

**THE SPECIAL (SMALL) ACCOUNT  
UNIT (SAU) FOR RETAIL  
INVESTMENTS/BROKERAGE**

**ALSO CALLED  
CENTRALIZED SERVICE UNIT  
(CSU)**

**A White Paper prepared by:**

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## **DESCRIPTION**

This is a separate unit within the brokerage program/department where small account administration is centralized. This unit often fills other roles in addition to servicing small brokerage accounts including handling books in transition, certain operational functions, supporting a conversion of the program or an incoming book, servicing orphaned annuity accounts.

This unit will be staffed (initially) by a fully licensed broker. Sometimes the representative is a licensed assistant promoted to this position. Sometimes the representative is an experienced representative who for various reasons is not suited for a prospecting/sales driven position. As the unit grows, assistants can be added to create capacity. As the role of the unit evolves, additional representatives will be needed.

## **MANDATE AND PURPOSE**

- Remove small, low value and high maintenance accounts from the books in the field to relieve them of the unproductive work associated with that type of account.
- Lower the cost of service to accounts assigned to this unit to improve the profitability of the unit and the organization.
- Manage the risk (compliance and arbitration) caused by the neglect these accounts receive in the field.

## **BENEFITS OF CONSOLIDATION**

- (a) *Reduce the Time Consumption of the producing Representatives.* The time involved with these accounts is taking away valuable time that could be refocused on selling new business. Representatives will have more time to concentrate on selling (and servicing high value clients) because they are dealing with fewer administrative issues.
- (b) *Cost Containment & Potential Profitability.* By combining administration to one representative or unit, costs can be controlled with stronger potential for achieving profitability. Generally, greater efficiencies should be had as a result of better utilizing existing staff.

- (c) *Minimize operational and compliance risk.* Small accounts are often neglected and ignored by the field staff. That creates heightened risk.

## **CONCERNS ABOUT CONSOLIDATION**

- (a) *Lower Revenues.* Some representatives may be hesitant to consolidate if it means potential loss of revenues. While always a modest amount, these accounts often have trailers that generate some revenue – without the representative really doing anything.
- (b) *Lost Potential.* The representative in the field is hesitant to give up the “relationship” because if the customer “wins the lottery” they feel they would normally get that call.
- (c) *Reduced Level of Customer Service.* There may be some hesitancy associated with the potential loss of customer service resulting from a “call center” approach. This perception may be felt more by the retail bankers and managers in the offices than by the representatives.

## **BUSINESS SYNERGIES:**

We want our field representatives to reach ever increasing production goals while providing an appropriate standard of service to existing clients. The delivery of quality service is part of the value proposition of a community bank. Delivery of Service Standards that are appropriate for the value of the customer are a part of the expectations for the representatives. The field representatives will find it increasingly difficult to meet the above objectives if burdened by the small accounts.

Accounts will be reassigned to the representative(s) in the unit. IF, during a service contact, the customer indicates a need that might generate significant revenue and needs a face to face meeting, an appointment will be made for the representative in the field. And if the revenue generated makes the client a “good C or better” the account will be reassigned back to the field. IF, a customer does a transaction within the account that revenue will be kept in the unit.

## **STANDARDS OF SERVICE AND SERVICE DELIVERY MODEL**

- No proactive face-to-face service meetings.
- No face to face review meetings
- Proactive contact on the phone but limited.
- Local number automatically forwarded (whenever possible).
- Caller ID on the unit phones?
- Working files close at hand. No files will be kept in local offices.
- Depending on the broker dealer's services, we may need to add an automated contact management system with the capability of attaching documents to a contact record.

## **TEAM STAFF AND STRUCTURE**

The staff in this unit needs to have a unique skill set. Sales skills are unimportant. Telephone relationship management skills are very useful. Experience in a call center from any industry is useful. Service skill and attitude is useful as long as the representative understands the need to balance efficiency with responsiveness with the clients on the phone.

There is a need for the primary representative to have strong industry knowledge and some compliance sense. There are risk management and compliance management issues involved in managing accounts in an SAU. This is not a role for a new Jr. Broker although a Jr. Broker could benefit from spending time in such a unit during their training period.

The physical location of the unit is unimportant. It can be located wherever you have the "right" representative and space. With today's technology, it does not have to be located in the "main" office. There are some advantages to management if it is where the program manager is located but it is not necessary.

## **OTHER PRODUCTS/SERVICES/FUNCTIONS**

This unit usually starts as an SAU / CSU but its role can be expanded. The expanded roles might include:

**Handling books in transition:** When a representative in the program leaves, their book will be assigned to the unit. It will (generally) be kept intact for redeployment to the field when the field representative position is re-filled. It could be “triaged” before going back to the field and small and/or non-responsive small accounts could be kept in the unit. This would give the new representative a “cleaner” book to start with.

In some (hopefully rare) situations, the book of a departing representative might be disbursed to several representatives in the field rather than replacing the representative. In this case, the obviously “good” accounts could be disbursed right away and the “questionable” accounts assigned to the unit for triage before being assigned back to the field.

**Certain operational functions:** Account closing, Coordinating the on-boarding with new clients, supporting the compliance function are all possible roles this unit could support.

**Supporting a conversion of the program (or an incoming book):** If this unit has capacity, it could be a key part of the conversion success. They could help with the paperwork and process of the conversion.

**Servicing orphaned annuity accounts:** Many banks have old platform programs with annuity contracts in force that are not assigned to anyone. The companies will often re-assign those contracts to an agent or representative – not necessarily your representatives. This unit could handle annuity contracts from dormant platform program and/or from platform representatives that are no longer a part of the program.

## **PROCESS OF ACCOUNT REASSIGNMENT**

### **Phase I – Test Cases**

These accounts are generally very small balances that are easily identified by representatives as obvious targets. These are accounts that the representatives in the field volunteer to give up. This should be 50-100 in number just to get the intake and management systems in place. This should take less than 30 days.

### **Phase II – Triaged Accounts**

The common approach to small accounts is to triage in the field the “C” accounts. This is usually a job for the licensed assistants or a junior broker. The small account holder is called at least twice. If they respond to the call(s) they are often considered “C”s and kept in the field. If they do not respond to at least two attempts to contact, they receive a letter that again offers a review conversation but informs them they are reassigned to the representative in the unit. (The unit is not named but the representative is..)

Depending on the size of the program (number of offices etc), this approach can be done one market at a time or where you have the licensed assistant or Jr. broker to do this triage work.

If you do not have Jr. brokers or licensed assistants, the field representative can and should be doing this on an ongoing basis. This process will feed the small account unit a few every month from each of the representatives.

In some circumstances the small account unit would do the triage calls for a field office. They would make the two (or more) telephone attempts and if the client responds, they would set the appointment for the field representative and leave the account in the field. If the customer does not respond, the letter is sent and the account reassigned to the unit.

### **Phase III – Low Value Accounts**

These are accounts of any size that will be reassigned from the field over time. The representatives will identify dormant accounts or accounts where no local contact is necessary – and the potential for more revenue is limited – and will reassign them to the unit.