

a meeting of
MINDS

ADVISORY DISTRIBUTION
PERFORMANCE BENCHMARKING
QUESTIONNAIRE 2009

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This will be the third year the Benchmark Survey has been run.

As a bit of background, Owen James, working with KPMG and the Steering Party comprising a cross-section of advisory firms, developed the questionnaire to ensure that firms who supply the data receive performance benchmarks to support their strategic business decisions. Here are some of the outputs you can expect from the questionnaire:

- What does a profitable business model look like?
- How many appointments should an adviser be able to manage in a day?
- What is the average revenue generated by employees and advisers?
- What proportion of a successful company's income is invested in IT?
- The mix of fees and commission - is a move to fees the answer? What sort of fees are people charging?
- How many firms are using wraps? What is the effect on business performance?
- Average income per client ie cost of time spent on client vs yield?

The questionnaire is available for completion by all companies classified as independent financial advisers. It has been simplified to ensure that the data requested is considered reasonable and not a deterrent to potential participants. There is no limit on the size of firm and Owen James will seek a sample of data large enough to enable peer group comparisons.

Could you please complete the questionnaire by Tuesday 5 May. The information can be entered into the online questionnaire or you can complete and post this questionnaire to Owen James at the address shown on the final page.

All data will be treated totally confidentially and the findings published in aggregated form for the whole sample and per category of business model. All participants who supply required levels of data will receive a free copy of *The Findings* and an opportunity to benchmark themselves against other nationals, regionals, local firms and network members.

For a nominal fee, you will also have an opportunity use the 'online business planning tool' which will enable you to make peer group comparisons and anticipate the effect the different scenarios will have on your P&L. Ultimately you will be able to benchmark by ownership; size; geographically; and whether you are a member of a network or use para-planners.

In summary, the benefits of participating include an opportunity to:

- Benchmark yourself against similar business models.
- Identify the productivity pressure points within the IFA firms by analysing data on business practices and performance.
- Formulate actions to reduce costs and improve profitability.
- Highlight examples of best practice
- Understand the true value of IFA businesses.
- Build a collective voice to respond to the FSA.

As an incentive to action, all participants will be entered into a prize draw and the winner will receive a case of champagne.

**If you would like to discuss any aspect of this study, do please call:
James Goad, Owen James - 01483 861 334 E: jamesgoad@owenjamesevents.com**

I.7. What is the ownership of your IFA business? Please tick one box only

- Independent / privately owned (ie no external investor holds a majority share) - (GO TO Q1.9)
- An individual company within a group - (GO TO Q1.8)

Comments:

I.8. Please indicate who holds the majority share of your company?

- Owned by an IFA group
- Owned by a Life Office
- Owned by a bank / building Society
- Owned by a professional practice (eg lawyer, accountant, etc)
- Other

Other (please expand):

I.9. What percentage of you IFAs are classified at the following levels?

| Chartered CII Certified IFP | Percentage currently qualified (%) | Percentage currently training for qualification (%) |
|--|---|--|
| IFP Certified or CII Chartership | | |
| CII advanced diploma in Financial Planning | | |
| CII diploma in Financial Planning | | |
| CII Certificate in Financial Planning (CFPI-5) | | |
| Total (%) | 100% | 100% |

I.10. What percentage of your advisers do you expect to get to the level of QCA 4 by 2012 assuming that the RDR proposals follow through?

- All of them
- 80-99%
- 60-79%
- 40-59%
- 20-39%
- 1-19%
- None

Comments:

I.11. Are you planning to acquire any other firms in the next 12 months?

- Yes
- No

If yes, why (please expand):

I.12. Are you planning to be acquired in the next 12 months?

- Yes
- No

If yes, why (please expand):



2. Products and services

2.1. Please indicate your total business mix in percentage terms (ensure that the total adds up to 100%).

| | Premium (%) |
|--|-------------|
| Investment | |
| Pension (includes annuities, drawdown) | |
| Protection | |
| General Insurance | |
| Mortgage | |
| Other (please expand below) | |
| Total | 100% |

2.1.1. 'Other', please expand:

2.2. Please could you indicate the value of total premium earned versus the commission earned as part of the premium?

| | Total Premium (£) | Commission earned as a part of the premium (£) | Case count (No) |
|--|-------------------|--|-----------------|
| Investment | | | |
| Pension (includes annuities, drawdown) | | | |
| Protection | | | |
| General Insurance | | | |
| Mortgage | | | |
| Other (please expand below) | | | |
| Total | | | |

2.2.1. 'Other', please expand:

3. Revenue Drivers

3.1. How much annual revenue is derived from existing and new clients in terms of renewal and new products?

| | Existing clients | New clients (ie clients acquired in the last 12 months) |
|------------------|------------------|---|
| Initial (£) | | |
| Renewal (£) | | |
| Trail (£) | | |
| Total (£) | | |

3.2. How is revenue from existing and new clients split between commission and fees?

| | Existing clients | New clients (ie clients acquired in the last 12 months) |
|--------------------------|------------------|---|
| Commission (%) | | |
| Pure fees (%) | | |
| Offset fees / debate (%) | | |
| Total (%) | 100% | 100% |

3.3 How is the revenue from existing and new clients split between individual and group business?

| | Existing clients | New clients (ie clients acquired in the last 12 months) |
|-----------------------|------------------|---|
| Individual income (%) | | |
| Group income (%) | | |
| Total (%) | 100% | 100% |

3.4. Do you plan to make changes to your business model in light of the RDR?

- Yes
 No

3.4.1. If yes, what are these changes (please expand):



3. Revenue Drivers

3.4.2. If no, is this because you have already taken action?

- Yes
- No

3.4.3. If yes, what action have you taken *(please expand)*:

4. Client Profile

4.1. What is the size of your active client base (meaning someone with whom you have transacted in the last two years)?

| | Number of clients |
|--|-------------------|
| Private clients | |
| Corporate clients (firms with more than five employees) | |
| Total | |

4.2. What is the average portfolio size (assets under management) of your investment and pensions clients?

- £0 - £5K
- £5K - £10K
- £10K - £20K
- £20K - £50K
- £50K - £75K
- £75K - £100K
- £100K - £200K
- £200K+

4.3. What is the minimum portfolio size (assets under management) of your investment and pensions clients?

- £0 - £5K
- £5K - £10K
- £10K - £20K
- £20K - £50K
- £50K - £75K
- £75K - £100K
- £100K - £200K
- £200K+

4.3. How do you acquire new clients? *Please indicate the percentage split.*

| | % (Private / corporate) |
|--|--------------------------------|
| Referrals / networking | |
| Seminars / events / exhibitions, etc | |
| Worksite | |
| PR | |
| Advertising | |
| Direct Marketing | |
| Internet | |
| Offices / shop fronts | |
| Other <i>(please expand in 'comments' below)</i> | |
| Total | 100% |

Comments:

4.4. Have you had any material TCF issues following an FSA visit in the last year?

- Yes
 No

4.4.1. If yes, please expand:

5. Costs during the last financial year

OBJECTIVES: The data from this section will help identify distribution costs, support costs per RI, total cost per RI and average pay per RI.

5.1. RI Costs

| Annual RI costs | Salaried (£) | Commissioned (£) |
|--|--------------|------------------|
| Salaries | | |
| Commission Payout | | |
| Other Cash Remuneration / Bonus | | |
| Non-cash Remuneration (e.g., company car, etc.) | | |
| Total | | |

Comments:

5.2. Please indicate the range of base salaries you pay to your RIs?

| | Salary (£) |
|---------------|------------|
| Top salary | |
| Median salary | |
| Bottom salary | |

5.3. What is the average revenue per RI based on revenue attributed to RIs for bonus purposes?

5.4. What is the range of revenue generated by RIs in the last accounting period?

| | Revenue generated (£) |
|-------------------|-----------------------|
| Top performing | |
| Median performing | |
| Bottom performing | |

5. Costs during the last financial year

5.5. What is your bonus threshold as a multiple of salary?

5.6. What is the bonus paid on revenue achieved above threshold?

5.7. If you cannot provide a detailed breakdown in the table below, please complete Q5.7.I.

| Other annual costs | | Costs (£) |
|-------------------------|-----------------------|-----------|
| Finding customers | • Lead generation | |
| | • Marketing | |
| Giving advice | • Cost of sales | |
| | • Recruitment | |
| Administration | • Sales support costs | |
| | • Training | |
| | • Research | |
| Risk Management | • Compliance | |
| | • FSCS | |
| | • Regulation | |
| Running the business | • IT | |
| | • Central overheads | |
| | • Premises | |
| Other (please describe) | | |
| Total (£) | | |

Comments:

5. Costs during the last financial year

5.7.1. Please only complete this question if you were provide a detailed breakdown of your annual costs in the previous table

| Other annual costs (simplified) | £ |
|--|----------|
| Marketing & lead generation | |
| Cost of RIs | |
| Operational support | |
| Regulation, compliance and FSCS | |
| Business overheads (ie IT, premises, central overheads, etc) | |
| Other costs (please describe): | |

5.8. Have your PI (Professional Indemnity) premiums increased over the past year?

- Yes
 No

5.8.1. If yes, by how much approximately?

- 0-5%
 5-10%
 10-15%
 15-20%
 Great than 20%

OBJECTIVES: The data sought below will help identify recruitment rate, turnover rate, RIs per first line manager, RIs per T&C supervisor and RIs per support staff, which will in turn help identify productivity.

6.1. Please enter number:

| | No. |
|--|------------|
| Full time RIs - start of year | |
| Full time RIs - end of year | |
| New recruits | |
| Leavers | |
| Support staff (including paraplanners) | |
| Other | |
| Total headcount | |

Comments:

6.2. What is the average age of your advisers? Please tick one box.

- 20 - 25
- 25 - 30
- 30 - 35
- 35 - 40
- 40 - 45
- 45 - 50
- 50 - 55
- 55 - 60
- 60 +

7. Productivity

7.1. What is the average length of service of your RIs? *Please tick one box.*

- Under 3 years
- 3 - 5 years
- More than 5 years

7.2. Average no of appointments per day per RI. *Please tick one box.*

- 1 appointment
- 2 appointments
- 3 appointments
- 4 appointments
- Other
- Not applicable

7.2.1. Please expand if you indicated 'other' or 'not applicable'

7.3. What were the following conversion rates for your sales force over the last financial year?

| | % |
|-----------------------|---|
| Leads to appointments | |
| Appointments to sales | |

Comments:

7.4. What remuneration model do you use for your advisers? *Please tick all that apply*

- Straight commission
- Share save scheme
- Salary validation ie bonus paid if target reached
- Bonus on everything
- Other

7.4.1. Please expand if you have indicated 'other':

7.5. What sort of benefits do you provide? (Please tick as appropriate.)

- Car
- Petrol allowance
- Private Healthcare
- Other

Please expand if you have indicated 'other':

7.6. What percentage of your new business is processed on-line? Please tick one box.

- None - PLEASE GO TO Q7.8
- 1% - 10%
- 11% - 20%
- 21% - 30%
- 31% - 40%
- 41% - 50%
- 51% - 60%
- 61% - 70%
- 71% - 80%
- 81% - 90%
- 91% - 100%

7.7. Please indicate the product mix of new business processed on-line?

| | % |
|--------------|-------------|
| Investment | |
| Pensions | |
| Protection | |
| Mortgages | |
| Total | 100% |

Comments:

7.8. To what percentage of your clients do you offer a wrap or platform-based service?

Please tick one box.

| | <i>Platform/Fund Supermarket (%)</i> | <i>WRAP (%)</i> |
|------------|--------------------------------------|--------------------------|
| None | <input type="checkbox"/> | <input type="checkbox"/> |
| 1% - 10% | <input type="checkbox"/> | <input type="checkbox"/> |
| 11% - 20% | <input type="checkbox"/> | <input type="checkbox"/> |
| 21% - 30% | <input type="checkbox"/> | <input type="checkbox"/> |
| 31% - 40% | <input type="checkbox"/> | <input type="checkbox"/> |
| 41% - 50% | <input type="checkbox"/> | <input type="checkbox"/> |
| 61% - 70% | <input type="checkbox"/> | <input type="checkbox"/> |
| 71% - 80% | <input type="checkbox"/> | <input type="checkbox"/> |
| 81% - 90% | <input type="checkbox"/> | <input type="checkbox"/> |
| 91% - 100% | <input type="checkbox"/> | <input type="checkbox"/> |

Comments:

7.9. Do you or are you planning to use more than one wrap or platform-based service?

Please tick one box in each column.

| | <i>Platform/Fund Supermarket (%)</i> | <i>WRAP (%) Supermarket (%)</i> |
|--------|--------------------------------------|---------------------------------|
| Yes | <input type="checkbox"/> | <input type="checkbox"/> |
| No | <input type="checkbox"/> | <input type="checkbox"/> |
| Unsure | <input type="checkbox"/> | <input type="checkbox"/> |

7.10. What percentage of your company revenue has been invested in IT infrastructure over the past year? Please tick one box.

- 0% - 5%
- 5% - 10%
- 10% - 15%
- 15% - 20%
- More than 20%

Comments:

8. Financials

8.1. Please indicate your revenue, costs and profit for the following years:

| | Revenue (£) | Costs (£) | Profit (£) |
|------|-------------|-----------|------------|
| 2003 | | | |
| 2004 | | | |
| 2005 | | | |
| 2006 | | | |
| 2007 | | | |

Comments:

Thank you for your co-operation in this survey. When you have completed this questionnaire, either enter the information onto the online questionnaire or return by post to:

Performance Benchmarking Questionnaire
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