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The Financial Advice Efficiency Report 2023

Want to be a top-performing advice firm? Here's how the industry's best find the time to make it happen.

About Business Health

Established in 2000, Business Health offers the most comprehensive range of practice management solutions in the marketplace. Business Health comprises a team of uniquely qualified professionals, strategically located across Australia, with the ability to deliver results locally or globally as required.

www.businesshealth.com.au

About Iress

Iress (IRE.ASX) is a technology company providing software to the financial services industry for trading and market data, financial advice, investment management, mortgages, superannuation, life and pensions and data intelligence.

www.iress.com

I'm pleased to bring you this year's Financial Advice Efficiency Report - our second edition and my first as the new CEO of the Wealth Management technology business at Iress.

It's no secret that in 2023 the advice industry in Australia continues to face challenges and change. You are being asked to do more with less, to do things differently, to find ways to close the advice gap and make quality financial advice more accessible to more people.

Sometimes it can feel like an almost impossible task.

But if there's one thing I know for sure about this industry - and what I think drives the very best of us - it's your capacity and desire to help.

You're working hard to do your best, and we're with you. As Australia's leading provider of financial advice technology, it's our job to help your business thrive. And part of that is sharing our view about your industry - what we see and what we've learned from the thousands of advisers we work with every day about the demands and joys of running an Australian financial advice firm.

The 2023 Financial Advice Efficiency Report is a closer look at the day-to-day operations of more than 120 advice firms across Australia - what are you doing well? Where can you work smarter? And what can we all learn from Australia's most profitable, best-performing advice firms?

Efficiency is really about creating the capacity to do what you want to do. Working smarter to find room for an extra client, to deliver better client experiences, and to find more time to upskill and grow. It's about tackling the almost impossible tasks in the best possible way.

Thank you to all the advice firms who took part and to Business Health for their partnership. I hope you find the report helpful and I look forward to working together to help you and your advice practice create greater prosperity for everyone.

Harry Mitchell
CEO - Wealth Management, Iress

About this report

The Financial Advice Efficiency Report is produced by Iress in partnership with Business Health, an independent organisation specialising in customised advice and solutions to the financial services industry.

The findings in this report are based on responses provided by 122 financial advice practices. These practices are representative of the Australian advisory sector with participants from city and regional locations, small and large, as well as self-licensed AFSLs.

2021	Metric	2023
113	Practices surveyed	122
$1.1m	Average total revenue	$1.6m
133	Average clients per adviser	129
6	Average client meetings per week	5.8
10+ years	Average tenure	10+ years
$12.9k	Average technology spend per FTE	$10.4k
6.8	Average total FTE	5.6
$83.4m	Average FUA per adviser	$78.8m
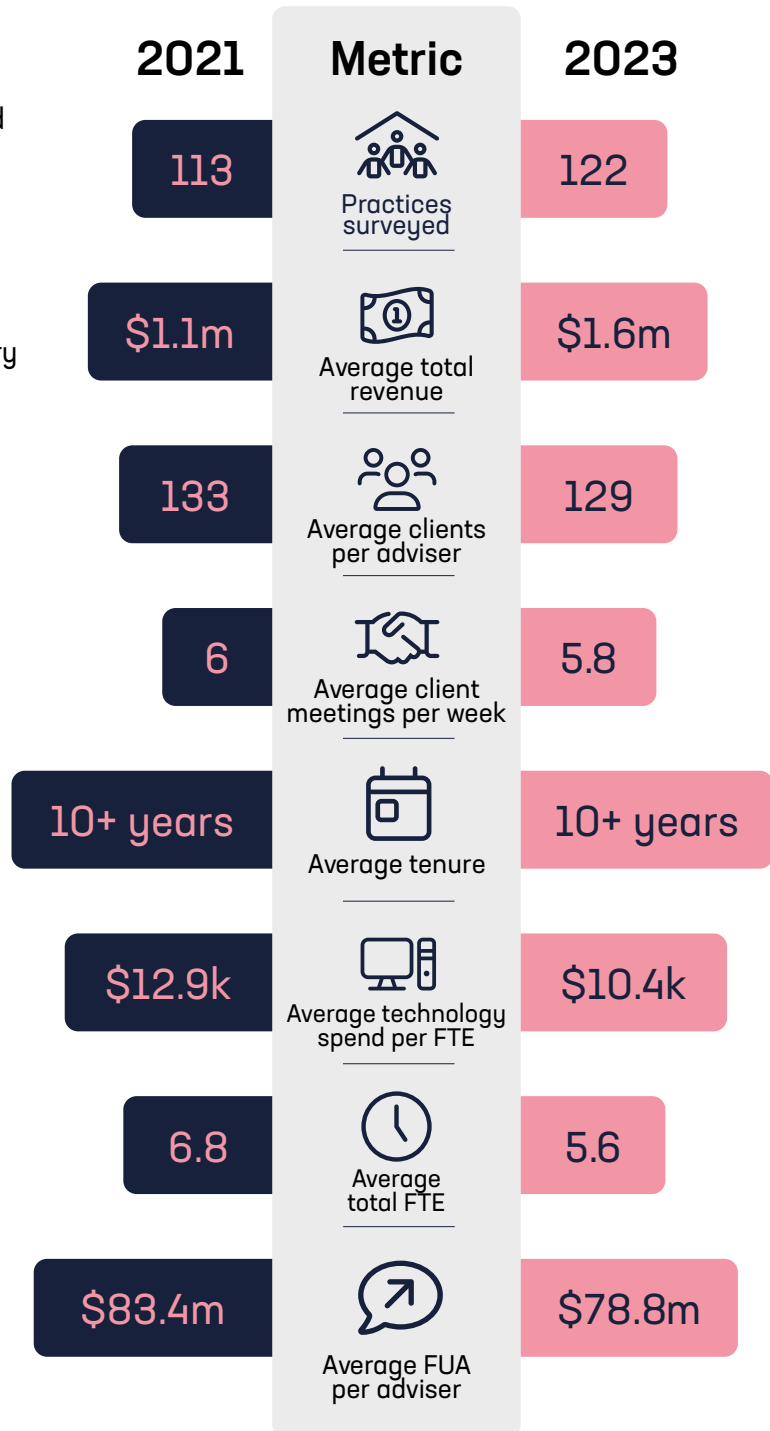
01

Insights from Australia's high-performance advice firms

1. Use technology to do more with less
2. Find the time for what matters most
3. Communicate with your best clients more often

What's a high-performing advice firm?

We've defined 'high-performing" as advice firms that are using technology to achieve a higher level of efficiency.

High-performance advice firms almost always use technology to generate advice documents (SOA and ROAs) and for client communication, and have fully automated their onboarding process for new clients and for ongoing client reviews.
These firms represented 4% of survey respondents.

What's a high-profit advice firm?

We've defined 'high profit' as advice firms with a profit margin over 50%. To normalise profit, we include $100,000 salary for each working principal. If the Principal salary is above $100,000, we include the difference as profit. As an example, a Principal with a salary of $250,000 will have the expenses decreased by $150,000 that will increase the profit. Similarly, if the Principals salary is $50,000, we increase the cost by $50,000 and decrease profit.

Want high performance?
Start by doing more with less

The most efficient firms take a ruthless approach to how they use technology. High-performing financial advice firms incorporate workflow management, password management, revenue management, portfolio management and client engagement applications into their business management processes, but use fewer platforms to do so.

The proof in numbers:

Q: How many different software platforms do you use?	High-performance advice firms
To prepare and produce advice documents	**1**
For workflow management, password management, revenue and portfolio management	**1**
To capture client data	**1**

Q: Frequency of use: how often do advice firms use platforms for advice creation?

High-performance firms

Rarely ▼ Always

Q: Frequency of use: how often do advice firms use platforms for client servicing and communication*?

High-performance firms

Rarely ▼ Always

*E.g.: online client meetings, client communication (e.g. personalised emails, newsletters, etc.), client education, marketing campaigns and digital signing for clients.
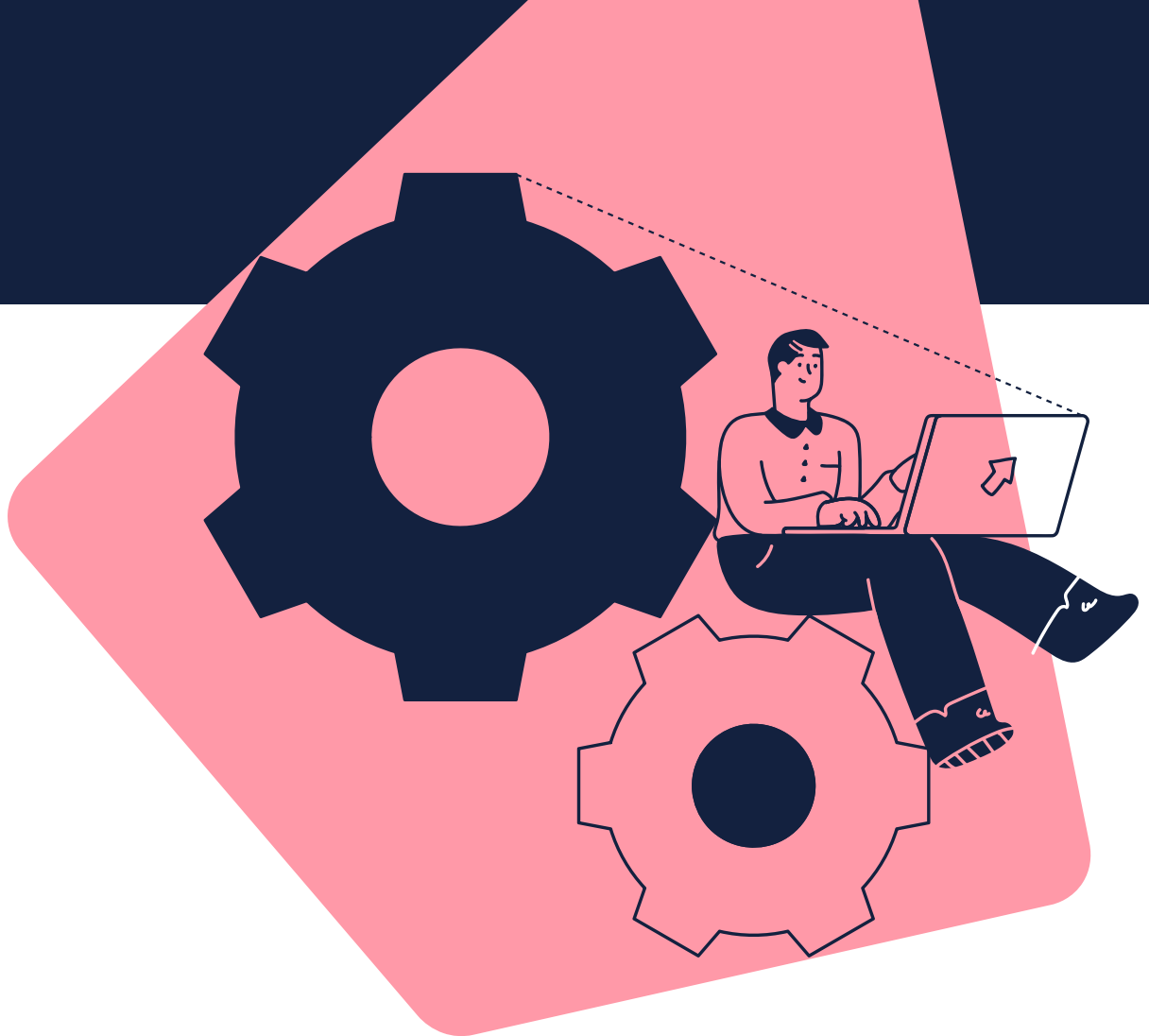
How does 'doing more with less' help?

There are obvious cost benefits to using fewer systems. But a more focused approach also means less time spent on training, less duplicated effort entering client data across different platforms, and less maintenance.

The strategic use of a limited number of software applications streamlines internal processes, reduces complexity, and minimises the potential for errors or inconsistencies in client data management and advice preparation. This results in greater operational efficiency and better productivity, which ultimately contributes to the overall success and profitability of these firms.

What can you do?

Start with a critical audit of your systems - are you getting full value from them? Be ruthless in your assessment of the technology you're using and how effective it is in helping your practice and people deliver their best.

Embrace automation to make more time for high-value client engagement

Making more time for clients should be a priority. One of the best ways to do that is by using technology to automate repeatable tasks - like the preparation of review documents and statements of advice.

Business Health's CATScan Client Survey tracks the sentiment and views of Australian financial advice clients. One of the insights from the research is the level of dissatisfaction many clients feel about the advice review meeting. The research shows there is a strong correlation with getting reviews right, happier clients and higher profitability. The right technology can really make a difference here.

The proof in numbers:

Advice firms with a higher level of automation have more clients per adviser and conduct more client meetings when compared to the industry average.

Other advice firms	High-profit advice firms
457 total clients	**505** total clients
125 clients per adviser	**127** clients per adviser
5.6 client meetings	**6** client meetings

Practices with a fully automated review process take, on average, 2.1 hours to prepare a review document for an existing client. This compares very favourably to practices with no automation taking well over double the time at 5.5 hours.

|	Industry average	High-profit advice firms
Preparing a basic client statement of advice	**6.9** hrs	**6.3** hrs
Preparing a complex client	**12.4** hrs	**11.4** hrs
Preparing a client review document for an existing client	**5.5** hrs	**2.1** hrs
Preparing a client review document for an new client	**5.3** hrs	**3** hrs

*Business Health Future Ready IX Report: Insights into the Australian Advisory Profession, Jan 2022.

How could automation help your business?

Only 16% of advice firms we surveyed are running with a fully automated review process - that's a clear opportunity for the remaining 84% of firms to incorporate more automation into their day-to-day operations. Our research shows that automating your advice documents and review process is generally a good place to start. Automating the manual tasks that slow you down should create more time for you to focus on the parts of the advice process where the personal touch matters most: client engagement.

What can you do?

- Survey your clients to benchmark what they think of your current review process and where you can improve.
- Assess what's needed to fully automate your review process and apply the benefits of automation to your advice document preparation.
- Redirect the time saved into higher-value activities like client meetings.
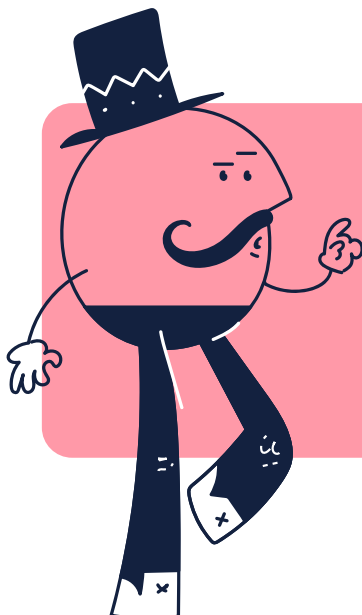
Focus on what matters most
Automating the manual tasks that slow you down should create more time for you to focus on the parts of the advice process where the personal touch matters most: client engagement.

Use a CRM to communicate more often with your most valuable clients

One of the most compelling findings from this latest research was that those practices communicating more often with their best clients achieve a higher level of profitability.

They are also more likely to use their CRM to greater effect as part of their communications program.

The proof in numbers:

Practices communicating with their top clients more than 10 times per year achieve a 114% uplift in profitability. This mirrors the analysis in Business Health's latest Future Ready IX whitepaper and Business Health's CATScan client satisfaction research, which has consistently revealed direct correlations between client communication, satisfaction, referral business and overall practice profitability.

How does that help?

Clients who score the communication they receive from their adviser 'highly' are more likely to have already referred new clients and are more likely to do so again in the future.

What can you do?

Check your software for CRM functionality that helps you keep track of client engagement and makes it easier to share content. Then build a communication plan - or work with a content provider with expertise in financial advice education - so you're sharing high-value content with your clients at least once a month.
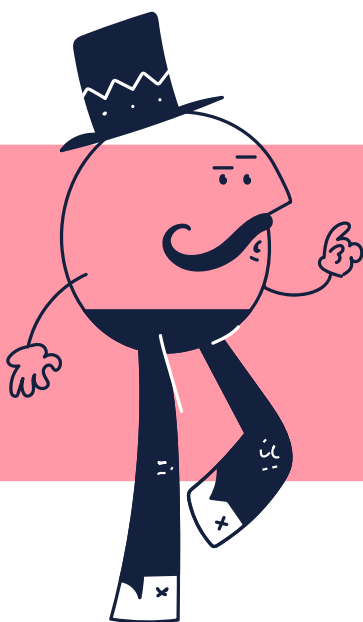
Follow the rule of 10
Advice firms that contact their top clients more than 10 times per year are more profitable and have happier clients.

What does a high-performance advice firm look like?

	Other advice firms	High-performance advice firms
FTE working owners/principals	1.6	1.5
FTE advisers (including working owners/principals)	3.3	2.8
Funds Under Advice (FUA)	$232m	$155m
FUA per adviser	$86m	$79m
Total revenue	$1.7m	$1.4m
Revenue per adviser	$500k	$577k
Revenue per FTE	$146k	$190k
Profit per principal	$287k	$638k
Profitability percentage	27%	63%

Q: How much do high-performance advice firms spend on technology?

	Other advice firms	High-performance advice firms
Expenses - technology-related costs	$94k	$93k
Technology spend as a % of revenue	7%	8%
Technology spend per FTE	$10k	$12k

Q: What are high-performance advice firms really good at?

	Other advice firms	High-performance advice firms
Efficient document production and implementation		
Basic statement of advice (new client)	**6.6** hrs	**6.3** hrs
Complex statement of advice (new client)	**12.4** hrs	**11.4** hrs
Review documents (existing client)	**2.7** hrs	**2.8** hrs
Implementation (basic new client)	**6.7** hrs	**5.5** hrs
Implementation (complex new client)	**13.4** hrs	**10.6** hrs
Strategy paper for average new client	**3.4** hrs	**4** hrs

Finding the time to see more clients

Other advice firms	High-performance advice firms
457 total clients	**505** total clients
125 clients per adviser	**127** clients per adviser
5.6 client meetings	**6** client meetings

And finding the time for training

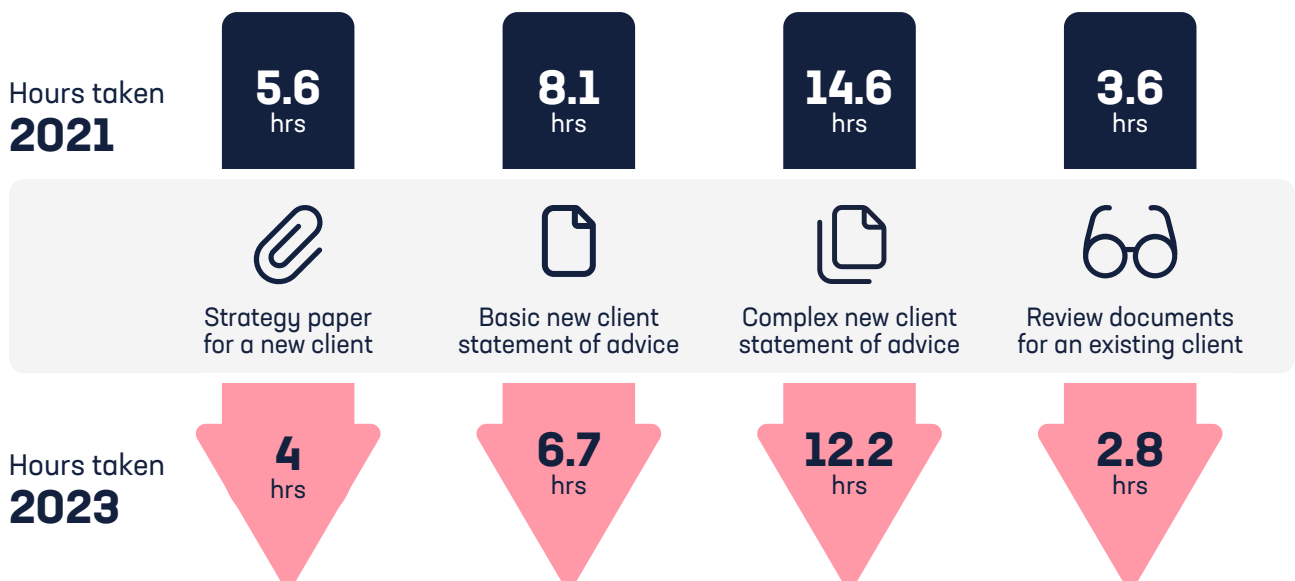|	Other advice firms	High-performance advice firms
Hours per month training advisers (including working owners)	**5.1** hrs	**2.4** hrs
Hours per month training support/administrative staff	**2.3** hrs	**2.3** hrs

02

2023 survey results in numbers

Going down: the time it takes to produce advice documents

In general, advice firms everywhere are taking less time to produce all types of advice documents. Firms that use more than one application to produce advice documents are generally less efficient.

Q: How many hours to produce advice documents?

	Strategy paper for a new client	Basic new client statement of advice	Complex new client statement of advice	Review documents for an existing client
Hours taken **2021**	**5.6** hrs	**8.1** hrs	**14.6** hrs	**3.6** hrs
Hours taken **2023**	**4** hrs	**6.7** hrs	**12.2** hrs	**2.8** hrs

Q: How many hours to produce advice documents per application used?

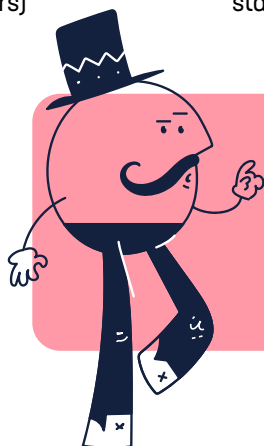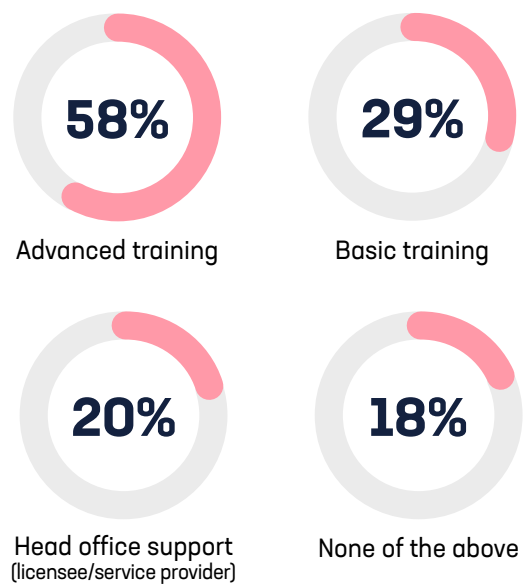|	One application		Two/three applications		Four or more applications	
	2021	**2023**	**2021**	**2023**	**2021**	**2023**
Strategy paper for new client	4.5	4	6.1	3.7	5.2	5.2
Basic new client statement of advice	6.1	6.4	8.7	6.6	8.8	8.1
Complex new client SOA	11.9	10.8	15.5	12	14.5	15
Review documents for existing client	3.9	3.1	3.4	2.4	4.4	3.3

Going up: Technology training

Compared to two years ago, financial advice firms are spending more time on technology-related training. From 2021 to 2023, the average number of training hours allocated per month per adviser grew from 2.7 to 3.6 hours. This upward trend demonstrates the growing recognition of the value of staying up-to-date with technology that enhances the advice experience. Training for support staff however dropped slightly from 2.8 hours per month to 2.5 hours per month.

- 58% of practices are looking for advanced training to help leverage their investment in technology.
- Those practices looking for advanced training spend more hours per month on training for both advisers and support staff.
- 20% of practices are looking for support from their licensee.
- Newer businesses are much more likely to seek training or support from their licensee.
- 1 in 5 practices are not looking for any training support at all.

Q: How many hours per month are invested in training?

2021

2.7 hrs — Advisers (including working owners)

2.8 hrs — Support/administrative staff

2023

3.6 hrs — Advisers (including working owners)

2.5 hrs — Support/administrative staff
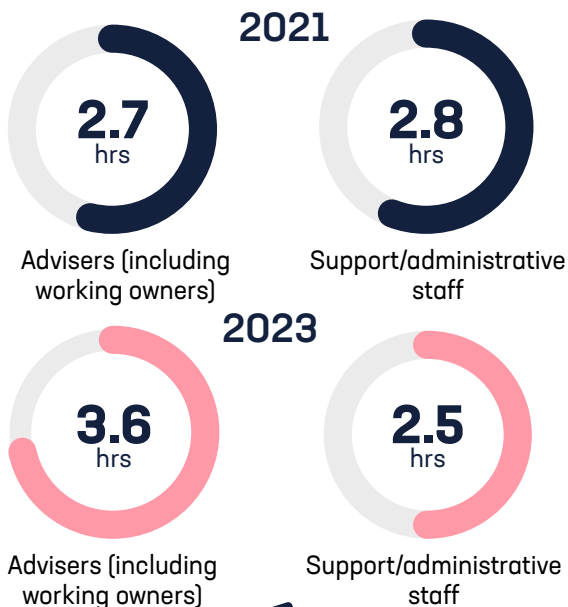
Q: What training or support is required to realise the full benefits of software?

58% — Advanced training

29% — Basic training

20% — Head office support (licensee/service provider)

18% — None of the above

What can you do?
Develop a comprehensive training plan for both advisers and support staff – this will make a positive difference to both operational efficiency and help you deliver an enhanced client experience.

Going up (but not yet fast enough): using software to support the advice process

More advice firms are using software to support their research, fact finding and ROA generation as part of the advice process compared to the 2021 survey. There is still enormous scope for practices to embrace software across aspects of the advice process. Almost a quarter are not using software to produce their SOA's all the time, and fewer practices are using calculators and risk profiling in 2023 compared to 2021.

Q: How often do you use software to help you complete the following tasks?

	Almost always	Mostly	Sometimes	Almost never
Fact-finding	**42%** (37%)	**17%** (9%)	**11%** (15%)	**30%** (38%)
SOA generation	**77%** (74%)	**7%** (9%)	**6%** (3%)	**10%** (14%)
ROA generation	**66%** (63%)	**7%** (12%)	**11%** (5%)	**16%** (20%)
Calculators	**37%** (44%)	**24%** (19%)	**26%** (22%)	**13%** (14%)
Research	**44%** (38%)	**24%** (26%)	**19%** (21%)	**13%** (15%)
Projections	**61%** (61%)	**18%** (17%)	**12%** (10%)	**8%** (13%)
Risk profiling	**39%** (40%)	**14%** (17%)	**11%** (10%)	**36%** (33%)

2021 survey results denoted in brackets

Going up: using software to support business management

More advisers are effectively using the workflow management capabilities of their system compared to 2021, and revenue management systems to help manage their business.

There's more work to do, however. Most firms don't have an online centralised 'portal' for key internal documentation and only one in five advisory practices regularly use an automated transcription service to help with their file notes and record keeping.

Q: How often do you use software to help you complete the following tasks?

	Almost always	Mostly	Sometimes	Almost never
Workflow management	**43%** (37%)	**23%** (21%)	**15%** (21%)	**19%** (22%)
Appointment scheduling	**45%** (41%)	**8%** (11%)	**10%** (13%)	**37%** (35%)
Document storage/ management	**70%** (72%)	**16%** (16%)	**5%** (2%)	**10%** (10%)
Staff online portal (for procedure manuals, training, etc.)	**27%** (29%)	**15%** (12%)	**21%** (22%)	**39%** (37%)
Business analytics/ dashboard	**24%** (19%)	**17%** (17%)	**23%** (26%)	**36%** (38%)
Managing work in progress	**41%** (37%)	**23%** (22%)	**19%** (21%)	**17%** (21%)
Transcription	**12%** (13%)	**10%** (19%)	**20%** (19%)	**58%** (50%)
Password management	**42%** (38%)	**12%** (7%)	**9%** (15%)	**37%** (39%)
Revenue management	**46%** (41%)	**17%** (19%)	**14%** (14%)	**23%** (26%)
Portfolio management	**47%** (45%)	**19%** (22%)	**9%** (13%)	**25%** (20%)

2021 survey results denoted in brackets

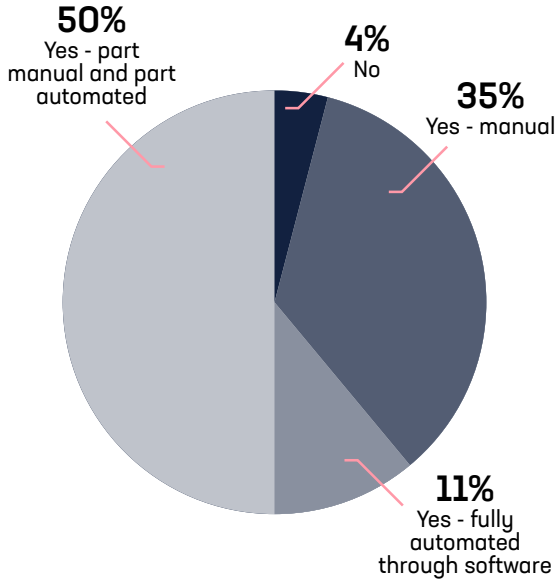# Going slowly: using software to support the client engagement process

Outside of the shift to online client meetings and the increased use of client communication applications, there has been relatively little movement in this key area.

Over half (55%) of advice practices still do not offer the convenience of digital signing. 73% do not use applications to help clients with their cashflow management and budgeting. 79% do not regularly use technology to help them visually present information and recommendations to their clients.
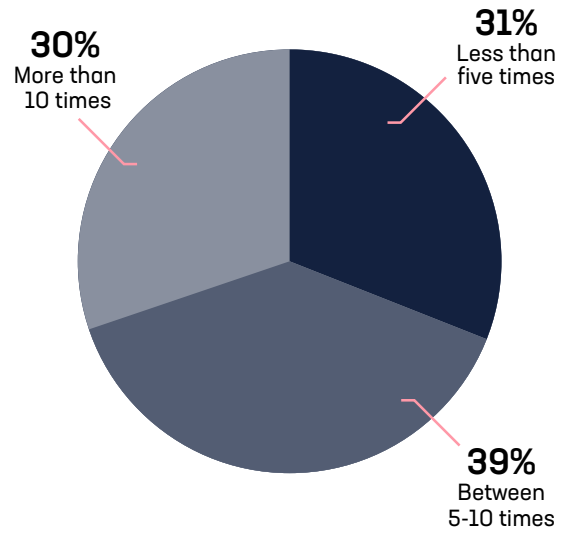
	Almost always	Mostly	Sometimes	Almost never
Online client meetings	**20%** (33%)	**12%** (15%)	**42%** (22%)	**25%** (30%)
Client communication	**25%** (31%)	**26%** (15%)	**31%** (30%)	**17%** (24%)
Digital signing	**23%** (20%)	**22%** (18%)	**20%** (20%)	**35%** (42%)
Website and social media	**25%** (25%)	**17%** (17%)	**23%** (19%)	**36%** (39%)
Client cashflow management and budgeting	**18%** (19%)	**11%** (14%)	**30%** (20%)	**41%** (48%)
Tools to visually present information to clients	**21%** (17%)	**15%** (15%)	**34%** (30%)	**31%** (38%)
Client education	**13%** (13%)	**12%** (18%)	**37%** (31%)	**37%** (38%)

2021 survey results denoted in brackets

Q: Do you have an onboarding process for new clients?

50%
Yes - part manual and part automated

4%
No

35%
Yes - manual

11%
Yes - fully automated through software

Q: How often are your 'A' category clients (your very best clients) contacted during the year?

30%
More than 10 times

31%
Less than five times

39%
Between 5-10 times

Q: What technology do you usually use to support client engagement?

52%
of respondents use personalised emails

51%
of respondents use newsletters

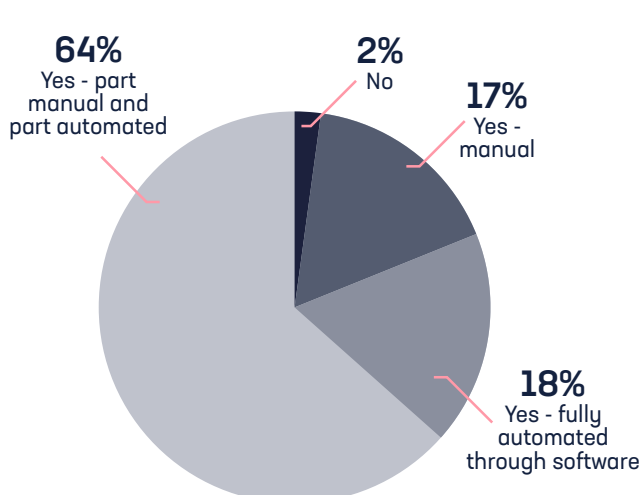**41%**
of respondents use specific communications


34%
of respondents use marketing campaigns

Q: How often do you use the following in your advice practice?

	Regularly	Sometimes	Never
Facebook	21%	31%	48%
LinkedIn	20%	44%	36%
Analytic tools to track website / email activity	18%	31%	51%
Videos on our website	11%	31%	58%
Instagram	8%	9%	83%
Free tools/calculators on our website	8%	23%	69%
Google alerts	6%	12%	82%
Chatbox on our website	3%	6%	91%
Twitter	2%	7%	91%
TikTok	0%	1%	99%

Q: Do you have a process to manage ongoing reviews?

64% Yes - part manual and part automated
2% No
17% Yes - manual
18% Yes - fully automated through software

Q: Approximately what percentage of all client meetings are for servicing existing clients?

2% 0-25%
12% 26-50%
41% 51-75%
44% 76-100%
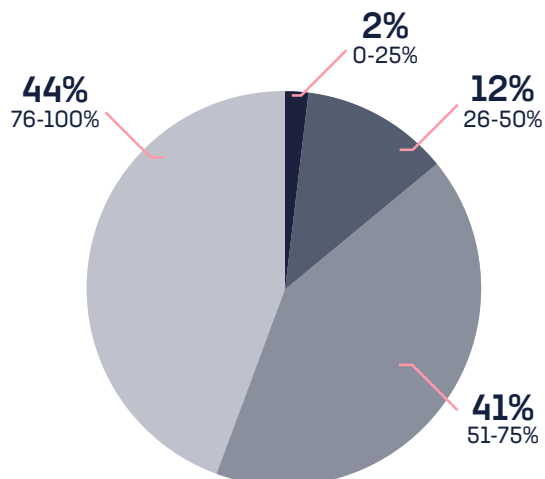
Going slowly: using software to support the compliance process

Overall, advisers could still do better in using technology to help meet their regulatory/compliance responsibilities. Around half of advice practices surveyed are still maintaining a manual complaint and breach register - a certain drain on efficiency and a clear opportunity for the industry.

	Almost always	Mostly	Sometimes	Almost never
Complaint register	**28%** (28%)	**11%** (14%)	**12%** (13%)	**49%** (46%)
Breach register	**27%** (29%)	**8%** (10%)	**12%** (14%)	**53%** (47%)
Audit	**33%** (48%)	**16%** (17%)	**14%** (10%)	**37%** (25%)
Managing legislative obligations such as advice fee consent	**25%** (59%)	**18%** (17%)	**20%** (7%)	**37%** (17%)
SOA/ROA review	**45%** (54%)	**19%** (17%)	**13%** (9%)	**22%** (20%)
Process/workflow oversight and management	**39%** (39%)	**22%** (19%)	**17%** (23%)	**21%** (19%)

2021 survey results denoted in brackets

Challenges

Cyber and data security is the greatest technology challenge - and the number one challenge overall - facing financial advice businesses in the coming 12 months. That's no surprise considering the number of businesses of every size, government agencies and even intelligence agencies that have been subject to cybercrime in recent years. Even with a proliferation of cybersecurity products, services and guidance, the threat of a cyber attack or data breach continues.

Second on the list of challenges is the time it takes to produce advice documents. Adherence to compliance and legislative requirements is still a drag on growth, but has reduced significantly since the 2021 research.

Q: How would you rank the technology challenges facing your business in the coming 12 months?

Importance	
1	Cyber/data security
2	The time it takes to produce advice documents
3	Integration of our applications
4	Rising technology costs
5	Staff training to better understand & utilise the functionality
6	Engaging clients digitally at scale
7	Ensuring all of our applications are compliant
8	Reliance on a third party provider
9	Having our clients engage/ leverage our applications
10	Keeping abreast of new developments

Q: What is currently holding you back from growing your business? (choose all that apply)

	2021	2023
Ability to deal with scale	38%	48%
Compliance and legislative requirements	60%	47%
Finding good people/ advisers	32%	39%
Technology limitations	24%	36%
Governance	25%	11%

Q: If you could improve one aspect of your advice software, which would it be?

31%
Quicker SOA generation

17%
Client online portal functions

9%
Fact finding

7%
Advice documents

6%
Reporting/ outputs

5%
Compliance

5%
Training for my team workflows

2%
Modelling capabilities

2%
Portfolio management

2%
Research capabilities

Conclusion

This 2023 research shows that while advice firms everywhere continue to face a range of challenges, the right technology can streamline business operations and increase profitability.

It also shows that when advice firms factor in the added benefits of improved client experience and satisfaction, money spent on technology is truly an investment, not a cost. The trick is to get an appropriate return on that investment, and that generally means finding more ways to use your software, enable automation and drive towards greater efficiency.

If you're assessing the efficiency of your advice practice and the effectiveness of your advice software, here are some questions to get started:

- Understand how you use your technology today. What do you use always, regularly, sometimes or never?
- Understand what result you are looking for from your technology.
- Make a plan to fill the gaps between what you want and what you have.
- Determine the best resource to help you implement it (in-house, outsource, or licensee) and allocate responsibility and accountability.
- View your technology spend as an investment, not a cost, and set your budget and priorities to match the expectations you have for your investment.

The final point, of course, is to work with a trusted technology partner who takes the time to understand your business, your goals and the opportunity ahead.

Your choice of advice technology matters

Xplan advice software helps advice firms all over Australia cut out the work that slows them down, and do more of the work that makes them brilliant. Talk to Iress about the ways Xplan can help your business aim higher and deliver more.

iress.com

Xplan users are more efficient at complex tasks, taking **less time** to complete complex new client statements **compared to the average**.

Xplan users take 12.01 hours to complete a complex new client statement of advice **as opposed to 12.81 hours**.

Xplan users do less repeat data entry. **30% of Xplan users** enter data **only once** as opposed to 14% from others.

Xplan users are more profitable. Profit per principal is **$417,805** for those who use Xplan as opposed to **$308,072**. Xplan users are **39%** more profitable compared to others at **33%**.

Xplan users more likely to use software "almost always" for key advice process.

Fact finding: **42.86% vs 39.13%**

Advice document generation - SOA: **79.80% vs 65.22%**

Advice document generation - ROA: **68.69% vs 52.17%**