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AssetMark, MainStay Win Laurels for Value-Adds

by Kevin Burke

Fund companies that take a consistent and targeted approach to value-add programs and get commitment from senior management tend to be the most successful in helping advisors grow their business.

Along those lines, the top five highest rated value-add programs by advisor satisfaction were offered by AssetMark, MainStay, Nuveen, American Century and Janus, in that order. That's according to a new survey titled Advisor Insight: Marketing Effectiveness from Financial Research Corp. and sales consulting firm Horsesmouth.

The research, which is based on responses from advisors, shows that advisors are looking for specific action steps that will help them get more referrals, carve out a customer niche and capture IRA rollover assets. Retirement income and time management were also high on advisors' lists.

And while most fund companies are investing time, money and resources into these programs, very few are engaging advisors in a way that satisfies their needs. "Most value-add programs have very little follow-up. They tend to die on the vine," says Craig Kilgallen, vice president of relationship development at FRC.

Given that firms are spending anywhere from \$300,000 to \$500,000 on creating, building and distributing these programs, it's incumbent upon them to improve their effectiveness. "If firms begin to better understand their target audience and deliver value-add programs that resonate with that set of advisors, it will amplify their success," Kilgallen says.

"Currently, it's a little bit of a short-cut effort," he says. The right communication isn't happening but it's not clear where the breakdown occurs, he says. "The programs that incorporate a clear path toward implementation — something you can put into action right away — and the ones that are very targeted, rather than being generic, are the most successful," Kilgallen says.

So what's the difference between the top five most highly rated firms by satisfaction and the rest of the pack? Tone at the top, Kilgallen says. "There's a full corporate buy-in at these firms. They have commitment from the top," he says.

In calculating the overall scores, seven attributes were weighted according to their importance. They included overall impact on business, follow-up, topic relevance, unique/differentiated, program materials, delivery and subject matter expertise.

The data reveals a disconnect between what advisors want and what they're getting. For example, participating advisors said they preferred ongoing value-add programs but nearly three-quarters of the top-ranked programs were one-time offerings. For all programs mentioned in their responses, one-time programs trumped ongoing programs 78% to 22%, according to the survey.

Some 21% of advisors said they wanted one-on-one contact with whoever was delivering the value-added

service, but that occurred only 10% of the time, according to the survey. Another 29% said they preferred Web delivery, but only 7% actually received materials online. Conversely, 47% of firms rated gave outside seminars when only 17% of advisors said they wanted them in that format.

Among the top 10 firms ranked in the delivery category, only Nuveen rated above average for utilizing the Web

Most advisors groused that programs are introduced and then the sponsoring firm vanishes, leaving advisors with little or no support when it comes time to put those lessons into practice. However, that abandonment tends not to impact the overall effectiveness of a program.

The survey also found that advisors prefer to have wholesalers involved in the delivery of value-add programs. Indeed 74% of the top 10 programs were delivered by the sponsor firm, represented by a wholesaler or an internal subject matter expert.

Content and relevance were cited as key elements of the top-ranked programs. Programs that hit on key topics and provide content that is timely, accurate, focused and deemed worthwhile will generate an audience.

Respondents also pointed out that the best value-add programs offered something that they couldn't find anywhere else. One advisor referred to a Janus program as "a breath of fresh air because it was different," according to the survey.

Overall impact on business was another area in which advisors rated firms. The most successful in that category were AssetMark, Nuveen, Pacific Life, Russell and Janus, respectively.

In terms of frequency of use, American Funds was the winner by a landslide with 140 selections, or 11% of all firms mentioned in the survey. The Hartford came in second place with 76 selections, followed by AllianceBernstein, John Hancock and AIG SunAmerica.

The survey data was gleaned from an online survey of 1,800 financial advisors and 182 branch managers conducted between November 2007 and January 2008.

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