

FRONT OFFICE 2019 – IT'S ALL ABOUT "THE PEOPLE"!

People make up 50-75% of a business's overhead costs. For those in services, like the financial services sector, it will be at the upper end of this scale. It is the people that are the "credits" (or the "debits") of the front office (as well as elsewhere in the business), so keeping them engaged, motivated, productive, ethical and loyal is vital. Companies create "glue" for their staff by building a culture that promotes engagement and loyalty. Glue factors include: equal treatment, diversity, inclusion, transparency and "doing the right thing". This can be achieved by having a clear statement from the top about the importance of the culture – culture has to be the tone from the top, together with policies that promote good behaviours (insider dealing, UK Bribery Act, data protection, regulatory compliance etc); grievance and disciplinary procedures that ensure that concerns and alleged bad behaviours are investigated quickly and thoroughly, so that fair outcomes can be achieved and effective whistleblowing policies and procedures. Investigatory processes in regulated environments, like financial services, are vital, especially with the changes to be introduced by the SM&CR in December 2019 – bringing in, as they do, the element of personal responsibility and accountability.

Undoubtedly there is also a role for "the stick" of laws and regulations. However, the key is to ensure that yours does not become a "tick box", compliance culture, as opposed to an ethical culture. Part of the solution is fair and robust contractual terms which: promote and reward good behaviour, identify and protect confidential information and place fair and legitimate restraints on unfair post termination competition/ solicitation of key clients and employees. Contract terms can play a vital role in communicating the ethos and culture of a business by having robust salary and remuneration provisions which can be designed to reward a "we/us" culture, rather than an "I/me" culture. If George Washington's observation: "Few men have the virtue to withstand the highest bidder" is to be disproved, businesses must take a holistic approach to the recruitment, on-boarding and retention of their key assets, namely their people. In wealth management, this is never more important than now as, with greater regulation, imposing personal accountability on key members of staff, competitors could, if due care is not taken in relation to culture and due diligence not performed in relation to processes and contractual terms, competitors will be able to steal a march on you (indeed steal your business) by lifting key teams out from under your nose.



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