was supplying to the customer. No employment checks were made on the new employee until serious complaints arose concerning his advice. It transpired the adviser did not have the necessary qualification (G60) to act as a pension transfer specialist. Not only was the firm's reputation affected, it incurred further recruitment costs rectifying the situation.
Training & Competence (T & C)	The T & C scheme included completing an initial risk assessment for each adviser by grading each of them. This would take into account industry experience, qualifications, complaints, types of business they would be writing, Key Performance Indicators (KPI's) and the results of file reviews. The three grades determined how much supervision each adviser needed.	The principal at the firm considered that because he trained and trusted an adviser, he didn't need to formally review his work. There was some form of training programme in place for a less experienced adviser. However, the lack of suitable monitoring and review procedures meant there was a real risk that customers could receive poorer quality of advice and the firm was exposed to the risk of future complaints.
Advice process	Where a policy had lapsed/unpaid, the firm contacted the customer to establish the reasons and to explain the benefits lost. The findings were acted upon and this helped improve persistency and also ascertain if trends existed that could suggest weaknesses within the advice process.	The firm did not capture any management information, including persistency. The principal claimed he would be aware if policies were cancelled because it was a very small firm. There was little prospect of the firm identifying any trends relating to the advice offered to customers. The principal was not aware of the benefits of accurately capturing and recording management information.
Quality control & compliance	KPI's were measured regularly and discussed at monthly meetings. Administrative staff were trained to spot potential risks rather than relying on one supervisor to identify trends.	The firm could only identify the business it had written by checking when it received payment for the advice on an accounts ledger. The firm was unable to identify the products being sold, any trends in selling practices or to have any control over the activities of its advisers.

Topic	Good practice	Poor practice
Post-advice/ongoing service to customers	The firm offered a review service to customers and checked that all of its advisers were delivering on this promise. The firm also used a customer survey which covered not just the feedback on the service the customer received but also allowed the firm to recognise whether the customer had been treated fairly.	The firm had no means of assessing why it was receiving so many complaints and was spending a lot of time 'fire-fighting' in responding to the complaints. This meant the firm lost revenue by customers choosing to go elsewhere for advice. A customer survey may have picked up endemic issues earlier and reassured its customers that it was taking their custom seriously.
Financial promotions	The firm had a procedure in place that recorded customer queries and complaints received about their financial promotions. The results were measured and analysed enabling the firm to identify areas of concern and act upon them.	The firms website was not included in its 'Financial Promotions' checklist. Therefore, the firm did not remove out-of-date and inappropriate material from its website.
Complaints	The firm had excellent complaints management systems in place. Once the complaint had been finalised, the firm used the circumstances of the complaint as a 'lessons learnt' commentary. Where indicated, the findings of the 'lessons learnt' would then result in, for example, changes to procedures to ensure similar complaints did not occur. This process meant the firm was seeing a fall in the number of complaints it received.	The firm had a complaints management system in place and usually met adequate response time-scales. However, it said all complaints were 'unjustified' and undertook little or no investigations into them. Neither did the firm analyse the complaints in terms of numbers, content, adviser responsibility and handling of the complaint. This meant the firm was unable to identify serious and systemic issues.
Financial information (including remuneration strategy)	The firm encouraged commission sacrifice so that advisers only took what the firm believed to be a reasonable amount for the work carried out with the remaining monies rebated. The firm thought this encouraged a corporate culture focussing on business success alongside customer care.	The firm had in place a remuneration strategy that focussed on increased remuneration where the adviser met their targets. However, there were no checks in place to ensure that the recommendations the advisers made to customers were appropriate and encompassed TCF (Treating Customers Fairly).
Systems & Controls	The firm conducted independent file reviews and took and recorded timely remedial action. It held monthly one-to-one meetings with advisers to monitor business written, verify quality of advice and measure progress towards learning and development objectives.	MI was monitored but there was no evidence that issues identified were acted upon.