

When the going gets tough...

Insights into BDM engagement with Advisers during COVID19

Prepared by Business Health Pty Ltd
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1. Introduction

With 2020 unfolding like none of us could have ever imagined, we have all had to revise our plans and adapt our operating models to cater for the disruption caused by the COVID-19 pandemic. At Business Health we fully appreciate just how difficult it is for advisers to successfully pilot their business through such tumultuous times and we firmly believe that the support of skilled, professional business and practice development managers (collectively referred to in this paper as BDMs) can add enormous value to all advisers.

To support the understanding and advancement of this critical role, during the first two weeks of June we invited BDMs and advisers from around the country, and across the various business models, to participate in a proprietary research project. The aim of this research was to better understand the level of engagement between BDMs and their key advisers during this period and to learn how both groups see their relationships evolving in the coming months. We were delighted with both the participation levels and the breadth and depth of information provided. Our analysis of all the responses forms the basis of this paper.

Our passion for helping build a quality, sustainable and profitable advice profession remains steadfast and we are sure you will agree this paper makes for compelling reading and careful consideration. This information remains unique in the Australian marketplace and is exclusive to Business Health. Of course, if you have any questions or would like to explore the key findings and their possible implications for your business in a little more detail, please do not hesitate to contact us.

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2. Executive Summary

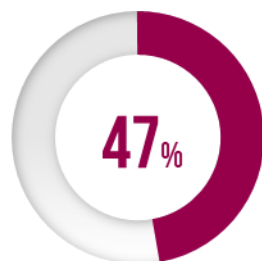
The importance of the primary adviser relationship for any organisation can never be underestimated. In most cases the main custodian of the relationship is the Business/Practice Development Manager and while this paper contains a host of insights, each reader will no doubt focus on their own specific areas of interest. However, in our view, the following are the strategically important issues emerging from the research.

2.1 Value is in the eye of the beholder

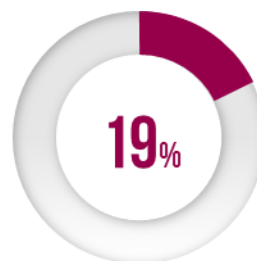
As licensees, product manufacturers and investment platforms all think through their optimal adviser proposition for the future, it will be absolutely essential that their BDMs are able to deliver services and solutions that advisers want, need and truly value.

Like beauty, value can only be determined by the recipient. In the context of a BDM and their advisers, only the adviser gets to decide what is truly valuable. While it may be gratifying for BDMs to think they are delivering real value to their advisers (and 88% of the BDMs who participated in this research believe they are), the ultimate test of course lies with the adviser.

We have no doubt that the vast majority of BDMs have worked extremely hard throughout the lockdown period and have focused all of their energy and efforts on delivering a service to their advisers that they believe is both appropriate and timely given today's exceptional operating conditions.



BDMs believing they have added significant value to their advisers

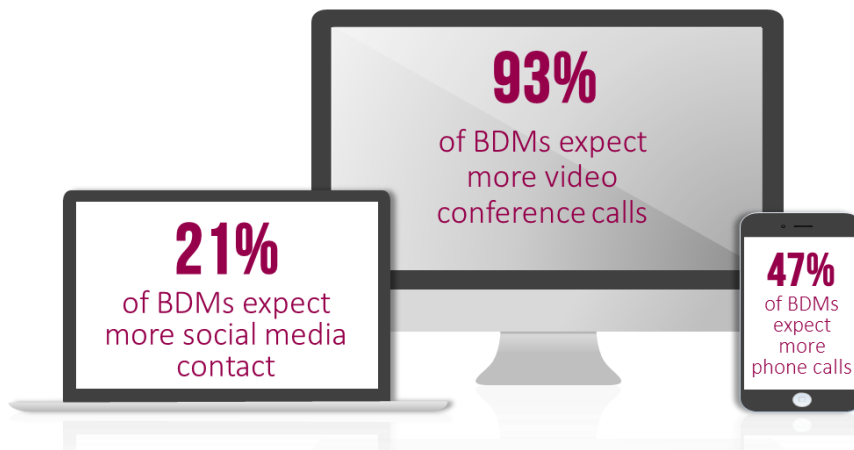


ADVISERS believing they have received significant value from their BDMs

However, as earnest and sincere as the BDMs efforts have been, unfortunately in the eyes of many of their advisers, there has been little perceived value what has been received. Well over a third of all advisers reported that their BDMs have added little or no value during the pandemic. To have such a disconnect as we have uncovered through this research can only end in disappointment for all parties.

2.2 Delivering in a virtual world

BDMs will need to refine their approach and learn to master the building of relationships and rapport in the virtual world of video conferences, social media and email.



It seems that looking forward, BDMs will not have the luxury of delivering their value proposition in the traditional “belly-to-belly” style with which the vast majority have grown up with.

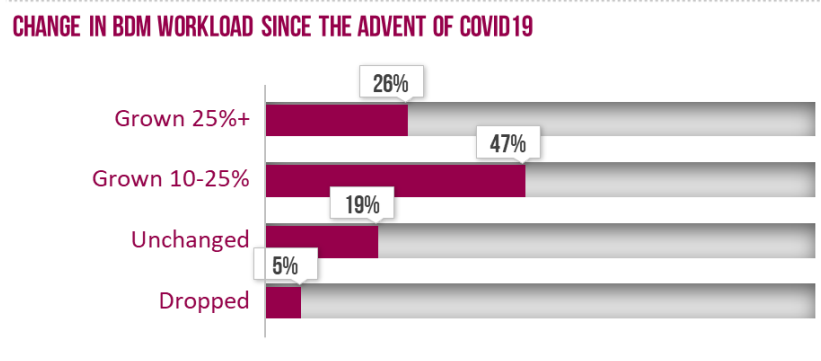
Both advisers and BDMs spoke with one voice when it came to the engagement model of the future. Well over half of all advisers and BDMs expect there to be far less one-to-one, in-person meetings once we emerge from lockdown and the limitations on travel and gatherings are lifted. Similarly, both groups expect less interaction through group workshops and forums.

Compounding this even further, BDMs will also have far less “air” time in which to deliver on their promises and fulfil the expectations of their advisers. While 96% of BDMs expect far more adviser engagement using video conferencing platforms, over half of all advisers thought the ideal length of a video call with their licensee manager was between 15-30 minutes and one in four feel less than 15 minutes is the appropriate duration of a video call with their product/platform managers. Perhaps not surprisingly, only 2% of BDMs felt such short video conference calls are optimal.

It is unrealistic (and indeed unreasonable) to assume that all BDMs will be able to immediately adapt their modus operandi and continue to deliver the same levels of success they have in the past. They will need training, support and patience to become proficient in this vastly different, digital environment.

2.3 Capacity, capability and expectations

One in four BDMs stated that since the advent of the COVID crisis, their workload has increased substantially. A further 47% of BDMs reported their workload has grown between 10%-25%.



If these additional demands remain post COVID, it will be, in our opinion, incumbent on the employer to review the role of BDM and the expectations attached to it.

Changes may be required to:

- Role description and objectives
- Compensation structures and remuneration packages
- Level and nature of support that is provided
- Depth and breadth of solutions BDMs are expected to deliver

2.4 Out of sight, out of mind

While it was reassuring to note that 65% of BDMs reported increased communication with their advisers, it was nevertheless somewhat disappointing to consider that 35% had not. Our disappointment was compounded by the finding that over 50% of rural/regional based advisers actually reported less contact than usual with their product/platform BDM.

If ever there was a time for more frequent communication, it's now!

3. Key Findings

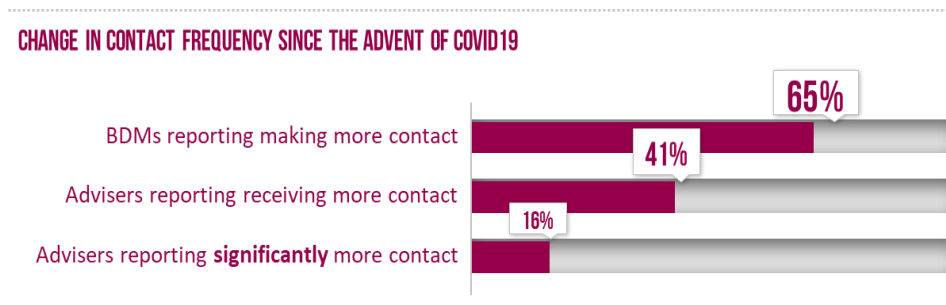
Key finding 1. Communication

There is no doubt that regular and open communication is a foundational element of building strong and enduring business relationships. In times of crisis, knowing that your key business partners care for your wellbeing and are standing side-by-side with you takes on an even greater level of importance.

1.1 Communication frequency

When the entire world seems to be gripped by fear and uncertainty, business relationships can be truly tested. Many bonds will be strengthened when forged in the fire of this chaos but alternatively, there will be a high price paid by those who were seen to be “missing in action” when they were needed most.

It was therefore pleasing to see that 65% of all BDMs reported that, during this period they have contacted their key advisers more frequently than pre COVID. However, on the other hand, we were disappointed to learn that 35% reported only the same or reduced level of contact with their advisers and only 16% have significantly increased their level of contact.



As clearly shown in the table below, there were some interesting differences between the categories of managers - while none of the licensee managers stated that have reduced their level of contact, one in six product/platform managers stated they have actually had less contact with their advisers during the shutdown.

Of more concern however is the apparent disconnect between the BDMs and their advisers. Only half of the advisers stated that have had more contact from their licensee manager during the pandemic, while this drops to just one in three (36%) for product/platform managers.

Those advisers located outside of a large city or metropolitan suburb also appear to have been largely forgotten by their product/platform managers – well over half of the regional/rural advisers reported less contact than usual from their product/platform BDMs.

Time will tell just how important this disconnect proves to be.

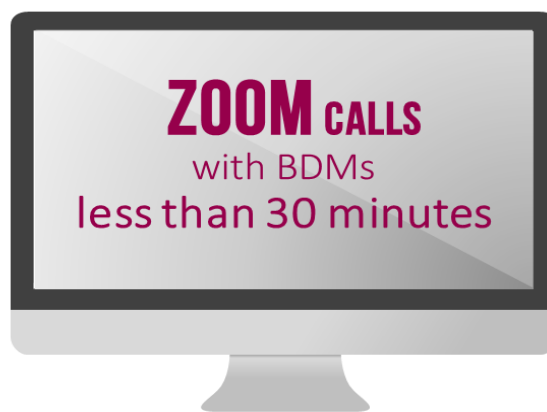
Contact levels	Advisers (Licensee / Product)	BDMs (Licensee / Product)
Much more than usual	12% (14% / 11%)	16% (24% / 12%)
More than usual	29% (36% / 25%)	49% (59% / 42%)
About the same as usual	32% (30% / 33%)	26% (18% / 31%)
Less than usual	17% (11% / 21%)	7% (0% / 12%)
Much less than usual	10% (9% / 10%)	2% (0% / 4%)

Through the work we do not just here in Australia but also in the US, we are privileged to have access to key insights emerging from the American advice marketplace. It is interesting to compare these Australian findings with the results of a recent US survey conducted by the National Association of Plan Advisers (NAPA).

While two thirds of our BDMs have stepped up their levels of adviser contact, less than half (47%) of their US counterparts (known as wholesalers) reported increased contact in the wake of the pandemic. However, the disconnect between adviser and wholesaler was far less pronounced – 38% of US advisers acknowledged increased wholesaler communication.

1.1 Communication vehicle

70%
of advisers want...



It has been widely reported that the COVID shutdown has seen a huge rise in the use of video conferencing platforms such as Zoom and Skype. It was therefore a little surprising to note that almost half (42%) of the of all BDMs stated that video conferencing has not been a predominant means of communicating with their advisers during the pandemic. It would also appear that the licensee managers are using this technology far more than their product/platform peers – twice as many licensee managers reported that they are heavily leveraging video conferencing as a key communication vehicle.

This difference was mirrored in the feedback we received from advisers. The advisers identified a clear preference for their product/platform managers to rely on emails – 48% of advisers reported that this has been the predominant communication vehicle used by their product/platform managers while only 30% of licensee managers were using email as their key contact vehicle.

Perhaps linked to the quality of broadband internet available outside of the major cities, the advisers located in regional/rural areas reported far less video conference contact and a greater reliance by both their licensee and product/platform managers on telephone calls.

While acknowledging that the topic, timing, manager and the time available can all be factors, just over half (54%) of all advisers thought the ideal length of a video call with their licensee manager was between 15-30 minutes. Interesting, one in four advisers (26%) feel less than 15 minutes is the appropriate duration of a video call with their product/platform managers. Perhaps not surprisingly, only 2% of the BDMs felt such a short video conference was optimal.

The licensee managers felt more “air” time was needed compared to their platform/product manager peers.

When compared to their US peers, our Australian advisers are happy to spend slightly longer engaging with their BDMs on a video conference call. Not surprisingly, and as was the case in Australia, there was again a difference between what the US wholesalers and their advisers thought was the ideal length for a Zoom call. Wholesalers would like more “air” time with their advisers.

1.3 Issues discussed

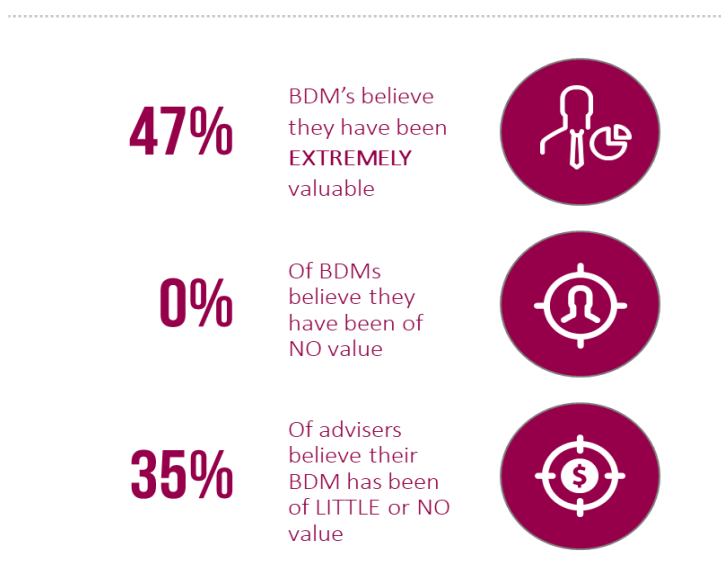
Perhaps reflective of the sheer multitude of issues advisers are currently facing, BDMs reported that their advisers were interested in discussing a vast array of topics.

At a high level, these loosely grouped into the following key areas:

- FASEA and the pending education requirements and timeframes
- Maintaining an acceptable level of client engagement
- Managing employees working from home
- Investment market volatility
- Short term cash flows and business profitability

Key finding 2. BDM value

2.1 Perceived value



Regardless of the number of touch points or the medium used to engage or the topics of discussion, the ultimate measure of success for any communication program lies in its perceived value.

Almost half (47%) of all BDMs think they have been extremely valuable to their key advisers during the COVID crisis. Just 11% think they have been of little value to their advisers and none think they have added no value at all.

However, as shown in the table below, this varies significantly from the views of the advisers. Only 28% of advisers think their licensee manager has added significant value and this drops to just 13% for their product/platform managers. Well over a third of all advisers think their BDMs have added little or no value during the pandemic.

Degree of Value	Advisers (Licensee / Product)	BDMs (Licensee / Product)
Extremely valuable	28% / 13%	53% / 42%
Somewhat valuable	37% / 45%	47% / 38%
Of little value	20% / 29%	0% / 19%
Of no value	15% / 13%	0% / 0%

To have such a disconnect between provider and recipient is extremely worrying and can only end in disappointment.

2.2 Immediate opportunities

Looking to the immediate future, advisers identified the following as common areas where they believe their BDMs can best add value in the coming 3-6 months.

Licensee managers

- Sharing best practice tips/ideas from within the group
- Better understand my specific business requirements and offer tailored support/solutions
- Help advisers take advantage of new technologies
- Convey the latest regulatory, compliance and governance requirements

Product/platform managers

- Ensure advisers are aware of any product changes/enhancements
- Keep in touch, be available and share best practice tips/ideas
- Provide investment market commentary and information advisers can use with their clients
- Simply follow through and deliver on any commitments given

It was very pleasing to see a strong correlation between the immediate priority issues of advisers and the areas BDMs believe they can assist with.

BDMs believed that they can support their advisers with:

- Reviewing and refining their business model
- Developing strategic and operational business plans for the future
- Initiatives to grow the business

Key finding 3. Engagement

The COVID lockdown has severely challenged the traditional adviser/BDM engagement model. Almost overnight, face-to-face, in-person visits (once the mainstay of a BDMs working day) were reduced to zero.

Quite rightly, advisers turned their entire focus to supporting their clients and staff through the unprecedented changes unfolding across the world. This all-consuming change in priorities radically reduced the amount of time that advisers were willing to dedicate to speaking with their BDMs. Added to this, almost all BDMs were forced out of their offices and into a very foreign “work from home” environment.

3.1 Workloads

Despite this extremely disrupted marketplace the BDMs found themselves in, 26% reported that their overall workload has increased significantly since the advent of the COVID crisis. A further 47% stated their workload has grown between 10%-25%. Both licensee managers and their product/platform colleagues were in agreement that their workload had increased. These results provide a great testament to the work ethic of most BDMs and is a true indication of their willingness to help.

3.2 Future engagement

As we emerge from the lockdown and the limitations on travel and group gatherings are slowly lifted, it will become increasingly important for all BDMs to understand the expectations of their advisers and tailor their engagement models accordingly.

There is no doubt that some of the changes brought about by COVID will remain with us long after the medical crisis has passed. As highlighted in the table below, while advisers and BDMs generally agree that they will be interacting differently with their advisers post COVID, there isn't a common agreement as to where the major changes will be.

Engagement Method	% Advisers Expecting More (Licensee / Product)	% BDMs Expecting More (Licensee / Product)
Video conferencing	77% (77% / 75%)	93% (88% / 96%)
Telephone calls	16% (17% / 15%)	47% (24% / 62%)
In-person visits	1% (0% / 5%)	7% (12% / 4%)
Emails	22% (19% / 30%)	33% (46% / 12%)
Group forums/workshops	3% (4% / 0%)	26% (19% / 35%)
Social media	19% (17% / 25%)	21% (18% / 23%)

Given we normally associate the US as early adopters of technology, it was very interesting to note that our Australian advisers and BDMs are expecting to leverage video conferencing far more heavily than their US peers – only 54% of US advisers and 64% of wholesalers foresee a greater use of this technology.

HOW WILL FUTURE INTERACTIONS CHANGE?

MORE VIDEO CONFERENCING



MORE PHONE CALLS



MORE GROUP FORUMS



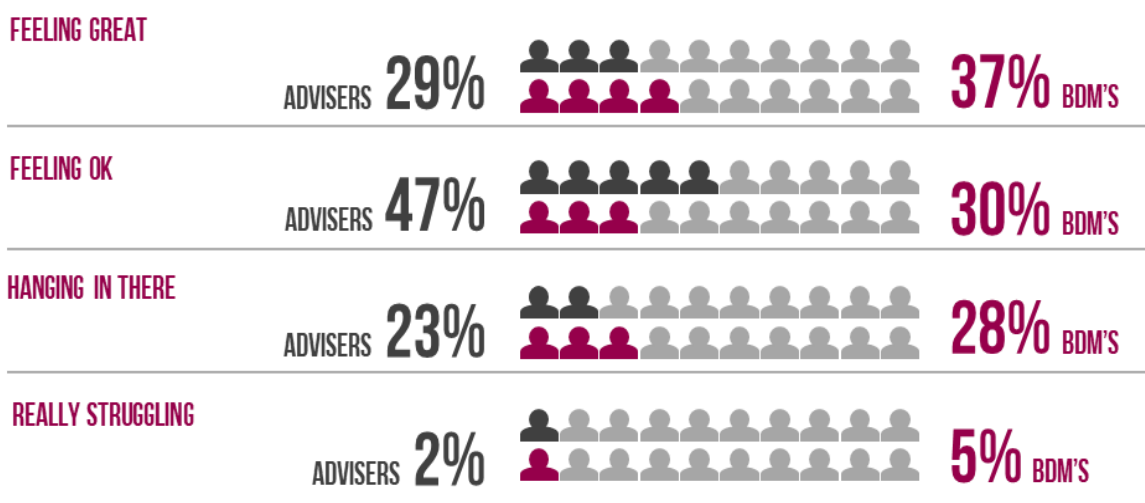
MORE EMAILS



LESS IN-PERSON VISITS



Key finding 4. Sentiment



Despite everything that has been thrown at both advisers and BDMs over the past few months, most remain positive.

37% of BDMs and 29% of advisers reported they are still feeling *great*. This is a true testament to their resilience, commitment and all round positive spirit.

Half (47%) of the advisers and a third (30%) of the BDMs are feeling *OK* and approximately a quarter of both groups stated they are “*hanging in there and have good days and not so good days*”. Pleasingly only one adviser and two BDMs indicated they were “*really struggling and fearful for the future*”. We truly hope that these three people have access to a strong support network and can find a way to feel better about their future.

Sentiment	Advisers (city/county)	BDMs (licensee/product)
I'm feeling great	29% (34% / 20%)	37% (59% / 23%)
I'm feeling OK	47% (43% / 55%)	30% (29% / 31%)
I'm hanging in there with good days and not so good days	23% (23% / 20%)	28% (12% / 38%)
I'm really struggling and fearful for the future	2% (0% / 5%)	5% (0% / 8%)

The positive attitude and optimistic outlook of most of the BDMs can in part be attributed to the level of support they have received throughout the COVID crisis. 79% of BDMs were *extremely* or *mostly* satisfied with the level of support they have received from their immediate manager. 72% felt the same about the support delivered by the senior executives of their firm and 95% were *extremely* or *mostly* satisfied with the level of support from their peers and colleagues who are performing similar roles. 81% reported they had also been well supported by the advisers in their panel.

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About the Authors

Business Health is an independent organisation, headquartered in Sydney. We specialise in providing solution-based services to small businesses, predominantly in the financial services area. Established in 2000 we have regularly expanded our suite of services (a process which continues to this day) to the point where we believe we offer the most comprehensive range of practice management solutions in the marketplace. In Australia, we have also developed diagnostics for other markets including mortgage brokers, accountants and the generic 'small business' market. Apart from Australia, Business Health has operated for a number of years in North America.

Our experience in the financial services environment, enhanced by an extensive up-to-date knowledge of international factors and trends, positions us to offer significant expertise in the area of business development.



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