Differentiating your advice service with managed accounts

IMAP Advice in Action

PRESENTED BY
Praemium

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The research presented in this document was based on unique and exclusive data collected from the 224 advice practices that completed the Business Health HealthCheck during the period 1st January 2020 through 12th December 2021. Of these, 76 firms were using managed accounts. The findings were released in 'Profit facts and Key Success Drivers in May 2022. The information represents confidential information and intellectual property residing within Business Health Pty Ltd. It has been provided on the basis that it will not be conveyed to any third party without the prior approval of Business Health Pty Ltd or Praemium Australia Limited. Business Health Pty Ltd makes no representations or warranties as to the validity, relevance or accuracy of the information provided nor of the capability of any report to achieve any purpose resulting from its completion. Business Health Pty Ltd accepts no responsibility whatsoever for any loss or damage suffered by any user of the services of Business Health Pty Ltd.

Agenda

» What successful managed accounts firms are doing differently
» Working on your business, not just in it
» Delivering what clients value
» Future-proofing your practice

What successful managed accounts firms are doing differently?

1 **Working on the business not just in it**

2 **Prioritising the client experience**

Working on your business

Key success drivers

Regularly
seek client feedback

Documented
5 year plan

Documented
Client Value Proposition

Regularly
seek external advice

Client focused
More time with clients. Greater detail on reviews

Working on your business not just in it

Key business driver	Firms not using managed accounts	Firms using managed account for 3+ years (Uplift)	Firms with 75%+ of clients invested in managed accounts (Uplift)
Documented 3–5-year strategic business plan	22%	36% (+64%)	44% (+100%)
Regularly seeking external business advice	39%	45% (+15%)	56% (+44%)
Documented client value proposition (CVP)	41%	64% (+56%)	89% (+117%)

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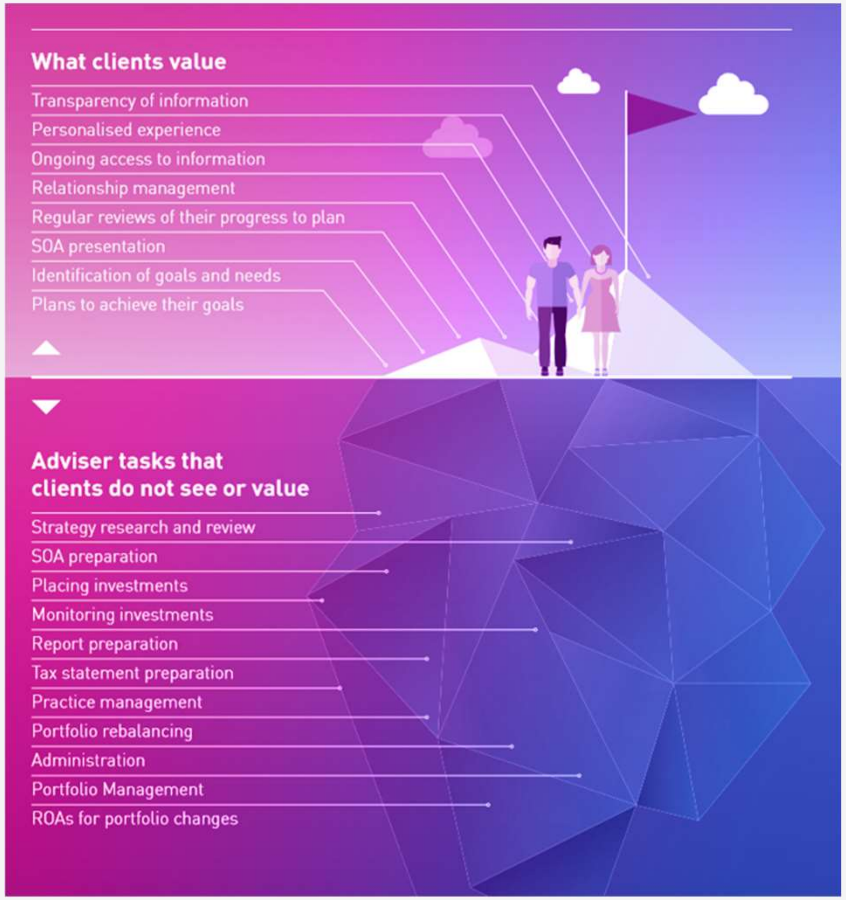
*Source: Profit Facts & Key Success Drivers Managed Account Research 2022

Prioritising the client experience

What is important to clients?

- 91% of clients want an adviser who "gets" them
- 71% need shared values and/or political leanings
- 70% want to meet advisers face to face
- Only 17% want a digital only relationship
- 55% feel the advice they receive is too generic
- 34% would increase investments if they received a hyper-personalised experience



Accenture: The New State of Advice August 2021 &
Deloitte Wealth and Asset Management 4.0 November 2021

Prioritising the client experience

Key business driver	Firms not using managed accounts	Firms using managed accounts for 3+ years (Uplift)	Firms with 75%+ of clients invested in managed accounts (Uplift)
Improved client engagement	–	59%	67%
More time spent with clients	–	45%	89%
Client reviews lasting 60+ minutes	77%	91% (+19%)	89% (+16%)
20+ items covered in the client review	14%	23% (+64%)	22% (+57%)
Formally seeking client feedback	23%	36% (+57%)	56% (+143%)
10+ "A" client touch points per year	29%	45% (+73%)	44% (+69%)

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*Source: Profit Facts & Key Success Drivers Managed Account Research 2022

Future-proofing your practice

Meeting the demands of the next generation

Personalised service

Digital experience

ESG

Investment opportunities

Attracting the next generation of clients

	Gen Y/Millenials
Employment Status	Building careers/middle management Entrepreneurial
Financial Status	Earning potential Mortgage / Student debt Saving savvy
Demographic profile	Tech savvy and social media literate Highly scheduled time poor Prioritise happiness and positive social impact Not brand loyal expect instant gratification
Advice approach	Education Short focused meetings for time poor Personalised service and approach ESG considerations Use technology widely to engage and advise

Key success drivers translate to profits

Key business driver	Firms not using managed accounts	Firms using managed account for 3+ years (Uplift)	Firms with 75%+ of clients invested in managed accounts (Uplift)
Practice revenue	$1.2m	$2.1m (+75%)	$2.2m (+84%)
Revenue per client	$3,224	$5,321 (+65%)	$9,685 (+200%)
Notional salaries as a percentage of revenue	47.3%	39.7% (-16%)	39.7% (-16%)
FUM growth of 20%+	12%	27% (+125%)	33% (+175%)

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*Source: Profit Facts & Key Success Drivers Managed Account Research 2022

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