

## It's a challenging environment. How effective is your wholesaler strategy?

Once again, FRC and Horseshmouth have joined forces to gain insight into the actual effectiveness of wholesalers. The results contained in this primary research report are designed to improve your wholesaler effectiveness and impact your strategies immediately. Since the survey was conducted amid market turbulence, FRC was also able to obtain two relevant data points—changes in advisor services levels and the responsiveness of wholesalers during a challenging environment. Based on advisor feedback, FRC provides a detailed analysis as well as firm-specific findings regarding key aspects of today's wholesaling including:

- Service requirements during challenging market environments
- Influence of external and internal wholesalers on the buy/sell decision
- Advisors' willingness to forego face-to-face wholesaler meetings
- Primary contact frequencies and forms of contact for external and internal wholesalers
- Top-rated firms for external and internal wholesalers

**FRC also provides an examination of measurements gathered on the following key corporate attributes:**

- Investment management
- Investment philosophy and process
- Corporate image and reputation
- Sales support
- Marketing support
- Overall (the firm as a whole)

Findings are derived from an extensive survey of 1,860 financial advisors conducted from June 2008 through July 2008 as well as a survey of 182 branch managers or management team members conducted during August 2008. The 182 branch managers shed light on key factors and steps for gaining access to a branch, coverage requirements for the coming year, and ways for firms to become a long-term partner with a branch. Throughout this volume, comparisons are made to Volume One, which was published in June 2007. Volume One was based on a similar survey of more than 2,230 financial advisors.

**For more information on *ADVISOR INSIGHT*, contact FRC today at (888) 491-9788 or e-mail [frcinfo@frcnet.com](mailto:frcinfo@frcnet.com).**

Vol. **3**

Advisor  
Insight  
Series

in conjunction with  


Wholesaler Effectiveness

**2008**

# Study Overview

Financial Research Corporation (FRC) and Horseshmouth joined forces to gain insight into the actual effectiveness of wholesalers. This study establishes advisor preferences, identifies best practices, and profiles firms that are garnering attention among advisors.

## Survey Respondents

A comprehensive survey of nearly **1,860 financial advisors** was conducted from June 2008 through July 2008. Throughout this volume, comparisons are made to Volume 1, which was published in June 2007. Volume 1 was based on a similar survey of more than **2,230 financial advisors**. The surveys, conducted by Horseshmouth, were executed online and drawn from Horseshmouth's database of financial advisors.

### Advisor Demographics & Profiles

#### Channel

Advisor with Wirehouse	31%
Advisor with Regional Broker/Dealer	18%
Advisor with Independent Broker/Dealer	20%
RIA, Independent	6%
Dual Registered RIA/Rep with Wirehouse	2%
Dual Registered RIA/Rep with Regional B/D	2%
Dual Registered RIA/Rep with Independent Broker/Dealer	6%
Investment Rep with Bank, Credit Union, or S&L	6%
Advisor with Insurance Company	7%
Other (Non-registered fee-only planner, trust company, or CPA firm)	2%

#### Compensation Model

Entirely Fee-Based	15%
Three-Quarters Fee-Based	27%
Half Transactional / Half Fee-Based	30%
Three-Quarters Transactional	15%
Entirely Transactional	12%

#### Region

Northeast	7%
MidAtlantic	25%
Midwest	26%
South	26%
West	17%

#### Tenure

0-4 Years	18%
5-9 Years	21%
10-19 Years	32%
20 Years or More	29%

#### Gender

Female	11%
Male	89%

## Section Three - Corporate Attributes

Advisors provide their perspectives on the following corporate attributes:

- Investment management
- Investment philosophy and process
- Corporate image and reputation
- Sales support
- Marketing support
- Overall (the firm as a whole)

These attributes are measured in all volumes of *ADVISOR INSIGHT* to provide historical data that enables firms to benchmark their improvements as well as industry competitors.

# ADVISOR INSIGHT Series

Established by Financial Research Corporation (FRC) and Horseshoorn to provide a current view into the financial advisor's world. In this ever competitive environment, it is essential to understand the challenges and needs of advisors to effectively position your firm for success.

This series, which acts as an advocate for the financial advisor, provides the necessary insight to appeal directly to the specific dynamics of your desired target audience and differentiate your firm from your peers. Findings are based on a detailed survey of a broad financial advisor audience.

Volume One, *Wholesaler Effectiveness*, identified the high quality interactions required by financial advisors in order for wholesalers to have an impact on their buy/sell decision process. It also unearthed the fact that marketing support, as a corporate attribute, was not viewed in an overwhelmingly positive light by many advisors.

Volume Two, *Marketing Effectiveness*, uncovered areas for improvement, identified best practices, and profiled firms that were making an impact in the areas of value-added programs and marketing. Advisors also revealed if brand messages were differentiating firms, and if they truly were impacting an advisor's decision-making process. Advertising, public relations, and Web site areas were also explored.

## Volume Three - Wholesaling Effectiveness

*Wholesaler Effectiveness*, Volume Three, This primary research report provides insights from advisors across various practice models, which are categorized into 14 profile groups for ease of segmentation. For the first time, FRC has created Advisor Profiles by product usage with demographics that can assist providers with evaluating what advisor markets they should target in order to attract assets from certain products. In addition to generic and firm-specific wholesaler feedback, analysis also details attitudes and options from our survey of branch managers. Finally, FRC synthesizes all this data with key findings and recommendations regarding critical aspects of today's wholesaling and how it may evolve moving forward.

This Volume includes three data-intensive appendices:

### Appendix A - Exhibits

- Tenure
- Compensation Model
- Annual Production Level
- Assets Under Management
- Assets Added in the Last 12 Months

### Appendix B - Exhibits

- All-Firm Rankings  
(Complete firm survey findings vs. high-level findings)

### Appendix C - Exhibits

- Company-Specific Ratings  
(Quick snapshots of a firm's rankings in each category in comparison to the overall average)

# Study Excerpts

## Advisor Perspective on Wholesaler Service Requirements

Nearly half of all advisors surveyed relayed that their service requirements for wholesalers increase during challenging market environments. It is important to note that given the timing of the survey, the turbulent markets that advisors referenced did not include the seismic events taking place at the end of the third quarter.

*“Our surveyed advisors spoke highly of the efforts of many of the firms that they work with in terms of their wholesalers staying in front of them during the uncertain times and providing timely and relevant information that could be used during client conversations. This type of ongoing support provides the foundation for a business partnership with the advisors, which has become an essential component for success of a firm’s distribution efforts.”*

**Craig Kilgallen, VP, Director of ADVISOR INSIGHT, Financial Research Corporation (FRC)**

*“There may never be a more critical moment to take stock of the relationships between advisors and your wholesalers, and ensure you are providing advisors with the support they need right now. The levels of customer equity that firms have built with advisors will be revealed in the marketplace in the coming months.”*

**William T. Nicklin, CEO, Horseshmouth**

## Advisor Perspective on Wholesaler Responsiveness During Challenging Markets

Acknowledging the support provided by external wholesalers during these challenging markets, **88%** of respondents stated that wholesalers had been responsive to their changing needs. **Russell** led all firms with **98%** approval, closely followed by **American Century** and **Putnam** each with **97%**.

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For more information, contact us today.

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