INVESTMENT PROGRAM

BLUEPRINT

5TH EDITION

Infinex FINANCIAL GROUP

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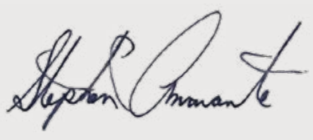
INTRODUCTION

Welcome to the fifth edition of the Investment Program Blueprint! Infinex Financial Group is pleased to present our insights into investment programs based in financial institutions and their top drivers of success.

Thank you to investment programs from Infinex for their time and participation. This whitepaper would not be possible without you. This in-depth study explores key measures of performance and how engaging in best practice activities directly impact program and advisor results. We encourage program managers and advisors to use this information as a blueprint to formulate plans and execute specific action items to achieve the highest level of return.

Revenue figures cover the 2018 calendar year. Deposit and non-interest fee income information was obtained from www.fdic.gov and is as of December 2018.

Infinex Financial Group looks forward to the opportunity to help you implement an overall investment program plan that leverages the most effective and efficient protocols discussed in this report. We are also here to help you serve the needs of your clients, members, community, financial institution, and employees.



Stephen P. Amarante
President, CEO Infinex Financial Group

Executive Summary

The goal of the **Investment Program Blueprint** is to provide current, relevant benchmarks for productivity as measured by revenue and best practice activities common to top performing financial institution-based investment programs.

Program results are reported based on average Revenue Per Full-Time Advisor for the calendar year 2018 by the following quartiles:

- Quartile 1: Over $300,000
- Quartile 2: $200,000 – $300,000
- Quartile 3: $100,000 – $200,000
- Quartile 4: Under $100,000

And by peer group:

- Institutions $5 Billion +
- Institutions $1 – 5 Billion
- Institutions $600 Million to 1 Billion
- Institutions $300 – 600 Million
- Institutions under $300 Million

STRATEGIC SIGNIFICANCE OF THE INVESTMENT PROGRAM

Nearly 35% of survey participants cited generating non-interest income as the primary objective of the investment program.

Compared to the prior survey, developing long-term recurring revenue and providing a broad range of products and services was cited by more program managers as a top priority.

The investment program's contribution to non-interest income averaged just over 11%, similar to previous reports.

Beyond the revenue, the data confirmed that having an investment relationship has a positive impact on overall household profitability for the financial institution. Households with an investment relationship have 6.01 services per household (compared to 3.63 for households without an investment relationship) and average deposits of $58,632 vs. $37,133. There is significant room for growth, with less than 9% of households maintaining an investment relationship with their financial institution.

REVENUE BENCHMARKS

Quartile 1 programs averaged $425,432 per advisor, nearly 68% higher than the average for advisors in Quartile 2.

Over 56% of revenue for the year came from mutual funds and annuities. Fees and trails account for nearly 33% of revenue. The largest untapped potential as a revenue source continues to be insurance at 2% of overall revenue.

Households with an investment relationship have **6.01** services per household (compared to 3.63 for households without an investment relationship) and average deposits of **$58,632 vs. $37,133.**

BEST PRACTICES

We asked survey participants questions related to advisor, program manager, and financial institution activities and practices. Program manager responses to each question were then grouped by average production per advisor to provide comparisons and insights into what top quartile programs and their advisors are doing differently than other programs and advisors.

Highlights of our findings include:

- Program Structure
  - On average, advisors cover 7 branches each.
  - Advisors who cover 3 – 4 branches continue to out-produce advisors who cover more than 5 branches.
  - Less than 25% of financial institutions are leveraging licensed branch employees as a distribution channel.
- Program Management
  - Nearly 90% of programs establish a goal for total revenue.
  - More than ever before, advisors are using a business planning process. Average revenue per advisor in programs that use a business planning process is nearly 50% higher than the average revenue per advisor in programs that do not.
  - Programs that actively engage in reporting their goals and results to the branch managers average $338,640 per advisor vs. $249,433 for programs that only report results to the board.
- Generating Referrals
  - Advisors in Quartile 1 programs received 55% of referrals from branches and 45% from other sources (clients, centers of influence, trust, commercial lending, etc.).
  - The details in the report explore the tools and techniques advisors and program managers are using to develop relationships with referral sources.
- Advisor Marketing
  - 86% of advisors are using Advisor Center for communication with financial institution management and staff, clients, prospects, client education, and referral training.
  - Almost all programs have some presence on the financial institution's website.
  - Only 35% of advisors are leveraging social media to communicate with clients and prospects.
  - 83% of programs are marketing inside of the financial institution branches.
  - 73% of financial institutions are supporting marketing beyond the branches.
- Sales Assistants
  - Advisors who have their sales assistants focused on servicing clients, client communication and referral management significantly out-produce advisors who have their sales assistants solely focused on paperwork.
- Financial Institution Support
  - Compared to the findings of the previous Investment Program Blueprint, program managers have made significant strides in improving communication with executive leadership. Notably, a shift from occasional communication to a large percentage communicating on at least a monthly basis.
  - We also continue to see strong support for most programs from the financial institution's board.
  - 83% of program managers agreed or strongly agreed that the branches the advisors support view them as essential team members.
  - Advisors in most programs are viewed as essential team members through many areas of the financial institution.

Average revenue per advisor in programs that use a business planning process is nearly **50%** higher than the average revenue per advisor in programs that do not.

Strategic Significance of the Investment Program

It is critical that financial institution executives understand how investment program revenue is generated and the possibilities for contributing to the overall profitability of the financial institution. The following measures provide benchmarks of current production and indicators for growth opportunities for investment programs in banks and credit unions.

First, we wanted to gain insight into the primary objective for the investment program:

- Nearly 35% of program managers said that the primary objective of the investment program was to generate non-interest income.
- Almost 18% of program managers cited retaining/strengthening current financial institution client relationships as the primary objective of the investment program.
- Compared to previous surveys, developing long-term recurring revenue and providing a broad range of products were cited by more program managers as their primary objective.
- The good news is that less than 5% of program managers continued to report that the investment program is viewed primarily as a defensive strategy to keep customers from seeking services elsewhere.

STRATEGIC OBJECTIVE	2015 RANKING OF RESPONSES	2016 RANKING OF RESPONSES	2018 RANKING OF RESPONSES
Produce non-interest fee income	1	1	1
Retain/strengthen client relationships	2	2	2
Provide a broad range of products and services	4	3	3
Develop long-term recurring revenue	3	4	4
A defensive strategy	5	5	5

On the surface, it looks like there isn't any change in priorities since 2016. When we looked a little closer at the data, we found that the percentage of program managers ranking developing long-term recurring revenue and providing a broad range of products and services both increased. While the percentage focusing purely on producing non-interest income decreased. A defensive strategy continues to be the least important reason for having an investment program for all quartiles. All of this is encouraging news to see that programs are taking a longer-term approach in their overall strategy.

STRATEGIC OBJECTIVE	QUARTILE 1	QUARTILE 2	QUARTILE 3	QUARTILE 4
Produce non-interest fee income	1	1	2	4
Provide a broad range of products and services	2	4	4	2
Retain/strengthen client relationships	3	2	1	1
Develop long-term recurring revenue	4	3	3	5
A defensive strategy	5	5	5	3

REVENUE PER FULL-TIME ADVISOR:

- **Quartile 1:** Over $300,000
- **Quartile 2:** $200,000 – $300,000
- **Quartile 3:** $100,000 – $200,000
- **Quartile 4:** Under $100,000

DEPOSIT SALES PENETRATION

Deposit Sales Penetration is the ratio of dollars invested compared to the financial institution's total retail deposits. This percentage does not suggest that all sales are coming from the financial institution's deposit base. Rather, it is an indication of the potential opportunity available to grow sales.

	DEPOSIT SALES PENETRATION TREND		
	2015	2016	2018
Quartile 1	3.12%	3.17%	3.56%
Quartile 2	1.99%	2.90%	2.24%
Quartile 3	2.40%	2.97%	3.62%
Quartile 4	1.31%	1.20%	0.65%

On a peer group basis, the higher Deposit Sales Penetration percentages in all quartiles occur in the financial institutions under $600 Million in retail deposits.

The low Deposit Sales Penetration across all quartiles and peer groups is an indication that there is still a significant prospecting opportunity inside each financial institution.

	DEPOSIT SALES PENETRATION BY QUARTILE AND PEER GROUP				
	2018	Q1	Q2	Q3	Q4
$5 Billion +	1.33%	1.39%	1.67%	n/a	0.02%
$1 – 5 Billion	0.99%	1.19%	0.91%	0.66%	0.86%
$600M – 1B	1.85%	2.65%	2.47%	1.34%	0.41%
$300 – 600M	2.74%	3.86%	1.42%	5.38%	2.09%
$0 – 300M	2.23%	4.44%	4.12%	1.77%	1.72%

REVENUE PENETRATION

Revenue Penetration represents the investment program's revenue per million dollars of retail deposits.

CONSIDER THIS:

The average deposit size for banks in Quartile 2 is $770 million. Based on Q2 Revenue Penetration, this group has the potential to average $691,460 in total revenue. Only 24% of banks in Quartile 2 currently exceed that level.

$770 x $898 = $691,460

	REVENUE PENETRATION TREND		
	2015	2016	2018
Quartile 1	$1,010	$994	$1,000
Quartile 2	$874	$917	$898
Quartile 3	$727	$768	$596
Quartile 4	$366	$372	$382

	REVENUE PENETRATION BY QUARTILE AND PEER GROUP				
	2018	Q1	Q2	Q3	Q4
$5 Billion +	$568	$318	$622	n/a	$151
$1 – 5 Billion	$674	$755	$491	$433	$267
$600K – 1B	$870	$1,311	$1,037	$544	$245
$300 – 600K	$952	$1,640	$860	$805	$261
$0 – 300K	$1,006	$1,758	$1,474	$1,056	$492

Both Deposit Sales Penetration and Revenue Penetration are ways to benchmark your program against other programs of similar institution size. Regardless of how your program is staffed, these benchmarks provide a reasonable revenue target based on the size of your financial institution.

CONTRIBUTION TO NON-INTEREST INCOME

Another measure of productivity is the investment program's Contribution to Non-Interest Income as compared to all other financial institution sources for non-interest income.

	CONTRIBUTION TO NON-INTEREST INCOME		
	2015	2016	2018
Quartile 1	16.73%	13.32%	11.33%
Quartile 2	14.25%	12.42%	9.00%
Quartile 3	9.67%	9.01%	9.42%
Quartile 4	6.68%	5.19%	4.32%

We also looked at the Contribution to Non-Interest Income based on institution deposit size and quartile. On a peer group basis, it is no surprise that the Contribution to Non-Interest Income for the larger financial institutions is a lesser percentage. Of course, even the smaller percentages are significant on a dollar basis.

	CONTRIBUTION TO NON-INTEREST INCOME BY PEER GROUP				
	2018	Q1	Q2	Q3	Q4
$5 Billion +	6.85%	5.53%	8.03%	n/a	2.19%
$1 – 5 Billion	9.23%	9.47%	7.90%	5.29%	5.27%
$600K – 1B	16.00%	11.34%	12.51%	7.05%	5.52%
$300 – 600K	21.58%	13.79%	14.85%	12.77%	6.42%
$0 – 300K	18.41%	18.94%	16.42%	14.86%	12.68%

HOUSEHOLD PROFITABILITY

We found that a huge opportunity still exists to introduce investment and insurance services to the financial institution's existing client base. Financial institutions reported that only 9.2% of their households currently have investment and/or insurance accounts with their own investment program. We know that a far greater percentage likely have investment accounts elsewhere.

Although many studies have proven that deposit disintermediation is only temporary (typically 6 months or less), many bankers have continued to be hesitant to refer clients to an advisor. Survey responses proved that having an investment and/or insurance relationship actually boosts the clients' relationship with the financial institution. Households with and investment/insurance relationship have nearly double the number of accounts with their financial institution and 58% higher average deposits.

	WITH INVESTMENT/ INSURANCE RELATIONSHIP	WITHOUT INVESTMENT/ INSURANCE RELATIONSHIP
Services Per Household	6.01	3.63
Average Bank Deposits Per Household	$58,632	$37,133

OBSERVATIONS AND OPPORTUNITIES

We believe that balancing non-interest income, recurring revenue and developing strong relationships as priorities is a formula to ensure the long-term success of the investment program.

As the Deposit Penetration data suggests, there is significant opportunity to better leverage the financial institution's client base. Since only a fraction of financial institution clients that could avail themselves of investment program services do so, program managers should continue to pursue creating higher visibility for their advisors and services which could lead to greater revenue.

We found that a huge opportunity still exists to introduce investment and insurance services to the financial institution's existing client base. Financial institutions reported that only **9.2%** *of their households currently have investment and/or insurance accounts with their own investment program.*

Advisor Productivity

AVERAGE REVENUE

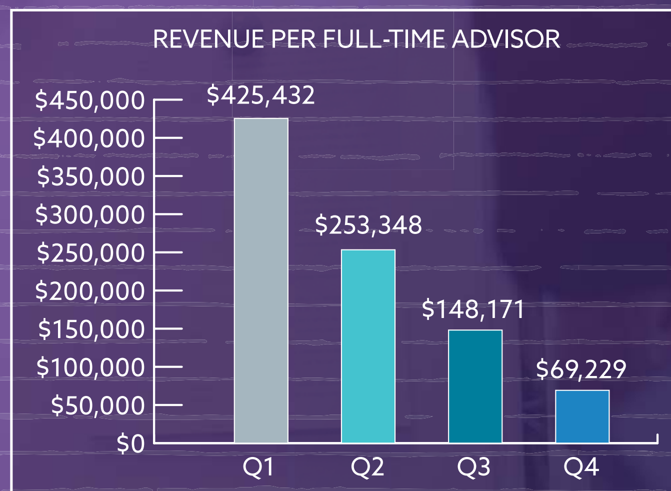
Program revenue results are reported based on average Revenue Per Full-Time Advisor for the calendar year 2018:

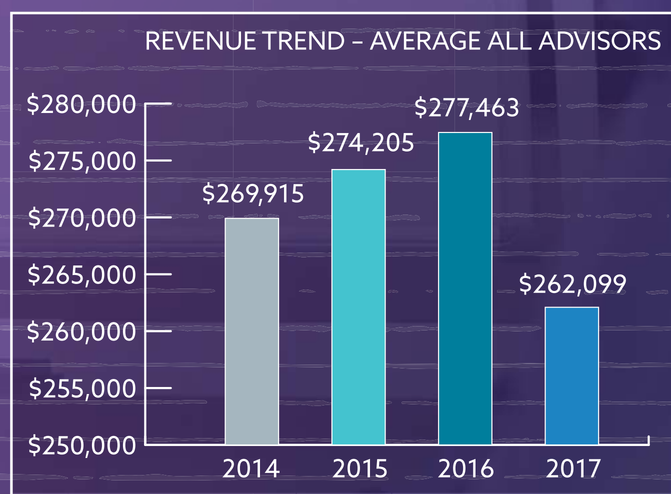
- Quartile 1: Over $300,000
- Quartile 2: $200,000 – $300,000
- Quartile 3: $100,000 – $200,000
- Quartile 4: Under $100,000

Ranking the programs by average production per advisor shows a dramatic difference between the quartiles. Quartile 1 programs averaged $425,432 per advisor, nearly 68% greater than the average per advisor for programs in Quartile 2. Average revenue per advisor in Quartile 1 ranges from $300,000 to over $726,000.

Looking back to 2016, we noticed a slight drop in average revenue for Quartile 1 ($436,190 to $425,432). However, all other quartiles are showing improvement since our last report.

The average revenue across all advisors for 2018 was $262,099.48. The slightly lower average than previous reports may be attributed to a transition to fee-based solutions and the volatile nature of the markets toward the end of the year.





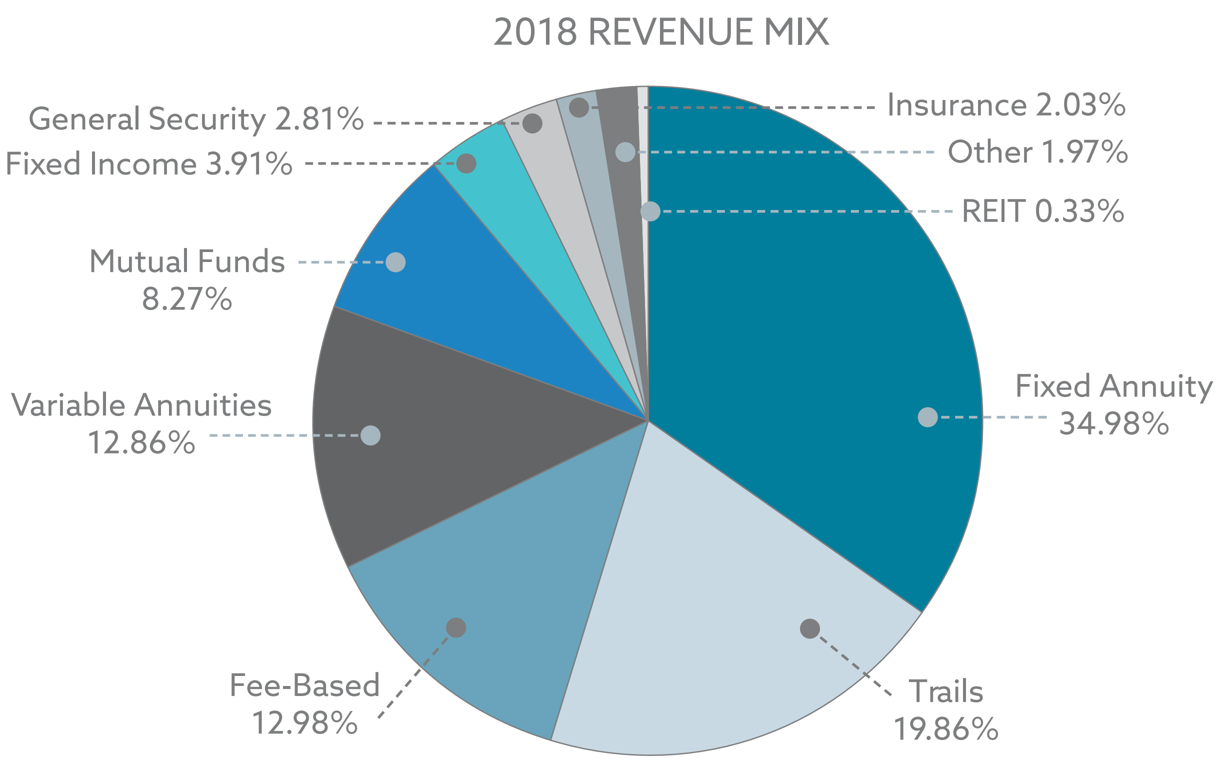
On a peer group basis, the financial institutions in the $1 – 5 Billion peer group have the highest average revenue per advisor. However, Quartile 1 advisors can be found in all peer groups and create successful practices regardless of institution size.

AVERAGE REVENUE BY QUARTILE AND PEER GROUP

	2018	Q1	Q2	Q3	Q4
$5 Billion +	$285,446	$438,010	$254,730	n/a	$70,195
$1 – 5 Billion	$288,497	$419,686	$283,119	$86,887	$60,178
$600K – 1B	$232,461	$457,501	$255,515	$137,047	$61,082
$300 – 600K	$223,732	$418,221	$233,142	$156,071	$73,874
$0 – 300K	$152,535	$392,863	$232,341	$151,753	$73,595

REVENUE MIX

Over 56% of revenue came from annuities and mutual funds. The revenue mix includes sales by advisors, associate advisors, licensed branch employees and registered branch employees.



Compared to previous studies, there has definitely been a **shift** in the revenue mix. While fixed annuity and trail revenue has consistently placed at the top, 2018 saw **fee-based revenue move ahead** of variable annuity revenue.

Compared to previous studies, there has definitely been a shift in the revenue mix. While fixed annuity and trail revenue has consistently placed at the top, 2018 saw fee-based revenue move ahead of variable annuity revenue. Revenue from REITs has continued to decline. Revenue from Insurance in 2018 doubled compared to 2016, but still presents a significant opportunity to help clients and grow revenue.

	2015	2016	2018
Fixed Annuities	26.17%	31.63%	34.98%
Trails	19.46%	24.17%	19.86%
Fee-Based	7.06%	8.53%	12.98%
Variable Annuities	19.80%	18.09%	12.86%
Mutual Funds	9.50%	9.11%	8.27%
Fixed Income	4.17%	3.60%	3.91%
General Securities	3.09%	3.40%	2.81%
Insurance	1.48%	1.04%	2.03%
Other	2.42%	1.56%	1.97%
REITs	6.84%	1.53%	0.33%

REVENUE MIX BY QUARTILES

	Fixed Annuities	Trail Revenue	Fee-Based	Variable Annuities	Mutual Funds	Fixed Income	Insurance	General Securities	REITs
Q1	32.38%	20.17%	14.66%	12.73%	8.77%	5.62%	1.90%	1.68%	0.63%
Q2	42.32%	17.40%	9.57%	12.58%	7.68%	3.11%	2.36%	2.57%	0.12%
Q3	24.75%	24.75%	12.65%	16.57%	9.01%	2.61%	1.49%	6.54%	0.38%
Q4	31.19%	25.64%	9.17%	16.09%	7.95%	2.69%	1.18%	4.28%	0.16%

Revenue mix by quartile also includes sales by associate advisors, licensed branch employees and registered branch employees. As previously noted, fee-based revenue moved ahead of variable annuity revenue on a total basis. Since 2016, the following shift in fee-based revenue as a percentage of total revenue has occurred:

	PERCENTAGE CHANGE SINCE 2016
Quartile 1	+67.93%
Quartile 2	+28.98%
Quartile 3	+20.71%
Quartile 4	+86.76%

Insurance has also moved from the smallest percentage of overall revenue to seventh place overall.

OBSERVATIONS AND OPPORTUNITIES

Benchmarking your program performance against relevant benchmarks for your quartile and peer group allows you to measure the relative strength of your program.

At only 2% of total program revenue, insurance (including life, disability, wealth transfer, and long-term care) represents a significant opportunity for future revenue growth for all programs.

The following sections will explore how implementing activities identified as "best practices" can contribute to increased revenue.

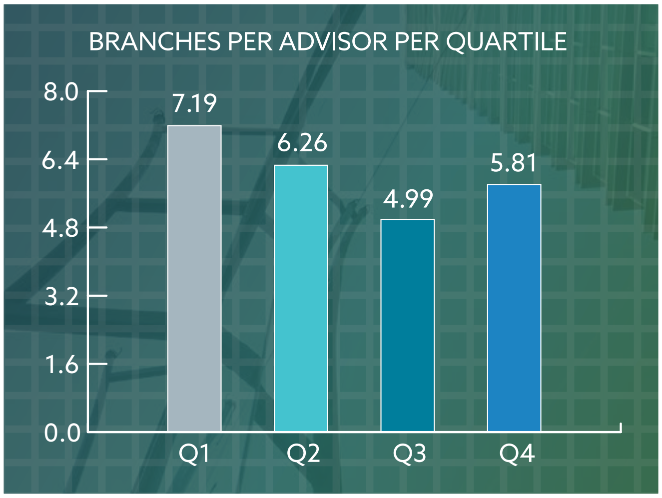
At only **2%** of total program revenue, insurance (including life, disability, wealth transfer, and long-term care) represents a significant opportunity for future revenue growth for all programs.

Program Structure

A financial institution's investment program's performance is influenced by factors such as age of the investment program, management reporting structure, full-time vs. part time advisors, branch territory, and the ability to recruit new advisors.

BRANCHES AND DEPOSITS PER ADVISOR

Overall, advisors in financial institution-based investment programs average just over 7 branches each. That number has stayed relatively consistent over the past few years. There is a wide variance among programs, ranging from an advisor who covers a few branches to an advisor who covers 20 branches.



	BRANCHES PER ADVISOR BY PEER GROUP				
	2018	Q1	Q2	Q3	Q4
$5 Billion +	7.16	9.03	6.31	n/a	n/a
$1 – 5 Billion	7.61	8.54	7.32	7.40	5.50
$600K – 1B	5.33	5.64	4.90	5.25	6.5
$300 – 600K	5.35	6.65	6.32	3.47	5.87
$0 – 300K	4.50	6.00	5.25	4.18	4.38

QUARTILE COMPARISON

A closer look at branch coverage shows us once again that the advisors with the highest revenue in most quartiles cover just 3–4 branches.

	NUMBER OF BRANCHES PER ADVISOR			
Quartile	1–2	3–4	5–7	More than 7
1	3%	24%	48%	25%
Avg. Revenue	$392,102	$481,479	$420,456	$403,429
2	n/a	32%	47%	21%
Avg. Revenue		$249,288	$241,125	$279,901
3	15%	38%	23%	24%
Avg. Revenue	$146,258	$176,087	$147,403	$169,376
4	n/a	22%	30%	48%
Avg. Revenue		$76,251	$86,102	$80,902

While 3–4 branches appear to be the recipe for success, program managers must also consider the average deposit base of each advisor's territory to ensure the deposits can support the revenue expectations. On average, the deposit base per advisor is approximately $343 million.

	DEPOSIT BASE PER ADVISOR
Quartile 1	$455 Million
Quartile 2	$281 Million
Quartile 3	$241 Million
Quartile 4	$178 Million

While **3–4 branches appear to be the recipe for success**, program managers must also consider the average deposit base of each advisor's territory to ensure the deposits can support the revenue expectations.

ASSOCIATE ADVISORS

20% of programs have associate advisors (or junior advisors) who are working in partnership with a lead advisor. Program managers ranked the reasons for hiring a associate/junior advisor as follows:

More cost effective to hire an associate/junior advisor vs. hiring another dedicated advisor.	1
Difficulty hiring advisors led us to decide to “grow our own” through an associate program.	2
Territory was too large for the lead advisor to cover, but not large enough to justify hiring another dedicated advisor.	3
Lead advisor’s book of business grew too large to handle.	4
To provide additional/backup support to clients when the advisor is not available.	5

SALES ASSISTANTS

SALES ASSISTANT ACTIVITY	% OF TIME EACH WEEK
Processing business/paperwork	39.67%
Client servicing	27.22%
Client communication	11.67%
Calendar management	11.05%
Referral management	10.62%
Other	8.22%
Prospecting	5.08%
Conducting branch referral training	4.00%

About 50% of programs have some level of sales assistant support. 40% of the sales assistants hold a securities registration. Over half of the sales assistants can be found in programs in Quartile 1.

Like previous reports, we found that sales assistants spend most of their time on paperwork. Sales assistants are spending more time on client servicing, client communications, prospecting and conducting branch referral training than in previous surveys.

The average revenue for advisors with sales assistants was $404,264, nearly double the average for advisors without sales assistants. Advisors who have their sales assistants focused on servicing clients, client communication, and referral management significantly out-produce advisors who have their sales assistants spending more time on paperwork.

LICENSED BRANCH EMPLOYEES

Less than 25% of financial institutions in the survey currently use Licensed Branch Employees (LBEs) as part of their investment program strategy. While LBE programs are predominately life insurance-only, approximately 30% of bankers hold a securities registration.

LBE LICENSE OR REGISTRATION TYPE				
LIFE INSURANCE ONLY	SERIES 6 ONLY	SERIES 6 & LIFE	SERIES 7 ONLY	SERIES 7 & LIFE
70%	1.8%	16.4%	4.0%	7.8%

75% of licensed branch employees sell and refer while the remaining 25% are referral only.

OBSERVATIONS AND OPPORTUNITIES

There remains an opportunity to generate more revenue by reducing territory size, and adding to the number of advisors, since on average, advisors that cover from 3 to 4 branches generate more revenue than those that cover more than 7.

The increased productivity realized from covering a smaller territory is likely due to several factors including:

- A more highly visible presence in the branches builds a tighter relationship with branch staff, increasing referrals.
- More concentrated time in a branch ensures the advisor captures opportunities otherwise lost if there is not ready access for clients that want immediate attention or have "money in motion".
- Advisors become well known by clients who visit those branches, increasing client comfort levels.
- Non-productive time of traveling among branches is reduced, and may reduce some variable costs.
- Frees up time to increase communication with existing clients, thereby generating more revenue from the advisor's existing book of business.

Where recruiting a new full-time advisor is not a feasible option, program managers might consider leveraging licensed branch employees, junior/associate advisors or licensed sales assistants as an addition to the sales force.

CONSIDER THIS:

Many reports over the years have shown that the #1 reason clients leave their financial advisor is lack of communication. Shifting some of the sales assistant's time to focus on newsletters, outbound calling, and other ongoing marketing and communication efforts will serve to improve client retention and strengthen relationships which may lend to additional business and referrals.

Program Management

GOAL SETTING, BUSINESS PLANNING, AND ACTIVITY REVIEWS

As we have seen in previous sections, the revenue contribution to the financial institution's net income can become significant. Almost 90% of financial institutions set a specific annual revenue goal for their investment program. Most programs that are not accountable for a revenue goal can be found in Quartiles 3 and 4.

One would expect that where there are revenue goals there would be corresponding business plans in place to achieve those goals. Yet over 25% of advisors do not use any type business planning process.

	% OF PROGRAMS
Advisors consistently create and follow a formal, written business plan	23%
Advisors create a written business plan of their own design	33%
Some advisors create and follow a written business plan, and some do not	18%
Advisors do not use a business planning process	26%

Who initiates the annual written business planning process for the investment program?

	THE PROGRAM MANAGER	THE ADVISOR(S)	THE FINANCIAL INSTITUTION'S SENIOR MANAGEMENT	DON'T FOLLOW A FORMAL PROCESS
Quartile 1	56%	28%	11%	5%
Quartile 2	50%	22%	14%	9%
Quartile 3	38%	38%	10%	14%
Quartile 4	20%	22%	18%	40%

Which business planning tools do you use?

	% OF PROGRAMS
Business Planning tools offered by Infinex	42%
The Financial Institution's own business planning tools	30%
We do not use any business planning tools	26%
Other tools outside of Infinex and the Financial Institution	2%

The most significant impact to revenue is experienced by advisors who set goals, establish a business plan, and then review that business plan with their program manager on at least a monthly basis.

REVIEW FREQUENCY	AVERAGE REVENUE FOR ADVISORS WHO USE BUSINESS PLAN	QUARTILE 1 ADVISORS WHO USE BUSINESS PLAN
Weekly	$312,437	$571,920
Monthly	$281,683	$394,102
Quarterly	$271,005	$363,951
Semi-Annually	$201,140	$326,287
Annually	$157,897	n/a
Occasionally	$264,163	$457,641
Never	$146,116	$304,186

The **most significant impact to revenue** is experienced by advisors who set goals, establish a business plan, and then review that business plan with their program manager on at least a monthly basis.

What are advisors including in their business plans?

Goal	% of Programs
Total revenue	71%
# of referrals received per month	39%
Product mix	10%
# of appointments per month	42%

Goal	% of Programs
Prospecting activities	35%
Net income to financial institution	20%
Closing ratio	14%
# of referrals back to the financial institution	14%

What do program managers set goals for?

Goal	% of Programs
Total revenue	75%
# of referrals received per month	26%
Product mix	16%
# of appointments per month	17%

Goal	% of Programs
Prospecting activities	14%
Net income to financial institution	58%
Closing ratio	10%
# of referrals back to the financial institution	19%

Most advisors who use business plans start by setting a personal income goal. One goal that program managers and advisors need to discuss is net income to the financial institution. Over 58% of program managers are setting a goal for net income, but only 20% of advisors are doing so. Far more advisors are planning for prospecting activities than program managers. Again, conversations during the planning process can help assure that the activity plans the advisors are creating support the revenue goals of the program.

Financial institutions that create accountability through ongoing reporting and review of goals and business plans also experience higher average revenue per advisor than those that don't. Programs that report to different levels of the financial institution on a monthly basis outperform all other programs.

	Weekly	Monthly	Quarterly	Annually	Occasionally	Never
Inside the investment program	10%	65%	14%	1%	5%	5%
	$309,716	$387,096	$279,430	$196,530	$278,675	$124,420
To Branch Managers	22%	39%	18%	3%	8%	15%
	$323,196	$365,750	$283,229	$216,162	$242,136	$148,671
To Senior Leadership	13%	54%	16%	4%	8%	5%
	$332,513	$324,574	$265,494	$217,314	$237,296	$137,210
To the Board	0%	37%	33%	24%	4%	2%
		$307,371	$281,859	$245,368	$188,272	$132,105

OBSERVATIONS AND OPPORTUNITIES

For the third year in a row, we are seeing the significant difference in production that occurs when advisors create, review and follow a written business plan. Yet we continue to see that less than 60% of advisors have a formal process for business planning.

Programs which report results across the organization on a routine, monthly basis outperform those who report less frequently.

CONSIDER THIS:

If the programs that report results to their financial institution's branch managers occasionally started sharing results on a monthly basis, they'd have the potential to increase their revenue by nearly 51%.

Generating Referrals

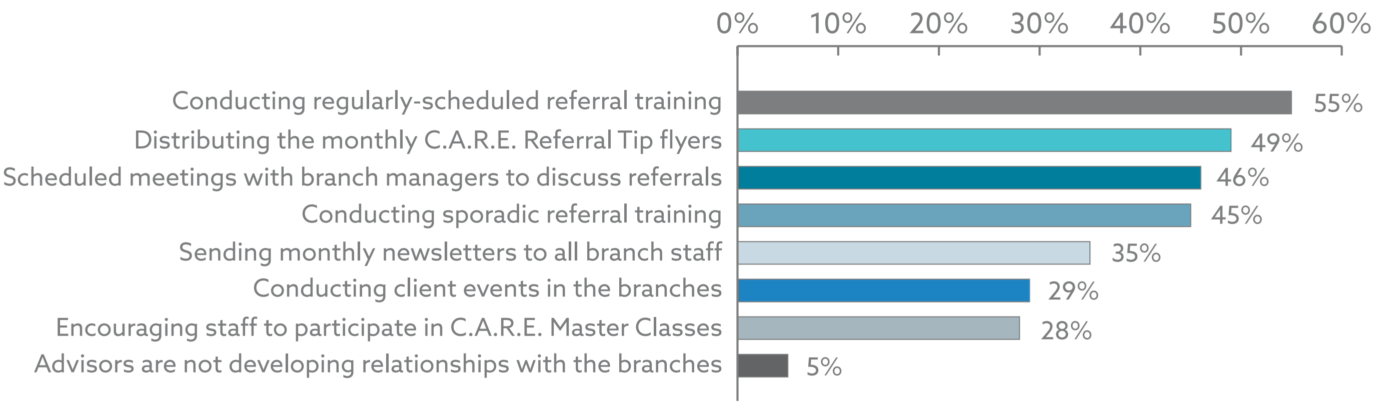
SOURCES OF REFERRALS

The biggest change for 2018 is that larger banks and Quartile 1 advisors started to recognize the financial institution's call center as a significant resource for qualified referrals.

To understand what the advisors are actually doing with each potential source of referrals, we asked additional questions about their activities.

SOURCE OF REFERRALS	QUARTILE 1	QUARTILE 2	QUARTILE 3	QUARTILE 4
Branch Staff	55%	66%	65%	74%
Existing Clients	27%	24%	19%	16%
Call Center	9%	3%	<1%	0%
Centers of Influence	3%	2%	2%	4%
Commercial Lenders	3%	2%	5%	1%
Executives/Board	1%	1%	2%	1%
Trust/Private Bankers	1%	1%	2%	3%
Other	1%	1%	3%	1%

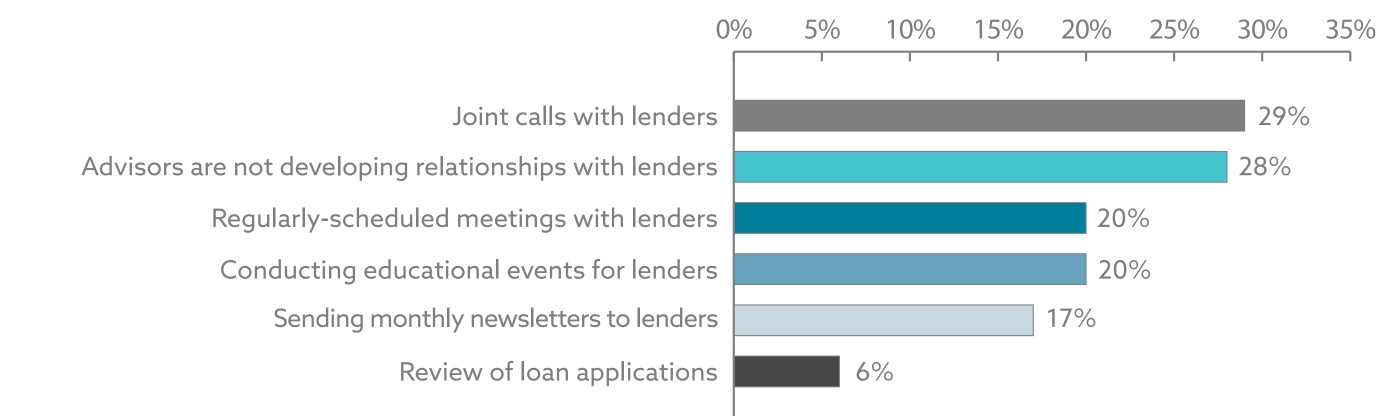
How are advisors developing relationships with the branches?



The majority of advisors realize that the most effective way to develop relationships with the branch staff is through regularly scheduled referral training. Advisors in Quartile 1 are more likely than others to use three to four of these methods to develop relationships with the branches. Advisors who are not engaged in developing relationships with their branches can all be found in Quartile 4.

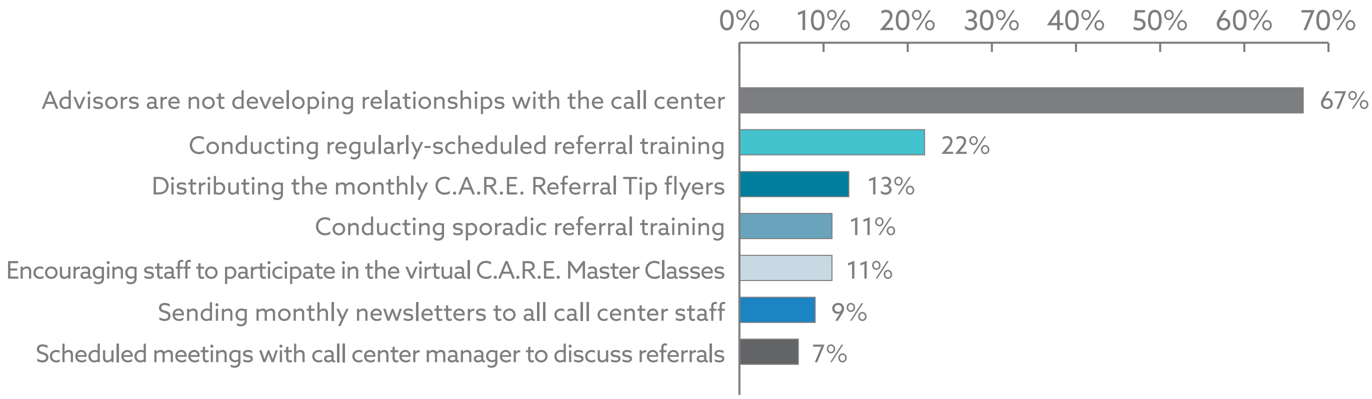
In addition to these methods, advisors are also focusing on developing personal relationships with the branch staff. One program cited success through having successful referrers in each branch conduct peer coaching.

How are advisors developing relationships with Commercial Lending?



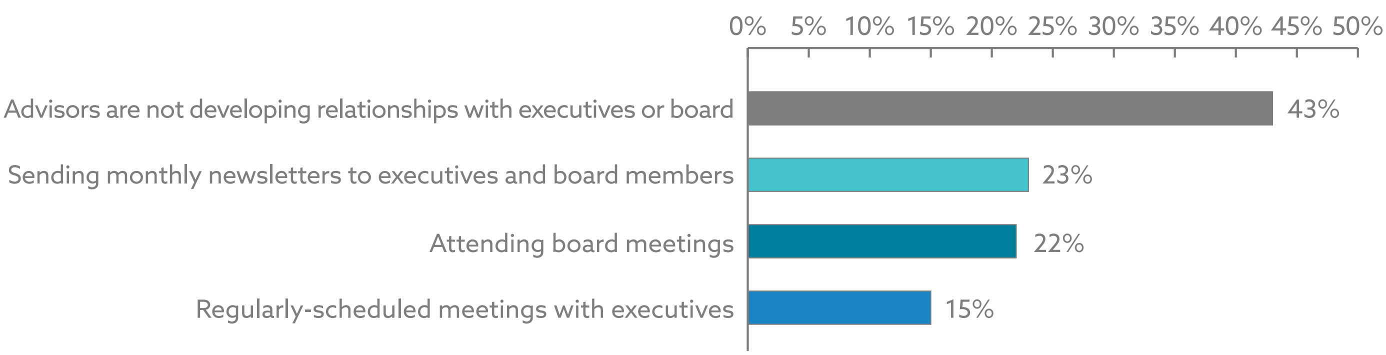
Quartile 2 advisors have had the most success developing relationships with commercial lenders. Several program managers mentioned that the advisors have been working on the personal side of the relationship. Others are using regular communication about programs that can benefit the lenders' clients.

How are advisors developing relationships with the call center?



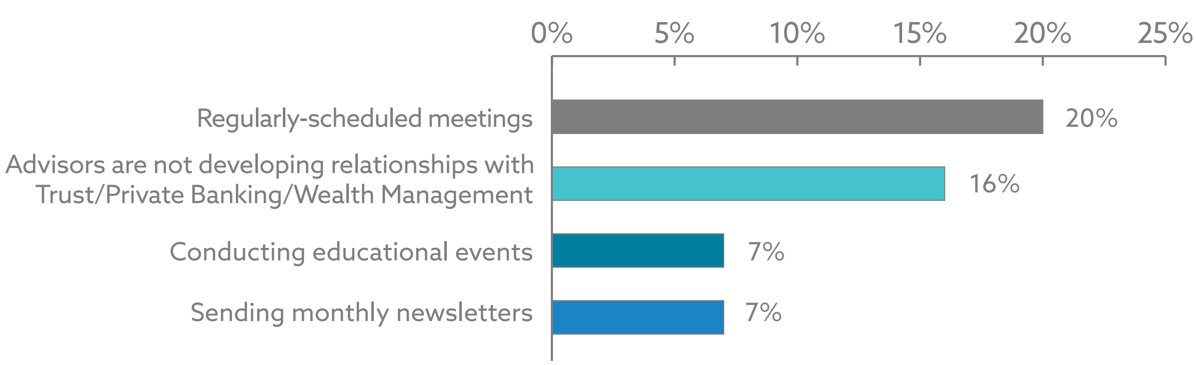
80% of programs that responded to the survey have a call center at their financial institution. One program manager said: "Our call center has been a source of pride for the number and quality of referrals. Advisors have done an excellent job in engaging with this group like they do with the branches." This is truly an opportunity for other programs and advisors to tap into the tremendous number of clients the call centers touch each year.

How are advisors developing relationships with financial institution executives and board members?



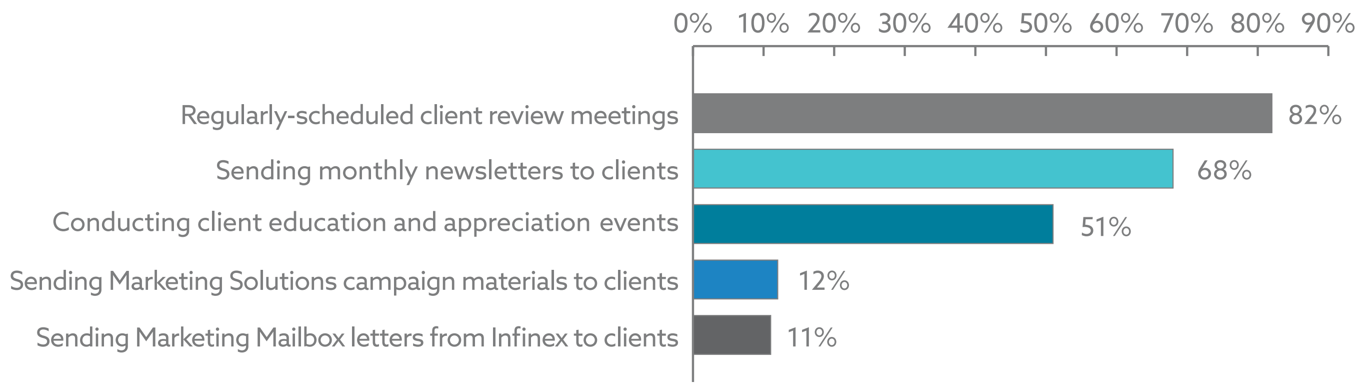
Understandably, advisors based in smaller financial institutions have far greater access to the financial institution's executive and board members. Program managers are more likely than advisors to engage with the executives and board.

How are advisors developing relationships with Trust/Private Banking/Wealth Management?



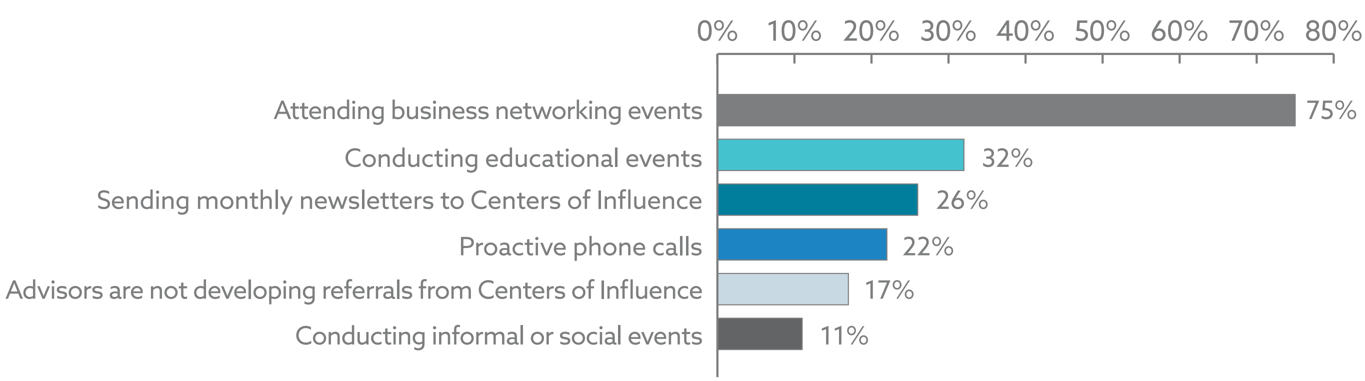
Only about 70% of the programs in the survey were located in a financial institution that have a Trust, Private Banking and/or Wealth Management division. For those that do, there is obviously an opportunity to enhance these relationships and support each others initiatives.

How are advisors developing relationships with existing investment clients?



Here's some good news. The majority of advisors are doing a good job staying connected with their existing clients on a regular basis. As we've seen in many industry studies, this is the primary key to retaining clients. Quartile 4 advisors could improve their existing relationships by sending newsletters, hosting clients events and/or sharing marketing materials.

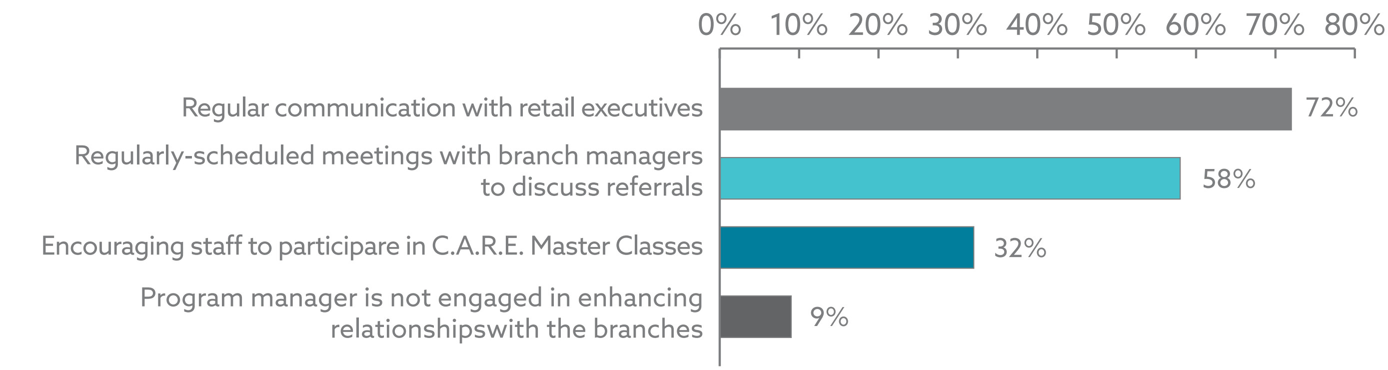
How are advisors developing relationships with Centers of Influence?



Advisors have realized that other professionals in their community can be a source of referrals. Attending business networking events is a great way to improve visibility. Proactive phone calls after an event, hosting educational events (especially continuing education) and other activities will help advisors demonstrate their value and may lead to more referrals. Several program managers who responded to the survey admitted that they could do better in this area.

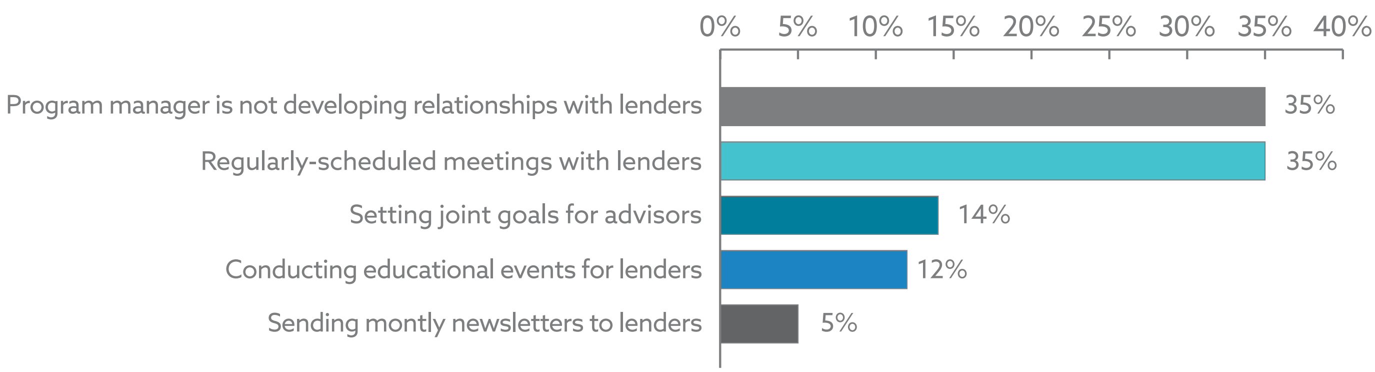
The program manager can also play a significant role in developing referrals, so we asked how the program manager is engaged with the various audiences.

How is the program manager developing relationships with the branches?



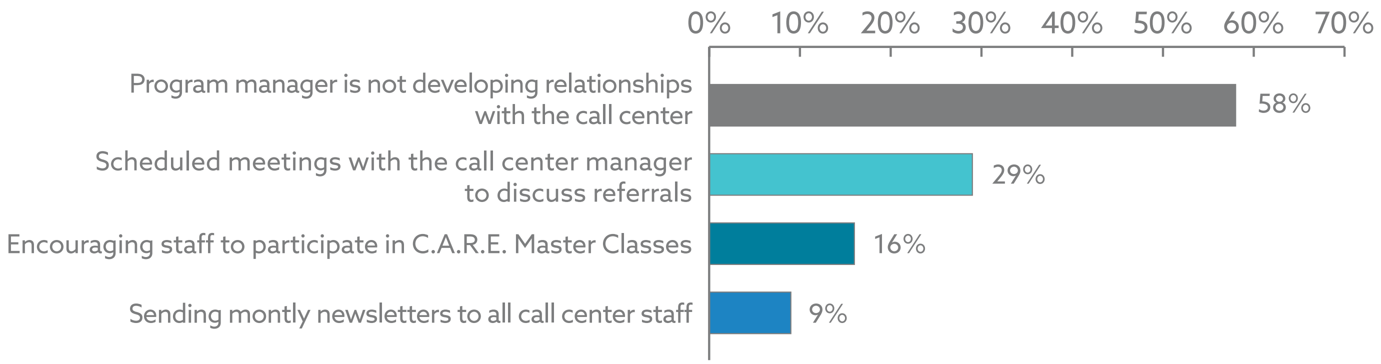
Not surprising that advisors in Quartiles 1 and 2 have program managers who are engaged in multiple activities to develop relationships between the investment program and the branches. Over half of the program managers with Quartile 4 advisors are not engaged in any activities to develop branch relationships. The *Infinex Guide to Successful Branch Relationships* can help program managers and advisors implement simple, consistent activities to improve results.

How is the program manager developing relationships with Commercial Lending?



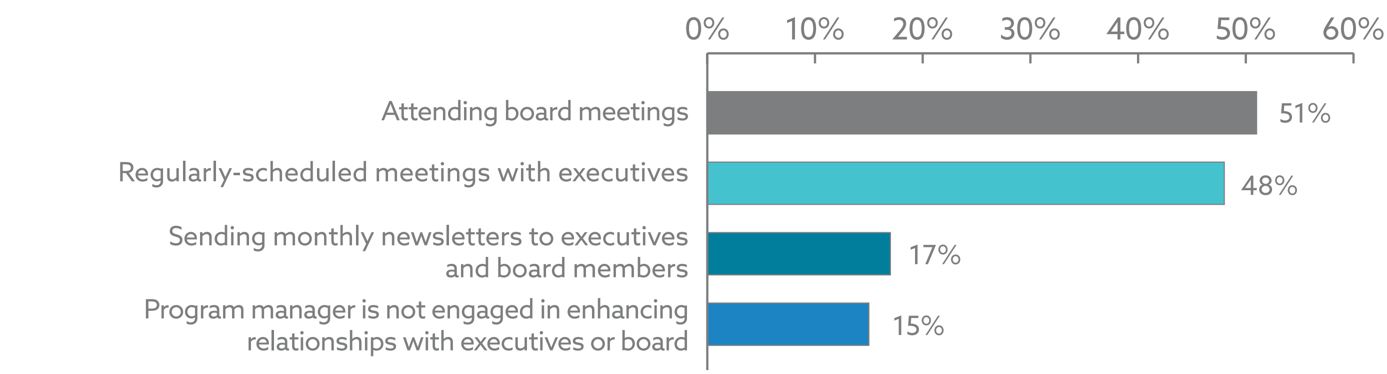
Regular communication between the program manager and lenders or executives is going a long way toward building success. Several program managers mentioned they are working with their advisors to identify opportunities to make referrals to the lenders as a way to build relationships.

How is the program manager developing relationships with the call center?



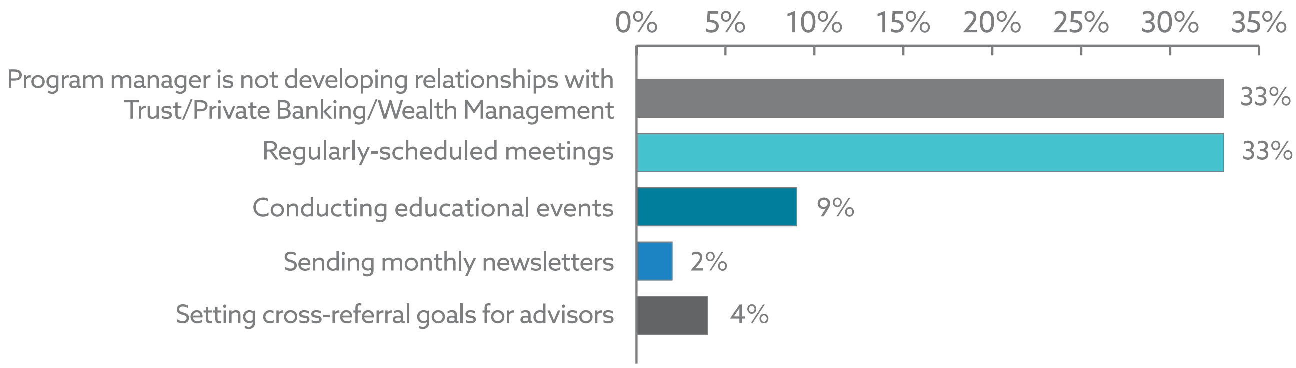
As previously mentioned, the financial institution's call center can be a tremendous source of referrals. Over half of the program managers who are not engaged in developing relationships with the call center are in financial institutions with over $1 Billion in deposits. Most of these programs have multiple advisors, which means communication from the program manager to the call center could be an effective way to raise results for the entire team.

How is the program manager enhancing relationships with financial institution executives and board members?



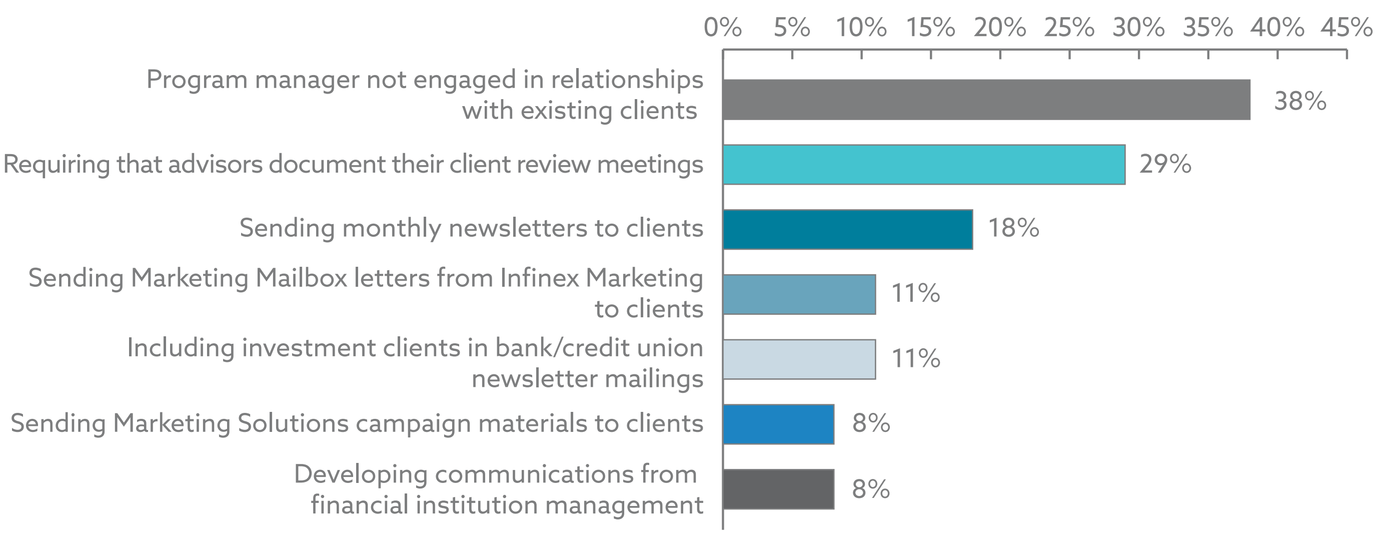
As we noticed earlier, while the advisors might not be engaged with the executive and board, the program managers are in most cases. The majority of program managers who are not engaged with the executives and/or board have advisors in Quartile 4. Communicating with the board and executives about the value the advisor brings to the overall relationship the clients have with the financial institution can go a long way toward garnering support for the program.

How is the program manager developing relationships with Trust/Private Banking/Wealth Management?



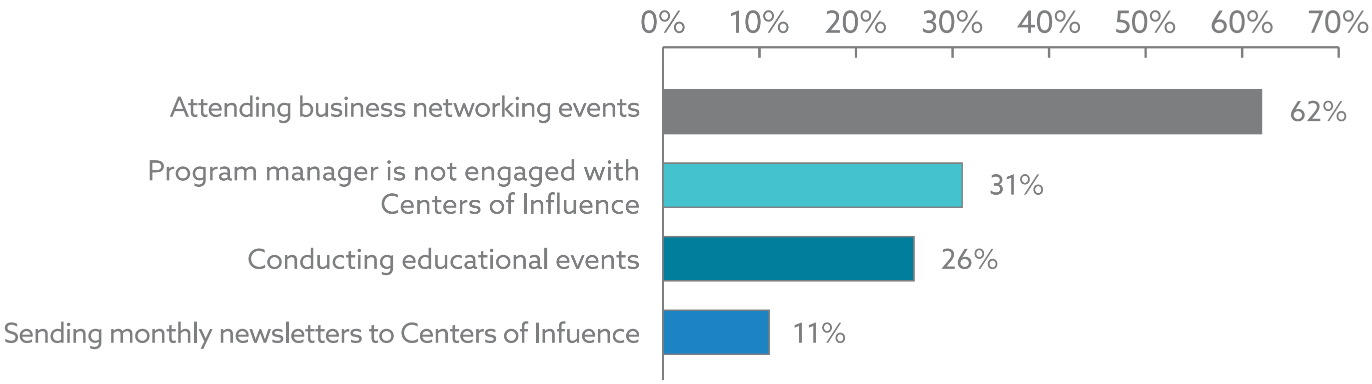
As we saw with the advisors, program managers in financial institutions with a Trust, Private Banking and/or Wealth Management division have an opportunity to do more to engage with these areas. Many of those who are engaged benefit from being included as a part of the same division.

How is the program manager developing relationships with existing investment clients?



In a way, it's not surprising that so many program managers aren't actively engaged in relationships with existing clients. Clients may appreciate hearing from their advisor's manager that their business is appreciated. That communication is also a way to introduce services that the clients may not realize the investment program and/or the financial institution can offer.

How is the program manager developing relationships with Centers of Influence?



Like the advisors, program managers have realized the importance of engaging with other professionals in the community. In a way, it's not surprising that program managers in smaller financial institutions are engaged in multiple ways with the centers of influence.

ADVISOR REFERRALS TO THE FINANCIAL INSTITUTION

We all know that one of the best ways to get referrals is to give referrals. Since the last report, more programs are tracking and reporting their referrals to the financial institution. Only a third of programs responding to this survey still are not tracking referrals that advisors make to the financial institution. For those that do, it is reported that advisors average 3–4 referrals to the financial institution per month.

CONSIDER THIS:

If an advisor started tracking and reporting referrals to the financial institution, they would get more referrals in return (15 per month compared to 10), receive more consistent support from executive management and be more likely to be considered an essential team member by branch staff.

OBSERVATIONS AND OPPORTUNITIES

Branch referrals will always be a significant source of new business for advisors. As branch traffic continues to slow, advisors should focus more time nurturing leads from sources with high untapped potential. We continue to believe that existing clients represent significant potential for additional business and referrals.

The Referral Manager System in Infinex's proprietary system called Infinet makes it easy for advisors to track the source of referrals and provide reporting on referrals to the financial institution.

The Infinet system also will track internal versus external money coming into the program.

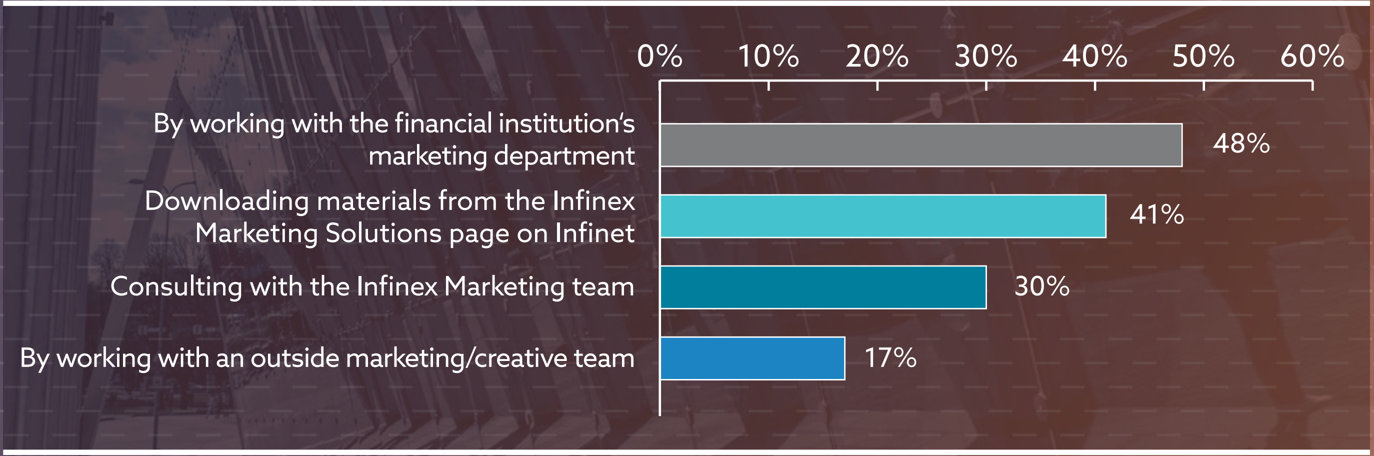
Financial institutions that want to increase revenue may wish to revisit referral goals, accountability, recognition, and incentive strategies.

Advisors need to demonstrate that they support the overall growth goals of the financial institution, not just their own sales, by tracking and reporting referrals they make to the financial institution. This can be accomplished by a simple spreadsheet showing information on funds that came from outside the financial institution or relationships that were retained by keeping funds in an investment relationship versus losing the client to the competition.

Marketing

How does the investment program create marketing materials?

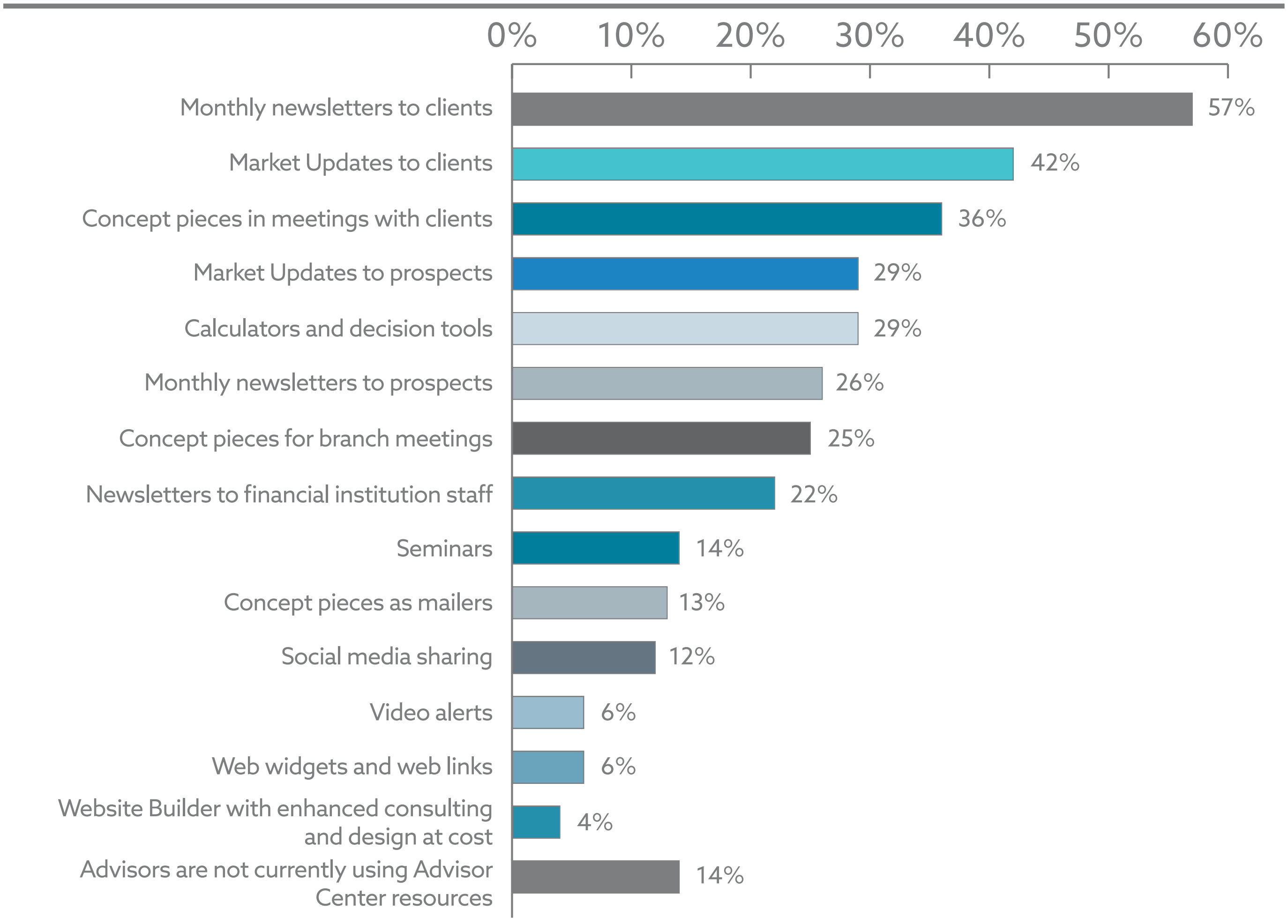
Marketing materials help promote the services and programs available from the investment department to existing clients, prospects and referral sources. Many programs are leveraging multiple ways to develop marketing materials.



Which tools are advisors using in Advisor Center?

86% of program managers reported that advisors are using Infinex's Advisor Center Marketing Portal to some extent. This is an improvement since the last report, but still surprising that 14% of the programs are still not taking advantage of this valuable resource. There is a striking difference in the use of Advisor Center between the top quartile and other quartiles. In addition to being more likely to use Advisor Center, advisors in the top quartile use resources from several categories (market updates, newsletters, concept pieces, etc.) where advisors in the bottom quartile may only be using resources from one or two categories.

The most popular resources are Monthly Newsletters and Market Updates emailed to clients.



How is the investment program represented on the financial institution's website?

88% of programs have a presence on their financial institution's website. Given the fact that the financial institution's clients likely spend more time on the website than in the branches, there is an opportunity to reach those people by enhancing the content on the investment program's page with educational, timely and relevant content.

	STATIC CONTENT	CLIENT EDUCATION MATERIALS	WEB WIDGETS AND WEB LINKS FROM ADVISOR CENTER	SOCIAL MEDIA LINKS
Overall	83%	38%	13%	2%
Quartile 1	95%	56%	6%	22%
Quartile 2	79%	63%	26%	5%
Quartile 3	84%	31%	23%	0%
Quartile 4	35%	15%	0%	0%

For the 12% of programs without a presence on their financial institution's website, we asked, "What is stopping you from having a presence on the financial institution website?" and "How can we assist you?"

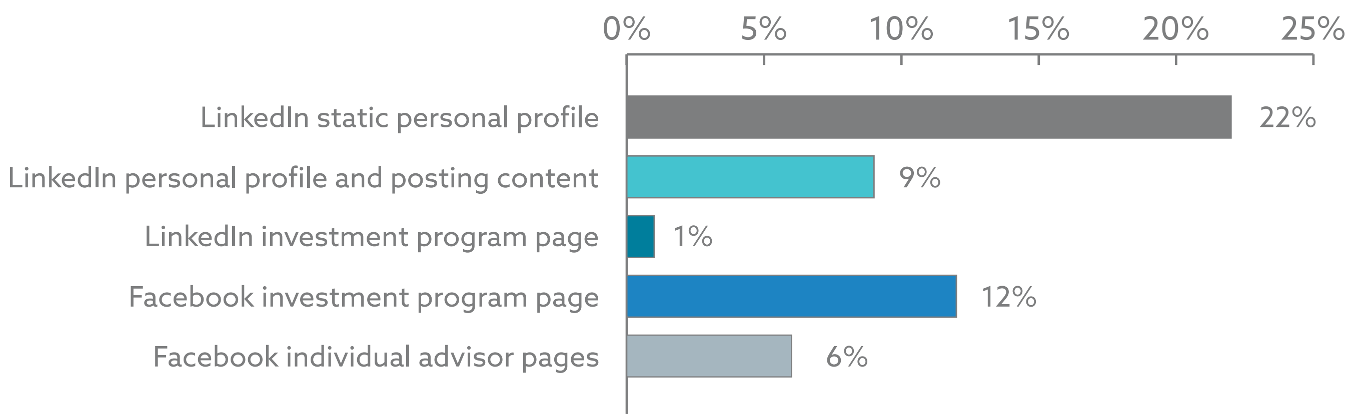
30% said it takes too much time to keep content updated.

20% said that the financial institution is not supportive of promoting the investment program.

50% mentioned that they were in the process of working on content they hope to launch soon.

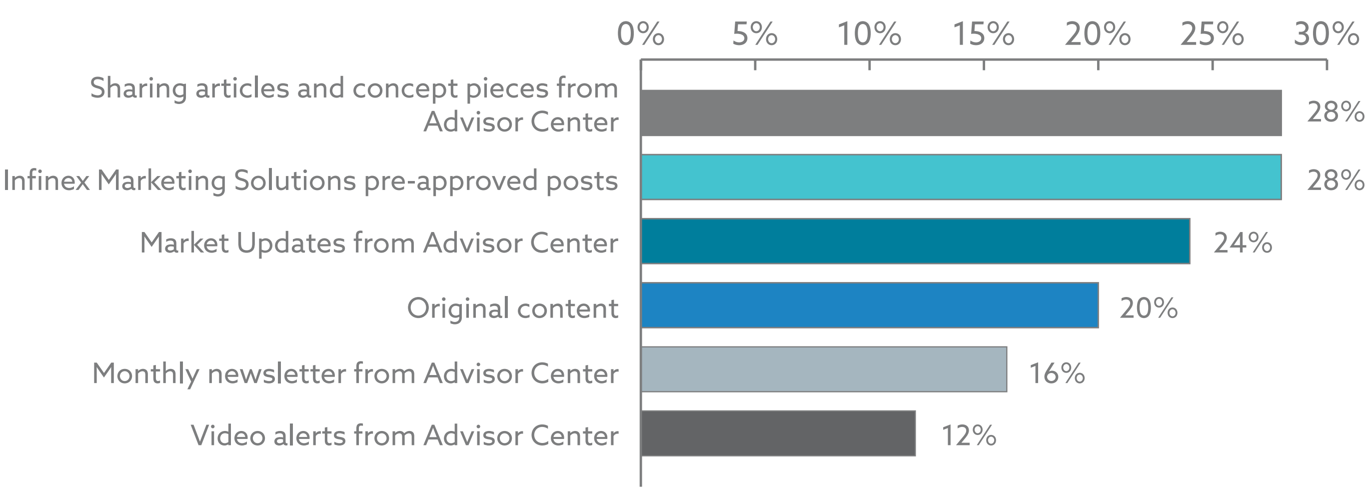
SOCIAL MEDIA

Overall, 35% of advisors are currently engaged in social media. The most popular being static profile pages on LinkedIn. As much time as Americans spend on social media, advisors should consider posting content on a recurring basis to communicate consistently with their clients and prospects.



Updating social media content is critical to maintaining the interest of followers. 20% of advisors who post content update their content weekly, 40% update their content monthly, and 40% update it on an occasional basis.

Advisors who are updating their social media content are leveraging several of the pre-approved pieces from Advisor Center and Infinex Marketing. Only 20% are taking the time to occasionally add their own original content.

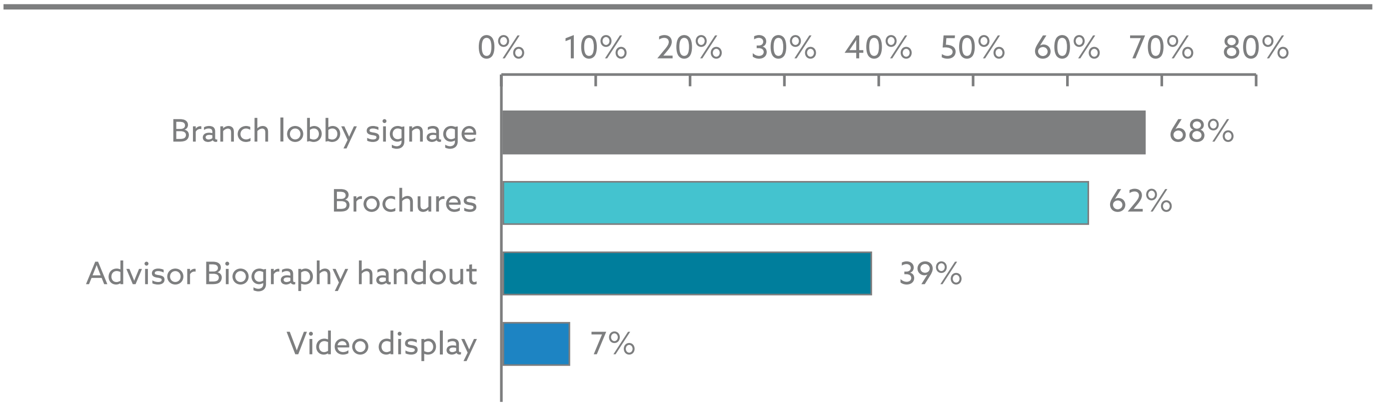


When we asked why social media wasn't being used, we found that the majority still don't feel comfortable using it.

RESPONSE	PERCENTAGE
Don't feel comfortable using social media	60%
Financial institution does not allow social media usage for business purposes	24%
Takes too much time	16%
Don't think the cost of implementing it is worth the return	8%
Compliance concerns	7%

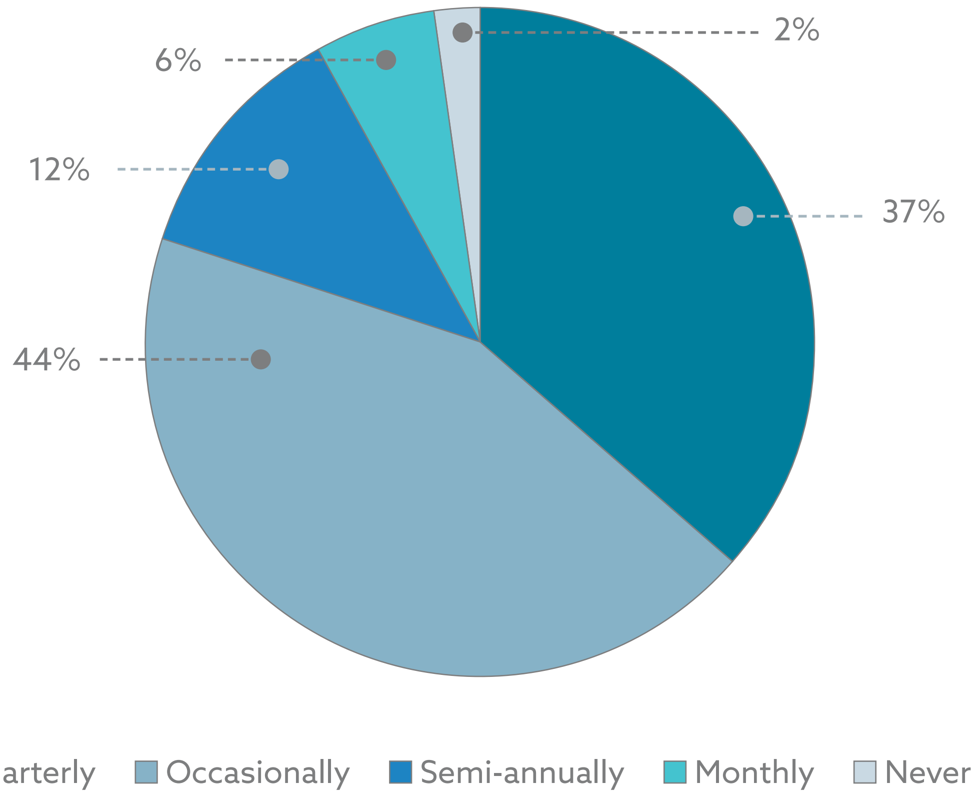
How is the Investment Program marketed in the branches?

83% of programs are marketing in the branches. Most programs use a combination of resources for marketing.



Overall, **35%** of advisors are currently engaged in social media. **20%** of advisors who post content update their content weekly, **40%** update their content monthly, and **40%** update it on an occasional basis.

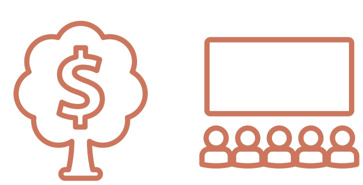
Keeping content in the branches updated provides a way to communicate timely and relevant topics to clients, prospects and referral sources. 37% of the programs are updating their branch marketing on a quarterly basis, which we highly recommend. An easy way to do that is to leverage Infinex's quarterly in-house "Marketing Solutions" campaigns. Programs that update their branch marketing content quarterly have nearly 30% higher average revenue than those that update it semi-annually or occasionally.



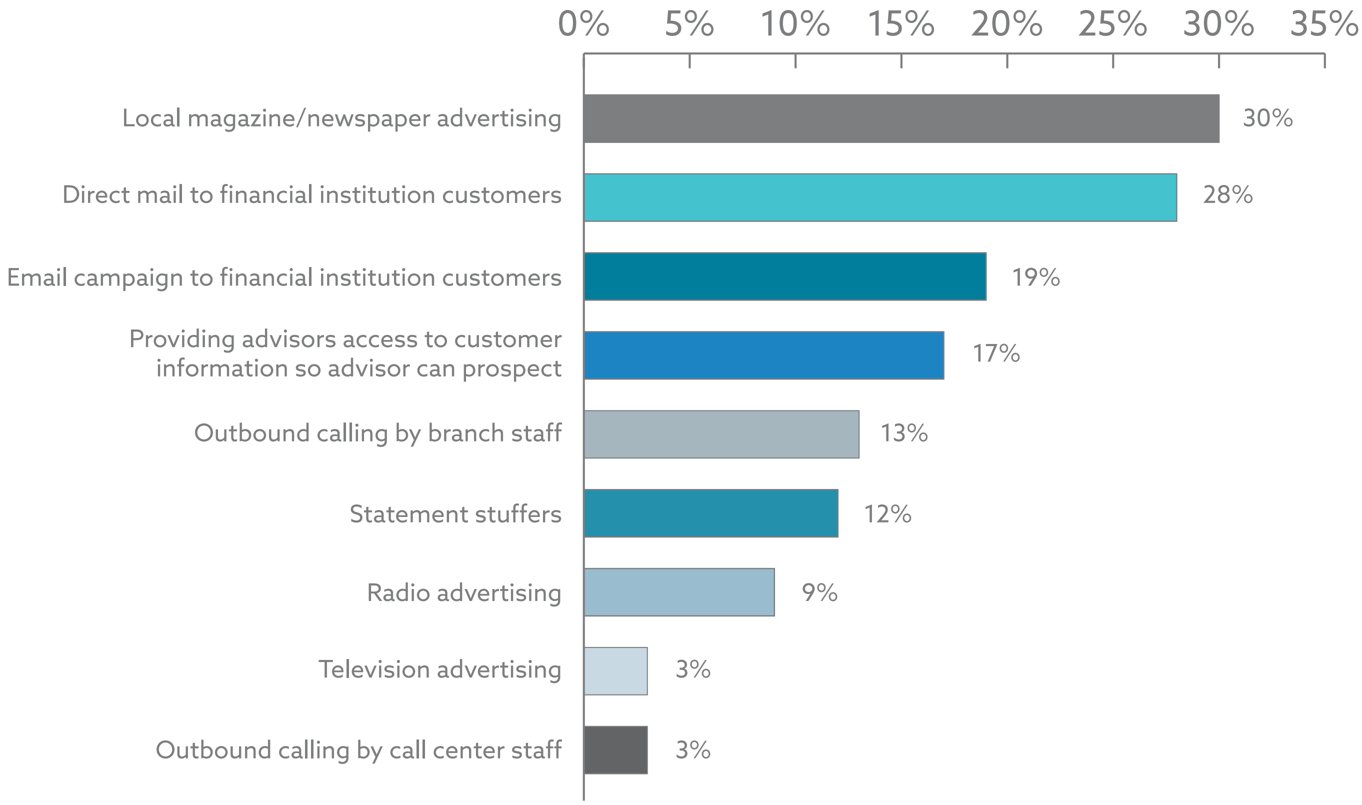
For those programs that are not marketing in the branches, it's either because the financial institution is not supportive of promoting the investment program or the Marketing Department is not equipped to create collateral for the investment program. This second assertion is another reason why investment programs should collaborate with Infinex's Marketing Solutions team and utilize their resources and quarterly campaign materials.

27% of financial institutions are not marketing the investment program beyond the branches.

Missed opportunity!



How is the Investment Program marketing the investment program outside of the branches?



73% of financial institutions are supporting advertising and marketing of the investment program outside of the branches. Most Quartile 1 programs use 2 to 3 methods to market the investment program beyond the branches, while most Quartile 4 programs are not conducting any investment program marketing beyond the branches.

For the 27% of financial institutions not marketing the investment program beyond the branches:

- 41% said they had limited financial institution marketing resources for advertising outside of the branches
- 31% said it was too expensive
- 17% said past advertising efforts had produced limited results
- 11% said the financial institution did not support marketing the investment program

OBSERVATIONS AND OPPORTUNITIES

With branch traffic at an all-time low, advisors must implement activities to proactively reach out to their existing book of business and to high potential financial institution customers who don't come into the branches.

In order to nurture new and existing relationships, advisors can leverage available Infinex resources, such as Advisor Center and Infinet's Marketing Solutions page, to maintain consistent communication.

The Internet has become the "first stop" for most people who are looking for information or solutions to their problems. The investment program must have a strong presence on the financial institution's website and provide relevant content in order to demonstrate their availability and expertise to the communities they serve.

It is essential for advisors to continue to expand their presence in the financial institution beyond the branches and demonstrate to other areas (commercial, trust, etc.) the value that they can bring to client relationships and retention.

Financial Institution Support

EXECUTIVE LEADERSHIP SUPPORT

In 2016, executive support most frequently occurred on an occasional basis. It looks like program managers have made some significant strides in improving communication that now occurs most frequently on a monthly basis.

	WEEKLY	MONTHLY	QUARTERLY	ANNUALLY	OCCASIONALLY	NEVER
Executive Leadership meets with program manager	16%	43%	14%	8%	16%	3%
Executive Leadership communicates the importance of the investment program to the financial institution	3%	36%	21%	5%	30%	5%
Executive leadership reports investment program results at board meetings	0%	39%	36%	7%	10%	8%

RETAIL LEADERSHIP SHOWS SUPPORT FOR THE INVESTMENT PROGRAM BY HIGHLIGHTING REFERRAL RESULTS

While communication with executives has improved, support from retail leadership has slipped compared to previous years. Specifically, the frequency that retail leaders highlight referral results and success stories has dropped from the majority doing both on a monthly basis to now on an occasional basis.

	WEEKLY	MONTHLY	QUARTERLY	ANNUALLY	OCCASIONALLY	NEVER
Sending emails that highlight referral results	18%	18%	4%	20%	34%	26%
Recognizing referral success stories	16%	27%	9%	2%	35%	11%
Encouraging staff to refer to the investment program	24%	39%	3%	0%	29%	5%
Meeting with the program manager	16%	38%	8%	0%	24%	14%

FINANCIAL INSTITUTION LEADERSHIP UNDERSTANDS THAT THE INVESTMENT PROGRAM POSITIVELY INFLUENCES THE FINANCIAL INSTITUTION

82% of program managers either agreed or strongly agreed that the financial institution leadership understood the value of the investment program beyond generating non-interest income. It appears as though financial institutions still aren't fully convinced that having an investment relationship has a positive impact on average deposits.

	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
Non-interest income	1%	5%	8%	39%	47%
Client retention	1%	5%	15%	46%	33%
Household profitability	1%	3%	26%	38%	32%
Services per household	1%	2%	15%	49%	33%
Average deposits per household	1%	5%	40%	36%	18%

Program managers agreed (44%) or strongly agreed (46%) that advisors are viewed as an essential team member by their branches. Overall, where the program manager strongly agreed with this statement, advisor average productivity was **36%** higher than advisors in all other programs.

THE BOARD OF DIRECTORS SUPPORT THE INVESTMENT PROGRAM

Looking at the detailed questions from this year's survey, it appears that understanding how the investment program contributes to the success of the financial institution is the largest form of support. Support from the board is less evident in having accounts with the advisors or inviting them to participate in board meetings.

	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
Having account(s) with the advisor(s)	12%	29%	20%	29%	10%
Inviting the advisor(s) and/or program manager to present at Board meetings	10%	33%	26%	21%	10%
Understanding how the investment program contributes to the success of the financial institution	0%	2%	33%	55%	10%
Introducing the advisor/investment program to centers of influence the board member knows	1%	8%	24%	57%	10%

ADVISORS ARE VIEWED AS ESSENTIAL TEAM MEMBERS

Program managers agreed (44%) or strongly agreed (46%) that advisors are viewed as an essential team member by their branches. Overall, where the program manager strongly agreed with this statement, advisor average productivity was 36% higher than advisors in all other programs. Not surprising that 93% of the program managers who strongly agreed with this statement are in the top two quartiles.

	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE	N/A
Branch staff	1%	2%	7%	44%	46%	0%
Branch managers	2%	2%	3%	36%	57%	0%
Commercial lenders	4%	13%	26%	33%	19%	5%
Call center staff	4%	3%	15%	33%	9%	36%
Trust/Private Banking/ Wealth Management	3%	13%	15%	18%	18%	33%
Executive management	1%	7%	28%	34%	30%	0%

OBSERVATIONS AND OPPORTUNITIES

Consistent support from senior leadership, board, and retail leaders can make a significant impact on the results of the program. Programs could boost their results by increasing communication from senior management to all levels of the financial institution in the following areas: contribution to non-interest fee income, client satisfaction, client retention, and products per household.

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