

## Standards for professional advisers

These standards have been produced by The BMC to allow clients to maximise the level of service they receive from all of their professional advisers. These standards are the minimum any client should reasonably expect from any professional adviser.

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### ***What is a professional adviser?***

1. A professional adviser is defined as:

A partner or supplier who provides **intangible services**

which involve some degree of **direction, recommendation, advice or information**

on **decisions** or **situations** which require **management level decisions**.

Typically those decisions relate to **actions or consequences beyond the core of the decision itself**. They affect other decisions which are equally important in other areas.

That is to say, the impact of the decision will have consequences in areas removed from the original decision and therefore the decision or action must be considered not only for its direct causes and effects but its indirect causes, effects and influences.

2. The onus of responsibility rests with the adviser in the adviser-client relationship. Clients are not sophisticated or educated consumers of professional services and the adviser has a duty therefore to protect the client from the consequences of this unfamiliarity and be transparent, objective and professional in so doing.

3. A fundamental difference therefore, between a professional adviser and their client and a commodity supplier and their customer, is that the client can hold the adviser accountable for the consequences of their omissions during the commercial interaction. The adviser is responsible for the consequences of the manner in which the service is recommended and provided, not just the service itself.

## *Provision of service*

### **Definition of need**

This stage covers the activity required for the adviser to understand the situation and the needs of the client sufficiently to be able to propose the nature of their assistance. During this stage the adviser must:

- ☐ Follow a structured and comprehensive approach in evaluating the situation.
- ☐ Make no unreasonable assumptions or always establish any facts which are not completely self-evident.
- ☐ Ensure their questioning covers:
  - The past sufficient to unearth the background to the situation.
  - Current needs and their causes.
  - What the client desires and requires from the situation.
  - What the client's perception and tolerance of risk is.
  - The sacrifice, compromise or investment the client is willing and able to undergo.
- ☐ Exercise their judgment to identify ways of establishing the extent of issues and information which the client will not know is relevant.
- ☐ Identify to the client the extent of the adviser's inquiries, and therefore, the areas not investigated (and the consequences thereof).

### **Proposal of assistance**

This stage covers the proposal of assistance by the adviser (and the proposal of any changes to it). During this stage the adviser must:

- ☐ Justify the proposed work in terms of the clients needs or benefits.
- ☐ Explain the overall process sufficiently to:
  - Explain the likelihood of success / failure and the causes and consequences of both.
  - Explain what the client must do in a clearly understood timeline.
  - Explain what the adviser will do in a clearly understood timeline.
  - Explain the costs (from the adviser and other parties) and the resources that will be required by the client.
  - Explain the accuracy of the costing and the causes and consequences of variations to the predicted costing.
- ☐ Clearly explain any factors which affect the speed and depth with which the client should assess this proposal.
- ☐ Explain their requirements for scheduling interactions.
- ☐ Clearly explain any risks or obstacles they may face in providing their contribution and the likelihood and consequences thereof.
- ☐ Present objectively the consequences of not accepting this proposal in its current form and of delaying its acceptance.

- ☐ Explain objectively the alternative means of achieving the same end and their respective positive and negative features for the client in the clients situation.
- ☐ Where appropriate explain where their service is more attractive provided equal and objective observation is made of alternatives.

## Provision of assistance

This stage covers the actual delivery of the services proposed and has five component stages during which the adviser must:

- ☐ Manage the expectations of the client fairly and objectively.
- ☐ Clearly explain as soon as possible any inability to supply services as proposed and ameliorate for, discount or otherwise compensate the client for the consequences of the adviser's inability to deliver.
- ☐ Make all practicable efforts to ensure, monitor and check the accuracy, comprehensiveness, effectiveness and efficiency of their work and their adherence to both professional standards and the original proposal.

## Information gathering (Input)

- ☐ Plan and structure the information gathering process so that it is as efficient, comprehensive, sequentially ordered and appropriate to the ultimate aim of the engagement as possible.
- ☐ Anticipate the consequences of information which could be reasonably foreseen or expected.
- ☐ Take comprehensive, structured and competent notes which act as a sufficient record of the interaction for all work that is envisaged.

## Application of expertise (Analysis/Formulation)

- ☐ Act with a level of efficiency which could reasonably be expected of a conscientious adviser.
- ☐ Incorporate a level of innovation which could reasonably be expected of a conscientious adviser.
- ☐ Devote their attentions wholly to the project in question such that it includes the minimum practicable number of mistakes and to include checking for such mistakes (and their rectification) as a responsibility (and cost) of the adviser not the client.
- ☐ Create original work or only re-use previous analysis or techniques where to do so is in the best interests of the client.
- ☐ Pursue each engagement with the belief that it is unique and must receive an unique solution.
- ☐ In using third-party assistance be efficient, transparent and apply these standards on behalf of the client.

## Solution provision (Output)

- ☐ Ensure that the work provided satisfies the proposal and the needs expressed in the proposal.
- ☐ Produce a solution which is clearly comprehensible to the client.



- ☐ Produce a solution which is most appropriate to the working practices of the client without compromising the content.
- ☐ Explain the consequences, actions and requirements of every component of the output.
- ☐ Explain how the client may make the best use of this output.
- ☐ Avoid accepting their own reasoning – or that of the client – without sufficient questioning appropriate to the gravity, complexity and uniqueness of the matter.

### Implementation (Change)

- ☐ Explain the preparations required for any change.
- ☐ Explain the optimum sequence for each change.
- ☐ Explain the dependencies and inter-relations in the change.
- ☐ Explain the risks to each change and preventative measures they should take.
- ☐ Explain any other factors which may affect the success of the change.
- ☐ Explain the consequences to the change in addition to those already covered as part of the work undertaken.

### Delivery management

- ☐ Arrange all meetings and communications with reasonable notice in accordance with the requirements outlined in the proposal.
- ☐ Structure all meetings and communications for optimal efficiency.
- ☐ Create agendas and ensure that notes and actions are taken such that the output of any interaction can be clearly identified.

### Conclusion of proposed assistance

This stage covers the conclusion of the provision of the assistance agreed and the proposal of additional assistance. During this stage:

- ☐ The adviser must show that each requirement identified in the proposal has been met.
- ☐ The adviser should show that each requirement was justified by the results – borne out by hindsight where appropriate.
- ☐ Explain any deviation from the process proposed –
  - Its cause
  - The nature of the deviation – how it was different from the proposal
  - The consequences to the solution
  - The consequences to the cost and the clients resources
- ☐ Explain how the client can make optimum use of the results or act in the optimum fashion in their revised circumstances.
- ☐ Objectively recommend further actions and engagements which are in the best interests of the client and build upon the work done thus far.
- ☐ Objectively recommend additional actions and engagements which are appropriate with the additional knowledge of the clients situation gained during the process.
- ☐ Make their best recommendation of the actions which the client in the clients situation should take following the conclusion of the project.

## ***Relationship management***

### **In maintaining their relationship with the client the adviser shall:**

- ☐ Always explain whether recommendations are based on the short/medium/long-term interests of their client and the potential difference between them.
- ☐ Always state when they are representing the viewpoint of stakeholders or third parties and make the needs of those parties clear.
- ☐ Uphold their objectivity when it conflicts with the requirements of a good working relationship. They must make it clear to the client where the actions or intentions of the client deviate from what is recommended or what is best practice. This is particularly necessary when emotional or other subjective forces are suspected to be exerting an influence ie a situation where another rational person would act differently to the client.
- ☐ Challenge underlying decisions and assumptions (play devils' advocate) where necessary to ensure those decisions and assumptions are correct or their margin of error properly understood.

### **In managing the expectations of the client, the adviser shall:**

- ☐ Clearly explain what will be done, when, where and how.
- ☐ Clearly explain why this will be done, with due regard to the individual circumstances of the client.
- ☐ Use all practicable efforts to identify, explain and resolve areas where the client's understanding and the adviser's understanding of the importance of issues are different.
- ☐ Anticipate and resolve the questions and requirements of the client as much as possible.
- ☐ Clearly differentiate between the desires and requirements of the client and the best practice recommendations of the adviser and explain the causes, extent and consequences of the gulf between the two clearly, in good time and with empathy.
- ☐ Integrate their services with the rhythms of the client and their needs, should this be appropriate, or alter the expectations accordingly.

### **In managing the potential for conflicts of interest the adviser shall:**

- ☐ Advise at the earliest relevant opportunity of their policy for handling conflicts of interest.
- ☐ Take early and substantial measures in the event of the possibility of a conflict of interest occurring to investigate this possibility such that a qualified decision can be made in good time.
- ☐ Not consider their obligation to the client complete (should a conflict of interest preclude or affect provision of service) until they have taken the measures which could reasonably be expected to ensure the client's needs will be met through alternative means.
- ☐ Consider the possibility of a conflict of interest to exist when the effect of an advisers work with one client could reasonably be expected to have an

impact on another client. This impact need not be substantial but must be attributable in some degree to the consequences of the provision of service and of the quality of that service.

- ❑ Consider the possibility of a conflict of interest to exist when the knowledge an adviser has of one client will in any way affect the recommendations they will offer another client where the actions of either party might have an impact on the other party which is affected by the effect of the advisers work.

### **In marketing and selling their services the adviser shall:**

- ❑ Represent the risk-adjusted benefits of any actions, not the most optimistic benefits.
- ❑ Encourage prospective clients to act expeditiously (to mitigate for procrastination) but in doing so not exaggerate the consequences of delay nor the gravity of the issue.
- ❑ Provide clarity and at all times avoid representing any issues or problems as more confusing, dire or insoluble than they are.

### **In managing resources and the provision of services the adviser shall:**

- ❑ Not over commit themselves (or any supporting resources). In making such an assessment they must make an objective assessment of the requirement, contingencies and reliability of all other engagements.
- ❑ Never accept work they cannot be entirely certain of completing in the required timeframe.
- ❑ Take every necessary measure to safeguard the security and confidentiality of all client information at all times from any risk which can reasonably be foreseen.
- ❑ Create work which is uniquely designed for the clients situation, process and solution except where the re-use of work or techniques is fundamental to both the nature of the work and the pricing structure. Previous work should never be re-used and altered to suit a current engagement except where doing so is clearly in the interests of the client and does not reduce the effectiveness of the solution.

### **In calculating the cost of their services the adviser shall:**

- ❑ Charge or quote for the time required by a reasonably efficient adviser to conduct the tasks required in the timeframe required.
- ❑ Not charge for any incidentals without good reason.
- ❑ Not charge for any time spent researching information or skills which they should reasonably be expected to know. What an adviser should reasonably be expected to know is defined as being knowledge they would have cause to use or apply more than once a year.
- ❑ Not charge for any costs or time incurred by the arrangement of the provision of services or interaction.
- ❑ Not charge for any error for which they are responsible or the consequences of any such error or inefficiency.