

Sponsored Research Prospectus

Business management support services for Financial Planning.

**“ A survey of financial planning firms perceptions
and expectations of value added business management services”**

Project Directed by:

MGF Consulting Group Pty Ltd,
Strategic Marketing and Service Management consultants to the Financial Services industry.

September 2002

Statement of Confidentiality

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1. Background:

Over the last five years we have witnessed exponential growth in the number of financial planners in the industry. It is estimated that there are some 20,000 planners and advisors in practice at this point in time. We know that the FPA has at least 14,000 registered members.

We also know that over 50% of planners in practice are part of a Dealer Group that is either wholly or partially owned by a financial services institution (such as Banks, Fund Managers or Life Insurer).

The independent financial planning group is now a minority and yet for many Dealer groups the retention of financial planning firms as customers is an ongoing challenge.

Like any membership being part of a Dealer Group is important, as it is necessary for licensing purposes, however there is always the question of what is the value proposition in the relationship that goes beyond licensing and compliance.

It is in this environment that Dealer groups and Fund Managers would benefit from providing services that are of actual value to the small to medium sized planning firm and that create a bond in the relationship, which goes beyond compliance services and remuneration structures.

1.1 Why the research

The motivating factors behind this research are simply that for some time there has been debate about what the expectations are of the SME financial planning firm, under the umbrella of a Dealer group or financial planning cooperative.

The research will yield an overview of the support services expectations from a financial planning firm viewpoint as well as evaluate the current levels of services being provided. It is a piece of work that will be of value when considering what services need to be provided to a firm when trying to retain their loyalty.

It is envisaged that MGF Consulting will use this information to work with any of the sponsoring organizations at trying to provide a better management support service.

2. Scope & Objectives of Research Project:

The scope and objectives are divisible into two sections;

2.1 Trends in Financial Planning practice management

This section will look at what financial planning principals and managers are doing to manage their business more effectively and efficiently, especially in these times of high demands in best practice and compliance.

Deliverable:

- Details of which support services are being delivered to financial planning firms
- Details of how many Dealer groups are effectively managing the financial planner relationships
- Factors driving loyalty to Dealer amongst member financial planning firms based on effectiveness and efficiency of services provided (e.g.: propensity to switch).

2.2 Financial Planning firms expectations of support services

This section of the research will examine the current needs of financial planning firms when wanting business management support. It will allow the firms to rate current services and their relative importance to how they manage their business. They will also get the opportunity to evaluate the staff providing the service not just the organisation.

Deliverable:

- Details of which support services financial planning firms see as critical and expect from Dealers groups
- Details of the perception of the value of the services on offer from Dealer groups
- Details of gaps between service offering and expectations of financial planning firms
- Details of gaps between service expertise and the expectations of financial planning firms

3. Methodology:

The research will be focused on the financial planning firm as the “Customer”. Therefore it will be conducted as a deliberate and detailed questionnaire delivered electronically and in hard copy to the financial planning firm principals and management.

- **The research numbers:** in order to achieve a real sample of the market we will aim to approach and survey 3,000 financial planning firms, evenly spread amongst five states. We will however seek to exclude in-house planners (salaried) from the research as they do not fall into the SME classification of this research type..
- **The research tool:** completion of a questionnaire designed for and answered by principals and managers in small to medium sized financial planning firms. Not planners who are salaried and part of in-house financial planning services of major banks and fund managers.
- **The research task:** it is expected that most of the research information will come back from the electronic or hard copy questionnaire. Any shortfall will be supplemented with a telephone survey adopting the same questionnaire.

4. Outputs to Sponsors:

The deliverables to participating sponsors of this research project will be:

- A qualitative and Quantitative Research Paper (Desktop published and bound).
- A 30-minute slide presentation to the Executive Team, summarising the key findings of the research.
- **Optional Offering** - Facilitation of a 2 hour workshop (in Sydney *) with key management team on maximising the opportunities uncovered by the research. **Cost \$1,500.**

* (Any interstate presentations will be charged as extra costs in Travel and Time).

5. Benefits from Research:

5.1 Informative feedback

- Real feedback on the sentiments of the financial planning firm as to whether they are receiving the support services they wish to receive
- An overview of the services being provided by other dealers (without identifying who they are) in comparison to your own.
- Qualitative feedback on the role and input of BDM’s at the sharp end of the relationship management equation.

5.2 Actionable Feedback

- A possible list of services that may need improving in your organization
- A list of value adds that your group has yet to deliver to its financial planning distribution channel
- An overview of BDM image and expertise to which you could benchmark your own management team

6. Our Competencies:

Project Director - MGF Consulting Group Pty. Ltd

MGF Consulting through its principal Max Franchitto has had over 20 years of Financial Services experience. MGF's expertise is founded on a deep and detailed knowledge of Marketing and Distribution channel strategies within all sectors of the financial services industry.

The organisation has been sourced for Marketing and Service management assignments throughout the financial services industry. MGFCG prides itself on using experts in the respective fields in all assignments. In this project MGFCG will act as Project Director and at no extra cost to the client will outsource all specialist work as it sees appropriate.

MGF Consulting will also be using Market research analysts to compile the data in accordance with best practices in market research. The professional presentation and quality of the survey results are guaranteed by MGF Consulting Group.

7. Timetable:

It is proposed that survey be conducted in November and December 2002 with results available in mid to late January in 2003.

8. Investment:

The investment for each sponsor is **\$10,000**, plus GST.

The mode of payment is 50% upon registration and the other 50% upon delivery of the completed report *.

* No portion of the fee is refundable if final report is not accepted or not taken up.

9. Disbursements:

All research costs are included in the research paper fee. However any Travel or Related expenses associated with sponsor presentations will be charged separate to the fee for that particular sponsor.

10. Special Conditions:

The research project will not go ahead unless at least **5 sponsors** have subscribed by the closing date. If the demand is high then the existing sponsors may wish to make up the sponsorship gap between them.

There is no exclusivity and all participants have equal rights to the research contents.

A completed research report is deemed as acceptable and no provisos will be entered into in relation to the second half of the fee payment.

End.....e&oe

11. Registration to participate:

Financial Planning firms Business management support services, research project.

Name of Organisation

Address

.....

Contact Person

Position

TelephoneFax

Email

I/We herewith agree to participate as financial sponsor in the proposed research and agree to purchase the subsequent report at a fee of **\$10,000** (plus GST) from MGF Consulting. We also agree to the terms and conditions set by MGF Consulting as attached to this proposal.

Name of Representative

Signature

Date

Applications Close on 18th October 2002, and must have 50% of fee attached when received.

Please Send to:

**Research Projects
MGF Consulting Group Pty. Ltd. ABN. 28 086 030 364
P.O. Box 4735
North Rocks NSW 2151**

e-mail enquiries to: maxf@mgf.com.au

NOTE: This registration form will be the TAX INVOICE for the purpose of the initial deposit.

Appendix I - Standard Terms and Conditions

Validity of Proposals

All proposals are open to acceptance for a period of one month from the date of issue, unless a different time limit is stated. If the fieldwork or other major first stage of the project does not begin within that period the proposals will be subject to reappraisal and the fees may be altered.

Survey Records

Completed questionnaires and computer tapes prepared from them shall, unless otherwise specified, remain the property of MGF Consulting. In accordance with Market Research Society of Australia practice, questionnaires will normally be destroyed three months after the completion of field. The data held on computer tape will normally be deleted work two years from the date of provision of the final computer tabulations.

The client, however, may on request and at their own expense have copies of the above mentioned materials, subject to the requirements of the Code of Professional Behaviour of the Market Research Society of Australia respecting the confidentiality of information obtained from, and the identity of, survey respondents.

Force Majeure

MGF Consulting will do its utmost to deliver the survey report in accordance with the timing quoted in the proposal, but shall not be held liable for delays or other failure to perform its obligations occasioned by factors outside its control (including, by way of example only, postal or other communication delays, industrial disputes, fire or accident, governmental act or natural catastrophe).

Terms of Payment

Fifty percent of the fee is due on commissioning of the project and fifty percent on provision of the final report.

If a draft report is required, or if the final fee requires negotiation, we reserve the right to invoice up to 90% of the fee on delivery of the draft report.

Please note that MGF Consulting's trading terms are 14 days and we would appreciate your co-operation in this matter.

Should the client cancel a survey after it has been commissioned, the client will be liable to pay that proportion of the agreed fee that covers all work carried out and expenses incurred and financial commitments entered into by & MGF Consulting subsequent to the date of commissioning.