

paulharper

 **search&selection**

SPECIALISTS IN FINANCIAL SERVICES RECRUITMENT

Life Office Salary Survey Intermediary Sales

Report Compiled By

Paul Harper Search & Selection

29th November 2004

Introduction

Welcome to our fifth annual Salary Survey.

Paul Harper Search and Selection is now an established name within the Life and Pensions industry, having completed assignments for many of the industry's big names, successfully helping our clients with business critical appointments from Business Development Managers to Senior Directors.

This specialist knowledge positions us uniquely within the industry to report on salaries and structures to our clients.

This year, we have revisited the Life Companies' Sales Management structures to review salaries for intermediary sales & sales management professionals.

Back in 2001 we stated that the high level of basic salary paid to National Account Managers might indicate the growing importance of the role as it was considerably above the basic salary paid to First Line Managers. This report highlights the continuation of this trend.

This year we have made an addition to the survey. Over the past three years we have seen an explosion in centralised telephone broker sales. Almost every company now has a centralised telephone broker sales team and so, for the first time, we have surveyed salaries for managers in this sector.

This survey provides an overall perspective on the sector and, for the first time we are able make a comparison with three years ago, tracking salaries movement as well as comparing them to each other. This particularly shows the evident trend towards higher basic salaries at the expense of overall earnings.

Over the past few years, we have seen a reduction in the number of staff employed in intermediary sales. In particular, during 2002 and 2003, falling stock markets resulted in many leavers not being replaced and a tougher attitude to performance management among the major life offices. Now, as we anticipate an upturn in demand for broker sales staff it seems a good time to review current trends.

We hope you will utilize this survey in making more informed salary decisions.

INDEX

1. **Methodology**
2. **Definitions**
3. **Graphs**
 - (i) **Salary Comparison in the UK**
 - (ii) **Individual Salary Graphs**
 - (iii) **Comparison of Salaries with 3 years ago 2004 & 2001**
4. **The facts**
5. **Conclusion**

Life Office Salary Survey – Intermediary Sales 29th November 2004

Methodology

This survey was the result of an extensive survey conducted from January to November 2004 involving salary information supplied by 146 intermediary sales people representing over 20 companies covering the major financial locations in the United Kingdom.

In most cases, both current basic salaries and total earnings are requested as part of our headhunt process. Candidates supply information to our researchers, which is recorded. While we cannot guarantee the accuracy of this data, candidates who progress to interview with us are always asked to provide proof and we find this is consistent with information provided to our researchers at outset.

This is the first year we have added Telephone Sales Managers to the survey because it is becoming an increasingly important part of the market as companies have sought to import expertise from a very small band of individuals who have gained experience in this relatively new market.

On the whole, definitions are as they were 3 years ago however, as the market has thinned out we have no longer felt the need to include Assistant Branch Managers as this role has become almost extinct over the past 3 years.

Definitions

As intermediary sales roles differ from company to company it is important to define each title:-

Second Line Manager (sometimes called Regional or Divisional Director)

Responsible for management of several First Line Sales Managers covering a large geographical area.

First Line Sales Manager (often called a Branch Manager or Sales Manager)

This person is Line Manager for a team of Broker Consultants/BDMs. In most cases this is branch based but a significant minority are now based from home.

National Accounts Manager

Relationship role dealing with head office of National IFAs, networks or banks and building societies or major regional IFAs with a view to building key relationships and securing panel positions. The role increasingly involves negotiation and joint business plans. In all cases the National Account Manager is not responsible for delivery and relationships with registered individuals, which are the responsibility of Broker Consultants.

Broker Consultant (increasingly referred to as a Business Development Manager (BDM)

The Broker Consultant is an Intermediary Sales Consultant employed by a product provider to generate new business from a wide variety of regional IFAs. In some companies this may include national accounts. In the past survey we separated the role of National Account Consultant from Broker Consultant. This time we have decided there is insufficient difference to create two categories so they have been merged.

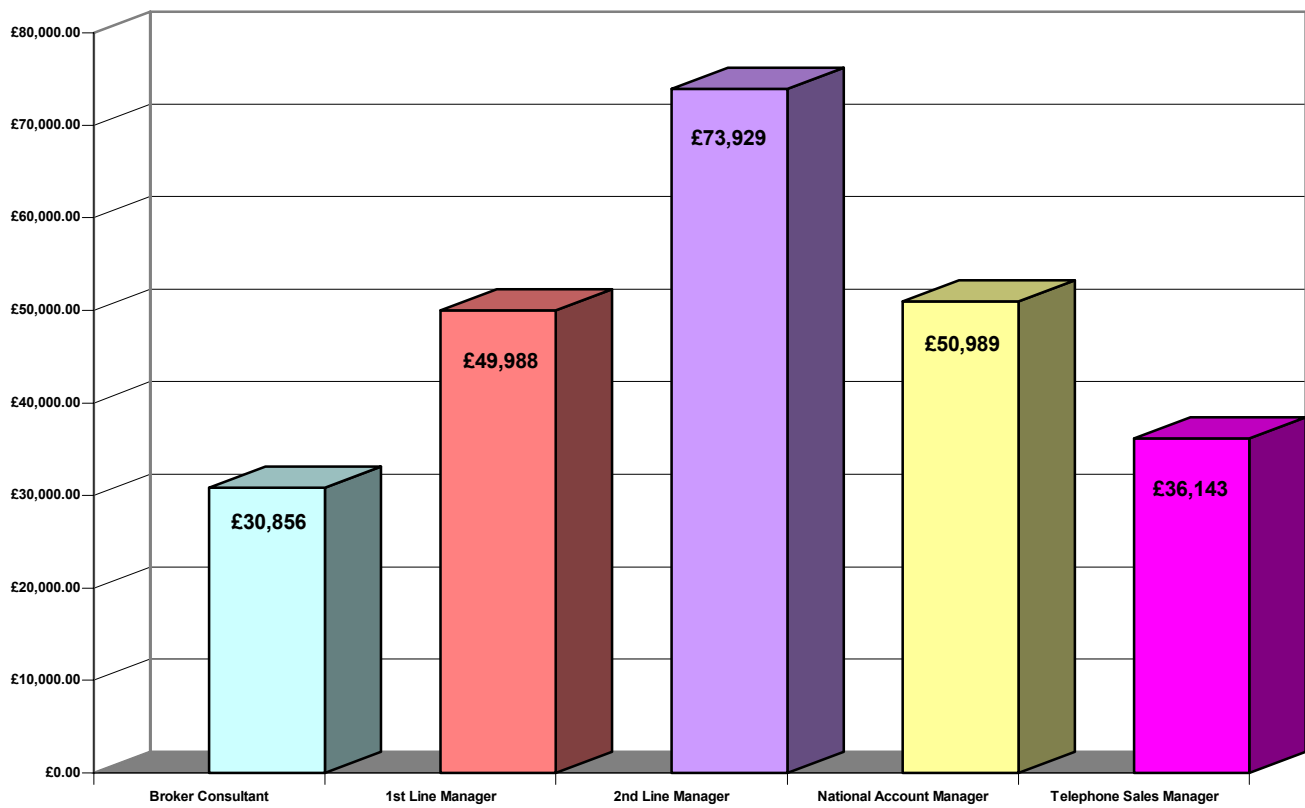
Telephone Sales Manager

Although some companies still operate Telephone Account Managers at local level (often called Proactive Sales Support) the majority of Telephone Account Managers operate in centralised teams. Whether these Telephone Account Managers operate on their own (pure) or partnering field based Broker Consultants (blended) we have classified their Managers as Telephone Sales Managers. Salaries are currently below First Line Sales Managers but tend to include all the same benefits including company cars.

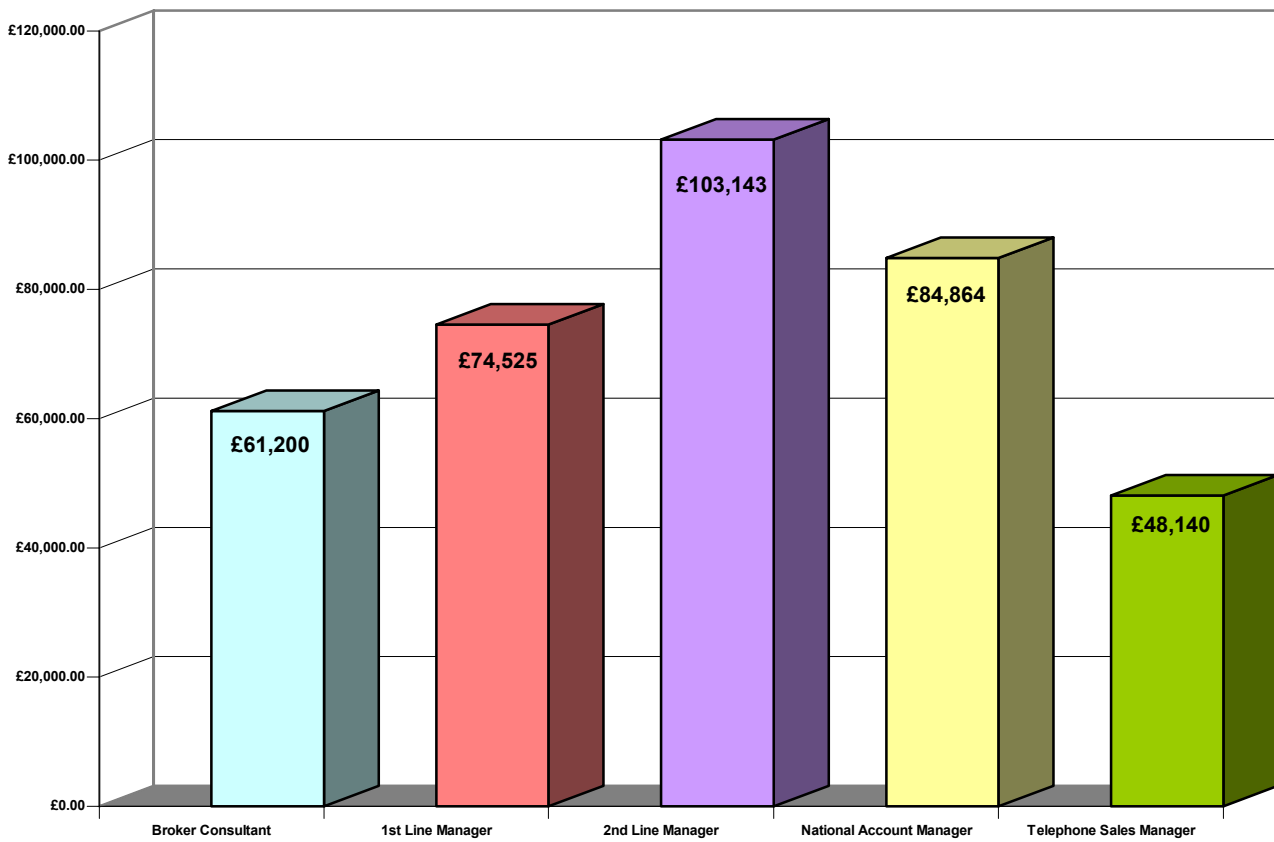
SALARY COMPARISON IN THE UK GRAPH

MEAN BASIC SALARY COMPARISON IN THE UK
November 2004

paulharper
search&selection
SPECIALISTS IN FINANCIAL SERVICES RECRUITMENT

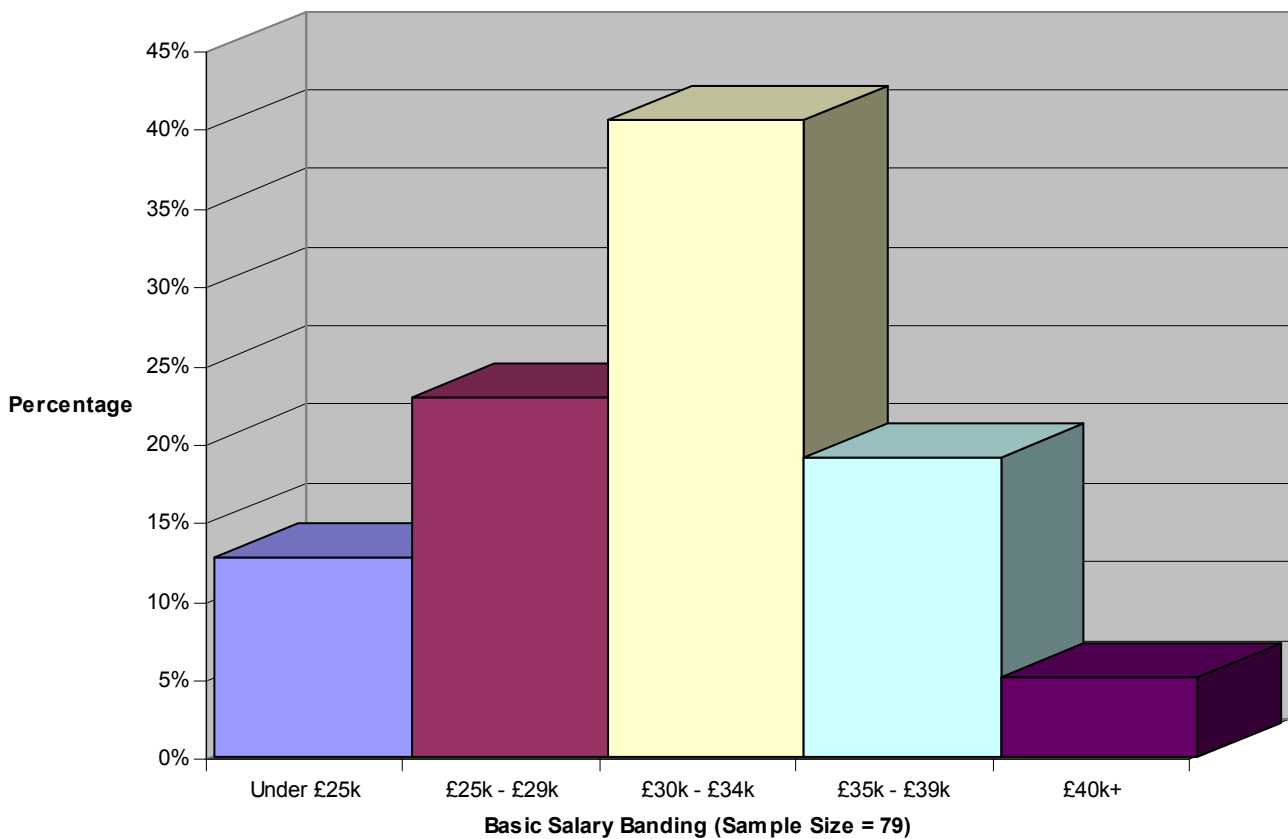


**MEAN TOTAL SALARY COMPARISON IN THE UK
November 2004**

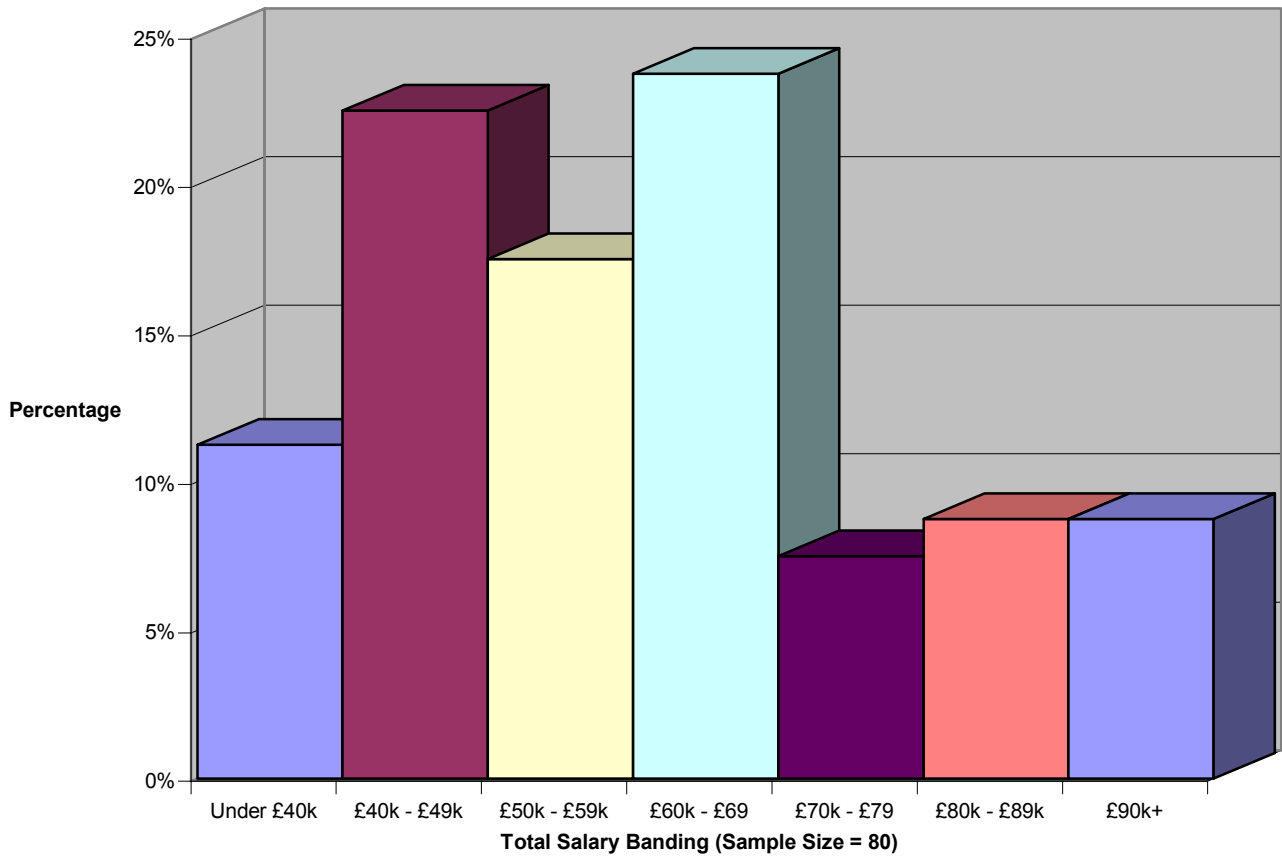


INDIVIDUAL SALARY GRAPHS

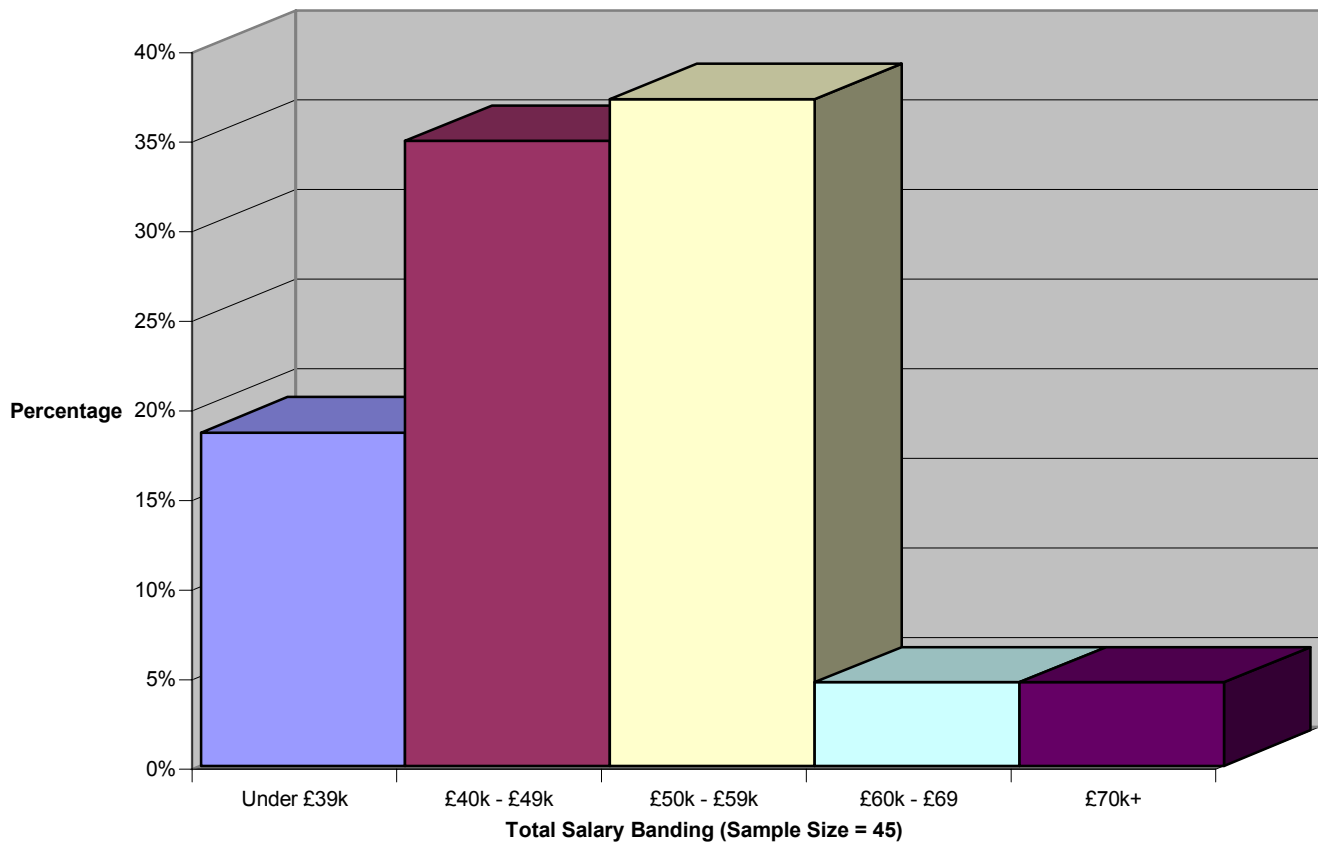
BASIC SALARY - BROKER CONSULTANTS
November 2004



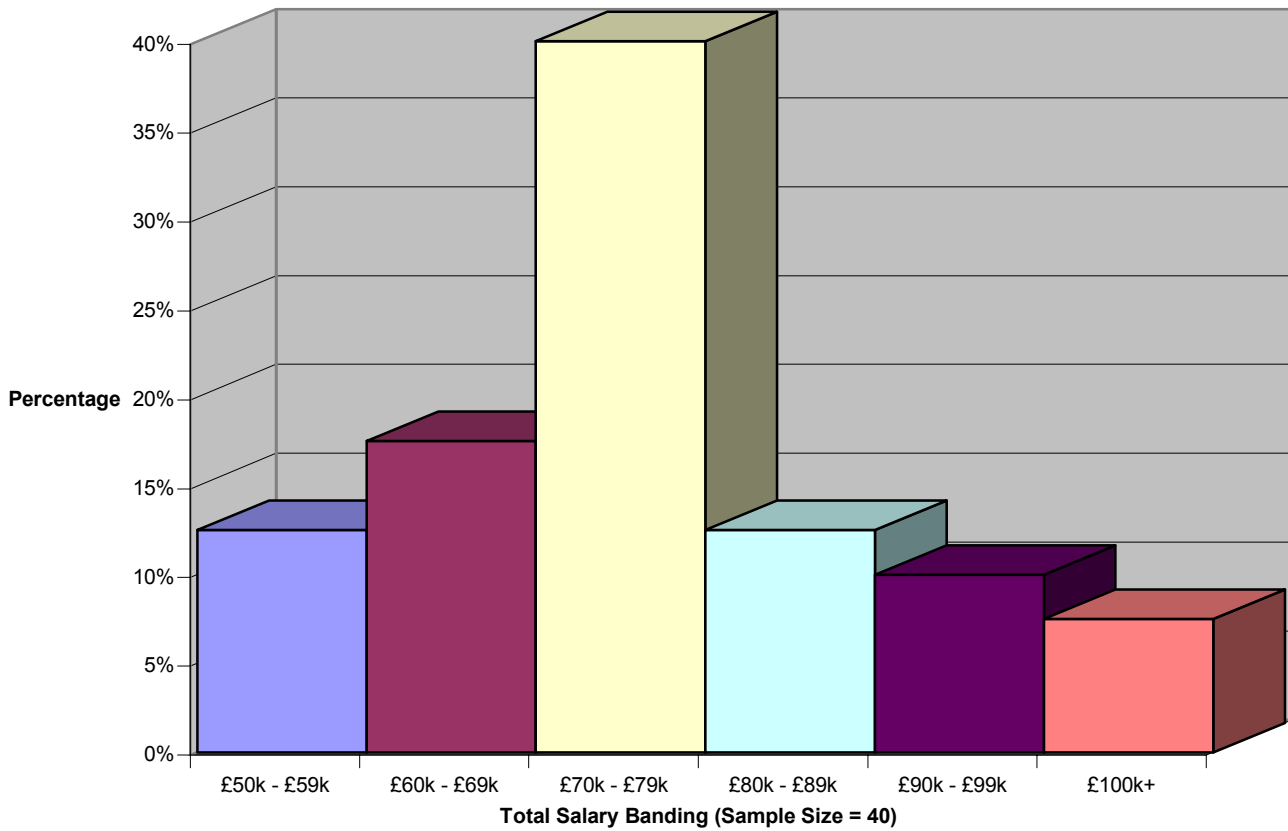
TOTAL SALARY - BROKER CONSULTANTS
November 2004



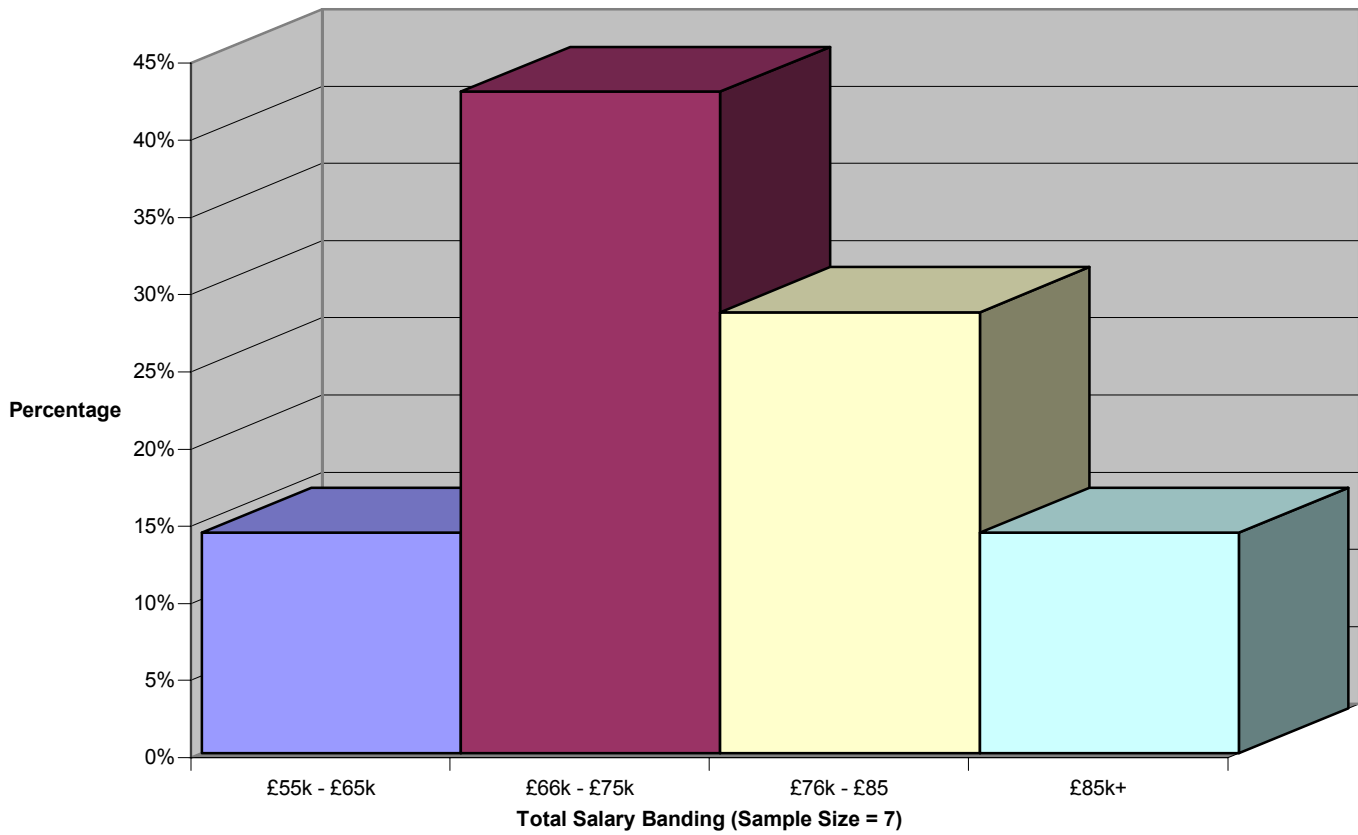
BASIC SALARY - 1ST LINE SALES MANAGERS
June 2003 - November 2004



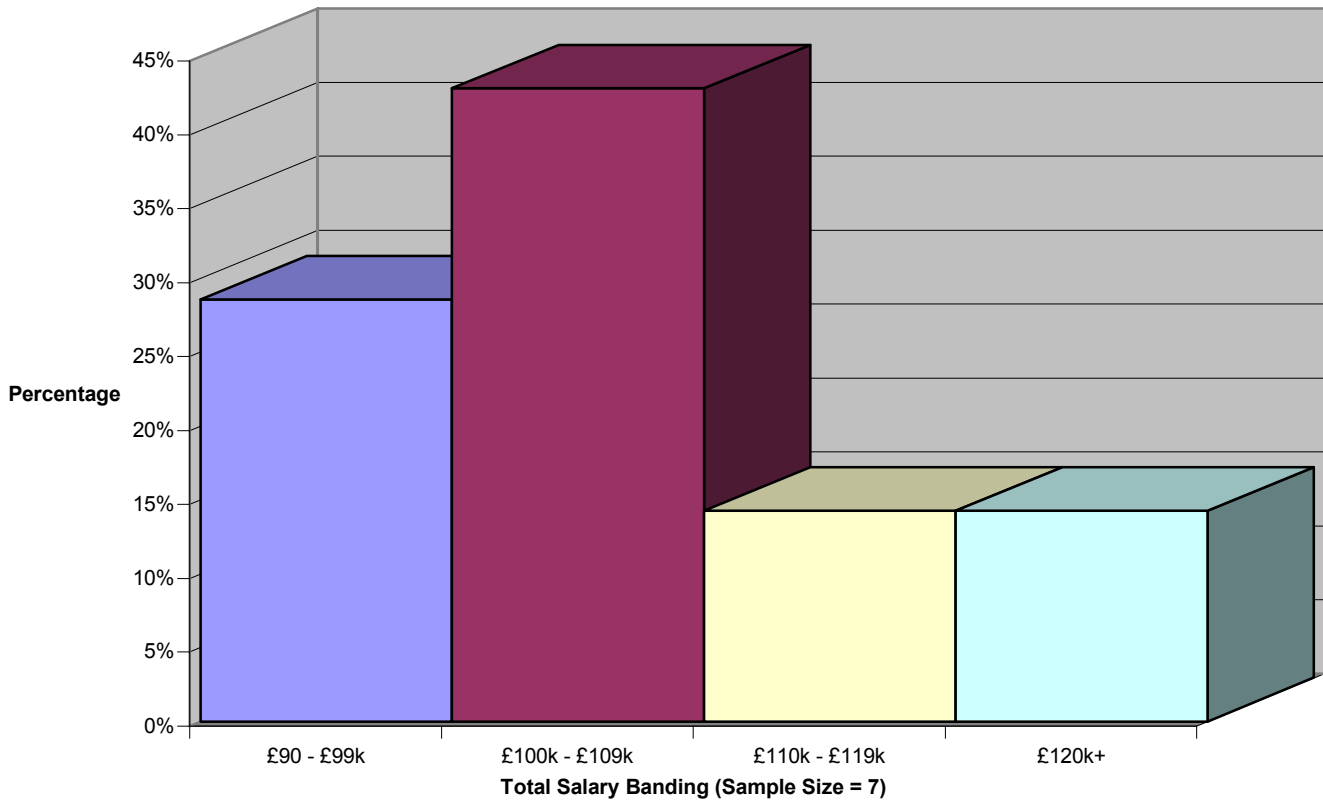
TOTAL SALARY - 1ST LINE SALES MANAGERS
November 2004



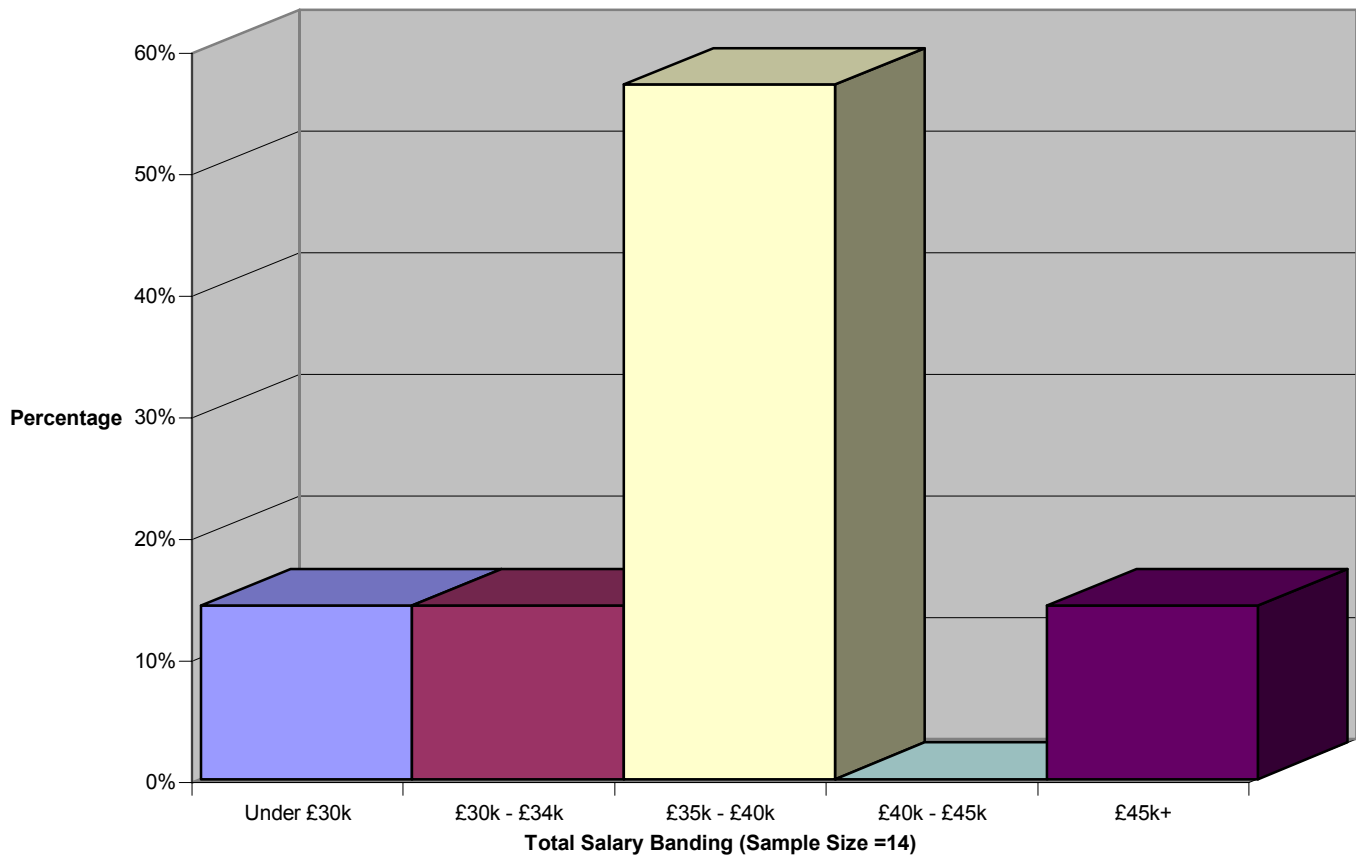
BASIC SALARY - 2nd LINE SALES MANAGERS
November 2004



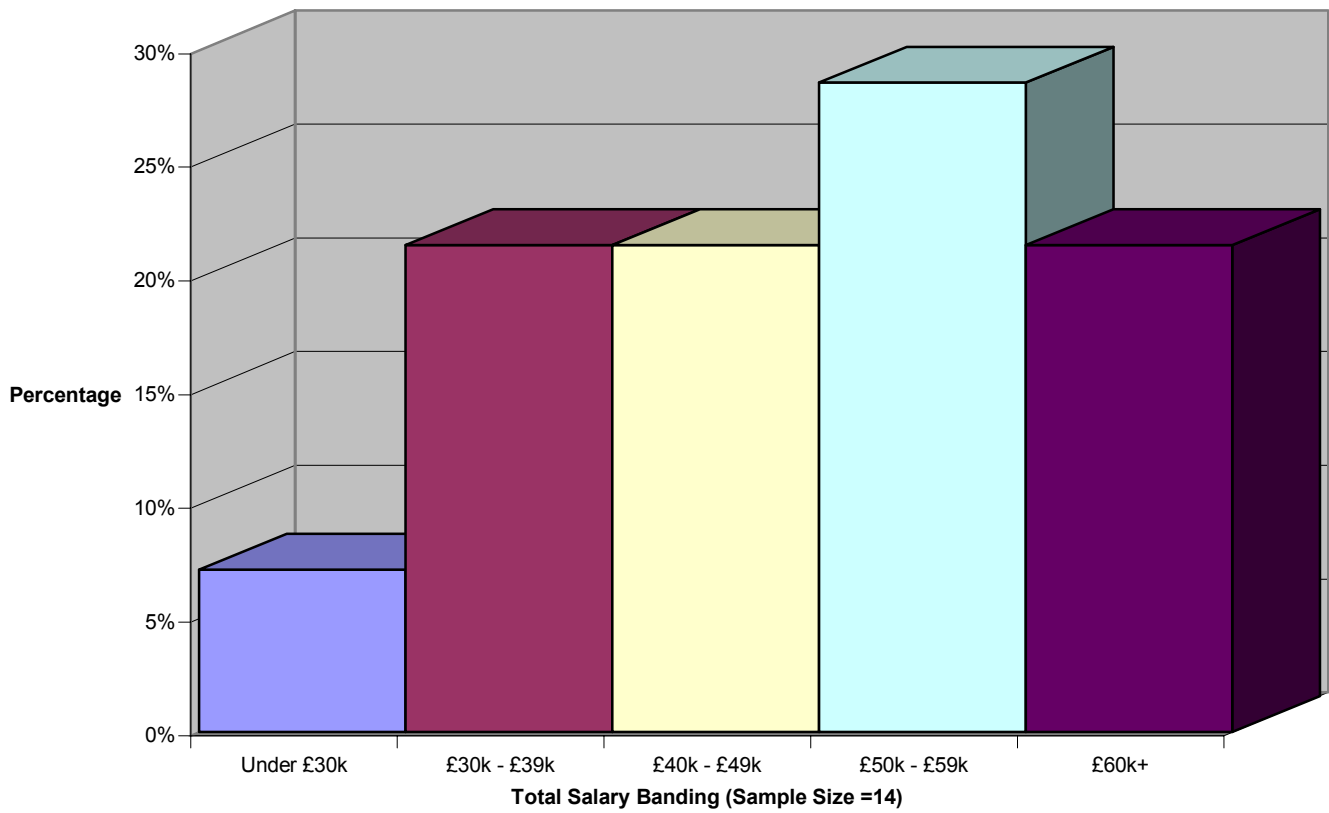
TOTAL SALARY - 2nd LINE SALES MANAGERS
November 2004



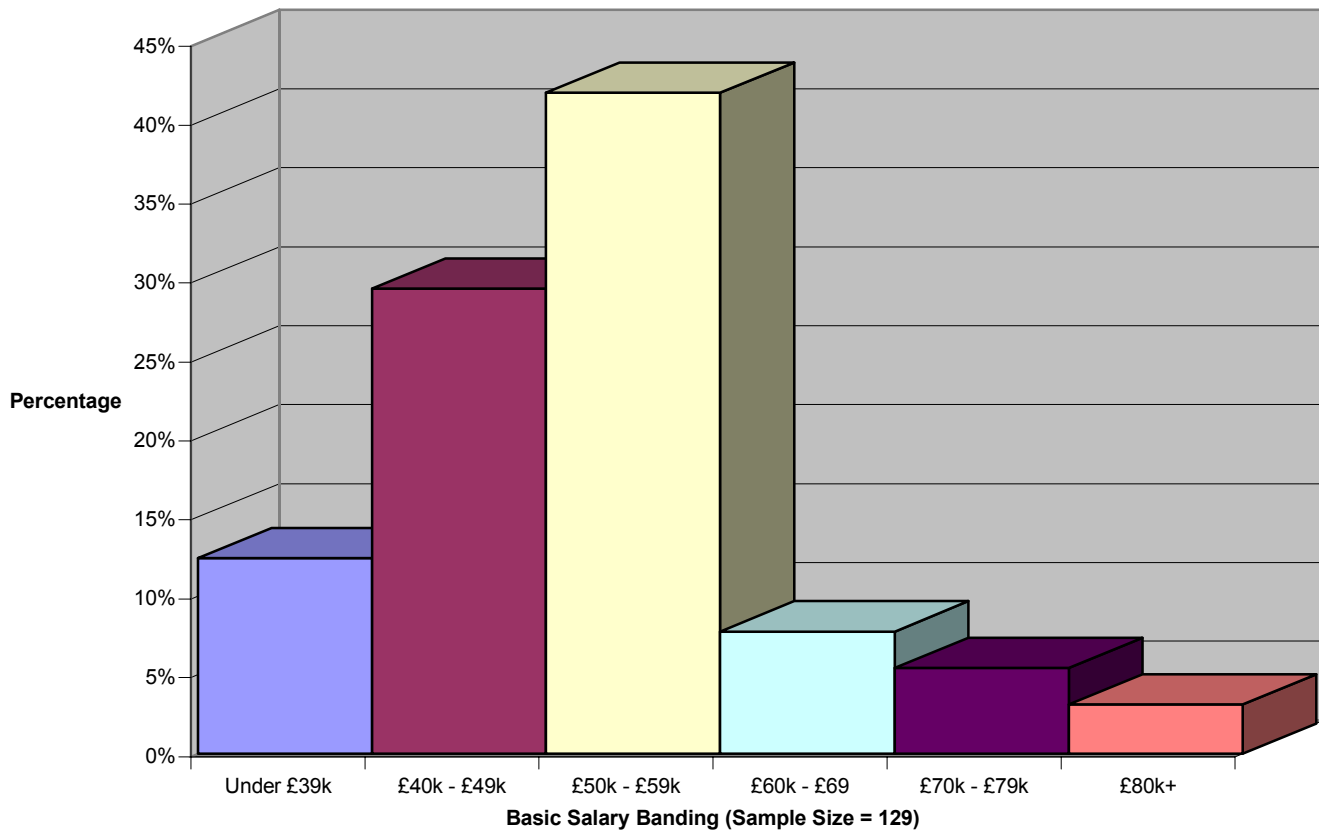
BASIC SALARY - TELEPHONE SALES MANAGERS
June 2003 - November 2004



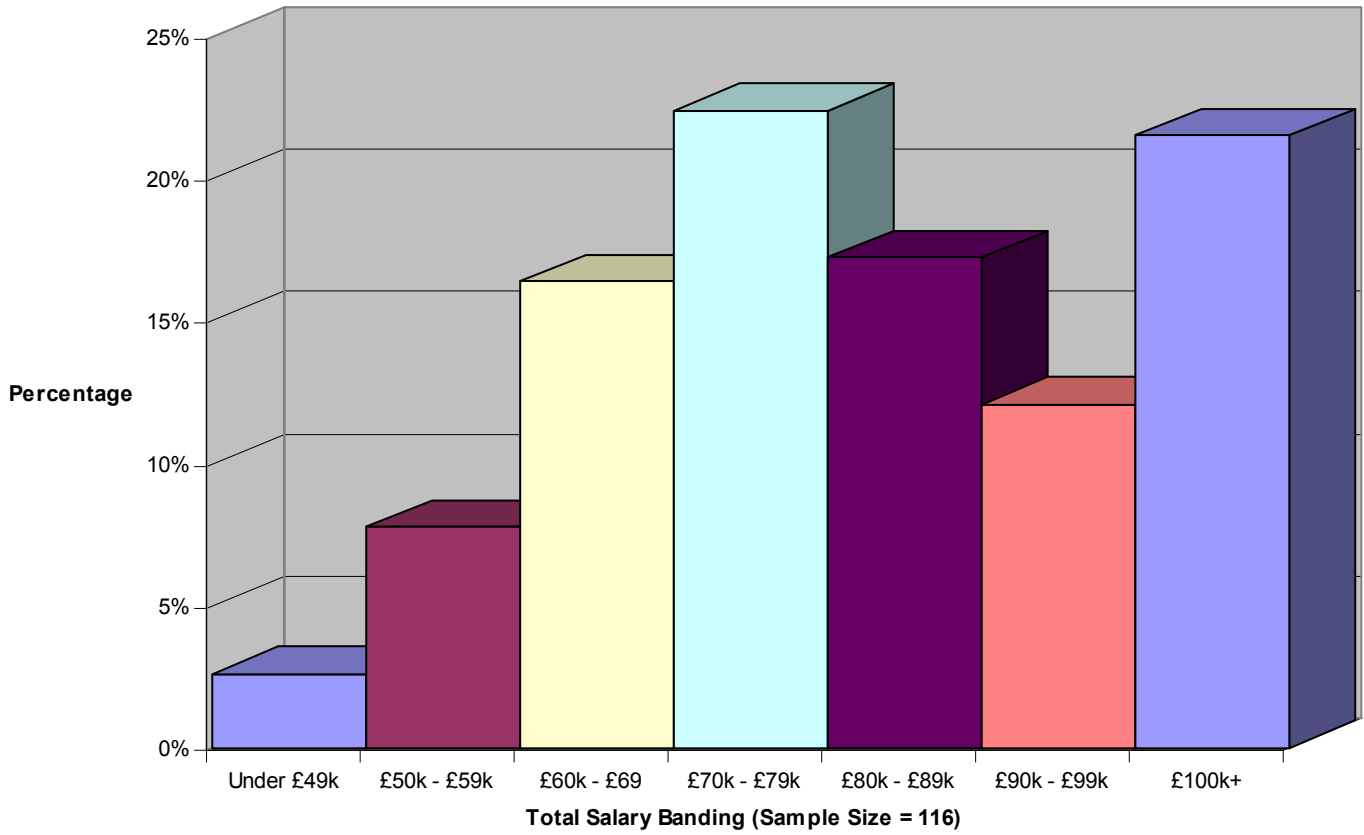
TOTAL SALARY - TELEPHONE SALES MANAGERS
June 2003 - November 2004



MEAN BASIC SALARY - NATIONAL ACCOUNT MANAGERS
November 2004



TOTAL SALARY - NATIONAL ACCOUNT MANAGERS
November 2004

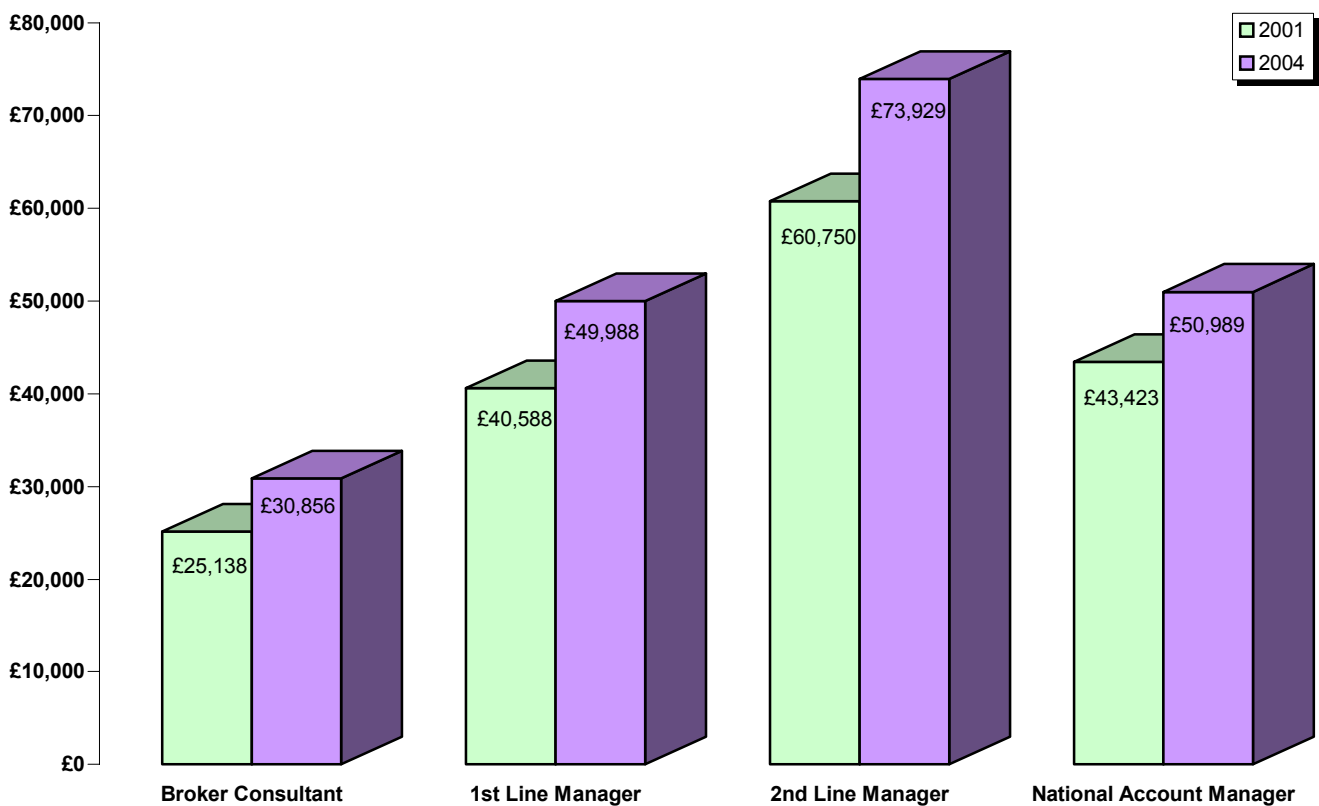


COMPARISON OF SALARIES WITH 3 YEARS AGO 2001 AND 2004

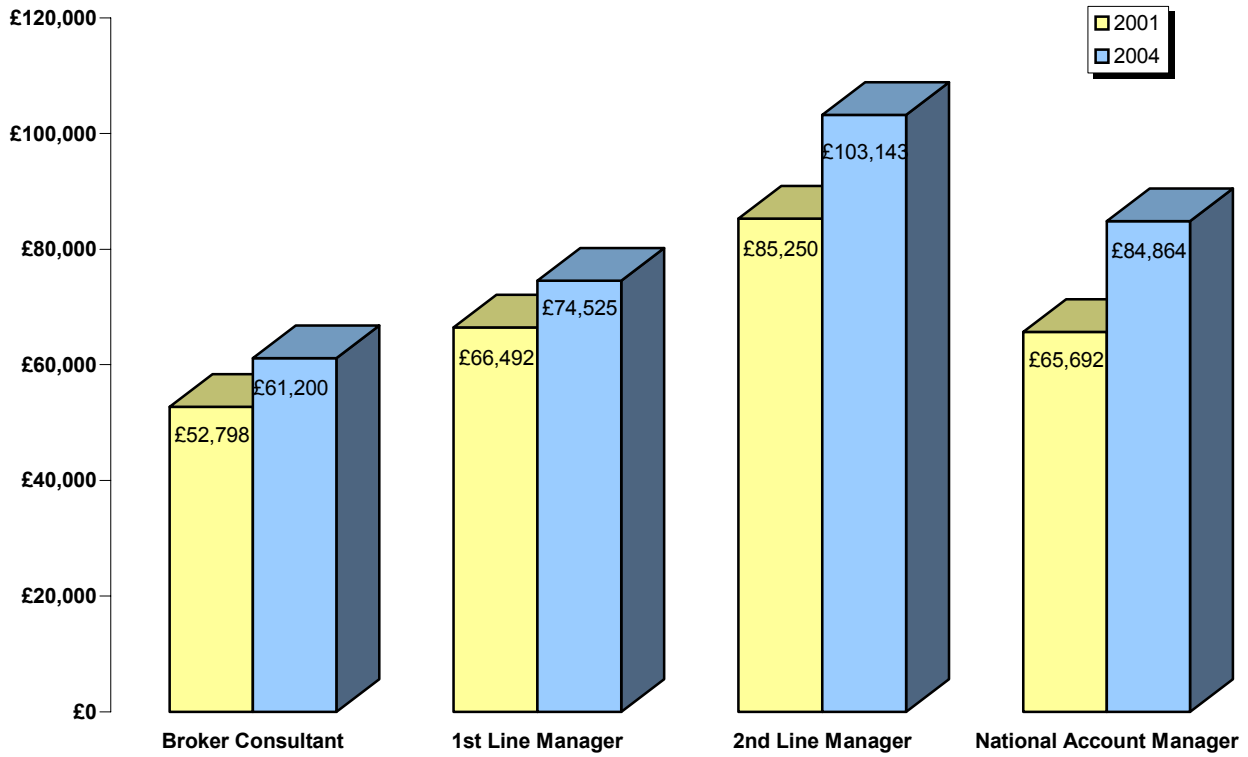
GRAPHS

COMPARISON OF MEAN BASIC SALARIES
BETWEEN 2001 AND 2004

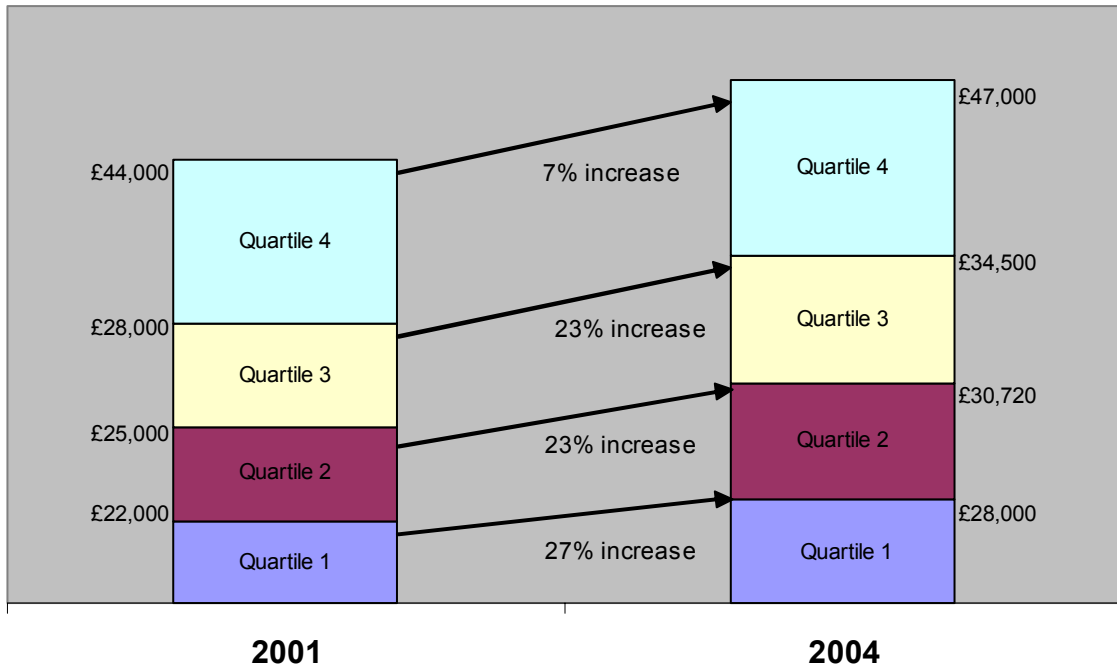
paulharper
search&selection
SPECIALISTS IN FINANCIAL SERVICES RECRUITMENT



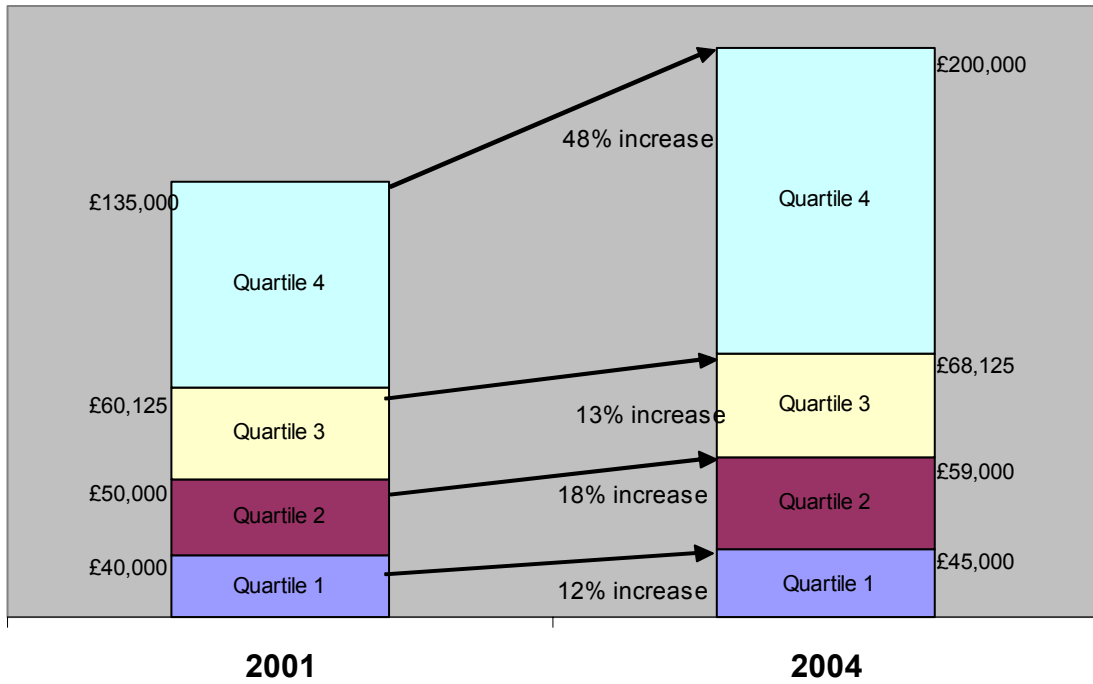
COMPARISON OF MEAN TOTAL SALARIES BETWEEN 2001 AND 2004



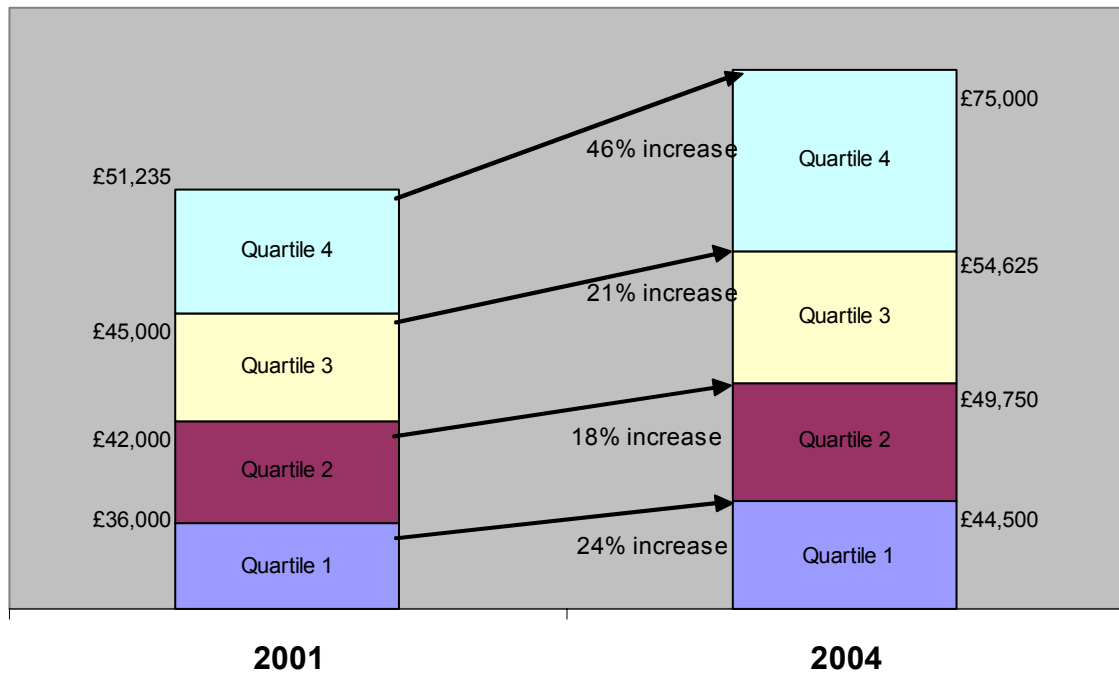
BROKER CONSULTANT BASIC SALARY QUARTILES COMPARISON BETWEEN 2001 and 2004



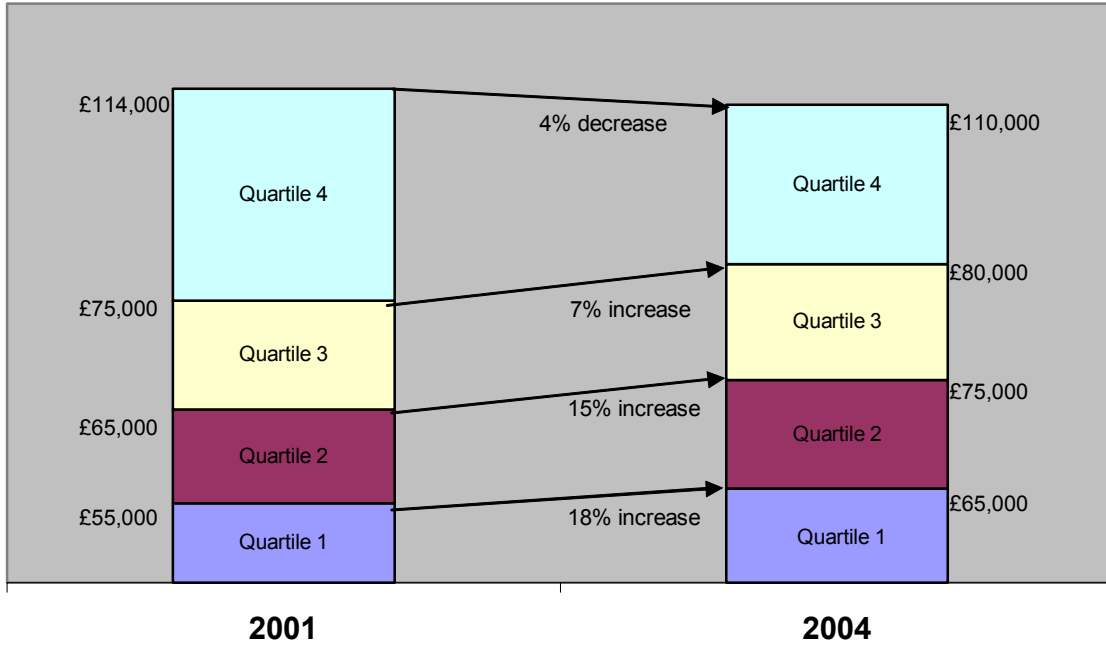
BROKER CONSULTANT TOTAL SALARY QUANTILES COMPARISON BETWEEN 2001 and 2004



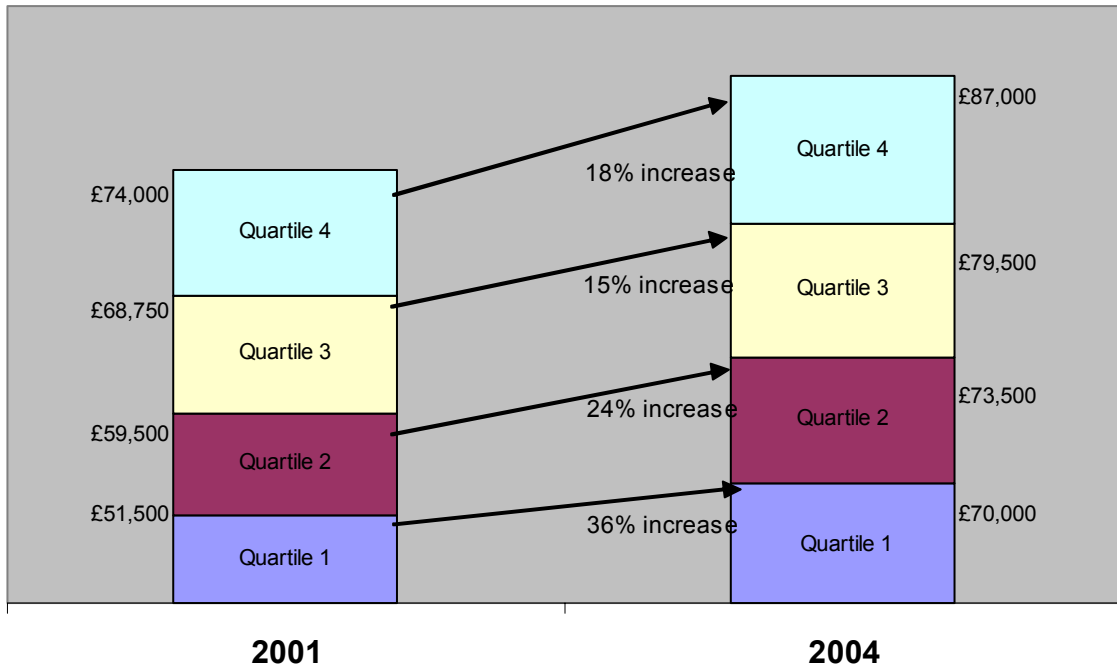
1st LINE MANAGERS BASIC SALARY QUARTILES COMPARISON BETWEEN 2001 and 2004



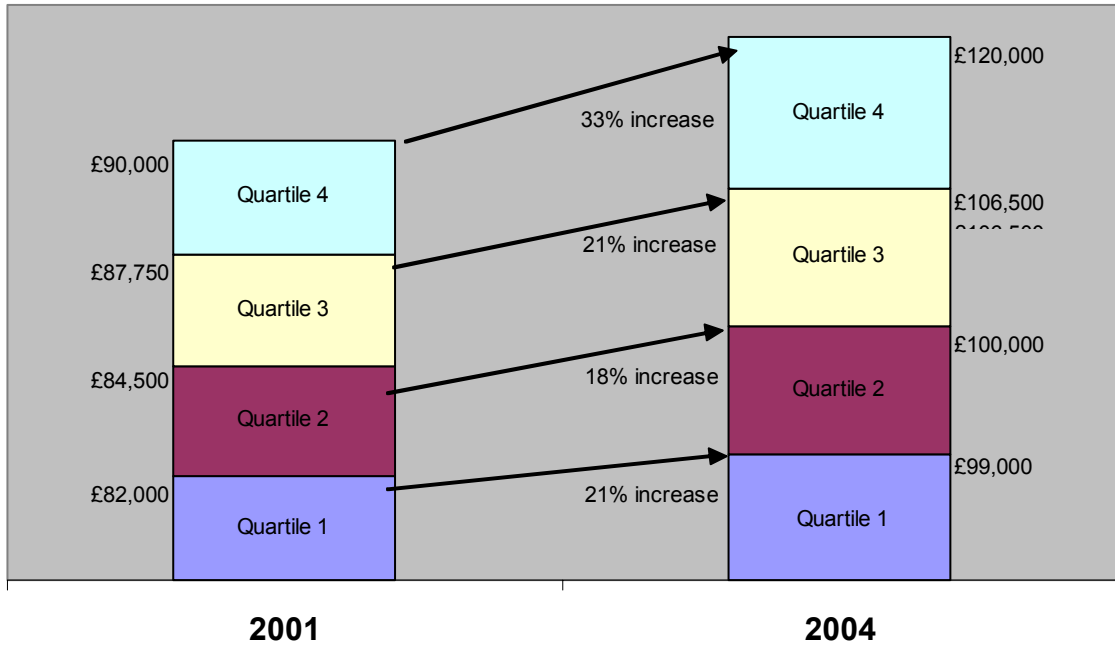
1ST LINE MANAGERS TOTAL SALARY QUARTILES COMPARISON BETWEEN 2001 and 2004



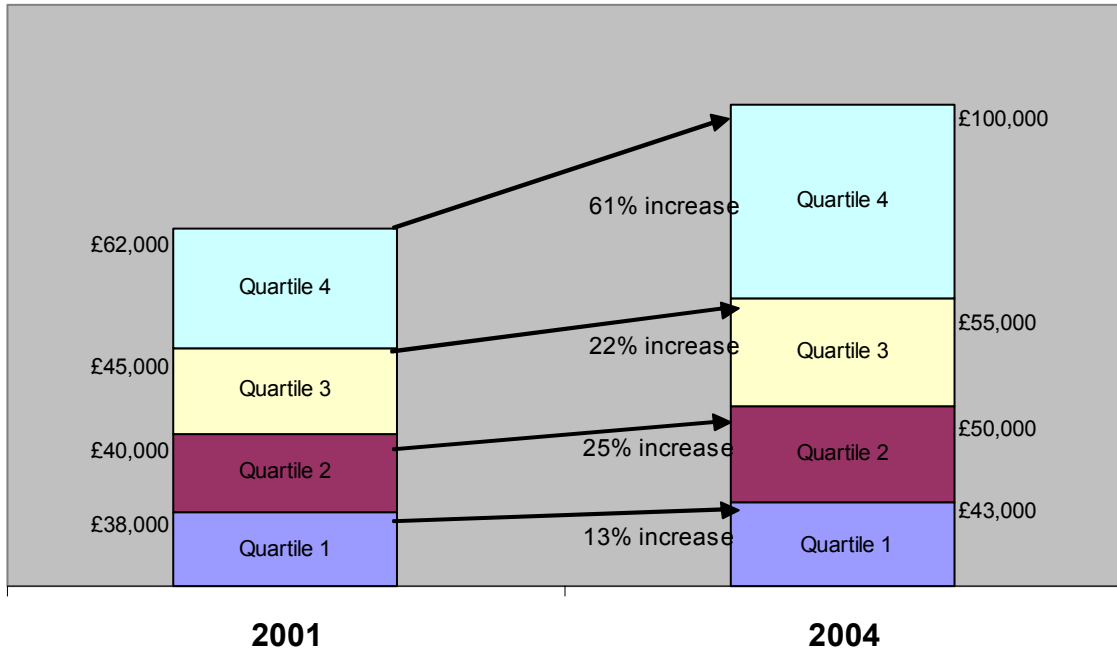
2nd LINE MANAGERS BASIC SALARY QUARTILES COMPARISON BETWEEN 2001 and 2004



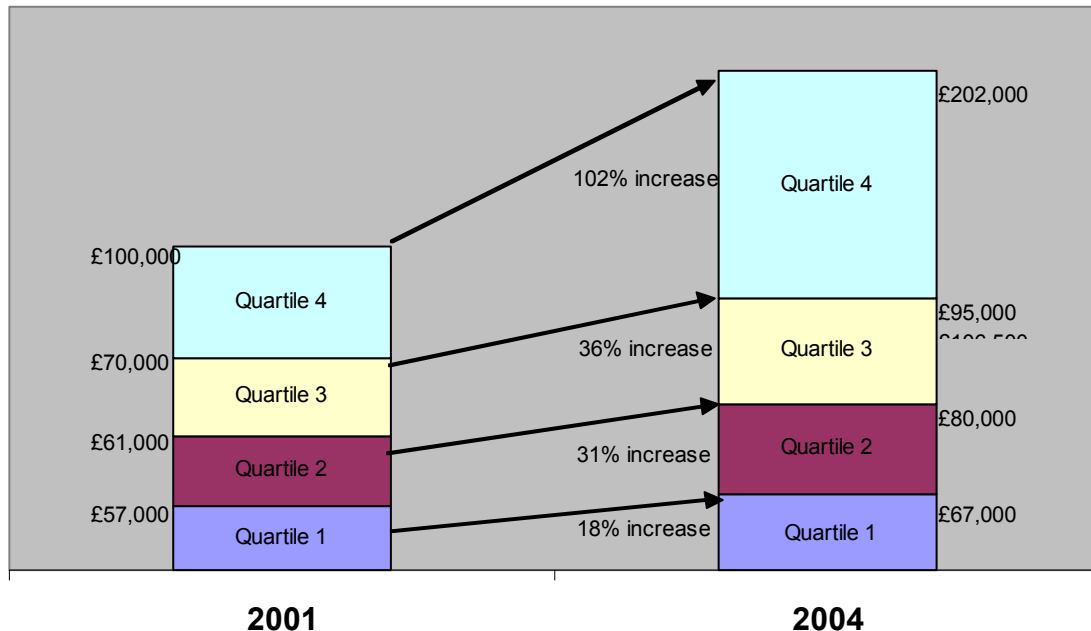
2nd LINE MANAGERS TOTAL SALARY QUANTILES COMPARISON BETWEEN 2001 and 2004



NATIONAL ACCOUNT MANAGERS BASIC SALARY QUARTILES COMPARISON BETWEEN 2001 and 2004



NATIONAL ACCOUNT MANAGERS TOTAL SALARY QUARTILES COMPARISON BETWEEN 2001 and 2004



The Facts

Basic Salaries

Basic salaries vary from £30,856 for a Broker Consultant to £73,929 for a Regional Manager. The importance of national accounts is demonstrated by the fact that a National Account Manager earns a mean basic of £50,989 compared to a First Line Sales Manager at £49,988.

Total Salary

While Consultants take a big step up in basic salary to become a First Line Manager, the effect on total earnings is somewhat less. The average Broker Consultant earns a total of £61,200 while his or her manager earns a total of only £13,325 more at £74,525. This is particularly interesting when you consider that most consultants are well above average performers before becoming Managers and therefore probably earn an overall reduction in total earnings as they enter at the bottom and increase their earnings gradually. Nevertheless, there never seems to be a shortage of Consultants keen to move into to Sales Management

In contrast with the Sales Manager, the average National Account Manager earns £84,864, £10,000 more than the average Sales Manager, even though their basic salaries are within £1,000 of each other.

Last year Second Line Managers appeared to have done really well with average earnings of £103,143. This may reflect the reduction in numbers and increase in spans of control experienced by these managers over the last 3 years.

Year on Year Comparisons

It is clear that basic salaries have out paced inflation over the past 3 years. The average (mean) basic salary has risen significantly by 22.7% from £25,138 in 2001, to £30,856 in 2004, whereas total salaries have risen by 15.9% over the same period, with the average Broker Consultant earning a total of £61,200 in 2004 compared to £52,798 in 2001. The balance of the package has changed as Consultants have become less dependent on bonuses. In 2001, 52.4% of the average Broker Consultant's total remuneration was bonus. This has fallen to 49.6% today. However, at top quartile level in 2001, 54% of total salary was bonus whereas in 2004 this is reduced to 49%.

The average Sales Manager has seen an 18% increase in basic salary from £42,000 to £49,750 and a 15% increase in total earnings from £65,000 to £75,000. Second Line Managers have seen an inflation busting rise of 24% in basic salary from £59,500 to £73,500 and an 18% rise in total earnings from £84,500 to £100,000. Nice work if you can get it.

In each case bottom quartile basic salaries have raised the most while top quartile salaries have raised the least. However, this may be more to do with natural selection as companies laid off the lower performers rather than any indication that lower earners have seen their salaries rise the fastest.

Conclusion

Broker Sales is a well-rewarded profession. There is a good career progression for those who are successful. Both basic salaries and total earnings have outstripped inflation over the last 3 years although the biggest rise has been in basic salaries as Intermediary Sales Professionals become more reliant on basic and less reliant on bonus. This is in line with our predictions three years ago.