

SUSTAINABILITY



Sustainability pillar #1: Business Sustainability

The key question: How many clients can *you* effectively serve?

The *serviceable* number of clients is different for all advisers. It is often **complex and depends on several factors** such as: client AUM and revenue, operational efficiency, technology integration, team structure, and the adviser's service model.

At Russell Investments we have developed a straightforward method that can help you **understand the dynamics of successfully managing the number of clients** in your book. Furthermore, we believe that today, more than ever, advisers must take a realistic inventory of client relationships and adjust accordingly, especially when you consider that each client in your book:

- > **requires a minimum level of time and resources** from you to fulfil the obligation of advice and this time and the resources come at a cost. Are all your clients generating sufficient annual revenue to cover their "cost" to your business?
- > **represents an equal unit of enterprise risk.** That unit of risk is demonstrated by the client's satisfaction with your service and the possibility of moving to a different adviser. Therefore, the result in loss of business or future referrals.

The value of your time

Understanding how to successfully service the number of clients in your book begins with **understanding the value of your time.**

This is a simple economic formula designed to provide a foundation for determining manageability of a client:

$$\begin{array}{c} \text{\$} \frac{\text{Annual Gross Revenue}}{2,000 \text{ hours}} \\ \text{=} \text{\$} \underline{\hspace{1cm}} / \text{hour} \end{array}$$


Take your **annual gross revenue** and divide it by 2000 hours (approximate total number of work hours per year).

The result gives you the **value of an hour of your and your team's time** – much like an hourly rate a lawyer would charge.

- > Now that you have an idea of the value of your time, you have more clarity in terms of **which clients remain valuable** to your practice.

Auditing your client book

By establishing your business' value of an hour, you have a metric to quantify the "expense" associated with client management. This "expense" can be measured against the "revenue" to determine profitability at a client level. The **path toward sustainability** rests on reviewing the profit feasibility and then factoring in the liability associated with maintaining each client relationship.

Advisers will be pressed to **make sound business decisions** to determine the appropriate number of manageable clients viewed through both the profitability and liability lens. In addition, finding scale and efficiency become even more of a priority to potentially accommodate a larger number of manageable clients.

The bottom line

Successfully managing the number of clients in your business is the first step towards building a sustainable practice. By conducting a client audit, you're enabling yourself to better service your clients and create capacity in your work days to focus on elevating your business.

The Russell Investments Wealth and Super Series is the ideal solution to help you elevate your service offering and designed for:

RE-ENGAGING YOUR LEGACY CLIENTS: For the first time, Russell Investments Super Series provides a best of breed solution of the Russell Investments Multi-asset funds and the Netwealth platform capability at a competitive fee. This new solution can be the ideal catalyst to target any legacy client and transform them into active clients, and grow their assets through consolidation and ongoing contribution strategies.

FEE SENSITIVE CLIENTS: Your clients may not need a full wrap solution, so a competitive admin fee of 0.20% p.a. can be suitable for clients with lower balances. Equally, a capped admin fee of \$500 p.a. can provide a very competitive fee offering for clients with larger balances. Combined with the

wholesale fees of the Russell Investments Multi-asset funds, the Russell Investments Wealth and Super Series provides a compelling and cost effective solution for your fee sensitive clients.

CLIENTS WITH SMSF NEEDS: Russell Investments Wealth Series has sophisticated client reporting, including a consolidated annual tax report suitable for all entities, including SMSF Trustees.

CLIENTS WHO ARE PLANNING TO OR ARE TRANSITIONING TO RETIREMENT: Russell Investments Super Series enables clients who are seeking to transition from super to pension to do so, with no Capital Gains Tax event and no time out of the market. The cost-effective offering also ensures that your clients' retirement wealth is not being eroded by unnecessary fees.

When your assessing how many clients you can effectively serve, consider the Russell Investments Wealth and Super Series and how this solution may work for your business.

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