

A Formula for Growth & Success

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In March of 2020, the pandemic forced the wealth management industry to change the way we conduct business. Financial professionals had to pivot to produce, while also providing the personalized service that is expected in the bank and credit union channel. In the process of adapting, many financial professionals were pushed to become reactive and concentrate on short-term goals. As we all strive to get back to “normal”, our industry must also get back to proactive client engagement and long-term strategies for growth.

In its simplest form, we often define revenue growth as the sum of new business and existing business less any attrition. This formula can also be used to set financial professional goals, optimize program success, and drive organizational revenue.

New Business + Existing Business – Attrition = Growth

➔ **Enhancing New & Existing Business:** As the growth formula suggests, there are several ways to increase investment and insurance revenue. When it comes to enhancing new and existing business, Infinex has recently focused on areas such as:

- Increasing Wallet Share - By implementing financial planning and using Infinex’s Wallet Share Segmentation tools.
- Deepening Household Penetration - By growing investment program awareness with financial institution branches and departments, along with clients without an investment relationship.
- Developing an Advisory Practice - By working with Infinex Advisory Services to identify clients that fit an advisory model and refreshing value propositions.
- Utilizing Data to Enhance Marketing Efforts - By using both Client Central and financial institution data to personalize and automate client and prospect outreach.

➔ **Reducing Client & Asset Attrition:** While these types of activities are essential, reducing attrition is equally important for success. One of the biggest prohibitors to investment program growth is capacity. When a financial professional’s book of business is too large, it creates service and compliance issues that lead to client and asset attrition. This also results in lower-than-expected revenue. Historically, financial professionals assume that more clients equate to more revenue. Yet, research shows this is not the case. **Industry benchmarking studies define 200 to 400 clients as optimal.** (Kehrer Bielan, Spring Leadership Study Group, 2022.)

Research from Invesco notes that financial professionals also need to **initiate personal contact 4 or more times a year to reduce attrition.** (Invesco, The Golden Hour, 2020.) With quarterly meetings at 2 hours each, including 1 hour for prep/follow-up, a financial professional can only manage 240 clients to maintain such a proactive level of service. At 40 hours per week and 50 weeks out of the year, that does not leave enough time for the activities discussed above. **See next page...**



Client AUM & Trailing 12 Month Revenue Matrix Worksheet Example

| | | LOW AUM | | HIGH AUM | |
|---------------------|--------------------------|---------------|---------------------------|--------------|---------------|
| High T-12 Rev | LOW AUM, HIGH REV | | HIGH AUM, HIGH REV | | |
| | Client Count | 56 | 7% | Client Count | 99 |
| | AUM | \$ 8,439,636 | 7% | AUM | \$ 73,516,287 |
| | T-12 Revenue | \$ 118,995 | 19% | T-12 Revenue | \$ 392,643 |
| Low T-12 Rev | LOW AUM, LOW REV | | HIGH AUM, LOW REV | | |
| | Client Count | 611 | 76% | Client Count | 39 |
| | AUM | \$ 27,794,544 | 22% | AUM | \$ 17,653,974 |
| | T-12 Revenue | \$ 90,189 | 15% | T-12 Revenue | \$ 16,530 |

Infinex Resources

Infinex’s business planning, segmentation, and reporting tools can help you address new and existing business development, while also reducing attrition. This page includes screenshots of just two of our resources.

Our worksheets allow you to clearly break down revenue and opportunities. They also let you analyze service level agreements and time spent.

Service Level Agreements Worksheet Example

| | |
|---|-----|
| Weeks Available to Work | 50 |
| Hours Per Week to Work | 40 |
| % of time with current clients | 70% |
| Other time: Prospecting, administrative, learning & development, branch engagement, marketing, etc. | 30% |

The Pareto Principal & Increased Transparency

When using these resources, we often find that financial professionals unknowingly follow the [Pareto Principal](#) in that nearly 80% of revenue is attributed to only 20% of clients. Conversely, 80% of time is spent on lower value activities and standard service procedures. Infinex’s business planning approach and resources bring transparency to this issue, while also highlighting actionable tactics for resolution.

| Client Segments | # Clients | # Meetings/Year | Hours/Meeting | Total Hours |
|----------------------------------|-----------|-----------------|---------------|-------------|
| A Keepers and driving revenue | 137 | 2 | 2 | 548 |
| B Up and comers & need attention | 125 | 1 | 2 | 250 |
| C Decide to coach up or out | 1,034 | 1 | 1 | 1,034 |

| | |
|----------------------------|-------|
| Hours Available to Service | 1,400 |
| Hours Required to Service | 1,832 |
| Surplus/Deficit of Time | (432) |



Next Steps: Business Planning Sessions With Infinex Relationship Management

As part of your next business planning meeting, we recommend defining specific areas of focus to address enhancing business *and* reducing attrition. Business planning should include key performance indicators that are pertinent to your individual practice. Review client segments and understand the “cost to service” for each client group. Lower capacity and increase overall service levels. This formula and a proactive, long-term approach will result in substantial growth and ultimately, more revenue for both the investment program and the financial institution.

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