

# **THE SPECIAL (SMALL) ACCOUNT UNIT (SAU) or THE CENTRAL SERVICE UNIT (CSU)**

**A White Paper prepared by:**

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## **Description**

This is a separate unit within the division where small account administration is centralized. This may be (initially) a Jr. officer or in some organizations this unit is staffed by multiple officers and multiple support staff. Sometimes the lead administrator is a senior assistant promoted to officer level for this position. Sometimes the lead administrator is a very experienced trust officer who just cannot survive in a sales driven position.

Typically a threshold of asset size is established below which accounts are moved to the SAU. Usually association with larger relationships is a reason for not moving an account to the SAU.

## **Mandate and Purpose**

- Lower the cost of service to accounts assigned to this unit to improve the profitability of the unit and the organization.
- Collect the full standard fee on all accounts.
- Eliminate accounts whenever appropriate by moving to brokerage, closing and distributing, or feeing to zero.

## **Benefits Of Consolidation**

- (a) *Cost Containment & Potential Profitability.* These accounts are currently being serviced by multiple administrators. By combining administration to one officer or unit, costs can be controlled with stronger potential for achieving profitability.
- (b) *Reduce Administrator's Time Consumption.* The time involved with these accounts is taking away valuable time that could be refocused on selling new business. Administrators should have more time to concentrate on selling because they are dealing with fewer administrative issues and fee issues.
- (c) Minimize operational and fiduciary risk. Small accounts are often neglected and ignored by the field staff. That creates heightened risk.
- (d) *Focused effort on Terminating Unprofitable Relationship and/or Repositioning Business.* The Small Account Administrator will be able to focus efforts on transitioning business to the retail investment area. Secondly, unprofitable relationships can be moved to termination.
- (e) *Greater Efficiencies.* Generally, greater efficiencies should be had as a result of better utilizing existing staff.

## **Concerns Of Consolidation**

- (a) *Lower Office Revenues.* Some Market Managers may be hesitant to consolidate if it means potential loss of department revenues.
- (b) *Reduced Level of Customer Service.* There may be some hesitancy associated with the potential loss of customer service resulting from a "call center" approach. However, this approach allows maintenance of the account with lower fees and brings the service in-line with the fee.

(c) *Burden Placed on Market Manager of Unit Location.* The location of these accounts in a single location may increase the “problem” account burden for the local Market Manager thereby diminishing some of the return.

### **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.

There is a need for the officer in charge of the unit to have strong fiduciary skills. There are risk management and fiduciary management issues involved in managing the accounts in an SAU.

A portfolio manager will be assigned to this unit. This is not expected to fully utilize a portfolio manager so it will be an “additional” assignment for an existing portfolio manager or a training area for a new PM.

### **Standards of service and service delivery model**

- No proactive face-to-face service meetings.
- Proactive contact on the phone but limited.
- Mutual Fund will generally be used for the investments.
- Local number automatically forwarded (whenever possible).
- Semi-Annual Statements (with internet access)
- Caller ID on the unit phones?
- Working files close at hand. No files will be kept in local offices.
- Will have automated contact management system with the capability of attaching documents to a contact record. Documents such as a scanned copy of agreements, synoptic record, the checklist.....

**Other Products/Services/Functions**

This unit could provide the administrative function for Investment Management accounts where the investments and relationships are managed by an Investment specialist who is also designated a trust officer and is ultimately responsible for all aspects of the relationships. Often an administrator is assigned to that account to provide the “back room” administrative functions.

It is common to centralize all Irrevocable Life Insurance Trusts in this unit. Even those associated with other Trust relationships.

Sometimes certain operational/administrative functions can be centralized in this unit. The Account closing function is an example.

## **PROCESS OF ACCOUNT REASSIGNMENT**

### **Phase I**

These accounts are generally fiduciary accounts with very small balances that are not associated with larger relationships. The administrator has deemed that there is no opportunity for additions to account within next six months. These are accounts that the Administrators in the field volunteer to give up.

The first wave will be:

- About 25-35 in number just to get the intake and management systems in place

Second wave:

- All the rest of the accounts fitting the description above that have been “offered” by the administrators. Depending on the number, the intake volume is managed by accepting groups from each administrator, one administrator at a time.

### **Phase II**

These accounts will be in size up to the minimum size driven by the fee schedule. These are accounts that the administrator didn't volunteer to give up the SAU. There may be vestiges of relationships with the client. There may be strong relationships with the client that are causing the administrator to be reluctant to apply the minimum or to lower the service level being delivered.

- A targeted list will be created from operations of accounts meeting certain criteria of size. Each officer can petition to remove accounts from that list. The Manager will need to approve the removal from the list.
- This group will take longer to “intake”. They are not likely to come all at once. These are often dealt with in blocks from each administrator.