A clear financial vision

AT8 Group's Mark Loosmore continues his series of articles for *Professional Adviser* with a look at how Dawson Wealth Management is using IT to improve its business

This week our case study series takes us to North Yorkshire to review Dawson Wealth Management's (DWM) use of technology.

DWM is smaller than many of the IFA firms we have covered so far. It operates as a one-man business but is a member of the Mint Network (now part of the Intrinsic Group).

However small, DWM has a refreshing clarity of vision. According to founder Kevin Dawson, he is there quite simply to help provide clarity to his customers regarding their current financial status and how they could plan for their move into retirement.

Dawson's vision has led him to form a client base of individuals close to, or already in, retirement. His niche client base is large enough to support his business and he spends little time prospecting for new clients. Instead, he focuses on giving his existing clients the highest levels of service he is able to, which leads to him obtaining a regular flow of referrals that help to top up his client bank.

While he now specialises in investment and retirement planning, in the past he has also had a strong line of mortgage business. In the 'good times' this had made up to 50% of his business, but in today's market it probably accounts for only 10 to 15%.

Catering for smaller budgets

The purpose of our interview with Dawson was to get a better insight into how he uses technology to support his business. Many readers come from small IFA firms, and we are conscious that it is often too easy to focus on what the nationals and networks are doing with technology rather than on how some of the smaller businesses can implement effective solutions on a budget they can afford.

While Dawson uses technology only in a few key areas, he is not afraid of it and embraces it where he feels it adds value. A good example would be the way in which he uses an electronic fact find in front of a client. Time after time, we encounter IFAs that are not prepared to do this, claiming that the technology acts as a barrier or slows the process down. For DWM it is a very different story; Dawson has always used technology as part of the financial planning process.

In his early career during the 1990s, he worked for the Prudential and used their point-of-sale (POS) technology. He then worked for Royal & Sun Alliance and again used a POS system with the client. He now regards using an electronic fact find with a client as second nature. He explains: "Capturing the data electronically avoids problems translating my own handwriting and validates the data at the point of collection. Having the data in an electronic format means that I can use it elsewhere in the advice process, while providing an audit trail."

The electronic sales process continues with an electronic attitude to risk assessment and an electronic quote and apply process. All of this is carried out via the systems that Intrinsic have built with the help of N4 Solutions. Using the network's technology means DWM has access to systems that may otherwise be unaffordable.

The use of technology for the 'needs analysis' process is not as automated. Protection shortfalls are identified by the POS solution, but for cashflow planning Dawson resorts to a manual process, drawing out the cashflow projection by hand for each client. Once the needs of the clients are agreed, Dawson returns to using technology to help with the product and fund choices.

To help with product research DWM uses the Synaptic research tools, a solution that is provided through the Intrinsic network. This ensures he gets access to its services at an attractive price.

Synaptic is used in a classic research style, using filters and weightings to narrow down a list of products that are suitable for the client in question. Once the product is selected, Dawson uses the system to look at the underlying funds to help recommend the composition of final solutions.

In the past, Dawson supplemented his research with fund performance charting software from Friends Provident. He has struggled with this approach since moving to use Microsoft Internet Explorer 8, which Friends Provident does not currently support. Having investigated alternative approaches, he then found an extremely effective way to do this charting within the Synaptic system.

As is so often the case, most software users know and use only a small part of the capability of their software packages. Dawson recognises that this is the case with Synaptic and is exploring more ways of using the application. Indeed, as well as now using the charting functionality, he has started to build their product and fact sheets into his reports. He is also looking forward to the launch of the new integrated quotes facility, which integrates the protection quote services of Webline into the Synaptic system. This will allow client-specific real-time quotes, direct from providers to form part of the research process and they will be included in the client recommendation letter and audit trail produced by Synaptic. As Capita owns both Synaptic and Webline, it comes as no surprise that the two systems are now growing closer together. Arguably, this is long overdue.

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Integrations of this type are more than just simply making a quote and apply process link to the research; it actually brings the quotation data into the research tool so it can be used like any other product feature. So, for example, affordability criteria can be added to filter out any products over a certain premium. Synaptic's integrated quotes facility is currently in pilot and will be released to the market this month.

A paperless office

Interestingly, DWM has not invested in a traditional back-office solution. The Intrinsic core system keeps records of cases submitted, but a manual process is used for client management. I distinguish between a manual and a paper-based process because DWM has moved to a virtually paperless office. The documents, once converted to an electronic format, together with all other data are stored in a file structure on the DWM systems with hyperlinks that enables the linking of related items. The approach is quite labour intensive, but Dawson feels the cost/benefits equation of further automation have yet to be proven.

DWM is an effective IFA that is not afraid of using technology where appropriate. At the heart of their proposition is customer care and providing the customers with clarity about their finances. If technology enhances this further, I suspect if the price is right they will choose to adopt it. However, it is clear that some of the specialist tools that provide stochastic modelling, cashflow projections or detailed fund research when added up, may have priced themselves out of the reach of small businesses such as DWM. This is where some will seek to use the facilities of networks.

DAWSON WEALTH MANAGEMENT: INSIGHTS

- Has a clear focus on customer needs
- Aims to provide the customer with more clarity about their financial planning
- Uses technology in the presence of the client
- Uses no formal client management system
- Has adopted Synaptic as a core tool for adding value for the client