



# **Life Office Salary & Age Survey Account Managers**

Report Compiled By

**Paul Harper Search & Selection**

December 2005

## Introduction

Welcome to our sixth annual Salary Survey.

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

2005 saw us undertake a number of national search campaigns for some of the leading players in the market. As a result, we have decided that the December 2005 survey would focus on Account Managers providing an overall national perspective but also regional perspectives. As our reputation has grown, so has demand for our services. We have proven we can be successful in any location and so we have been able to add Scotland to our Salary Survey for the first time.

Although we surveyed Account Manager (Broker Consultant) salaries as part of the larger survey group each year, this is the most in-depth study we have undertaken of Account Managers since 2000.

Towards the end of the report we have been able to compare salaries with 2004 but, more interestingly, this is the first time we have been able to look at regional trends by comparing mean salaries and ages with those we surveyed 5 years ago in 2000.

The last 5 years have seen big changes to Life Office Intermediary Sales. We have seen an increase in centralised Telephone Sales Units and a reduction in field based sales, we have also seen big changes in Branch Networks as many companies have reduced the number of locations they operate from. There has been a big increase in the number of home-based Account Managers and this trend looks set to continue.

As many companies cut back on sales force numbers several years ago, it was perhaps surprising, to see some of the biggest players bucking the trend by increasing sales force numbers. Now, as the market has begun to recover, the bigger players seem to have stalled or even reduced their numbers as the others have grown. Nevertheless, much of this has been addressed through natural wastage and there has been a shortage of good Account Managers. It appears that most companies had a good year in 2005 with the resulting increase in bonuses for most Account Managers. The result has been a significant increase in total earnings but a slight reduction in basic salaries. We can only assume this will be righted next year as companies fight to recruit externally and need to pay higher basic salaries to secure the services of those they need.

One of the consequences of the reduction in Branches has been a failure of companies to train the Account Managers of tomorrow. This has led to an increase in overall ages but with no new blood coming in there has been a tendency for companies to recruit from their competitors. Some of the more far-sighted ones have retained search consultancies such as ourselves, several have been left short of staff.

Now as we anticipate a continued high demand for intermediary sales staff, you may find the attached survey to be particularly valuable.

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

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# Account Manager Salary and Age Survey December 2005

## Methodology

This survey was the result of information provided by an extensive group of recruitment assignments from January to November 2005 involving salary information supplied by 498 Account Managers representing over 20 companies covering the major financial locations in the United Kingdom.

In most cases, both current basic salary and total historical earnings are requested as part of our headhunt process. Candidates supply information to our researchers that is recorded. Whilst 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. All major companies provided a car or car allowance but the basic salary figure quoted excludes this figure.

This is the most in-depth study we have undertaken of Account Managers since 2000.

The fact that we undertook a high number of retained searches across a variety of locations this year enabled us to provide our most comprehensive ever survey. Scotland and the North West have been included for the first time.

## Definition

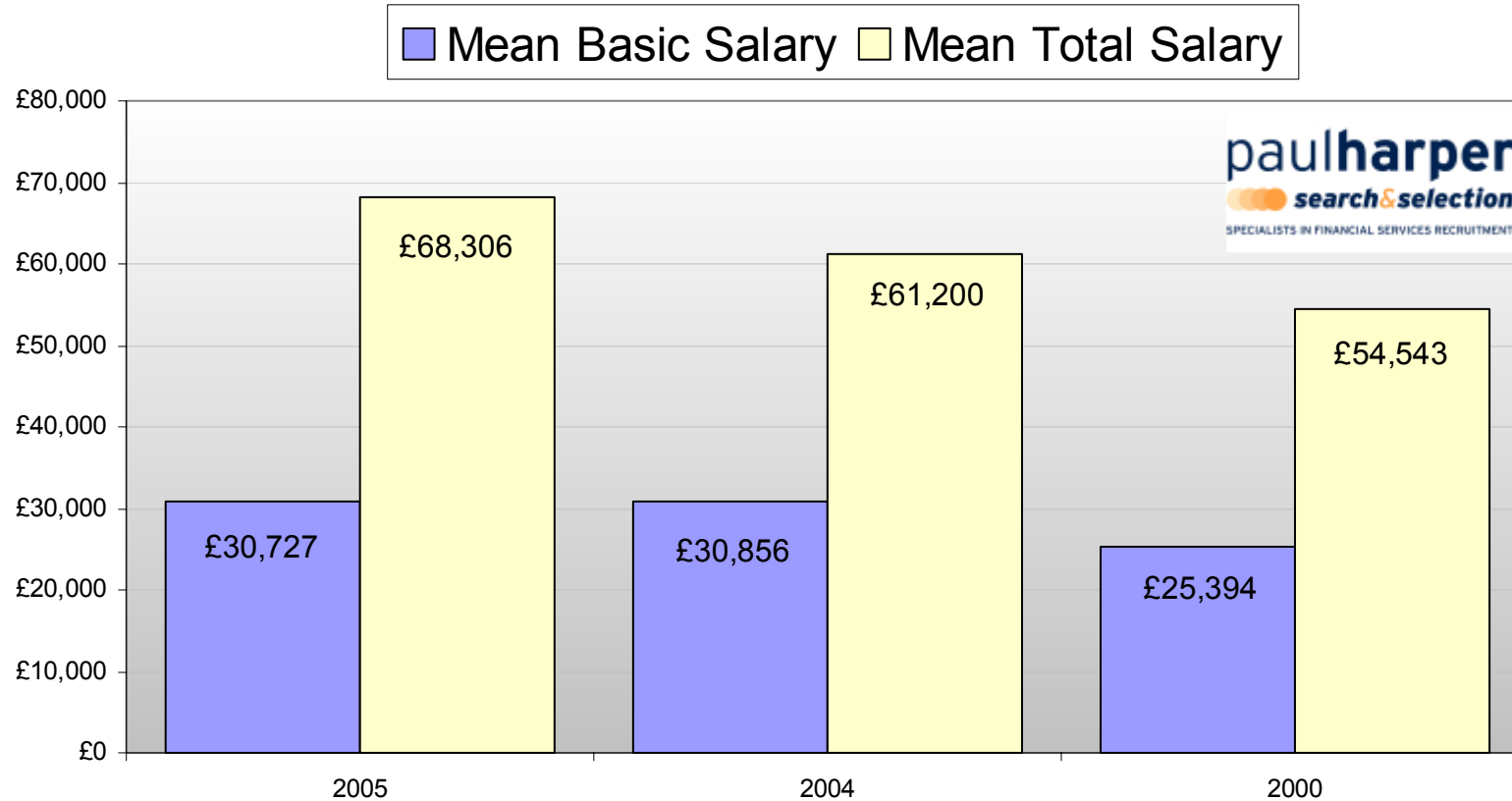
An Account Manager is an Intermediary Sales Consultant employed by a product provider to generate new business from a wide variety of regional IFAs. The Account Manager may have a number of working titles including Broker Consultant, IFA Sales Consultant, Business Development Manager, Regional Accounts Manager. In some companies the Account Manager may only be responsible for regional accounts while in others this may include network accounts and national IFAs. In our 2004 survey we stated that there was insufficient difference to create two separate categories so they have now been merged. To be included, an Account Manager has to develop business from IFAs by operating on a face-to-face basis and the basic salary figure quoted.

In some cases, Account Managers operate alongside telephone based field staff often call Integrated Consultants or Telephone Account Managers. In other cases they operate on a stand-alone basis. We have not differentiated between these two categories either.

# **GRAPH**

## **National Mean Basic and Total Salaries Comparison of 2005 with 2004 & 2000**

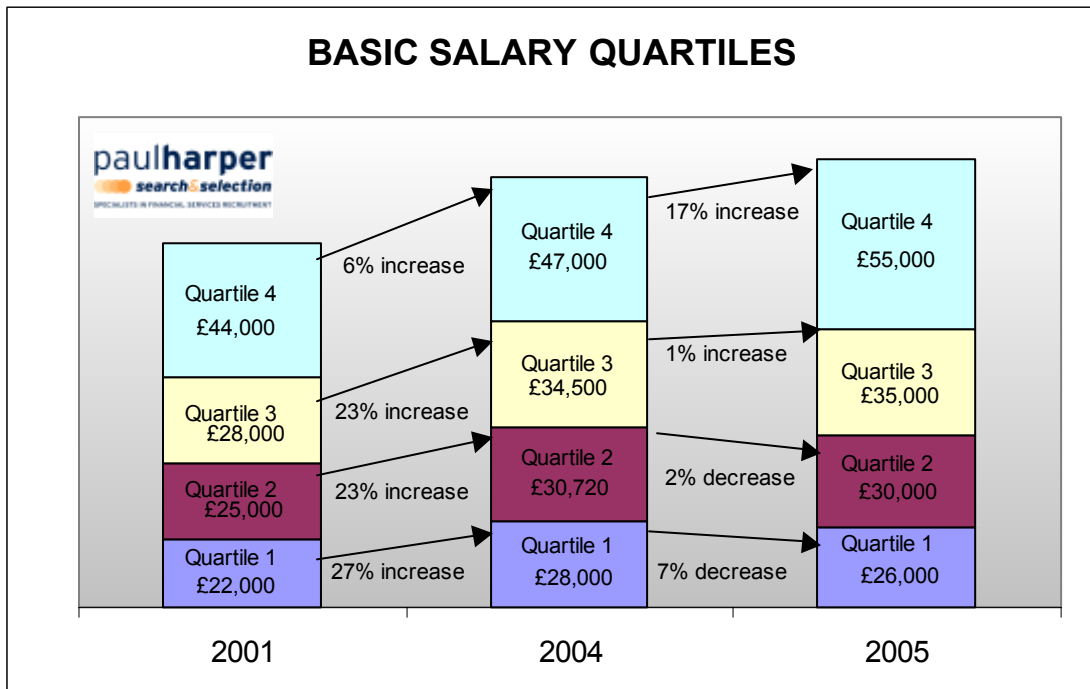
# COMPARISON OF NATIONAL MEAN SALARIES 2005, 2004 & 2000



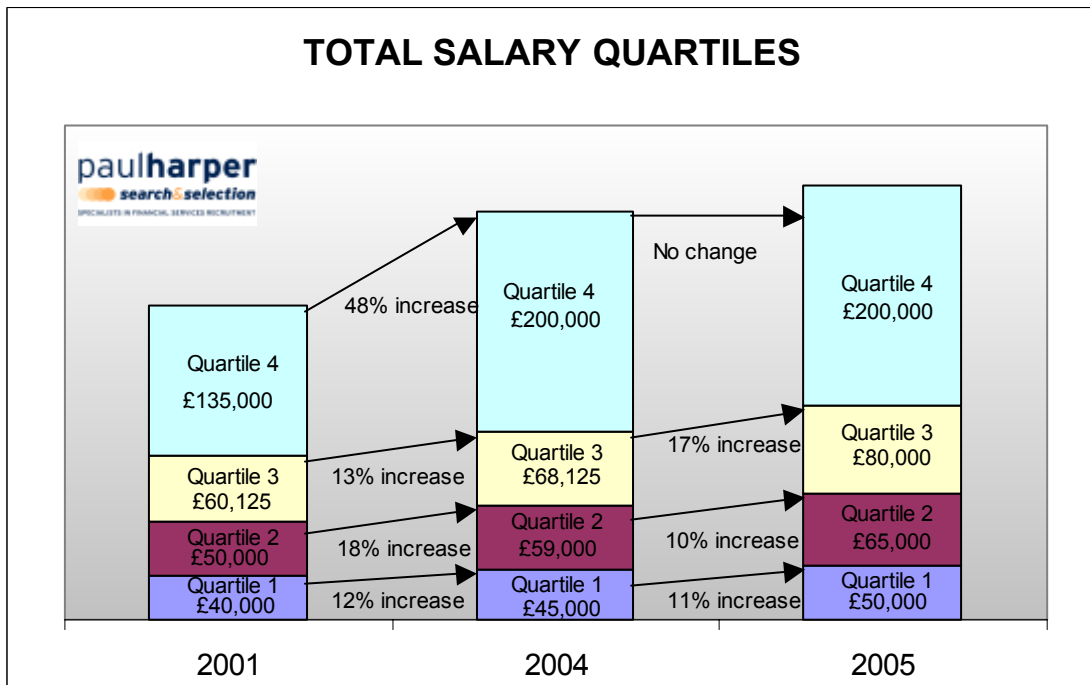
# **GRAPHS**

## **Basic and Total Salary Quartiles Comparison of 2005 with 2004 and 2001**

## BASIC SALARY QUANTILES

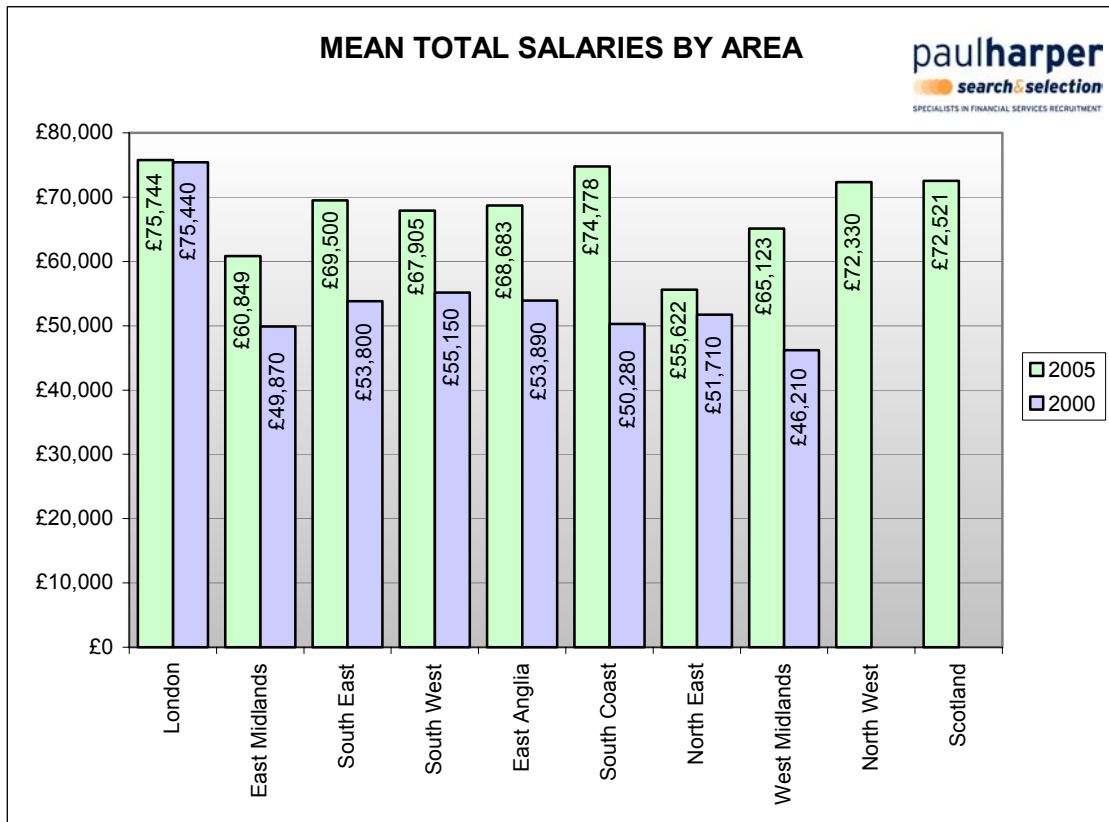
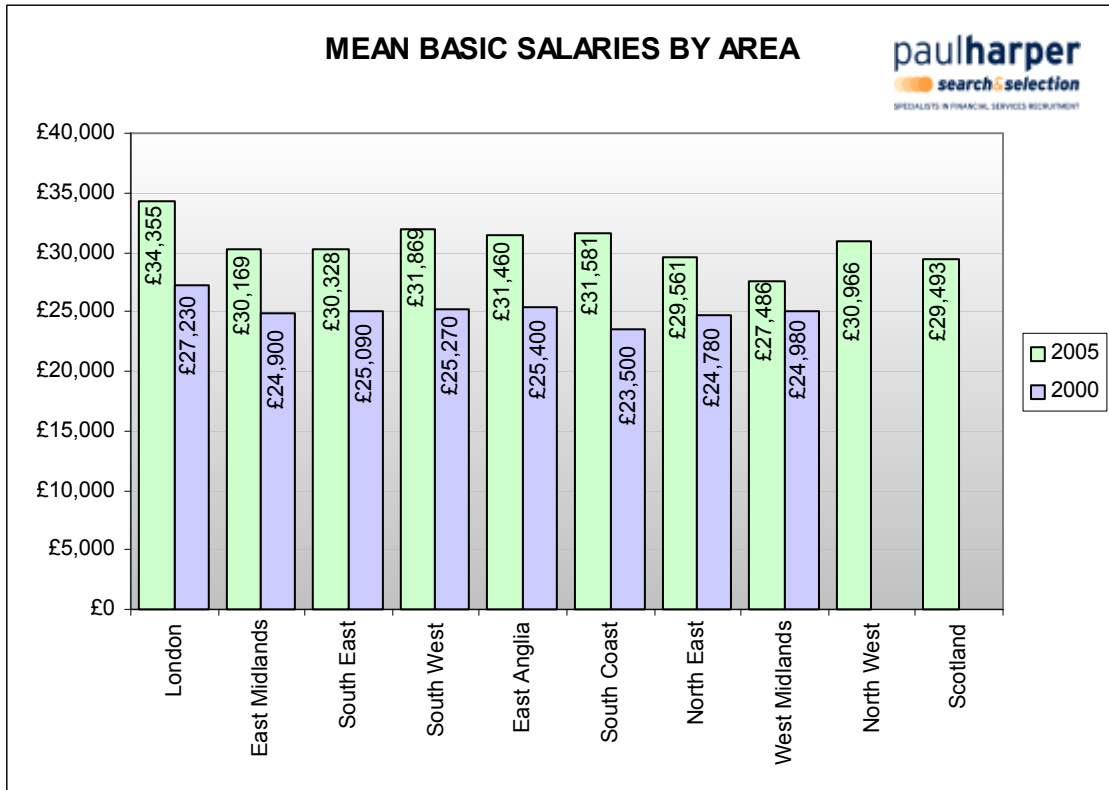


## TOTAL SALARY QUANTILES



# **GRAPHS**

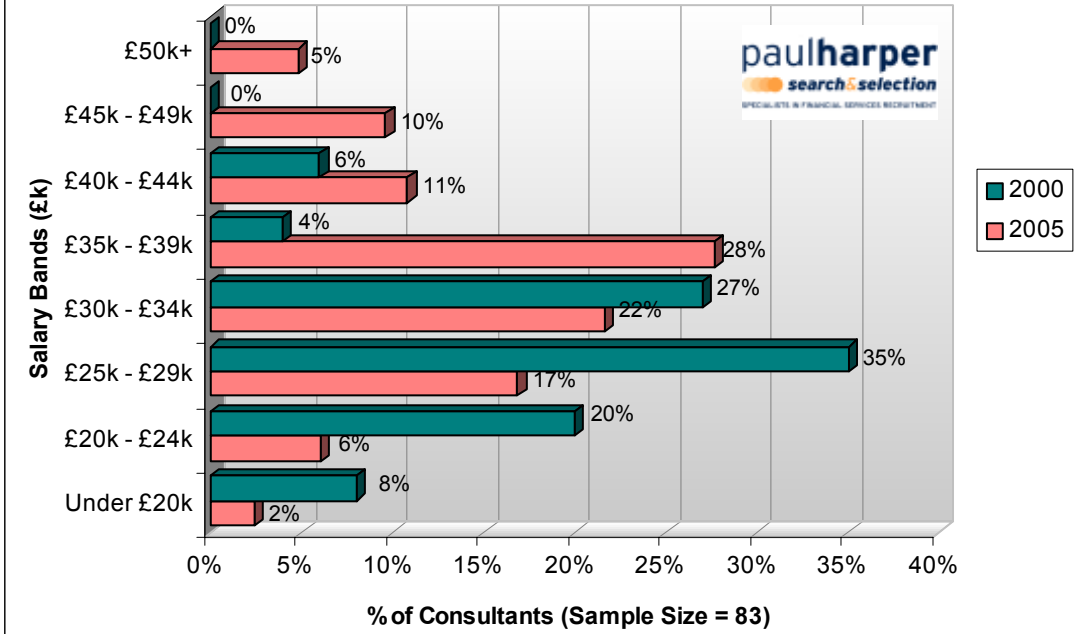
## **Mean Basic and Total Salaries by Area Comparison of 2005 with 2000**



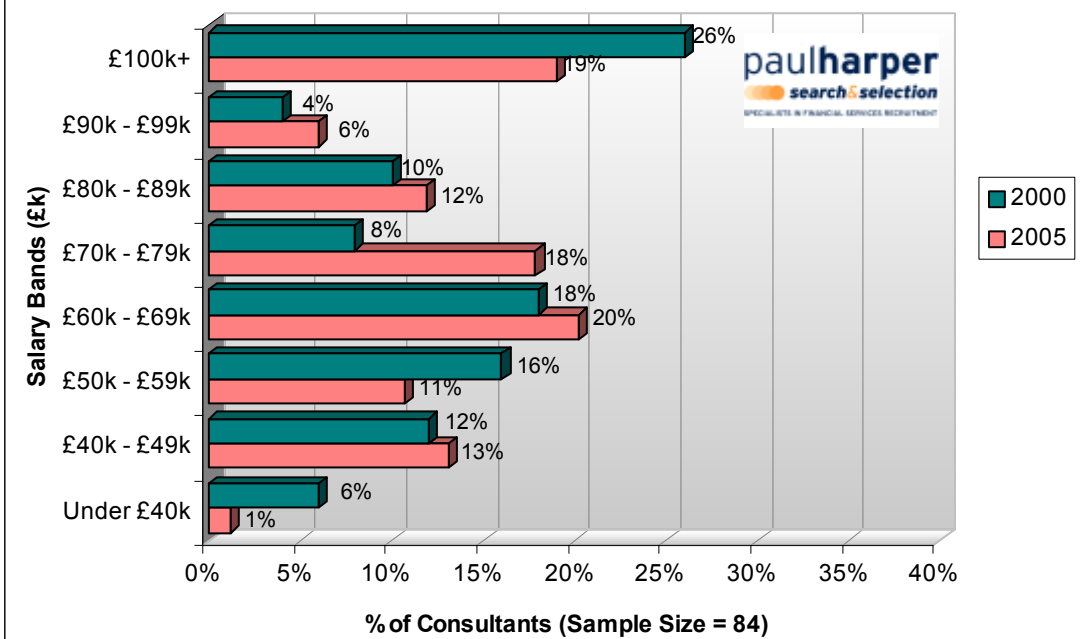
# **GRAPHS**

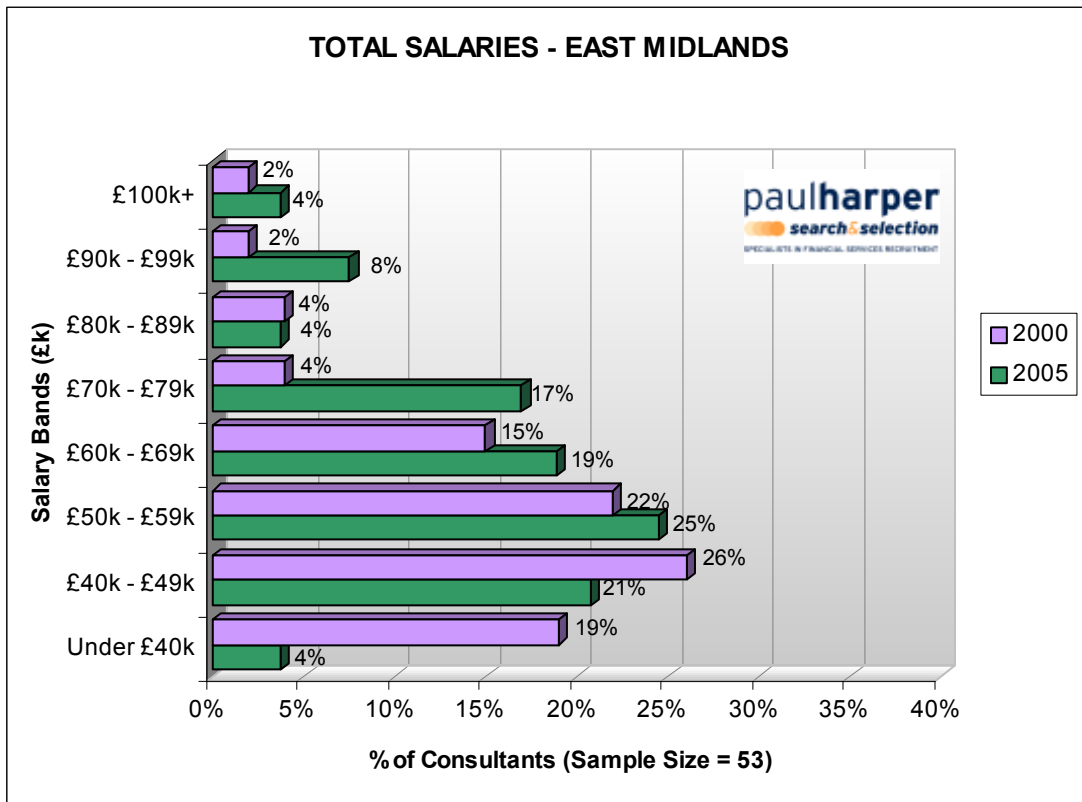
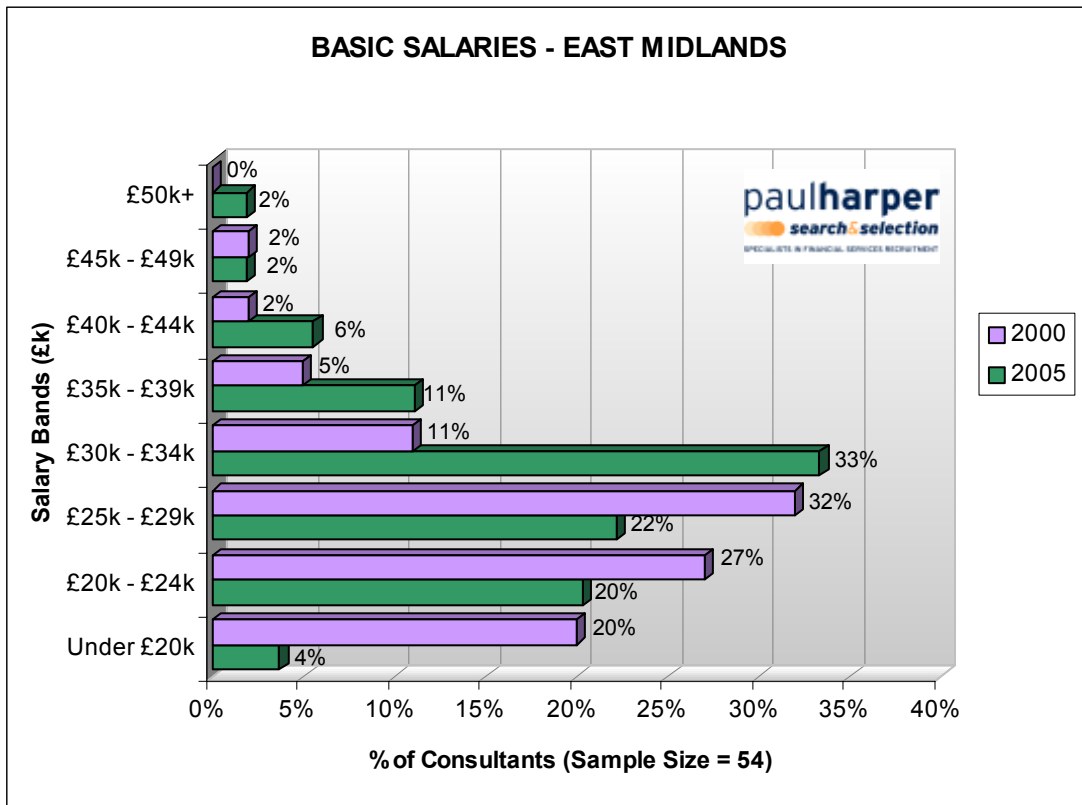
## **Basic and Total Salaries by Area Comparison with 2005 and 2000**

### BASIC SALARIES - LONDON

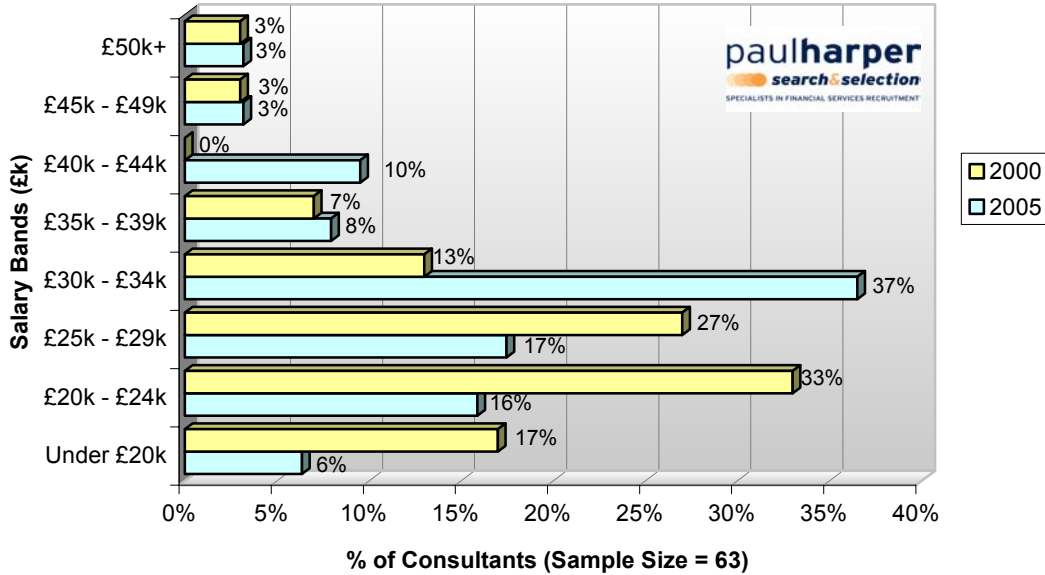


### TOTAL SALARIES - LONDON

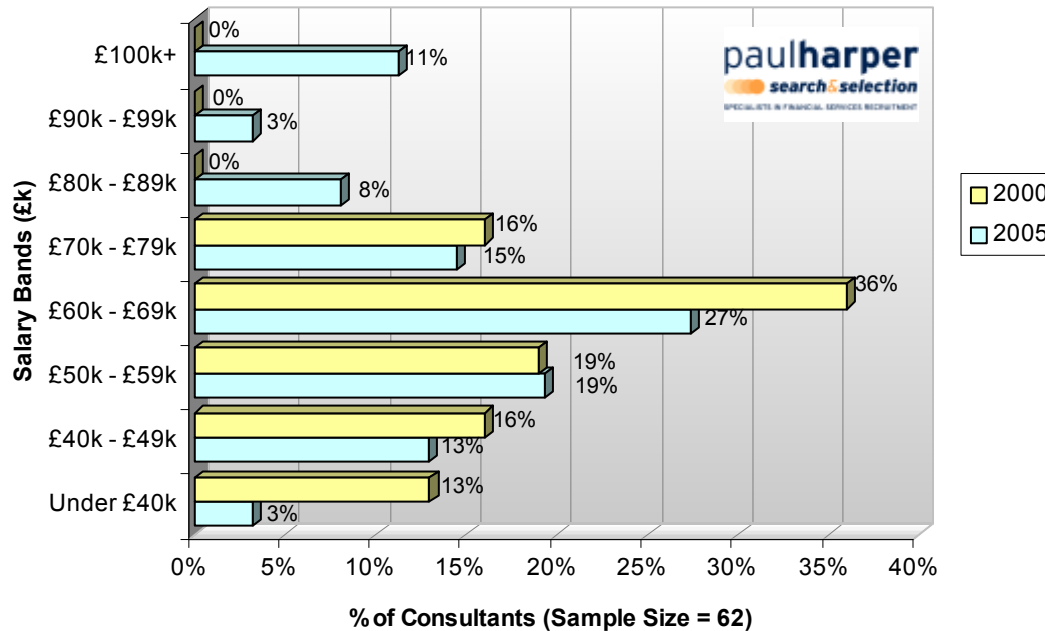


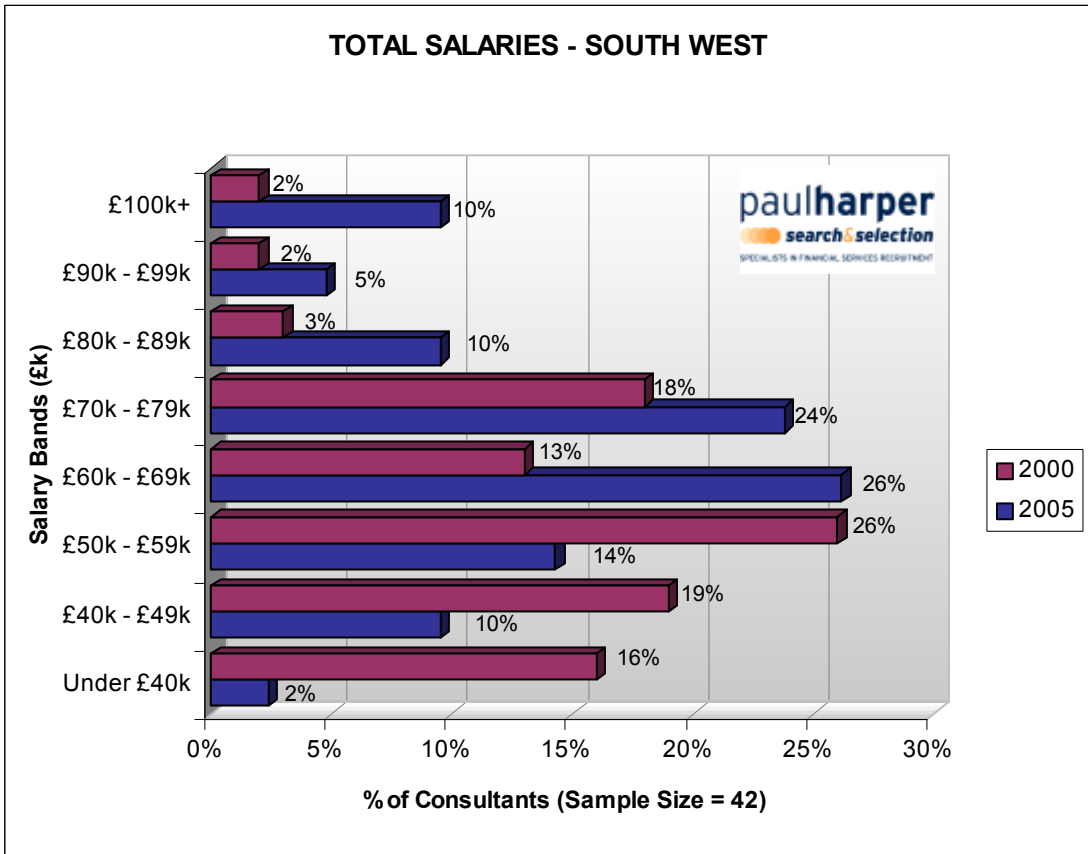
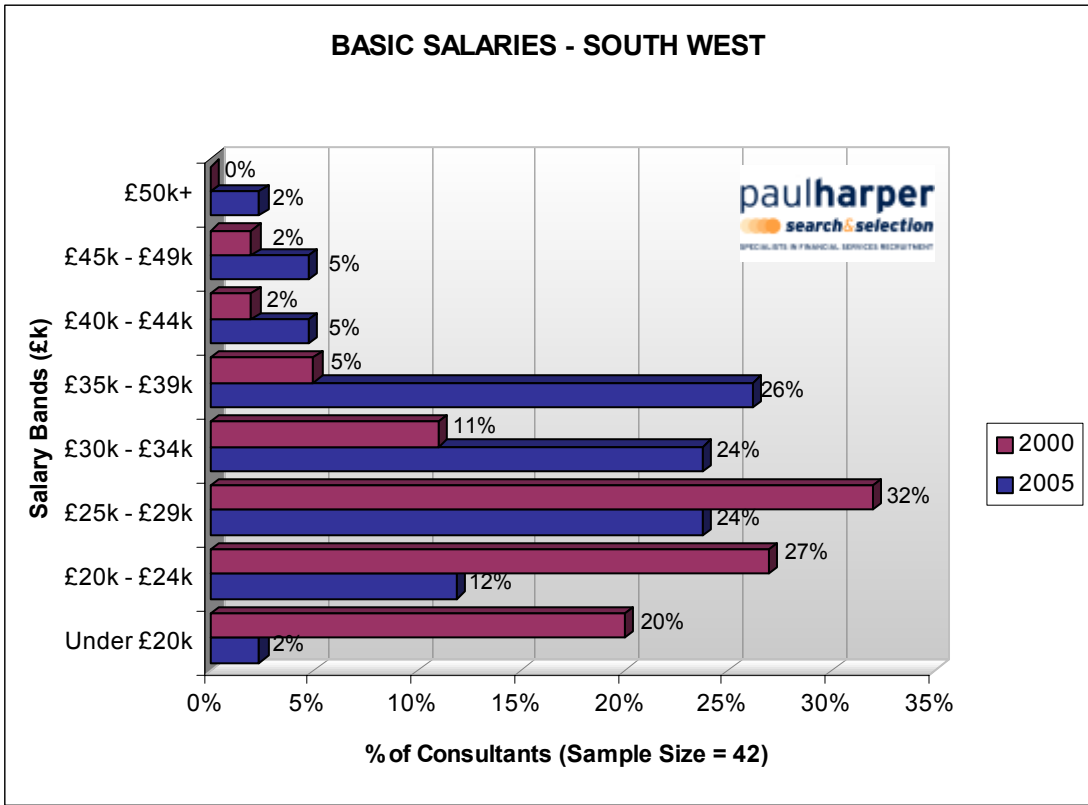


### BASIC SALARIES - SOUTH EAST (excluding London)

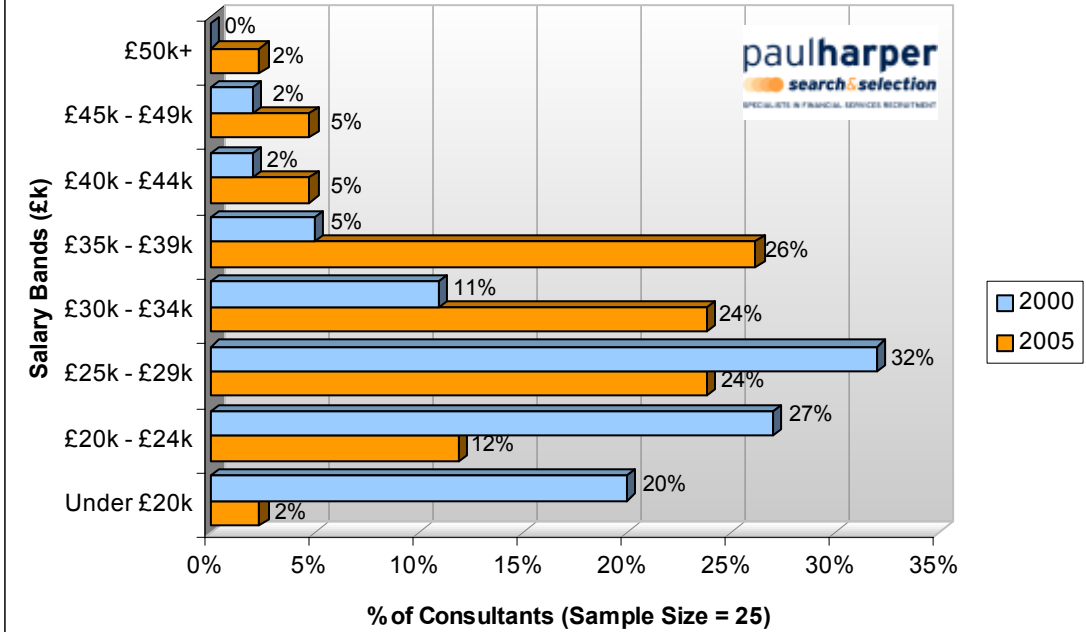


### TOTAL SALARIES - SOUTH EAST (excluding London)

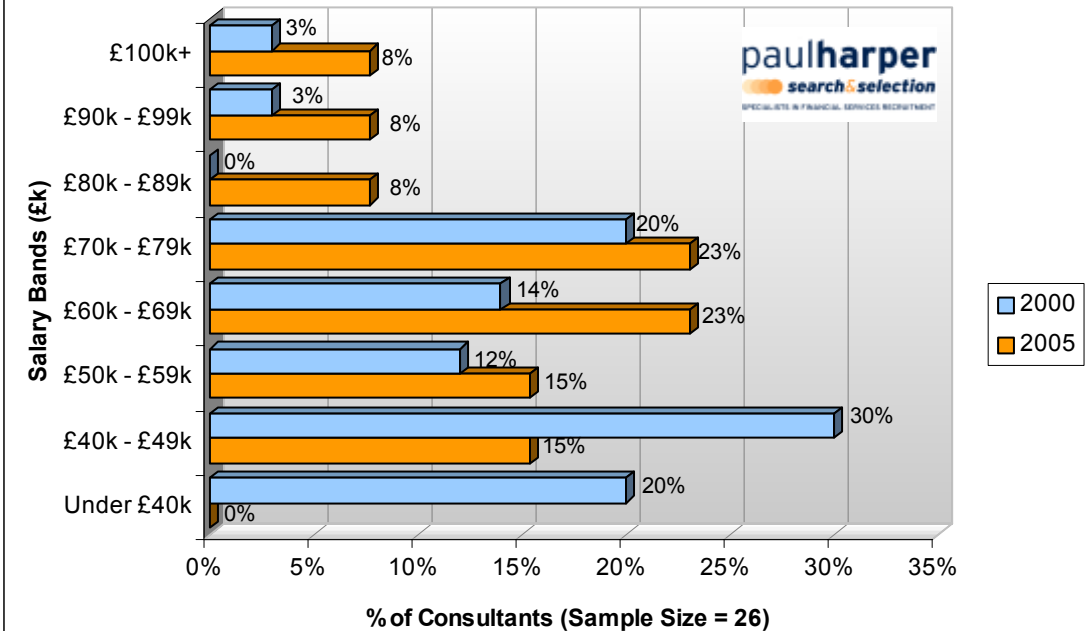


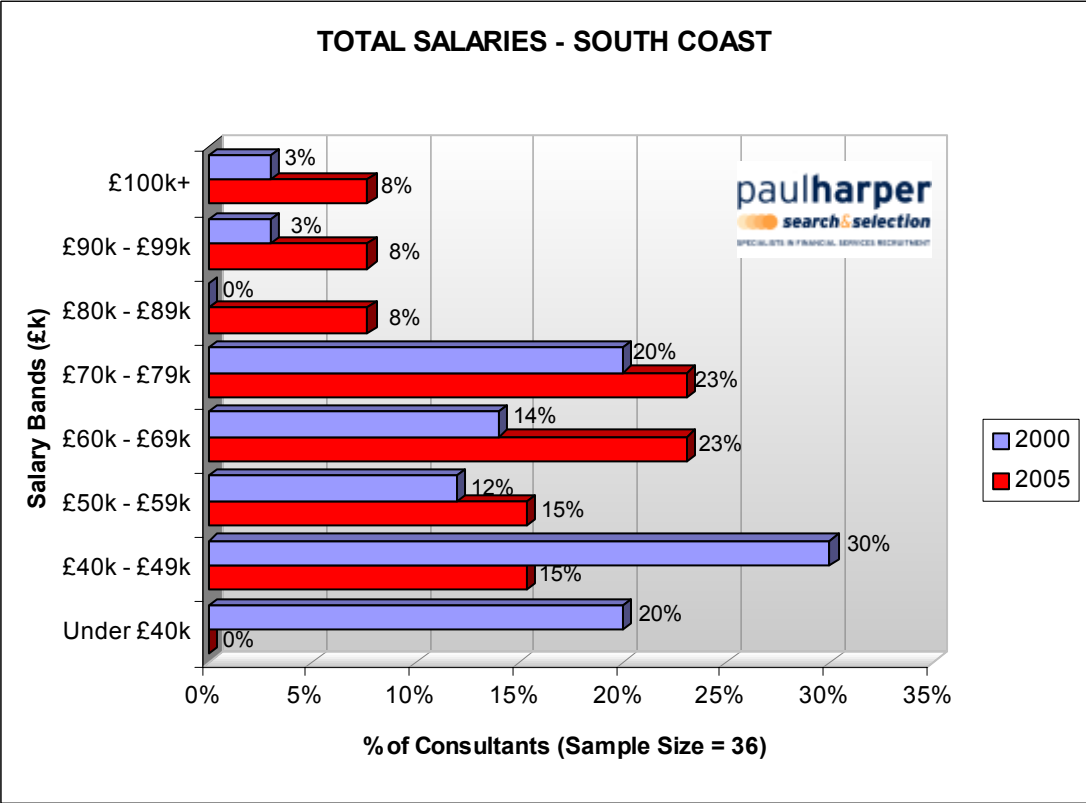
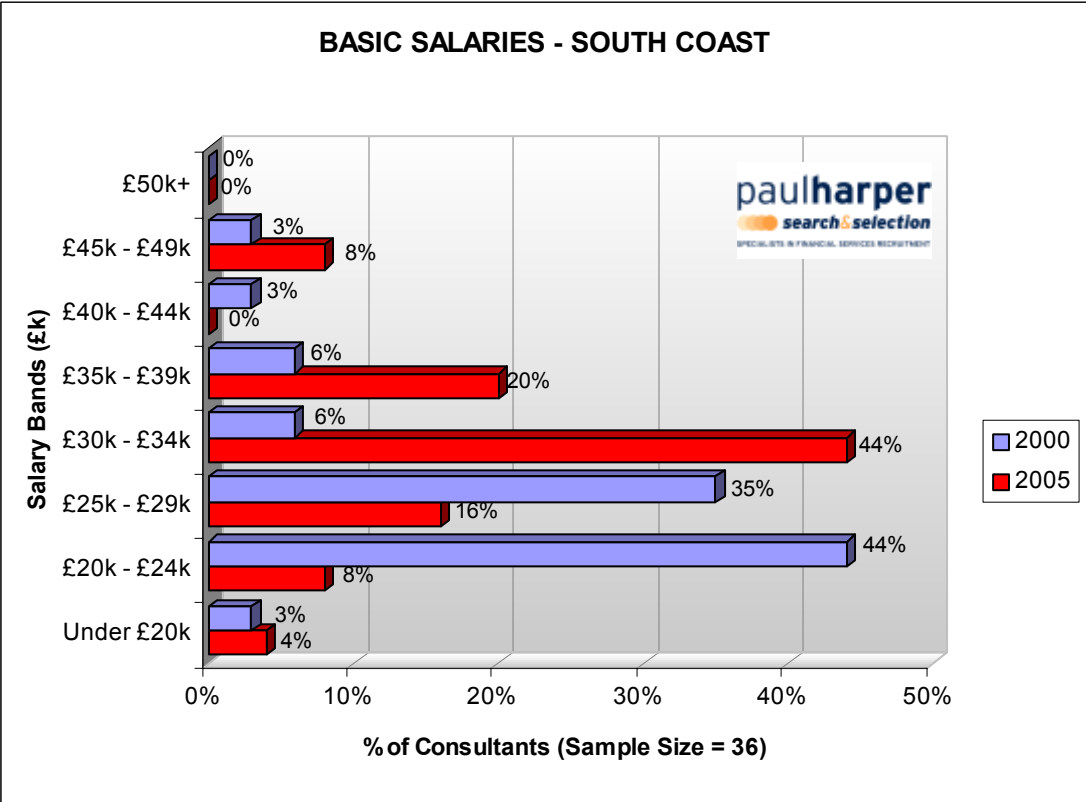


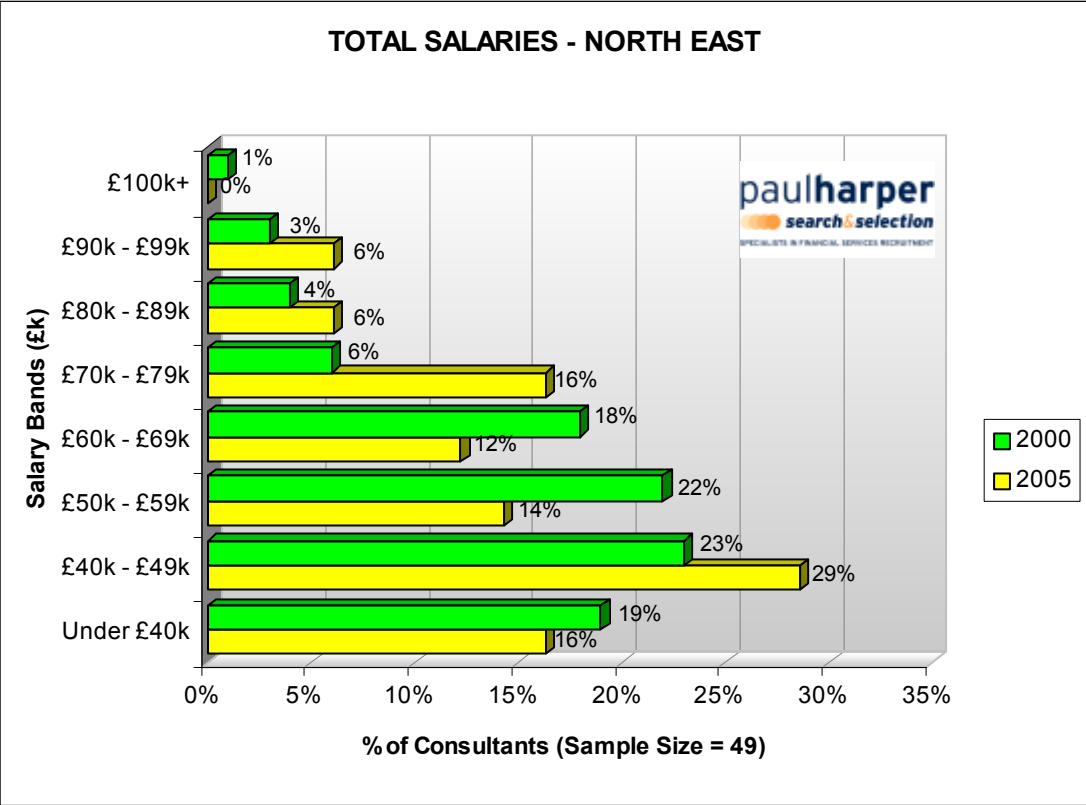
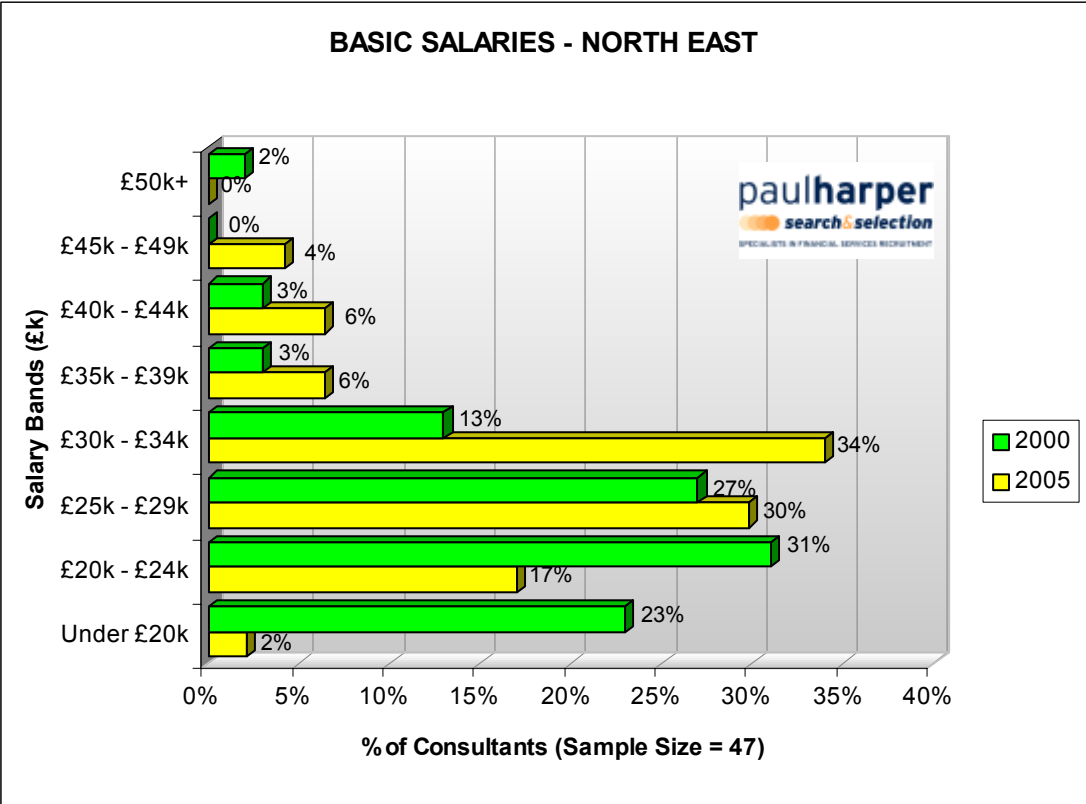
### BASIC SALARIES - EAST ANGLIA



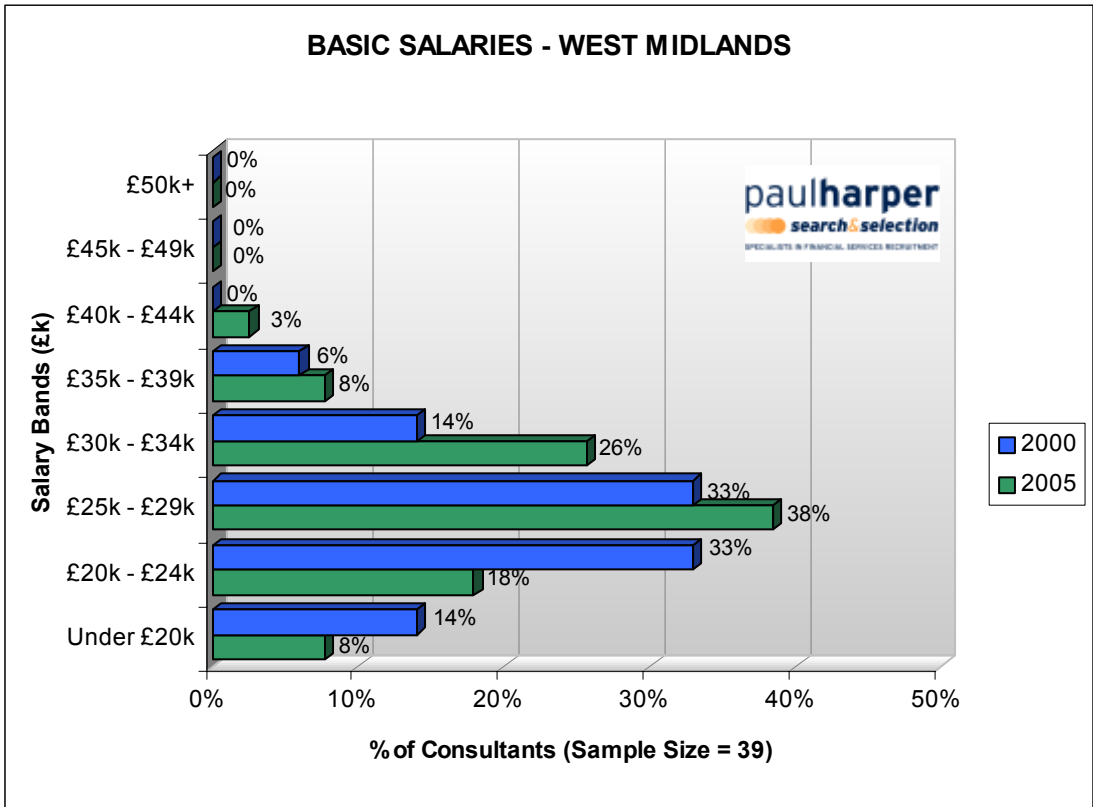
### TOTAL SALARIES - EAST ANGLIA



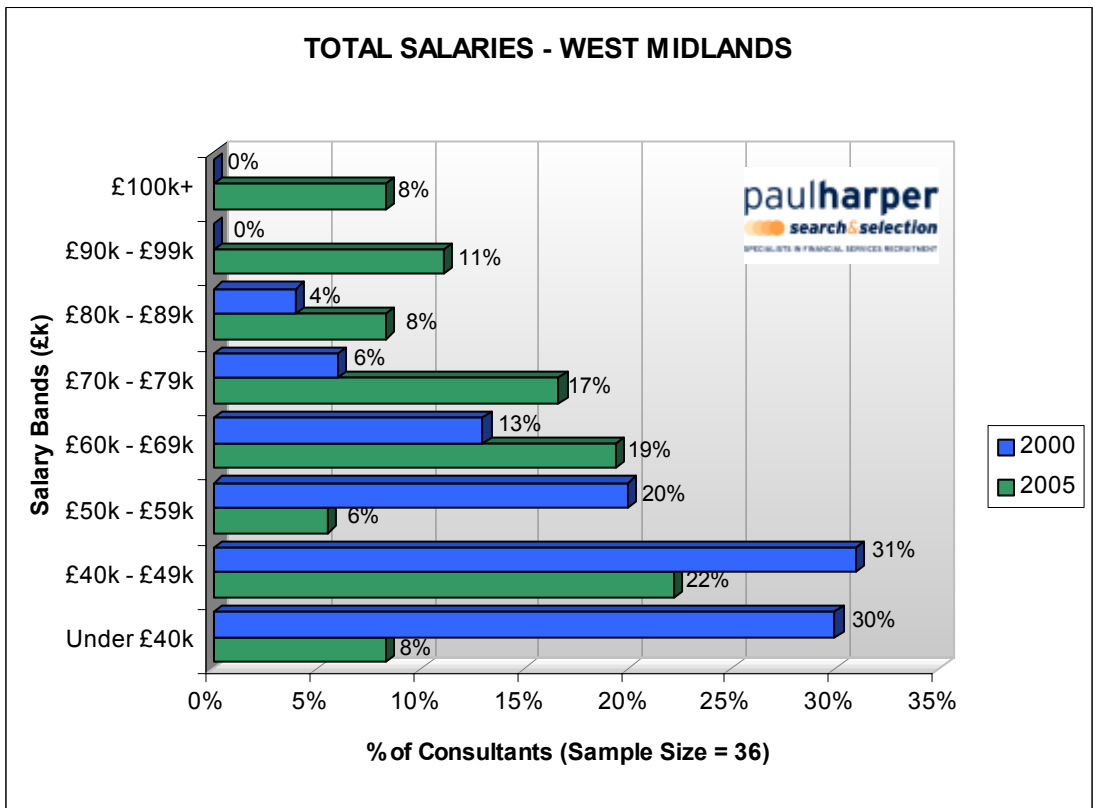


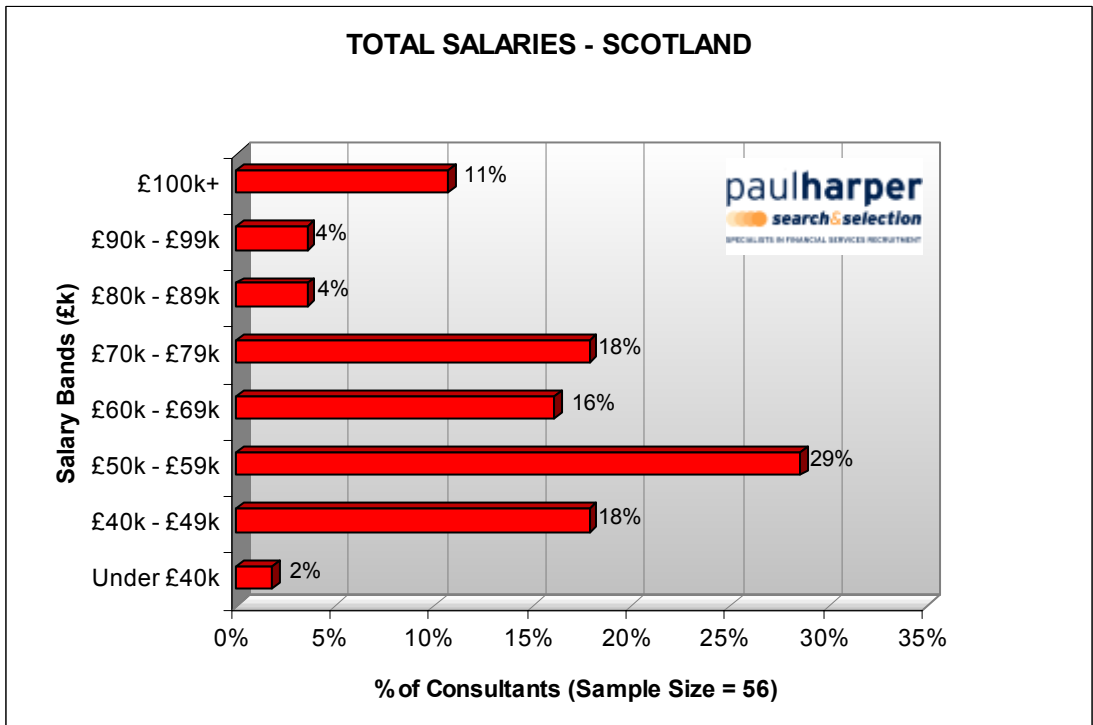
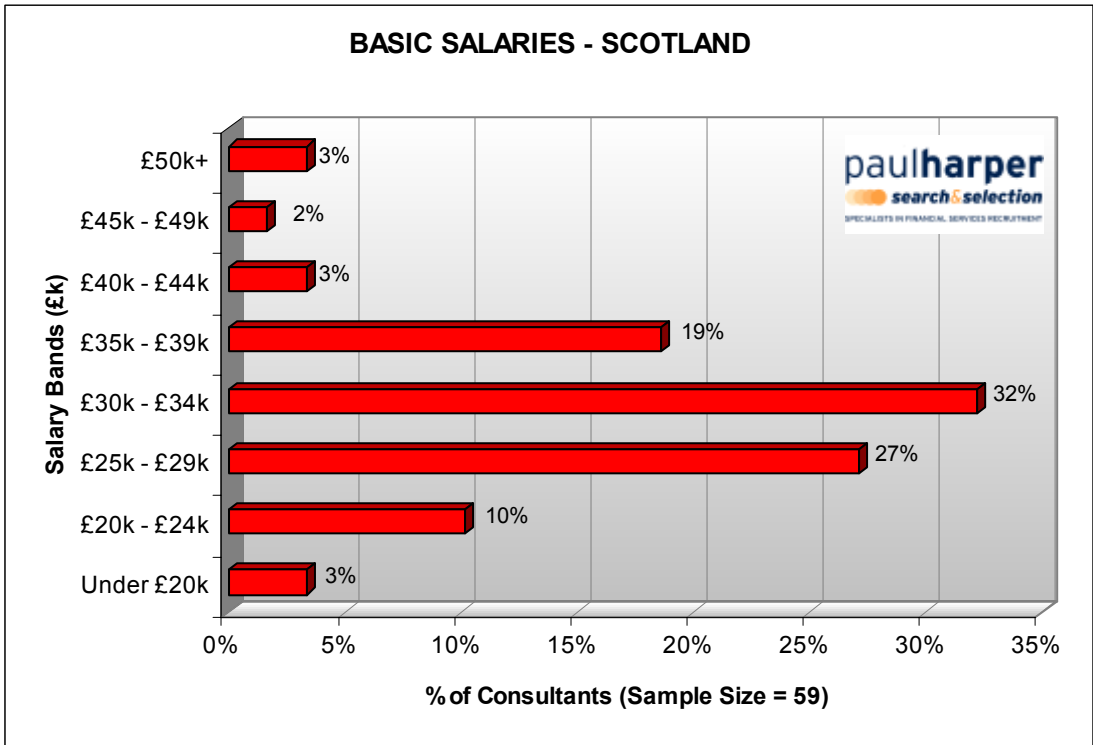


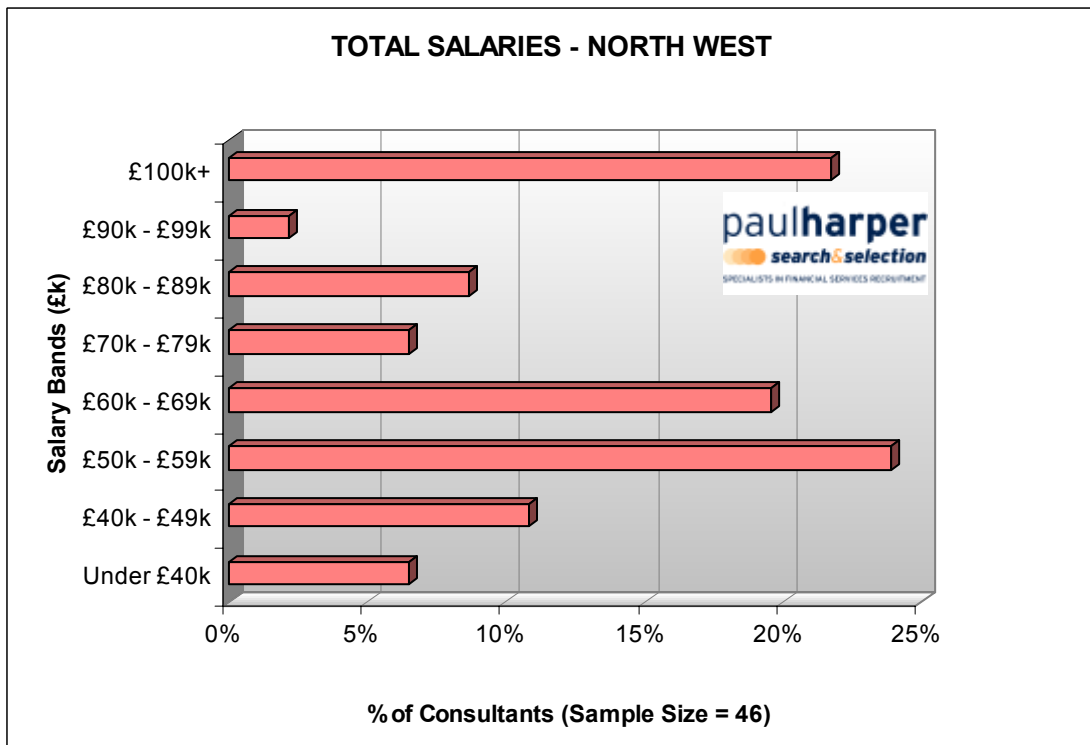
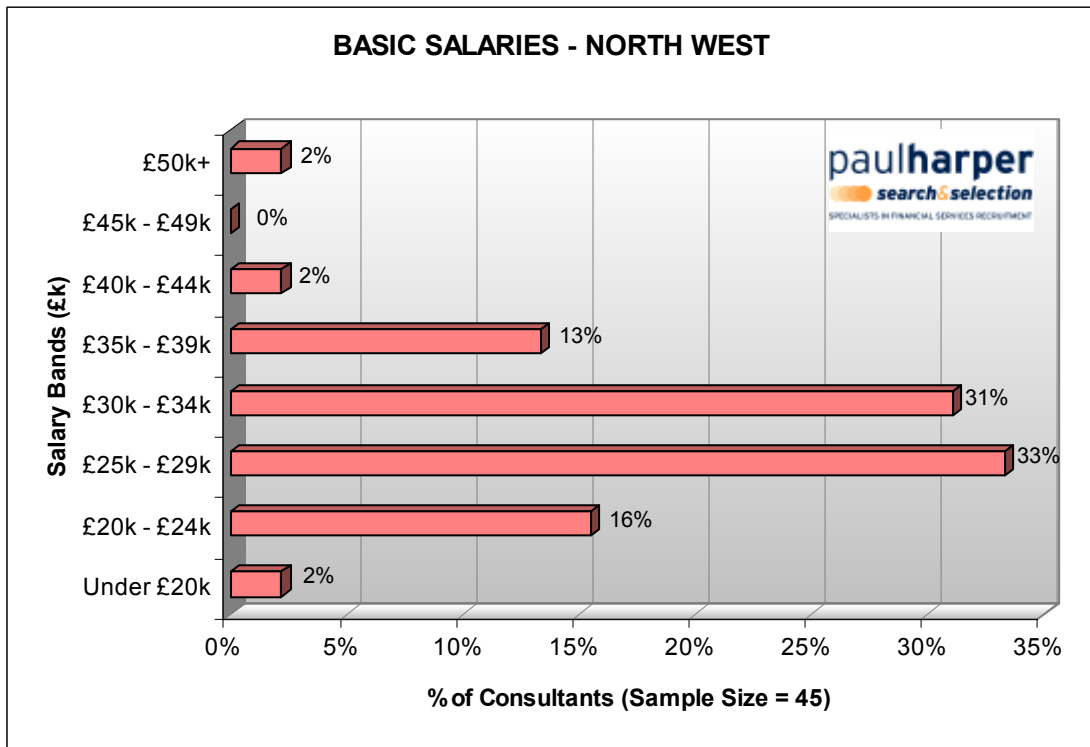
### BASIC SALARIES - WEST MIDLANDS



### TOTAL SALARIES - WEST MIDLANDS



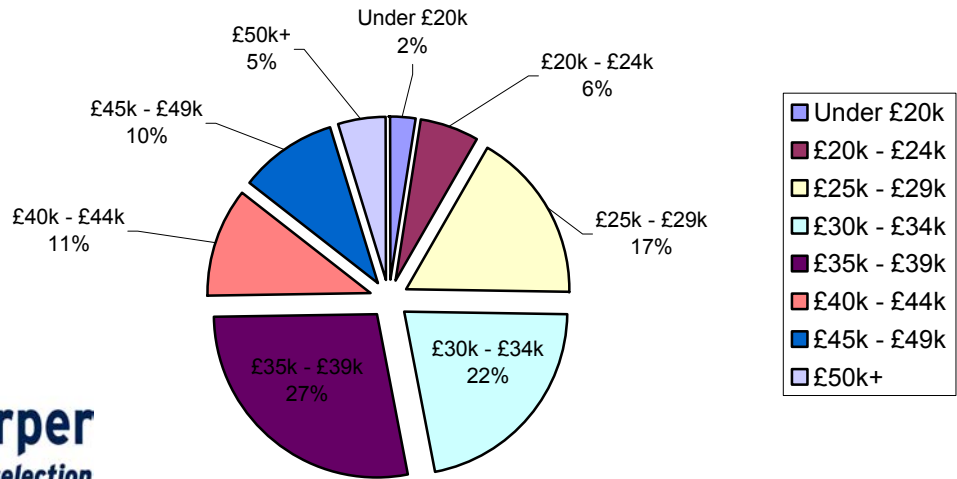




# **GRAPHS**

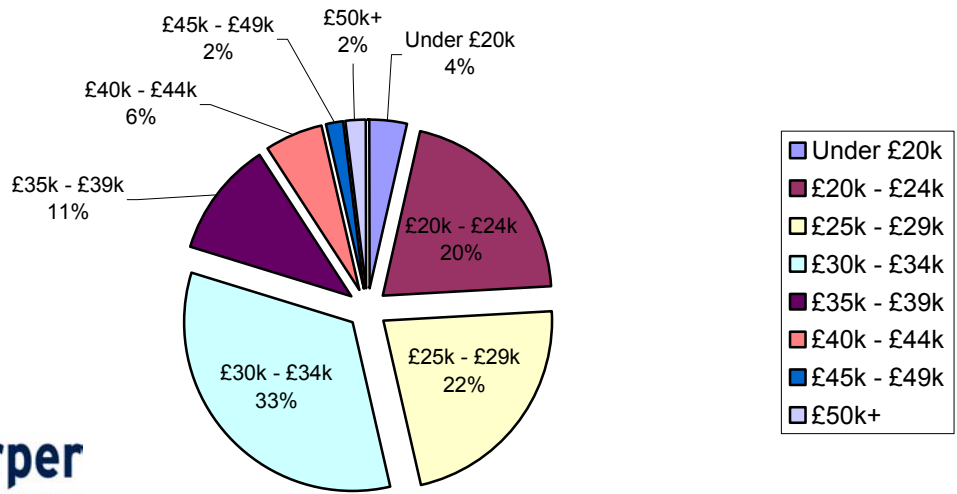
## **Breakdown of Basic Salaries by Area 2005**

### BASIC SALARIES 2005 - LONDON



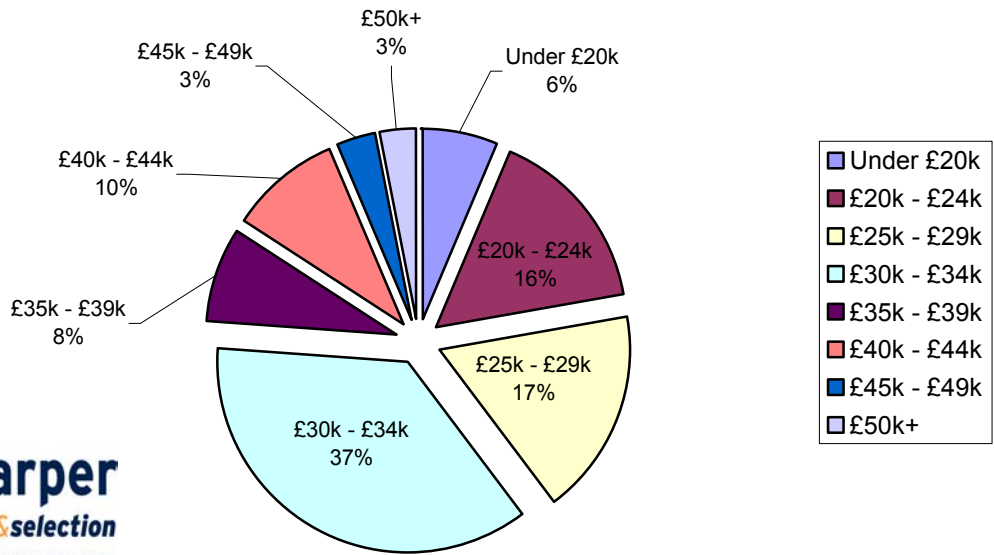
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### BASIC SALARIES 2005 - EAST MIDLANDS

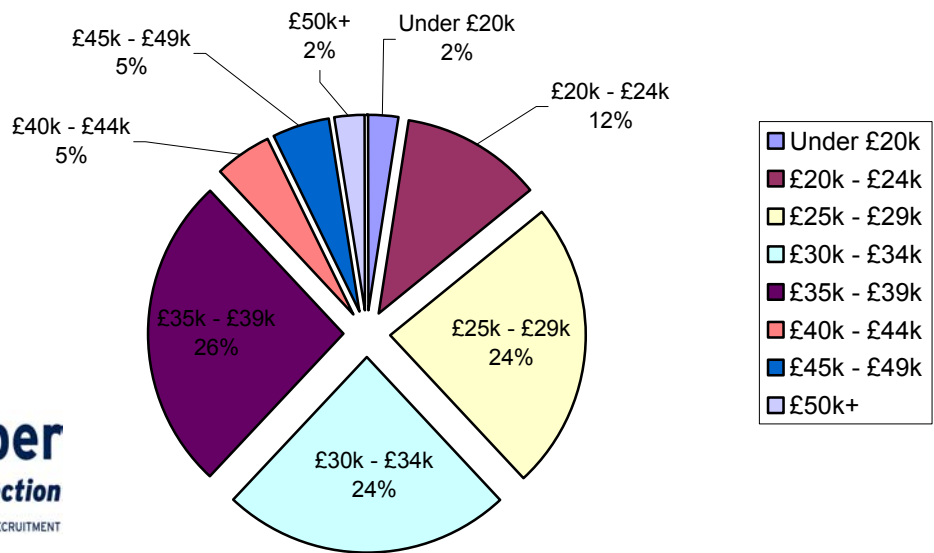


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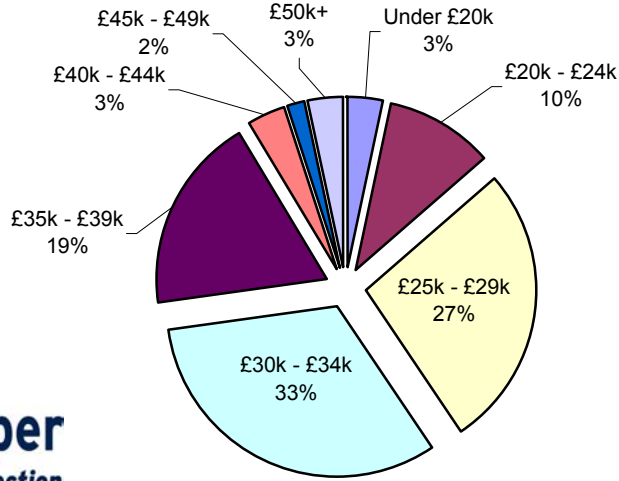
### BASIC SALARIES 2005 - SOUTH EAST



### BASIC SALARIES 2005 - SOUTH WEST



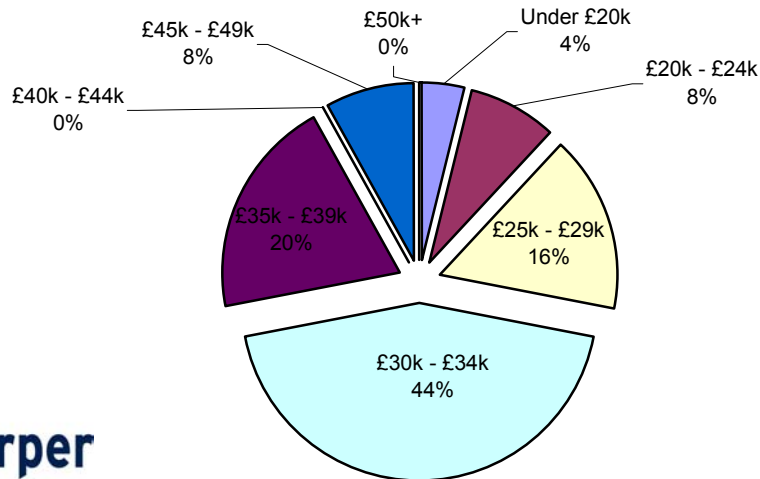
### BASIC SALARIES 2005 - SCOTLAND



- Under £20k
- £20k - £24k
- £25k - £29k
- £30k - £34k
- £35k - £39k
- £40k - £44k
- £45k - £49k
- £50k+

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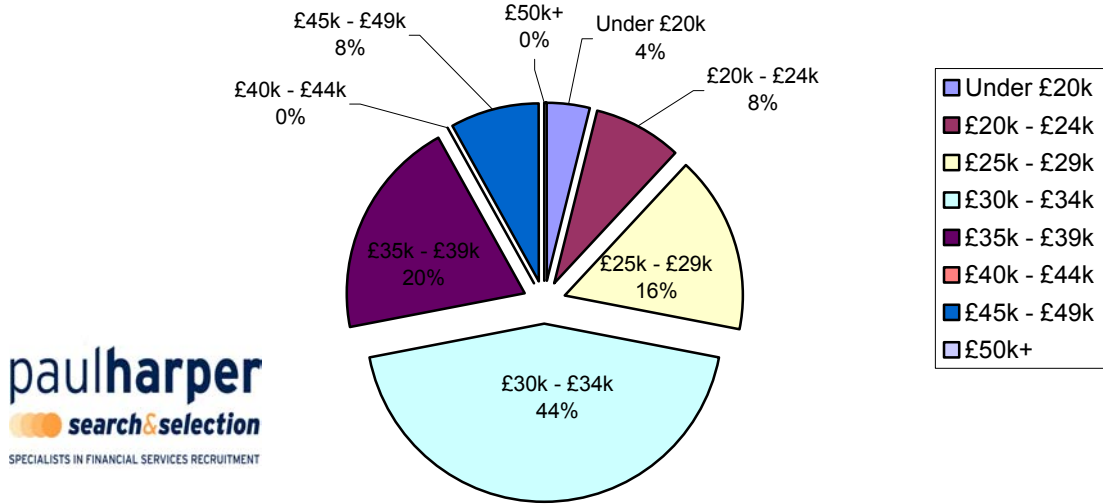
### BASIC SALARIES 2005 - EAST ANGLIA



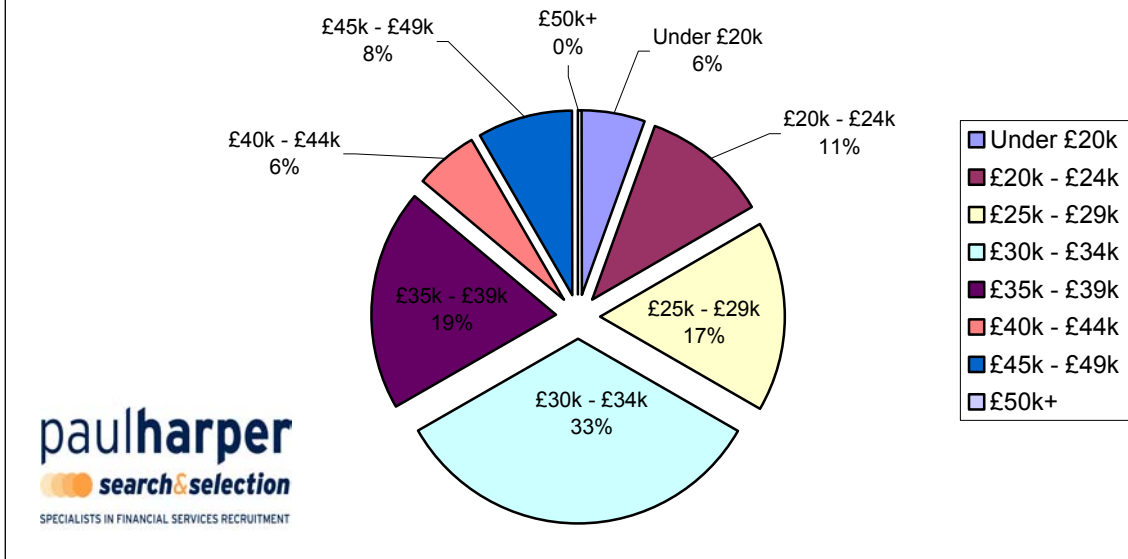
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### BASIC SALARIES 2005 - SOUTH COAST



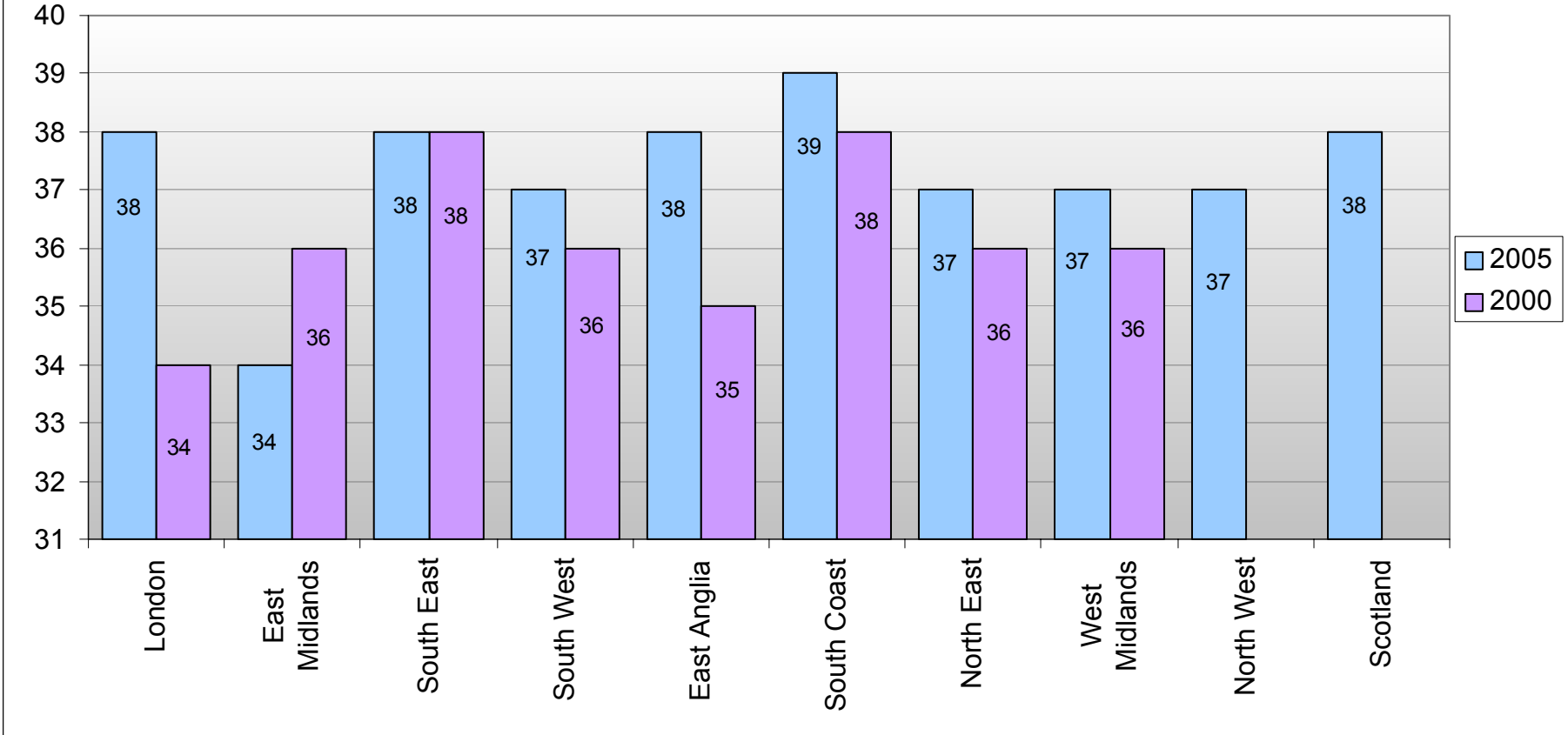
### BASIC SALARIES 2005 - NORTH EAST



# **GRAPH**

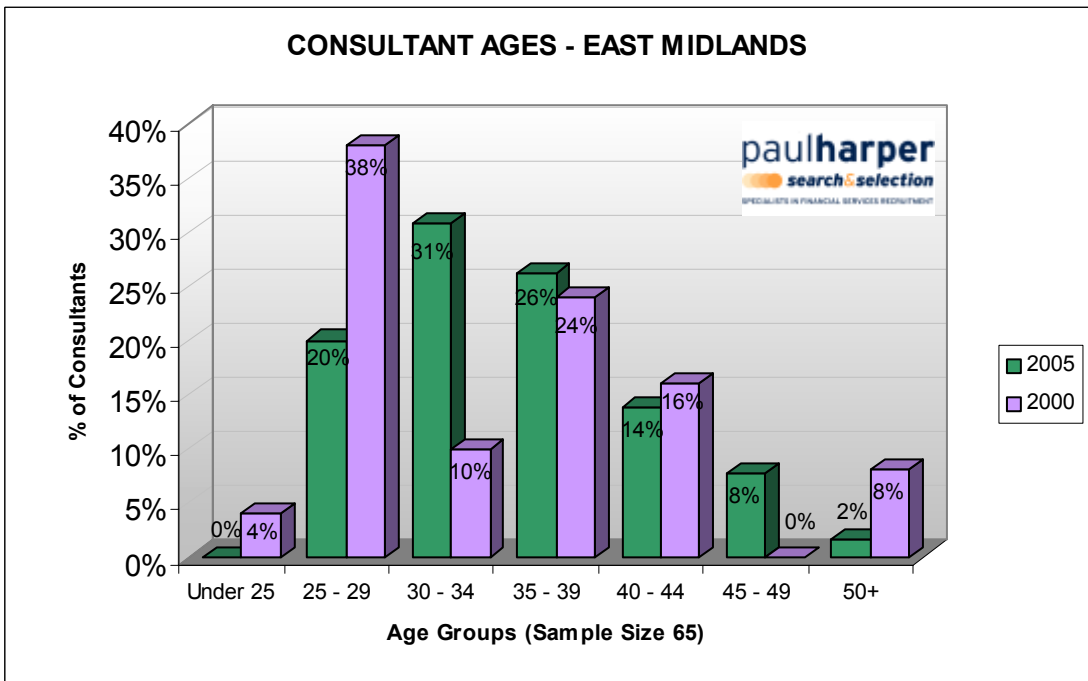
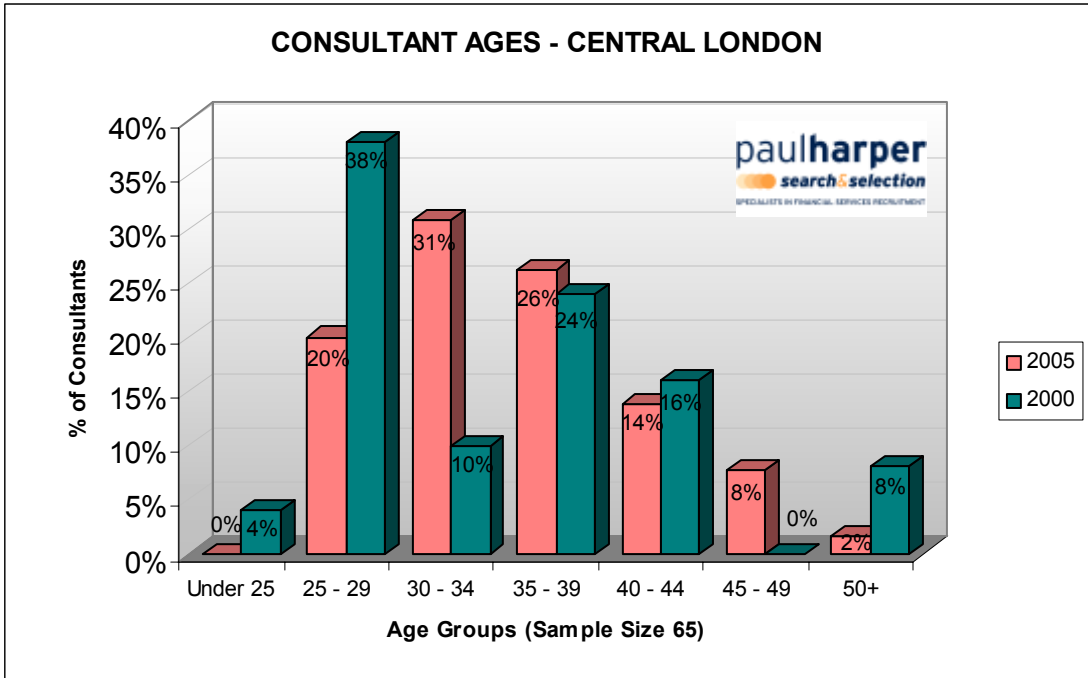
## **Mean Consultant Age by Area Comparison of 2004 with 2001**

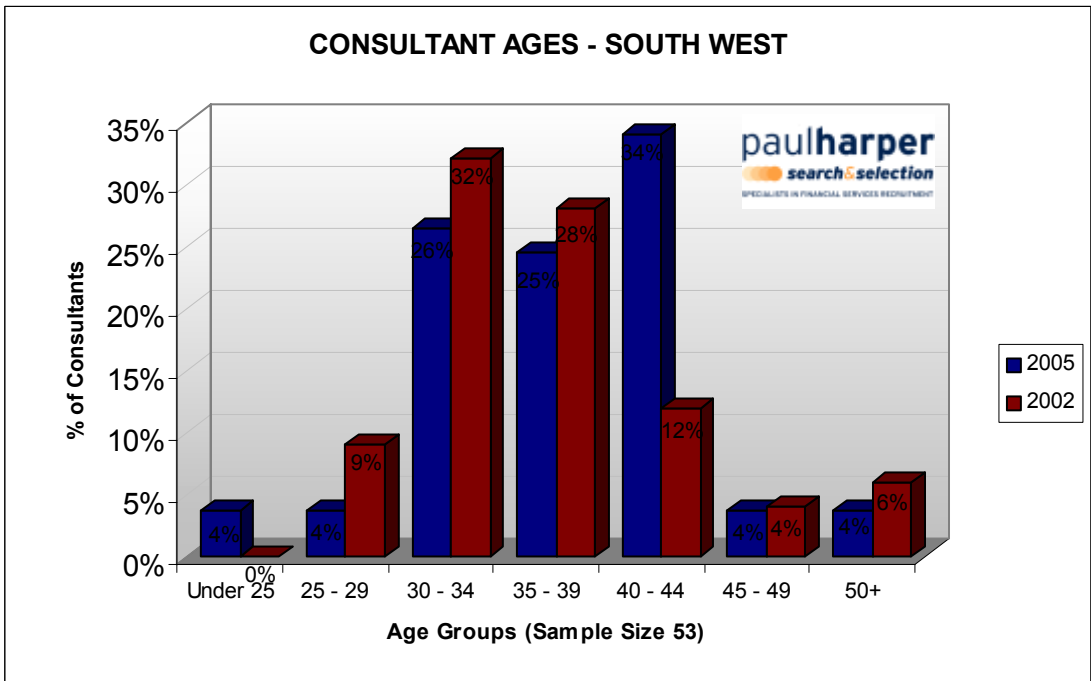
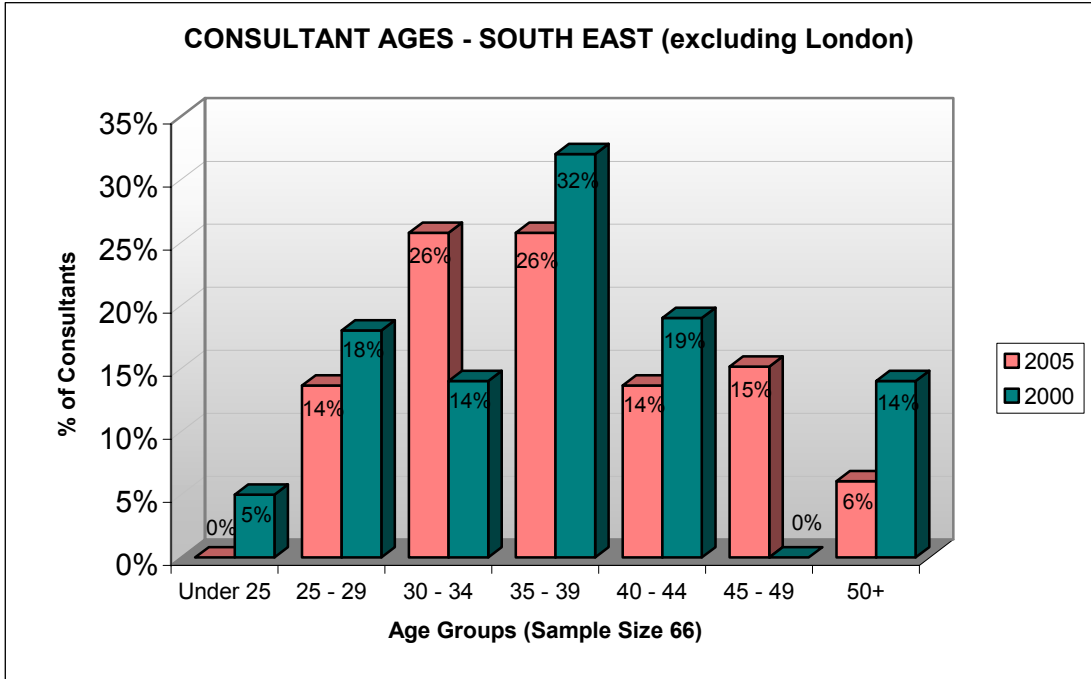
# MEAN CONSULTANT AGES BY AREA

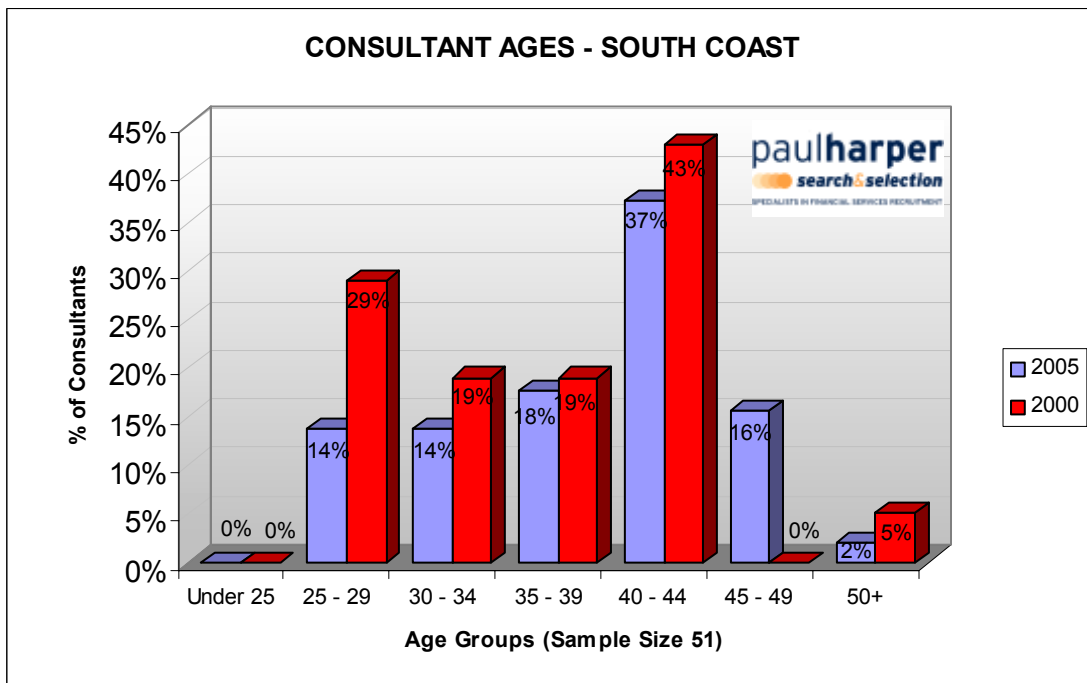
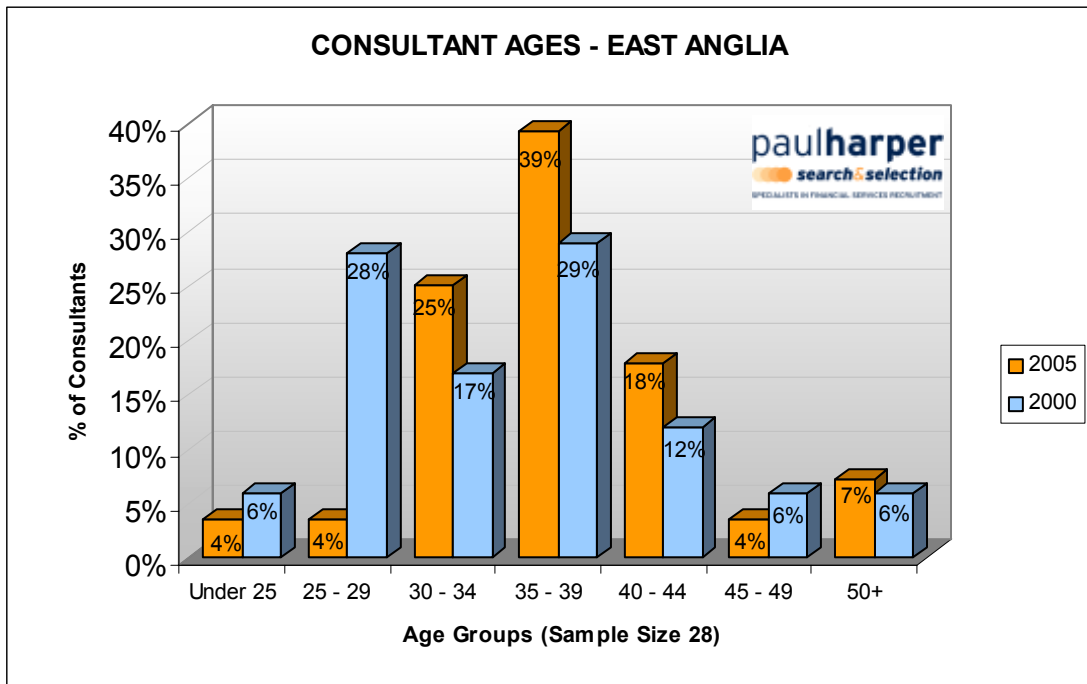


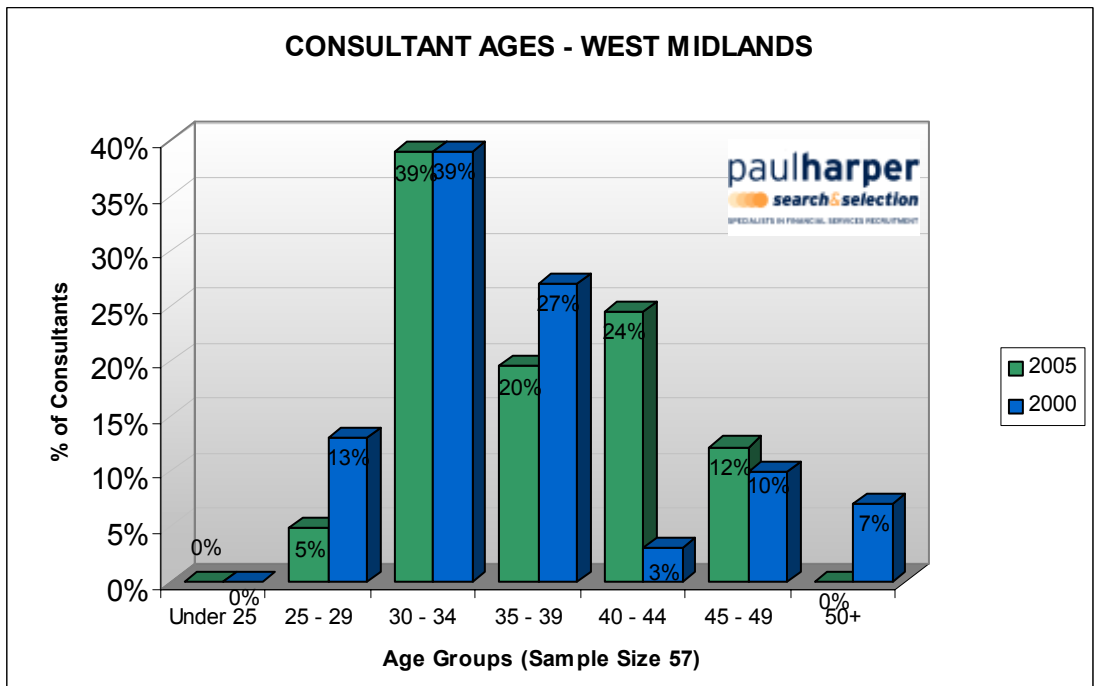
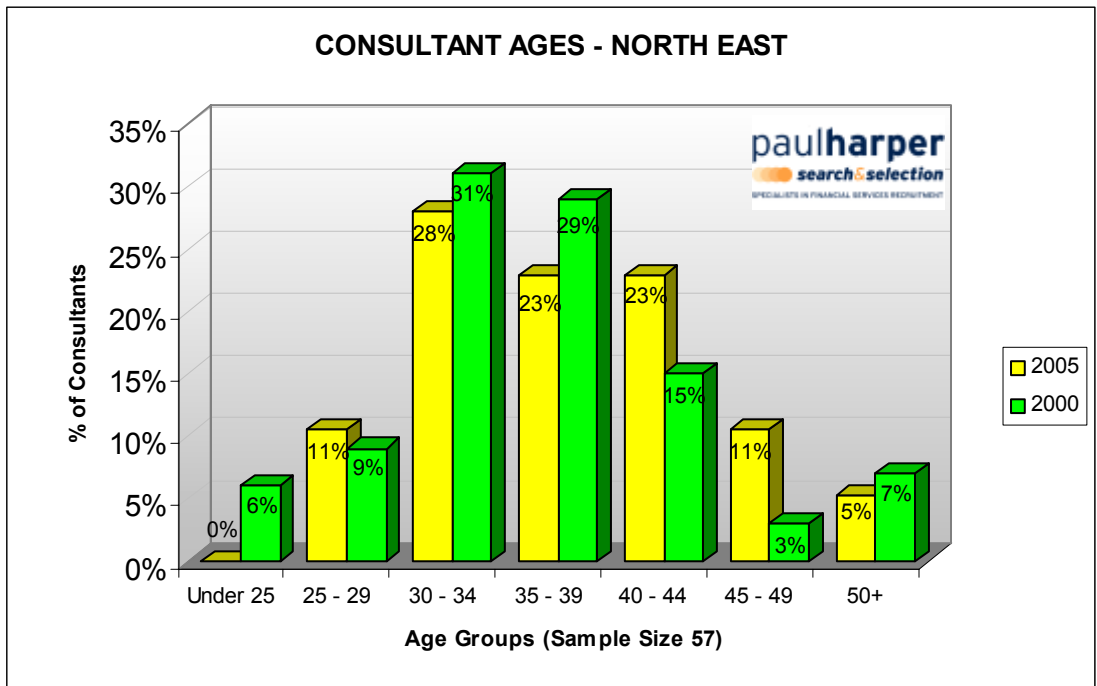
# **GRAPHS**

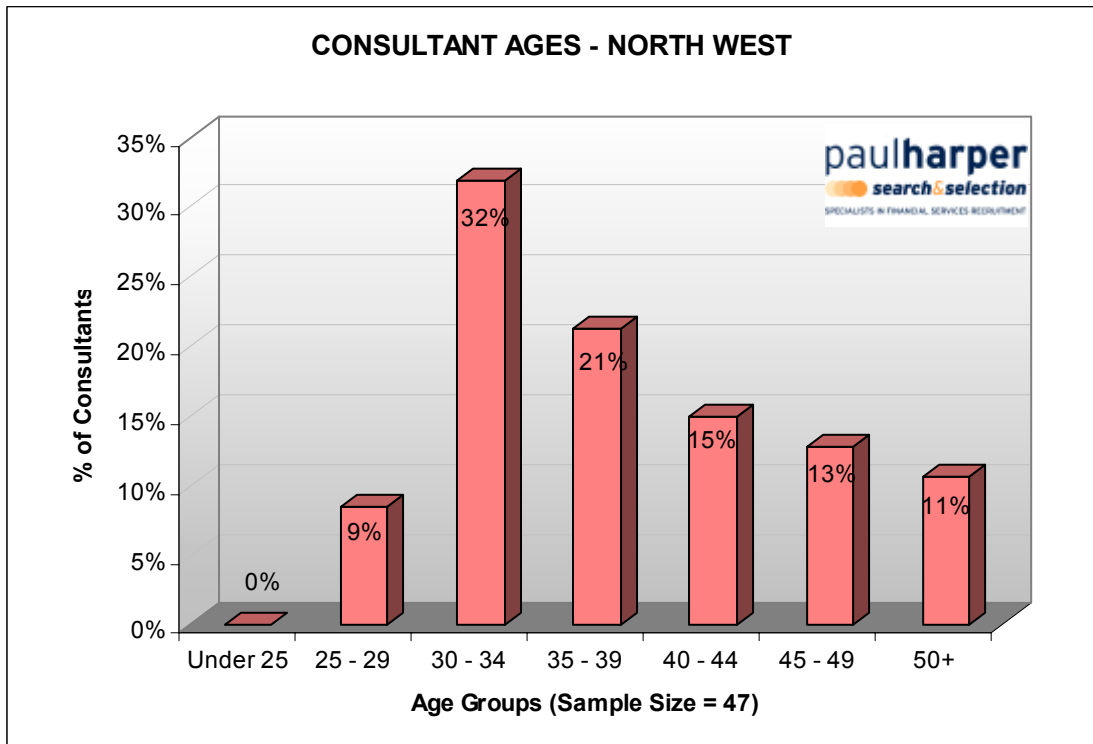
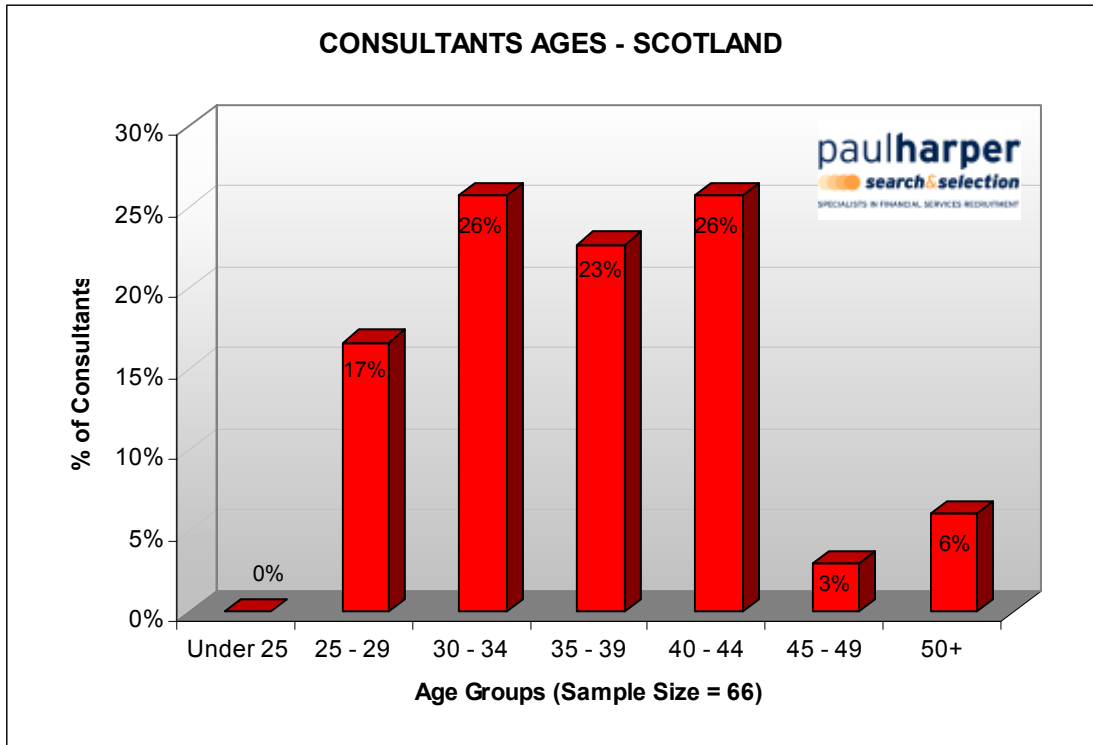
## **Consultant Ages by Area Comparison of 2005 with 2000**











## **The Facts**

### **National Salary and Age Comparisons with last year and 2000**

Mean total earnings for Life Office Account Managers rose by approximately £7,000 (9%) in 2005 thanks to favourable market conditions. Basic salaries fell slightly over the year. The mean basic salary for an Account Manager is now £30,727 with mean total earnings of £68,306. Since 2000, mean basic salaries rose from £25,394 to £30,727 which is a rise of 21% and mean total earnings rose from £54,543 to £68,306 which is a rise of 25%. Basic salaries have risen faster than total earnings over the 5 years but this trend was reversed during 2005.

### **Ages**

The last time we surveyed ages was 2000.

Ages have risen in every area with the exception of the East Midlands. The biggest increase in age profile has been in London. The average age of a Broker Consultant in London has risen from 34 to 38 which indicates that people are staying in the role longer.

This also reflects the fact that when most companies downsized in 2002-4 they retained the high performers with long IFA relationships and the lower sales performers who tended to have lower sales targets and less experience were lost through natural wastage and redundancy. In view of the limited number of new entrants to the profession, this is not that surprising.

When dividing the population into quartiles, all have enjoyed increased total salaries although top quartile individuals have seen the largest increase at 17%. This is probably a reflection of favourable market conditions and company bonus schemes geared to reward over-performance. Top quartile Consultants earned £80,000 which is a significant rise from £68,125 the previous year

Basic salaries have seen a slight fall at all levels apart from the very highest earners. As the fall is so small, it may not be statistically significant. Certainly, companies have not reduced the salaries of any Account Managers so this must reflect a slight shift in the population perhaps with higher earners leaving and lower earners joining. We probably should not read anything into this as a trend until the 2006 figures become available in 12 months time.

Since the demise of the Life Office Branches and training schemes in the mid 1990s, we have seen an increase in ages as companies have failed to bring in

new blood. Most of the emphasis has been in recruiting experienced Consultants from competitors rather than taking time to train their own. With pressures on immediate impact in sales performance, companies now feel that recruiting from the competitor arena produces faster results and is less risky than training-up staff who will later be poached by a competitor.

Over the past 5 years, Field Based Account Manager numbers have fallen as companies have looked at other ways to manage their distribution. In particular, we have seen the rise of Telephone Account Managers. Typically, only the largest IFAs now have a face-to-face Consultant with others being dealt with by telephone. We understand from one Life Office source that a Telephone Consultant costs roughly half the price of a Field-Based Account Manager (taking into account the additional costs such as car, travel allowance etc. but can produce up to 70% of the volume produced by a Field Consultant.

A number of Offices have spent 2005 trying to build their Telephone Teams without success due to problems of high turnover, meaning it is difficult to recruit at the rate they lose staff. However, as numbers begin to steady out, we would expect to see a significant increase in the number of Telephone Account Managers at the further expense of Field Based Consultants. Increasingly, the Field Consultants that remain are those who are good relationship builders with good technical knowledge. In recent times, companies have become more scientific in their down-sizing so those selected out tend to be younger, less successful ones whilst longer serving Account Managers with good relationships have been able to "name their price". Competition for good Account Managers has never been fiercer. We have also seen a number of internal promotions over the past 12 months as certain companies have fought to keep individuals who may be seeking opportunities elsewhere.

## **Regional Breakdown**

As expected, those with the highest basic and total salary packages are those based in Central London. A mean basic of £34,355 and total earnings of £75,744 still places London ahead of all other regions. London has traditionally had the highest earnings but total earnings in London have increased only by a negligible amount in the last 5 years, while other areas are catching up. While regional variations have survived, the lowest earners previously lived in the Midlands and although they still lag behind London, previously mean earnings for Account Managers in the West Midlands was 63% below those in London. This gap has now reduced to 24%. The lowest paying area is the North East with mean total earnings of £55,622 which is only 36% below London. Typical Consultants living on the South Coast now earn almost as much as London Consultants having seen their salaries increase by almost 50% over the last 5 years. Those living in Scotland and

the North West are not far behind. We suspect that the flat-line total earnings in London reflects the fact that several Offices have reduced the bonuses they pay for group schemes, a traditional source of sales success for Central London offices. Now Life Offices prefer to reward individual product sales, this has undoubtedly impacted on the earnings of some of the Group Pensions Specialist Consultants and the Specialist Account Managers based in Central London.

We looked at earnings by region and for the first time we have included Scotland and the North West as the demand for our services has extended throughout the UK. Scotland and North West now appear to be the third and fourth highest earners in the survey.

## What Conclusions can we draw?

Regional variations seem to have reduced over the past few years, perhaps as Account Manager territories have grown and companies have become more sophisticated in their bonus scheme offerings. Increasingly, companies have moved away from the sale of group business which often provided repeat income for Corporate Account Managers based in Central London, and focused on individual new business. While each individual graph shows the spread of earnings by location, it can be noted that many of the top earners are now in the £100,000+ bracket which was almost unknown back in the year 2000. The one exception to this is London where 26% previously earned over £100,000 and this is reduced to 19%, but in all other areas, a significant minority are now earning over £100,000. This survey does not deal with the differences between Life Offices (although we can be commissioned to undertake this work) however, we can confirm that some Offices paid almost a quarter of their total Field Account Managers over £100,000 whereas at least one Office makes it almost impossible to earn this figure. There is now a real battle developing between those companies committed to sales growth and those companies seeking to increase profit margins. Those committed to growth tend to offer attractive basic salaries and guarantees to attract the best individuals to work for them and an uncapped bonus scheme with significant earnings for over-performance.

Those committed to increasing profit margin tend to have more complicated bonus schemes, which are designed to restrict earnings. In some cases, basic salaries are increased at the expense of capping or restricting total earnings. At least one Life Office traded higher salaries for capped total earnings in 2005. Not surprisingly, this approach is not conducive to recruiting good people so it works best where a company is seeking to reduce or hold steady Field Account Manager numbers.

The outlook appears to be bright for Life companies and Investment Houses. Market confidence means that new entrants have appeared in 2005 to 2006 who will be seeking to recruit from the existing intermediary sales forces. Investment Houses will also be seeking experienced Life Office Account Managers to gain an understanding of Life Office distribution as they increasingly utilise Life Offices as their main means of distribution to the end consumer. Life Offices will therefore find their Account Managers under attack from 2 directions, new entrants and investment houses. As the IFA market continues to look bright, a number of Account Managers will choose to move out of Intermediary Sales and into the IFA sector. It will therefore be necessary for Life Offices to recruit staff even if they just wish to hold numbers steady. There are two routes to this, developing your own or recruitment. Every Life Office would be advised to develop its own training programme though this looks unlikely in the short term. Recruitment is presently focused on recruiting from competitors. We believe the next year will see Life Offices

recruiting young qualified IFAs with a good knowledge of the end customer who can be trained in Intermediary Sales.