

# Serving “Small” Accounts: The Cost to Serve Clients in Investment Call Centers vs Across-the-Desk Advisors

Findings from the Kehrer Bielan Investment Call Center  
Study

# Kehrer Bielan Investment Call Center Study

Many financial institutions are either building or considering building investment call centers

Useful to have some benchmarks from firms with experience managing call centers

Conducted an online survey last Fall, and have continued to add firms and additional information to the database

28 firms have provided data so far

- Several are banks and credit unions that have opened Investment Call Centers in the past few years
- Some are financial institutions that were early adopters of servicing small accounts through a Call Center
- Some are call centers embedded in major brokerage or insurance operations [Ameriprise, Cetera, LPL, USAA, Vanguard, and Wells Fargo]

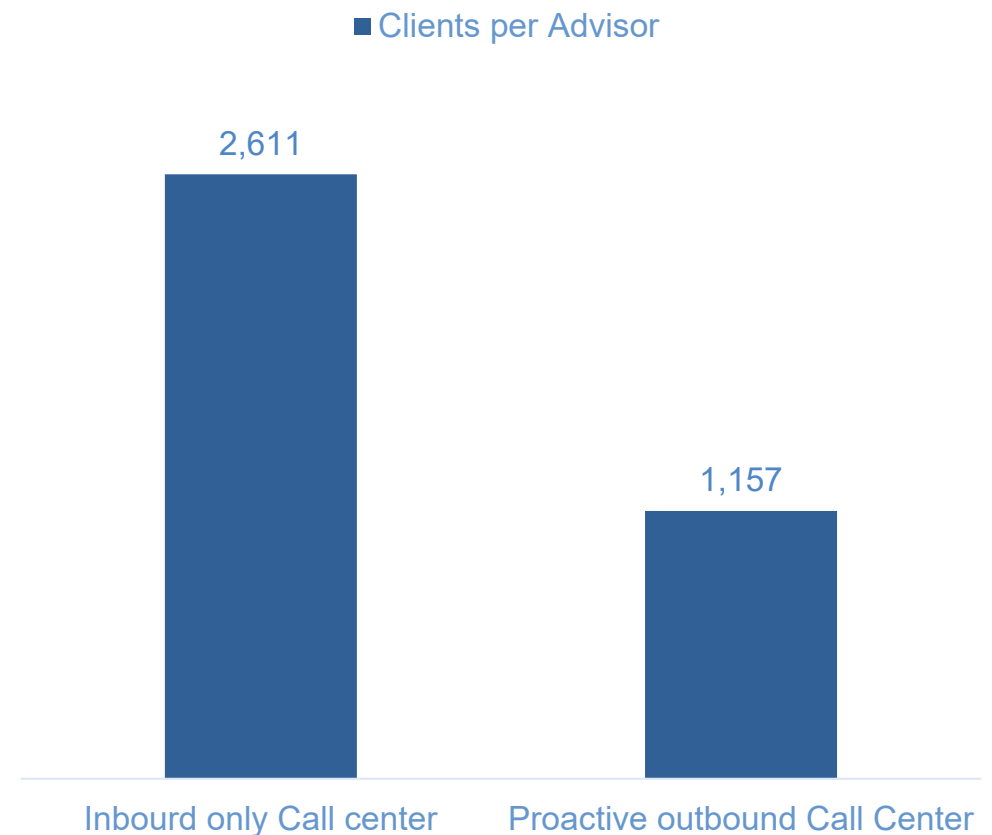
# How many clients do Investment Call Center advisors service?

How many advisors do you need to service your target client population?

Call Center advisors who proactively reach out to clients service less than half the number of client households serviced by Call Center reps who handle only inbound calls.

The average advisor in our 2018-2019 benchmarking database of 333 financial institutions had 343 client households.

Clients per Advisor



# How much assets does a Call Center advisor service?

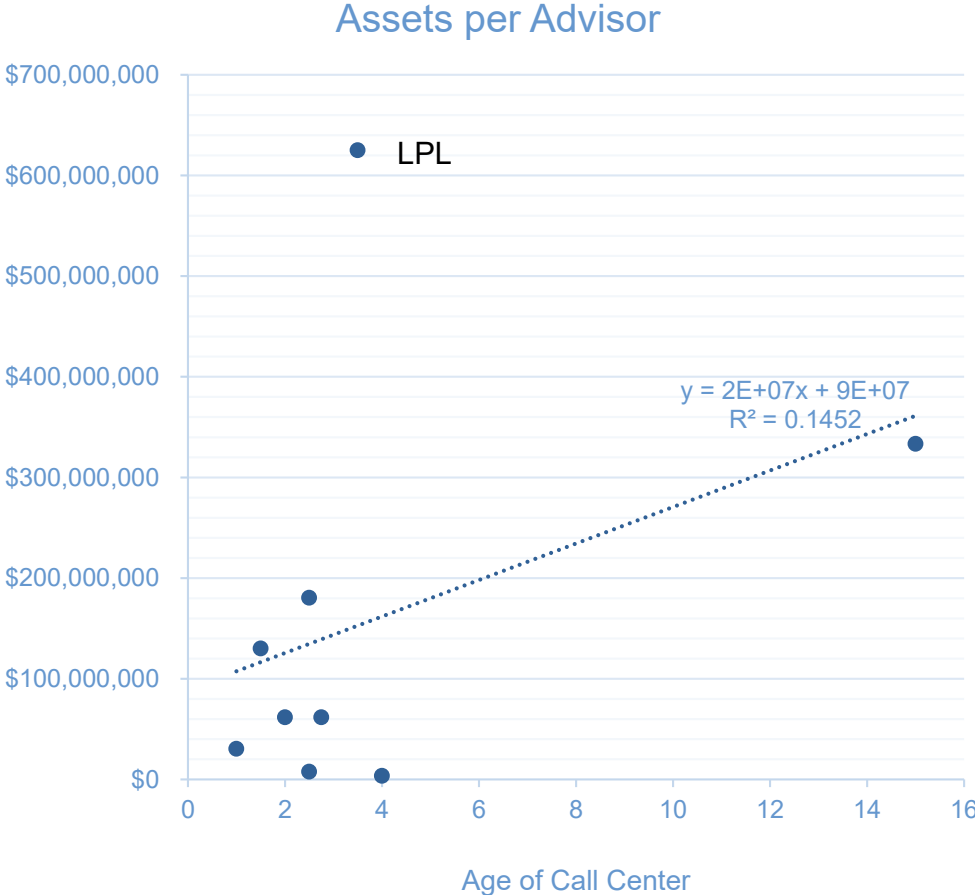
Millions of Client Assets per Advisor

Call Center Advisor: \$159.3

Branch-based Advisor: \$60.8

Call Center advisors service more than double the assets managed by branch-based advisors

Call Center advisors service more assets as Call Center matures?



# How much production should I expect from a Call Center Advisor?

Average Annual Gross:

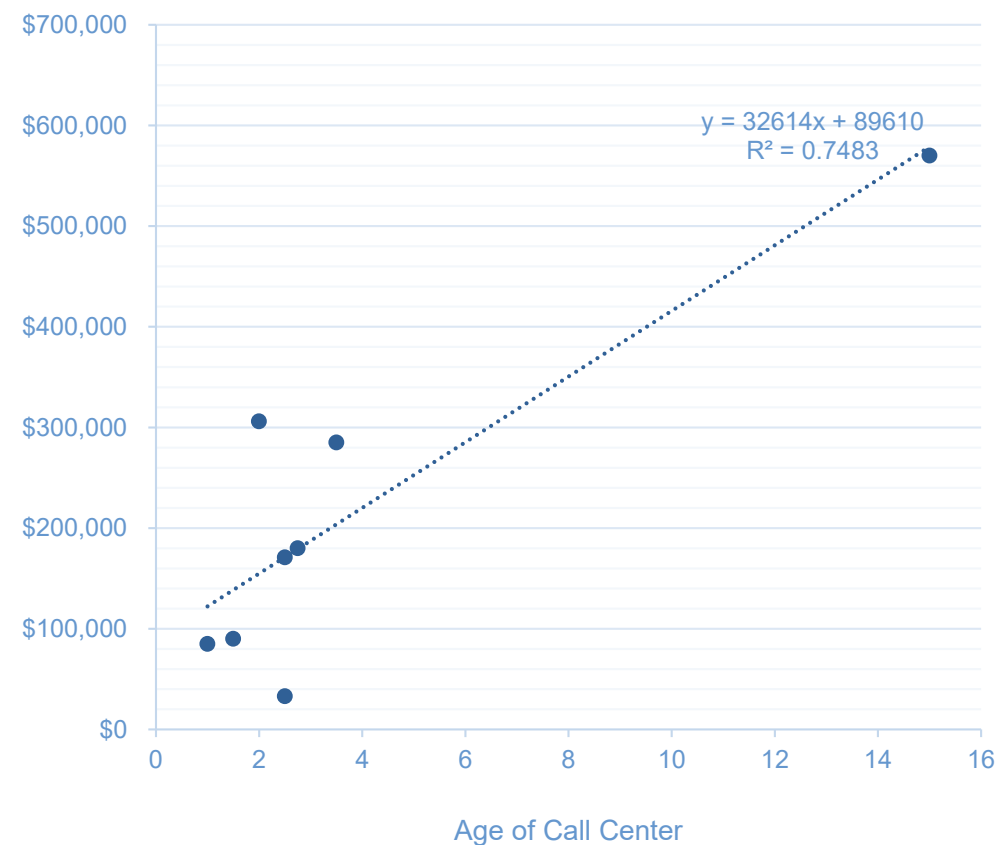
Call Center Advisor: \$275,620

Branch-based Advisor: \$383,878

Advisor productivity increases as the Investment Call Center matures

For Investment Call Centers less than 4 years old, the average annual gross of advisors is \$144,872

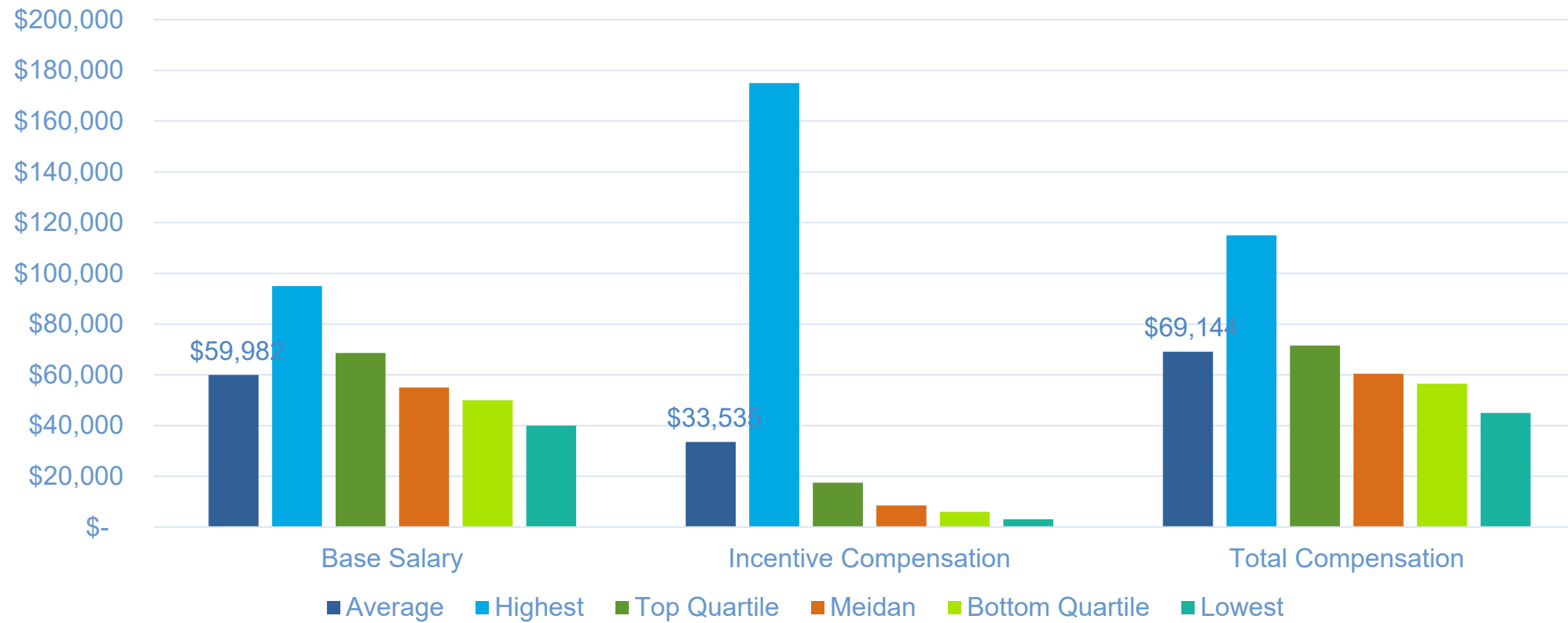
Annual Gross Revenue per Advisor



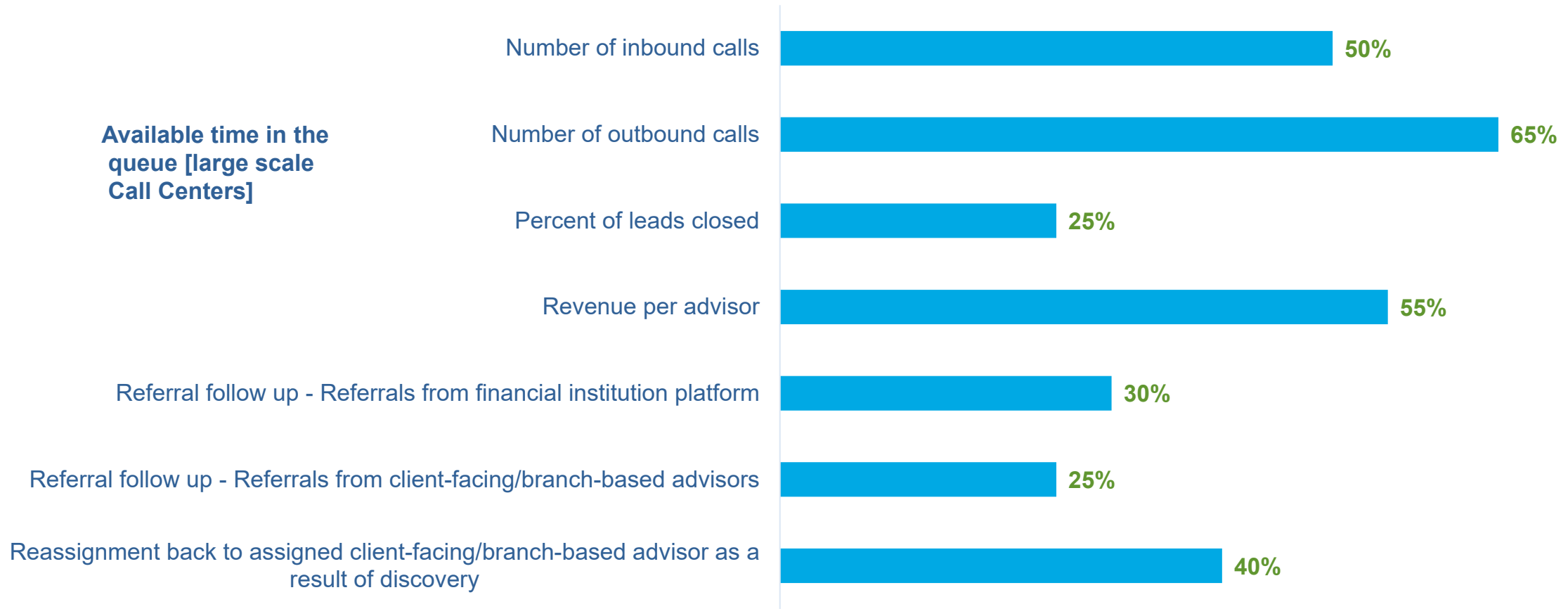
# How much are Investment Call Center Advisors compensated?

Incentive compensation typically accounts for 20% of total compensation

Compensation of Investment Call Center Advisors

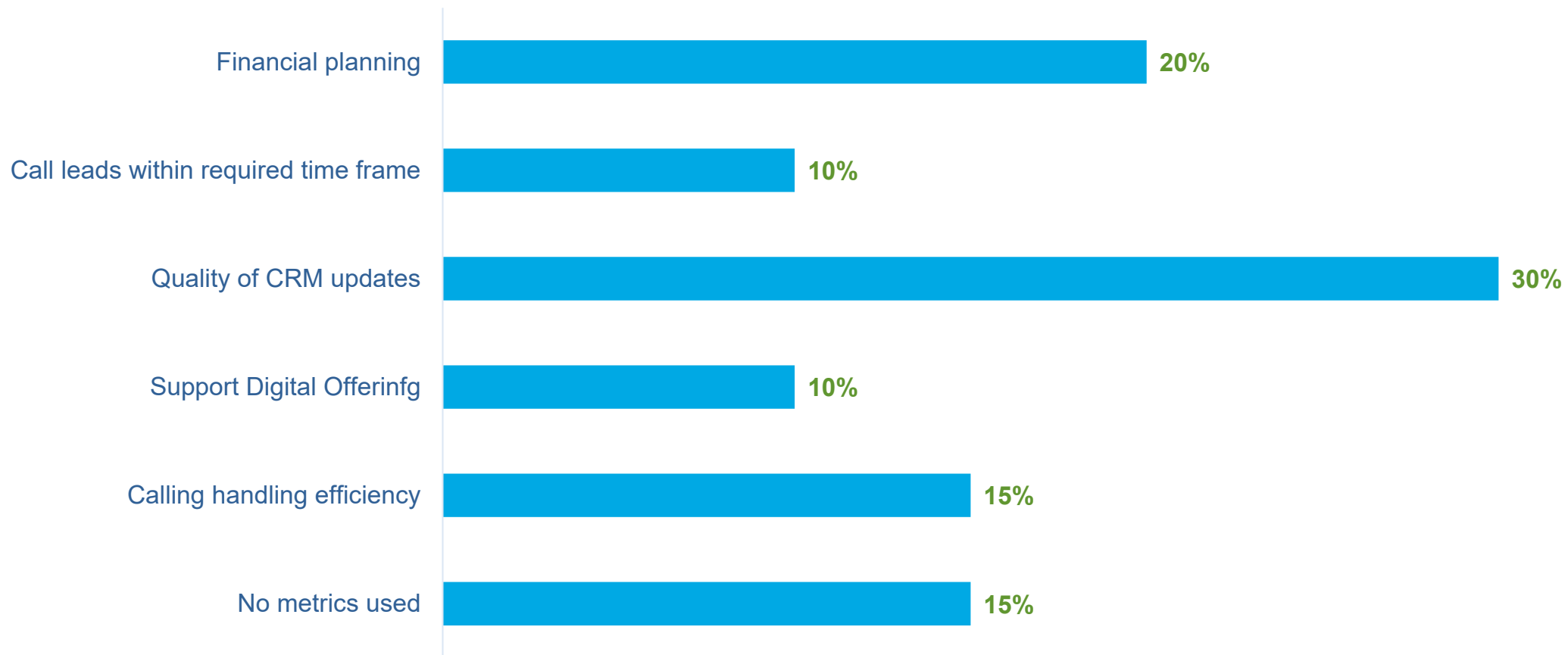


# What Metrics Are Used to Evaluate Investment Call Center Advisors



Available time in the queue [large scale Call Centers]

# What Other Metrics Are Used to Evaluate Investment Call Center Advisors?



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# How does the average advisor payout differ from branch-based advisors?

Annual Commissions as a percent of Annual Gross Production

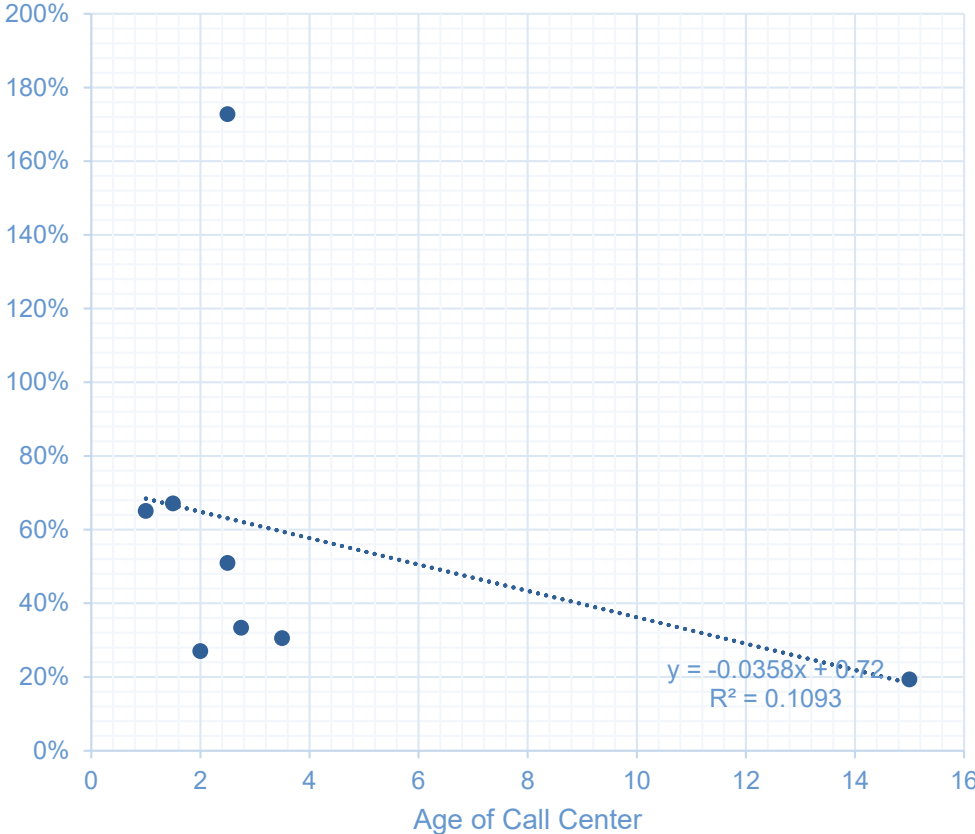
Call Center Advisor: 63%

Excluding outlier: 42%

Branch-based Advisor: 39%

Average advisor payout decreases as Call Center matures?

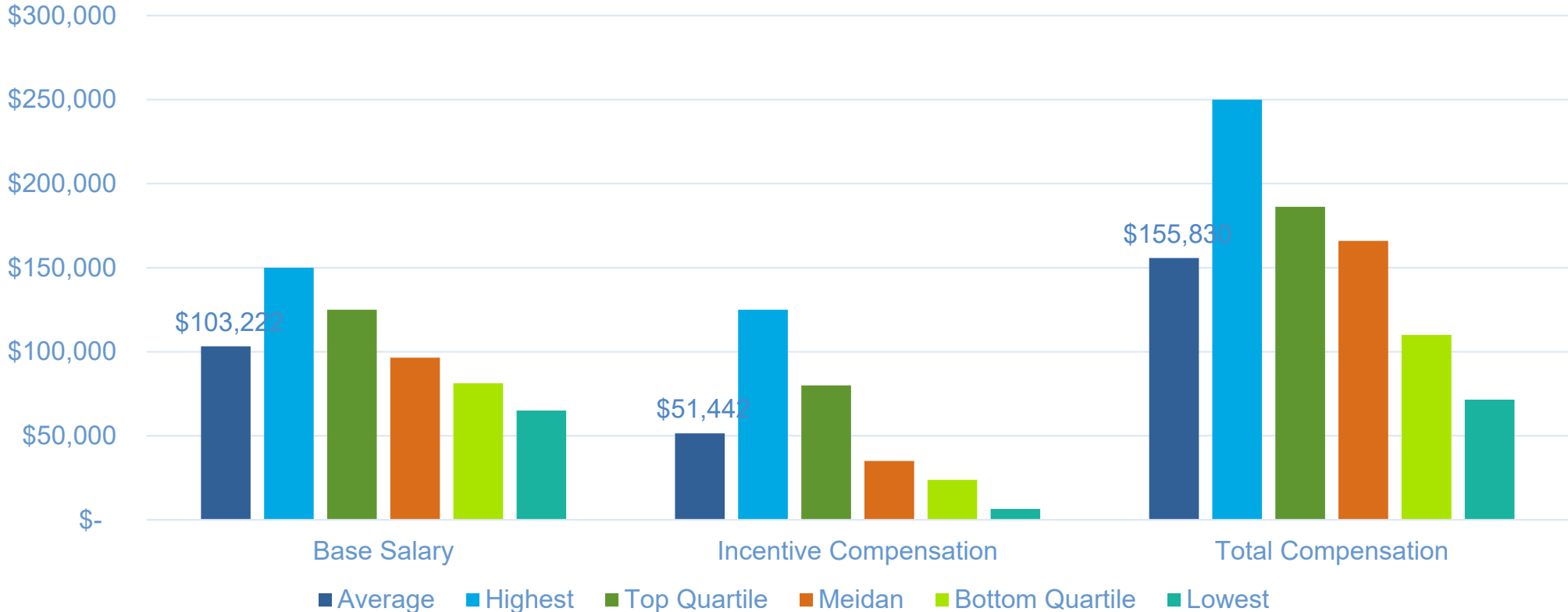
Average Advisor Payout



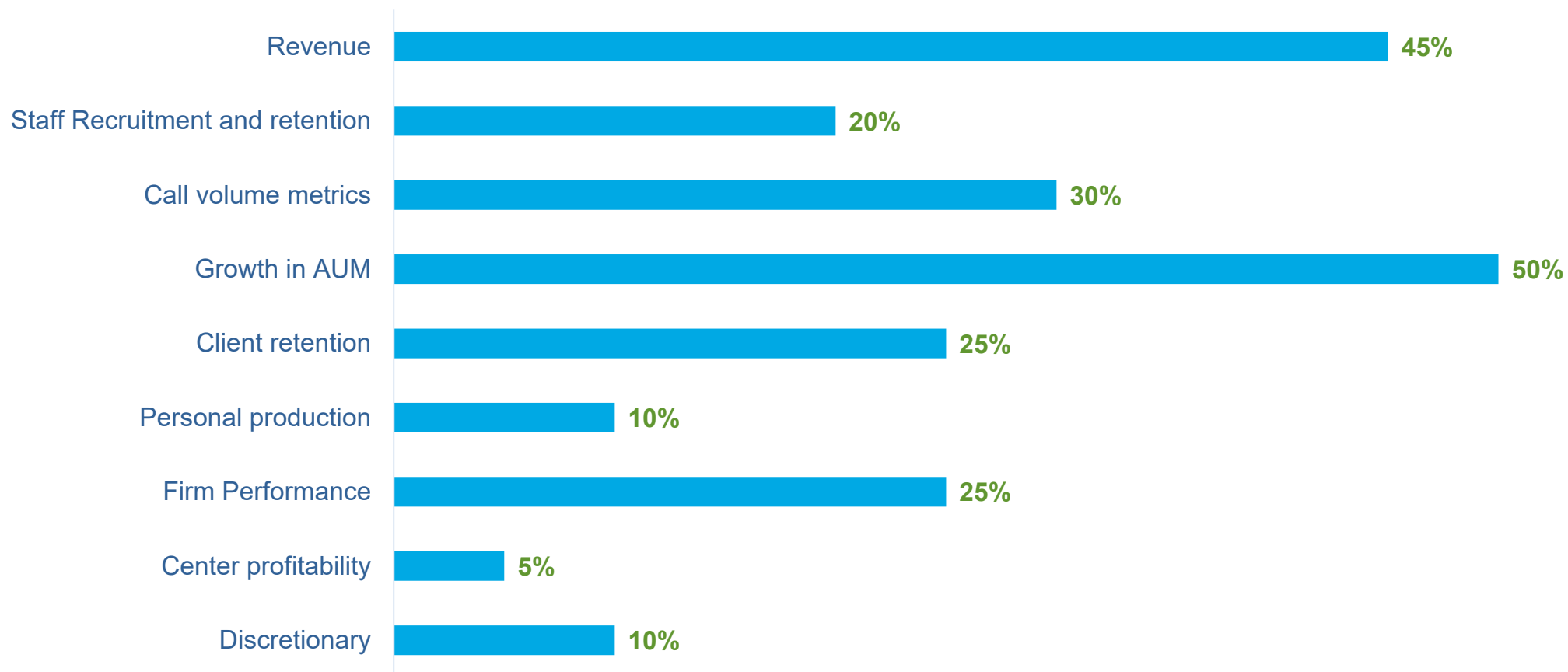
# How much are Investment Call Center Managers compensated?

Incentive compensation typically accounts for 27% of total compensation

Compensation of Investment Call Center Managers



# What is the Basis for Incentive Compensation

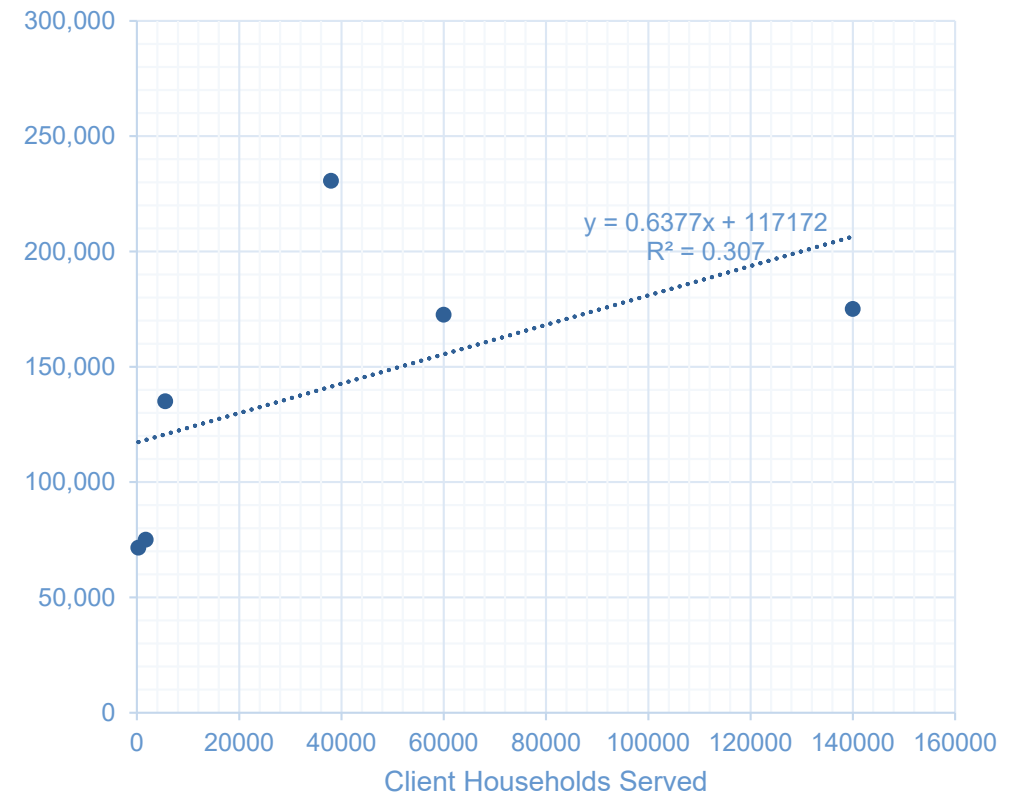


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# Does Call Center manager compensation increase with the scale of the operation?

Managers of Investment Call Centers that serve more clients earn higher total compensation.

Annual Compensation of Call Center Manager



# The Cost-to-Serve

Financial institutions turn to Investment Call Centers as a less expensive way to service less profitable clients.

But what is the difference between the cost-to-serve clients through branch-based advisors and Investment Call Centers?

We can leverage our Investment Call Center benchmarking data to provide some visibility into that difference.

Let's compare the staffing expenses of the two delivery models.

This comparison assumes that cost of compliance and clearing is the same between the two channels

Excludes:

- Cost of Call Center technology

- Differences in the cost of Advisor desktop technology

- Differences in the service level [How can we measure that? Frequency of contact? Content of contact?]

# What is the difference in the cost-to-serve in revenue?

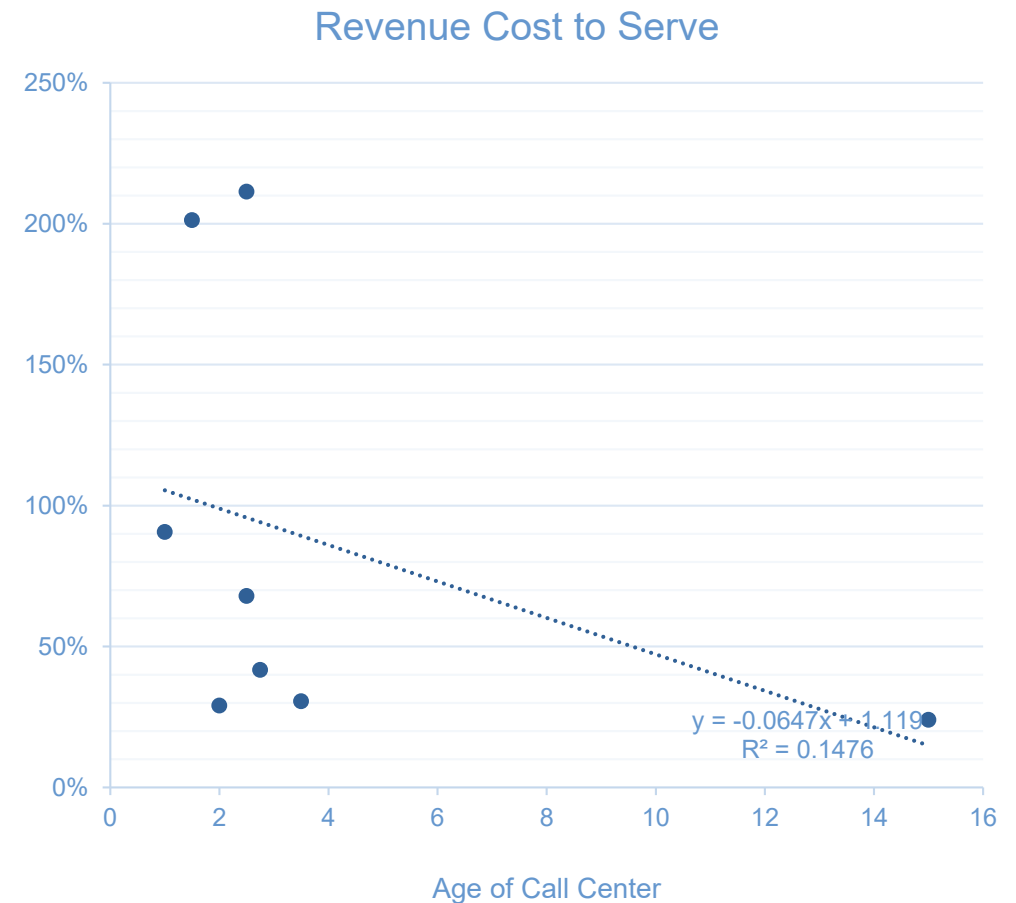
Total compensation of Call Center advisors, managers, and support staff as a percent of gross revenue:

All Call Centers Surveyed: 87%

Excluding Outliners: 47%

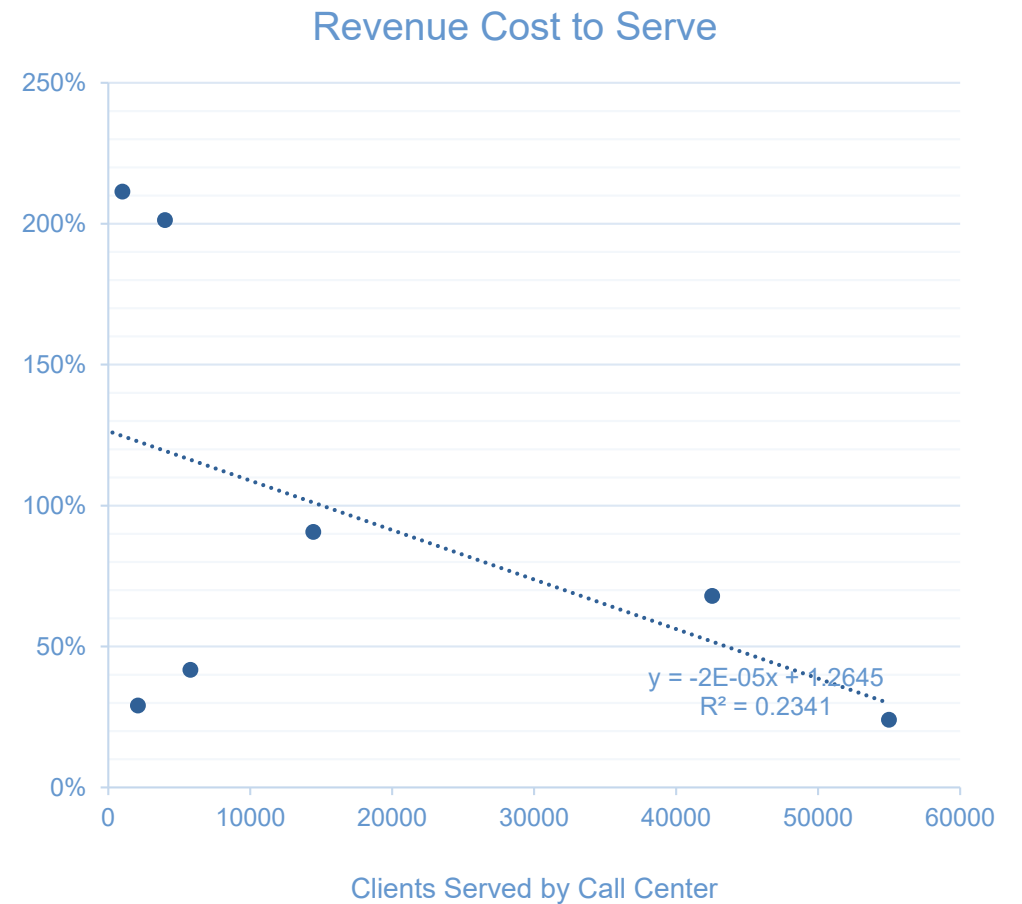
Total compensation of branch-based advisors, sales assistants, and sales managers 46%

Revenue cost-to-serve declines as Call Center matures?



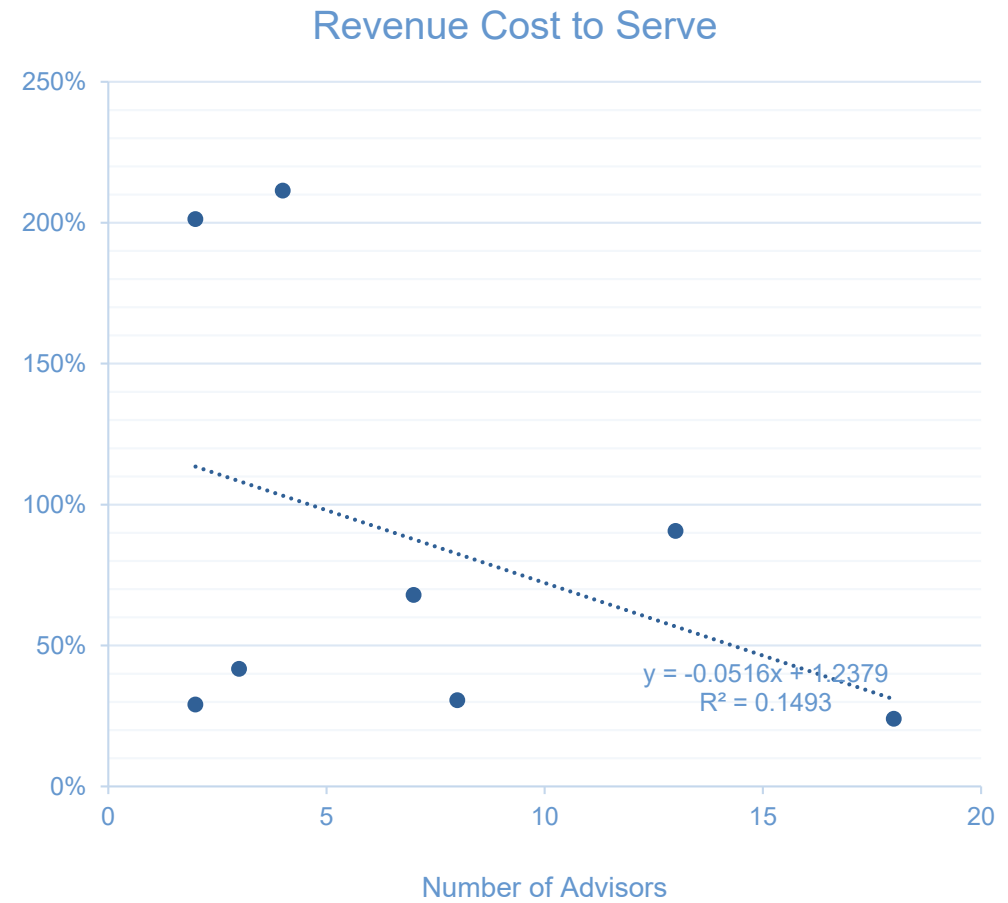
# How does the revenue cost-to-serve change with scale of the client base?

The share of revenue needed to pay the compensation of Call Center advisors, managers, and support staff is lower in Call Centers that serve more clients



# How does the cost to serve change with the scale of advisors?

The share of revenue needed to pay the staffing expenses of an Investment Call Center also appears to be lower in Centers with more advisors.





# What is the difference in the dollar cost-to-serve?

The high revenue cost-to-serve is largely due to low revenue per Call Center Advisor.

What is the actual cost difference?

Total compensation of Call Center advisors, managers, and support staff:

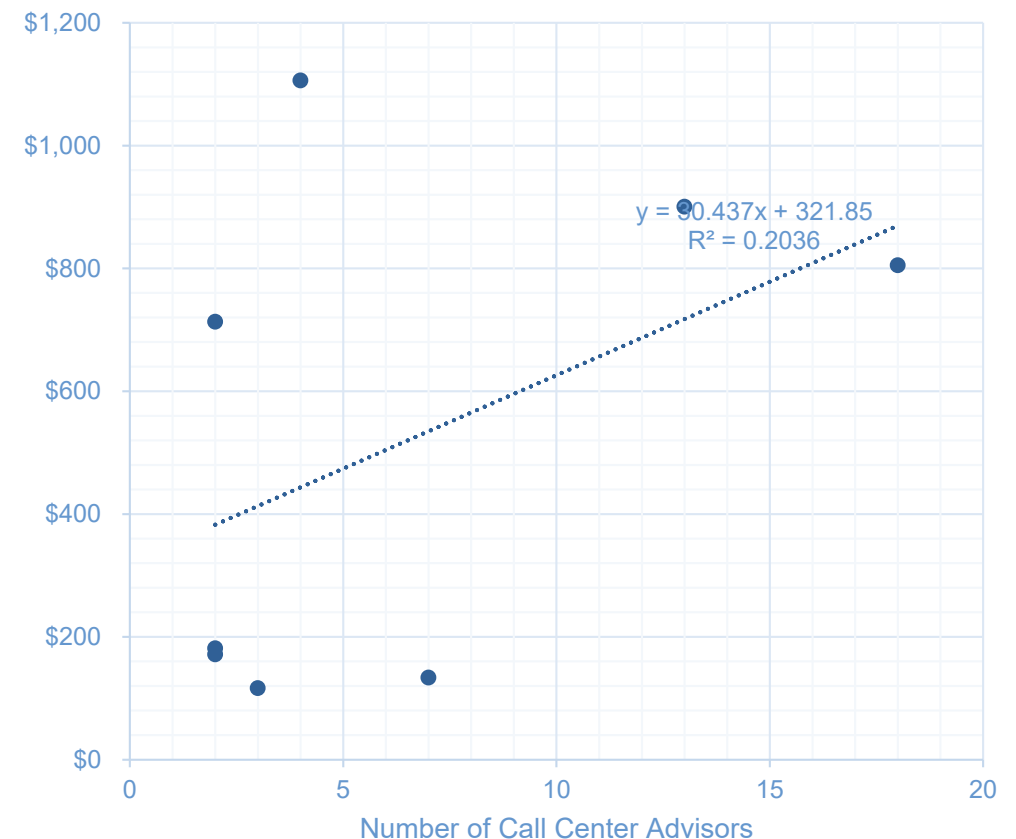
\$516 per year per client

Total compensation of branch-based advisors, sales assistants, and sales managers:

\$578 per year per client

Dollar cost-to-serve appears to increase with scale of the Call Center.

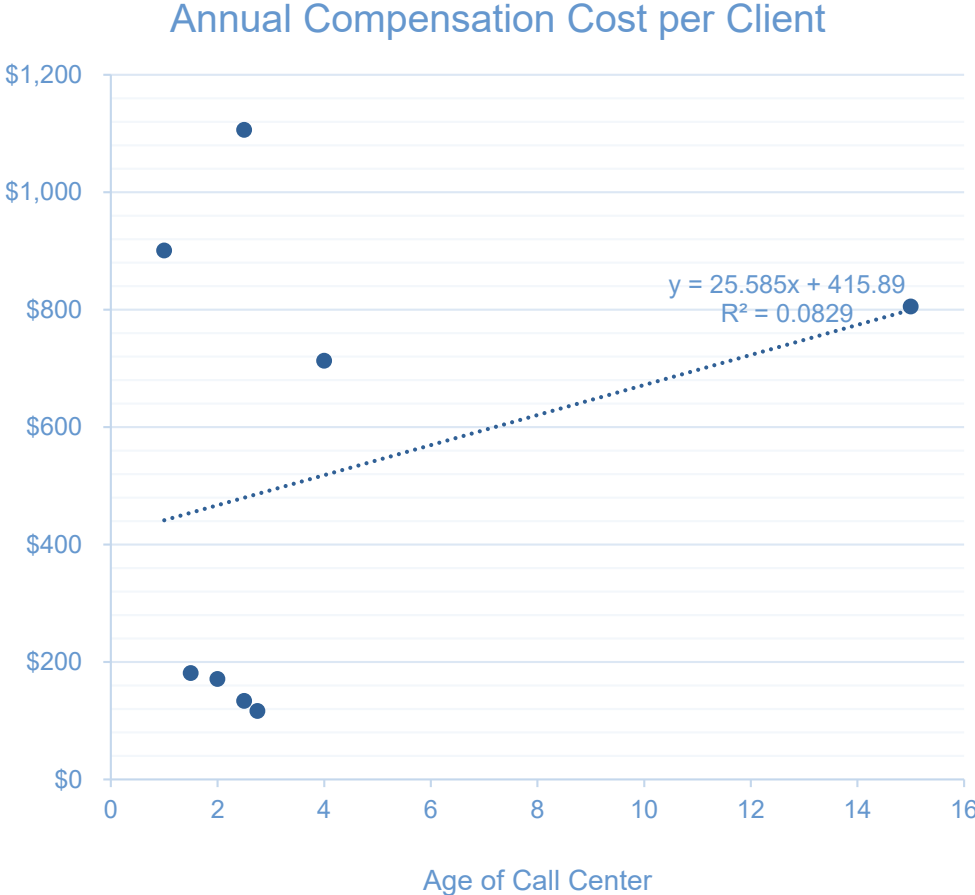
Annual Compensation Cost per Client



# Does dollar cost-to-serve improve as Call Center matures?

Insufficient data from mature investment call centers to tell

The two firms with more than 3 years of experience have higher dollar cost-to-serve than the average for branch-based advisors



# Next Steps in the Analysis

## **Investment Call Center Benchmarking Study**

The study includes other insights into building and managing an Investment Call Center:

- Sources of Investment Call Center Advisors
- Role of the Call Center in each firm's segmentation strategy
- How clients are migrated to the Call Center
- How product menus for Call Centers differ from the product offerings of branch-based advisors

## **Cost-to-Serve**

Only 9 firms provided the revenue and staffing expenses needed for the cost-to-serve analysis.

Will continue to add to that data to provide management metrics, and eventually identify best practices.