

IDEAS + INSIGHTS

'Where's the Elephant Going?'

In good times, when cash flow is positive and plentiful, there seems little need to think about improving the marketing of financial services. Yet change-agents constantly impact markets ... and those who anticipate them (often called 'thought leaders') are the ones whose ideas best differentiate themselves from 'the pack'. Our recommended insight is to 'watch where the elephant of change is going' and to profit greatly by planning accordingly.

Marketing consultants define the difference between proactive and reactive strategy by relating a mythical hunting story. It goes like this.

In the long, long-ago, homo sapiens shared the plains with Neanderthal man. Whenever a mammoth trampled through their settlement, Neanderthals would emerge from their shelter, frantically chase the beast, and fire arrows into its hindquarters as it made its escape.

Homo sapiens, on the other hand, eventually figured out the habits of these mammals: upon hearing one approach their encampment, they had learned to dig a pit on the far side so they could chase it into the gaping hole. Once there, the huge animal provided sustenance for months to come.

Clearly, the Neanderthals were reactive (and received no benefit from ineffectual tactics), while Homo sapiens was proactive and benefited greatly from forward thinking.

This metaphor could be used by financial planners when thinking about how to profit from trends in the market place.

The shorthand is that if we want to benefit from market trends, we first work out 'where the elephant is going', then position ourselves to gain maximum advantage by exercising strategic anticipation.

A word of caution: just about every field of human endeavour reflects a trend of one kind or another, and we cannot possibly be abreast of them all.

The secret of success is to focus on the few that are having - or will have - maximum impact on our industry. Here are just three that merit consideration.

Commissions and fees

At the time of writing, not all the wrinkles in this debate have been ironed out, but the trend is clear: before too long fees will become the accepted standard for planner compensation; this will be especially true in the area of employer-sponsored superannuation. The journey from commission to fees

need not be sudden and jerky, but intelligent, incremental planning for this eventuality is essential.

We have prepared tools for those wishing to make this journey. Have you got yours yet?

Information technology

E-commerce is progressing at an ever-faster rate. Some examples: the traditional travel industry is grappling with how to compete with online vendors. *The Economist* newspaper recently commented on 'death of salesmen' in the auto industry, as prospective buyers desert flashy showrooms to research cars online. Clearly the elephant of technological change is moving quickly in the sphere

of marketing and it will impact the financial services industry in ways we have only just begun to imagine. Have you installed a process yet to be constantly at-the-ready with your technology?

Demography

For several years now, we've been so used to reading about our ageing population - and the imminent retirement of baby-boomers - that to most of us, it's simply old news. Nevertheless, our experience is that many planners have changed next to nothing in their practices in anticipation of what will be a flood of new expectations from participants in this once-in-a-lifetime trend. Not least of these will relate to organising estate information in readiness for estate succession.

At YES! we don't want our clients firing their marketing arrows into the rumps of 'elephants on the move'. We want them to be alert to major trends, and ready to take advantage of them.

So coming issues on Ideas + Insights will devote considerable space to these, and related, issues.

Meantime, let's keep our eyes and ears open! Can you hear the sound of heavy feet coming our way?

