

BETTER BUSINESS TECHNOLOGY REVIEW

Take everything into account

AT8 Group's Mark Loosmore continues his series for *Professional Adviser* with a look at how LRH Wealth Management is helping its clients meet their investment goals



In our weekly case studies about the use of technology in the adviser market, we have met and discussed technology with a variety of different types of distribution organisations, including networks, service providers, one-man bands, regional businesses and call centres. Each has had its own defining characteristics that have influenced their uptake of technology.

This week, we visited LRH Wealth Management. LRH was born out of the accountancy firm Lambert Roper and Horsfield and, as we have often found, its choice of technology infrastructure has its own flavour, influenced by its accountancy background.

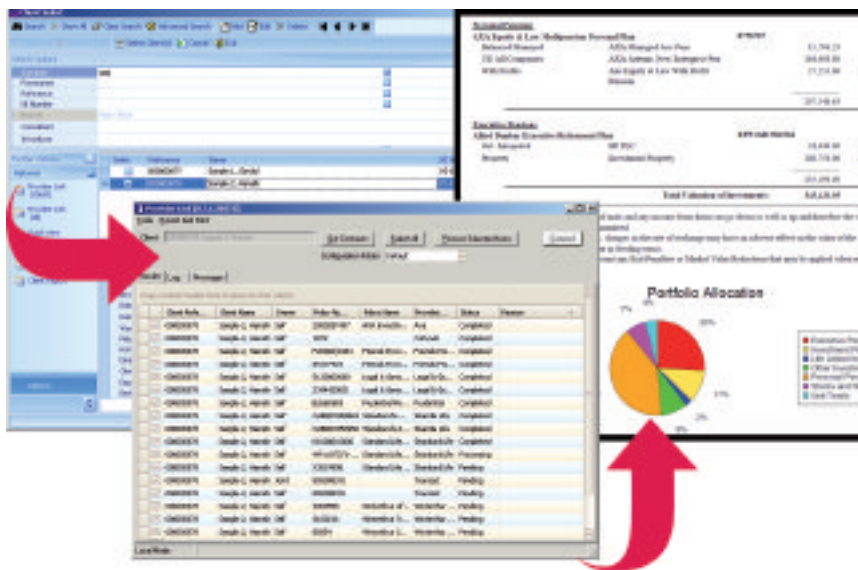
Lambert Roper and Horsfield traces its roots back to the 1930s and has had a financial advice service capability within the firm for many years. However, in 2007 it set up LRH Wealth Management as a limited company in its own right. As a result, the company was able to focus on its own vision as an IFA and to structure its resources accordingly.

Until 2007, financial planning had been carried out through a series of Excel spreadsheets, and accessing databases was a slow and cumbersome task. The launch as an independent IFA business provided the opportunity to invest in a new infrastructure that could streamline advice processes and improve customer service.

Accountancy figures

LRH Wealth Management is still owned by the accountancy practice and the links remain strong. Indeed, 90% of LRH's business derives from referrals from the accountancy practice.

The client base is quite clearly characterised by being a combination of corporate clients that need business and shareholder protection, as well as serving the business owners needs for investment and retirement planning. The client's needs are usually well established by the time they are referred to LRH, leaving LRH to typically fulfil identified financial strategies, rather than running lifetime cashflow planning to tease out areas the client has not considered.



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LRH derives significant advantage because most of the clients referred from the parent company have already provided a wealth of information before the first meeting.

There is also a strong bond of trust in place, and the individual advisers are focused on supplementing that through the service they deliver. This is a two-way information flow, with the accountancy practice also benefiting from a flow of information, such as pension contributions, income withdrawals and chargeable events being passed back to them for the annual accountancy review.

At the heart of LRH's technology platform are two core systems: Plum and Sage Line50. Plum is used extensively by the firm. Duncan Crossley, compliance director at LRH, takes the view that the firm will try to maximise the value Plum provides by implementing most, if not all, of the solution's key functionality.

All LRH client data is stored in Plum. In addition, all contact and communication with clients is logged. Paper documents relating to clients are scanned centrally and attached to the client's file, providing a central place to find information on clients. It is also an important audit trail for every piece of advice.

Plum is used to manage the commissions process, taking provider statements electronically into the system where they are matched to the expected commission originally detailed at the point of sale. While not every product provider provides electronic commission statements to Plum, a number of the major players do so. In the case of the big players, the cost savings this produces can be substantial. With Cofunds, for example, the commission statements can contain more than 150 line items. Automating the data entry has reduced the work effort from in excess of a day's worth of data entry and reconciliation to about half-an-hour's work.

Another area actively used, is Plum's provider link for contract enquiry, which is used to update portfolios before producing reports, as well as putting a new client's data on to the system to ensure accurate holding details are set up from the start. Finally, Contract Enquiry is used to update the expected renewal commission on investment business.

Invoicing is done outside of Plum. LRH uses Sage. This process is run by the parent company that uses Sage as their core accounting process management. At the time of writing there is no link between Plum

and Sage, although there would clearly be some benefit if this could be arranged in the future to bring all client information into a central point. Sage also produces all the income and expenditure data for submission to the FSA's GABRIEL system, while Plum produces a breakdown of the types of business written.

Discrete financial planning

The financial planning process itself is supported by a number of discrete systems. Asset allocation is provided by Distribution Technology, while Financial Express's Fund Analyst solution provides information on the individual funds being considered. Product research is done using Synaptic and quotations are done via Exweb.

Applications tend not to be submitted electronically as this part of the data capture with clients is still carried out on paper. LRH has attempted to input this information via the web, but tends to find it a cumbersome process and more cost-effective

for the client to let the providers carry out this work.

Crossley has a very positive approach to working with technology companies, and this is well illustrated by the relationship he has developed with Plum. He describes this as more of a technology "partner" than "provider".

He chose Plum in 2007 because he liked the firm's approach to the market and felt it would be responsive to his needs. He saw Plum as a nimble player that would be able and willing to respond to his needs faster than the bigger players (in many senses a mirror of his own company's position in the financial advice world).

The value Crossley places on this relationship is clear, and he works hard to nurture the connection. He acts as a test-bed for new functionality and actively works with Plum to enhance the product. The approach is helping LRH to build an infrastructure that will help it navigate the inevitable challenges that RDR brings.

KEY INSIGHTS

- LRH is a wealth management practice built from the strong foundations of an accountancy firm;
- It complements Plum with the use of Sage;
- It uses Plum as a client management system effectively;
- In addition to Plum, LRH uses Synaptic, Exchange and Financial Express in the financial planning process.