

## **AIMSE Annual Conference May 1-3, 2000**

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### **Conference Description**

The 23<sup>rd</sup> Annual AIMSE conference was held April 30 – May 3, 2000 in Orlando, FL. With the industry evolving, competition toughening, and technology expanding, common themes throughout the conference focused on the use of technology and importance of superior client service.

Over 500 AIMSE members attended the conference, including twenty-eight exhibitors, as well as representation from several consulting firms. Featured speakers gave advise on how to remain on top “keep it personal” and a reminder of “the power of one,” as well as political views on the current political environment.

### *Workshops/Courses*

Eleven panels of industry experts participated in general sessions, focusing on topics such as:

- Technology and delivering client service via the Internet
- Managing the shift toward alternative investments
- Structuring your partnerships with Consultants

Five professional development courses covered the Internet, Branding and Surviving tough Q&A.

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## **Executive Summary**

### *Technology*

- Three ways technology can help a multi-product, multi-office firm structure:
  1. Telecommunications
  2. Dissemination of information
  3. Information management
- Trends with plan sponsors that are driving the move to technology:
  - Increased regulations
  - Risk aversion, which demands greater oversight
  - Reduced resources, which requires reliance on technology
  - Internet as a delivery platform
- Technology is a substitute for communication; it should not replace personal contact
- Find out how the consultant wants you to communicate with them; different consultants within the same firm have different preferences
- The Internet increases responsiveness and creates transparency
- The web is a shift of power; returning power to the client
  - Seeing a lot more searches where being on the web is a criteria; especially in Europe
  - *SSB Citi Asset Management Group* was in two searches during the past six months where providing the client web access to their account information was a criteria

### *Client Service*

- There is a need for greater emphasis on strategic relationship knowledge; clients want assistance beyond the scope of their contract
- Capital Guardian does monthly conference calls where portfolio managers give updates; the result has been less frequent meetings for clients who dial in consistently
- It is hard to get clients to switch from being serviced by portfolio managers to the client service professional; you cannot cut clients off from the portfolio managers
  - May be best to have one model for older clients with the portfolio manager involved and another for new clients where the portfolio manager is not involved
- Consultants like to receive topical, non-promotional white papers from managers (e.g., active versus passive; research to defend asset classes; etc); they use them with clients and leave the managers' name on them

### *Defined Contribution*

- Industry consolidation
- Drive to lower investment cost
- Growing role of consultants
- Investment-only opportunity set is growing
- Consider penetrating through alliances;
  - When considering alliances, think of the economics of it (what you will have to pay for) and the recordkeeping involved

- Advice: easiest way to enter DC market – through alliances vs. investment-only

- Growth of 401(k) plans in \$B

	<b>Separate Accounts</b>	<b>Commingled Funds</b>	<b>Institutional Mutual Funds</b>	<b>Total</b>	<b>Share of Market</b>
<b>1996</b>	\$162	\$61	\$20	\$243	24%
<b>1997</b>	194	85	48	327	27%
<b>1998</b>	224	121	84	420	20%
<b>1999</b>	254	125	140	519	31%

*Source: Ceruilli Assoc.*

- Collective trusts are more price efficient than mutual funds and there is currently a mass migration to collective trusts at upper end of the larger market. There are administrative/ recordkeeping issues to be addressed though.
- Taft-Hartley is becoming a new target for DC but requires a lot of people to service them

#### Consultants

- Considers an ideal client service professional to be a liaison, the one point of contact for the firm
- Trends
  - Plan sponsors are younger
  - Pressure to perform is tougher
  - Sensitive to market risk
- Professional turnover
  - Don't diminish the importance of a person who leaves
  - Consultants prefer you to acknowledge what they did on the team and how you are taking care of it; no spin
- What works
  - Single relationship manager
  - Timely, clear and honest communication
  - Coordinated approach to consulting firms
  - Work primarily through assigned research professionals (they drive the manager search process)