



PRODUCTIVITY: ITS HEIGHTENED IMPORTANCE TODAY IN ASSET MANAGEMENT DISTRIBUTION

We gleaned some fascinating insights from our recent engagements with asset management leadership in preparation for, and response to, our [2024 Annual Talent Trends Report](#). We saw how leaders, who are faced with an increasing shortage of talent and limited economic resources, are prioritizing their efforts around building productivity within their organizations.

RE-EVALUATING DISTRIBUTION TO ENHANCE PRODUCTIVITY

Of concern was the report's finding that more than 40% of business leaders believe productivity levels in their companies are not where they should be, indicating the need for a shift in worker and leadership engagement. Interestingly, 78% say they are re-evaluating how they measure productivity.

This indicates the need for evolving tools and methods of work in the asset management industry, as well as a shift in their approach to managing their client relationships.

As an example, for many years, sales was simply driven predicated on what products a firm was bringing to market. In contrast, today's leaders can use data and analytics to redirect their sales force away from mere product sales towards creating customized solutions to address their client's specific preferences.

Evidence of this migration away from the product sale is seen in the wholesaler role where historically top producers were known more so as a lone wolf who acted autonomously and were driven to end each year at the top of the perennial "pack". Today, leaders who are working to drive greater efficiencies in their sales organization expect the field wholesaler to be the quarterback of a team of resources, pulled together to serve their advisor clients in a more personalized fashion.

Another shift we're seeing towards team distribution efforts has to do with the enterprise approach to sales, where incorporating broader resources may better align with an advisor's firm's priorities rather than just those of a singular advisor.

INCREASING EMPHASIS ON PRODUCTIVITY



41%

Say productivity levels aren't where they need to be



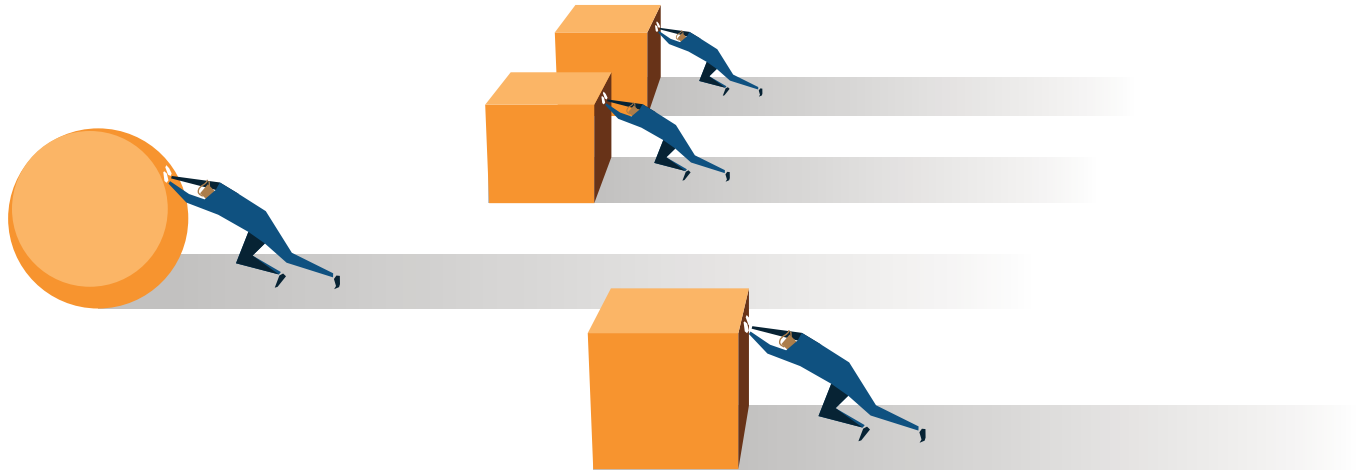
78%

Say they're re-evaluating how they measure productivity

*From 2024 Talent Trends Report



This team approach has been enabled by burgeoning data collection and increasingly sophisticated analysis, giving asset managers unprecedented insight into their clients' complexities and nuances. This goes beyond merely their transactional activities to include their values, work, and social connections, helping to build a holistic picture of the client that can be used to respond to and even anticipate their needs.



This approach will likely translate into fewer meetings driving greater outcomes. The emphasis becomes preparation and customization rather than time invested in an afternoon of golf. This team focus also allows for greater efficiencies through leveraging technology and downstream support staff to take on more of the non-advisory and non-revenue-generating work.

For leaders, gauging the productivity of their sales teams means shifting from metrics focused on more traditional singular activities to ones that measure their ability to meet and anticipate client needs both at the firm and advisor levels, as a team.

COMPENSATION: A TOOL TO FOSTER COLLABORATION

An intriguing byproduct of this shift to greater personalization is the development of a more team-based, collaborative compensation approach.

With clients increasingly expecting a range of deeper services to cater to their specific requirements, we are seeing the most productive sales teams now encompassing portfolio construction specialists, client portfolio managers, and marketing specialists to ensure the most beneficial conversations are had.

This new, more productive, team-based sales model requires a compensation model that aligns all players behind the client's best interests. Revenue generation is achieved and needs to be shared more broadly today than in the past. Some firms have moved away from basis point payout systems into base and bonus structures, while others have built profit-sharing pools to reward and encourage more team behavior.



This new compensation model encourages sales teams to participate in broader client growth. This is born out by our research on the top attributes that differentiate the most productive performers, with the highest proportion of leaders (46%) identifying a growth mindset as their top attribute. To foster a collaborative, growth-focused mindset, leaders are looking to identify ideal client development paths and their appropriate milestones, develop metrics that track these, and restructure compensation packages around them accordingly.

TOP ATTRIBUTES OF MOST PRODUCTIVE PERFORMERS



*From 2024 Talent Trends Report

REFRAMING PRODUCTIVITY SHIFTS WITH YOUR TEAMS

To ensure buy-in across the organization, it is incumbent upon leaders to be open about what success means to the company and able to articulate what individual members' contributions to the team's success may be. Leaders who can clearly communicate their vision can galvanize team members into working together towards a greater goal. Effective organizations are encouraging knowledge sharing and brainstorming, along with a working environment where staff can question decisions and evaluate assumptions critically.

This all represents a major paradigm shift in terms of leadership and company culture. And while change can be taught, incentivized, and nurtured, savvy leaders are those who can identify staff unable or unwilling to evolve with the business and who are willing to part ways with them if necessary.

SUMMARY

As this new approach to distribution productivity becomes more widespread, so too will the necessary skills and mindsets among those who will be key contributors on these teams. The firms that stand out in the decades ahead will be those initiating training downstream in their sales organizations with an emphasis on teamwork, collaboration, and encouraging a mindset that creatively seeks innovation.

Looking for critical talent to help fuel your firm's growth?

Let's work together!

805.542.0800

www.kathyfreemanco.com