



Need for speed

Insights from the first year
of the Advisely Index



The question

Is efficiency, in and of itself, a virtue?

This is a question the Advisely team has had ample time to ponder since the Advisely Index was launched in November 2023. You may have considered it, too, if you've taken the Index test in the past 12 months.



After all, the Advisely Index is (primarily) an efficiency benchmarking tool. Depending on role, the test comprises between 18 and 30 questions – and while it includes a profitability overlay for practice managers and principals, the majority of questions focus on efficiency across four key metrics: advice production, servicing, execution and client engagement.

Broadly speaking, efficiency is measured in hours. There are other factors that will contribute to a participant's overall Index score – you can read more about them in the *What is the Index?* section of this report – but the basic assumption is this: the fewer hours it takes you to produce an SOA, for example, the more efficient you are at SOA production.

That may seem like an obvious and unnecessary clarification, but it's worth keeping in mind as we explore the past year of Advisely Index results and discuss their implications for individual advice businesses and the broader industry.

This is because, while this report was originally designed as a 12-month snapshot of the Advisely Index benchmark, it's also an attempt to answer that opening question. **So you're "more efficient" at advice production, servicing, execution and client engagement than the industry average: so what?**

Before we get to that, though, some background.



What is the Index?

The Advisely Index was developed by Advisely and Business Health and launched in November 2023. It's designed as both an industry benchmarking tool and a source of customised feedback for users about the efficiency of their advice process.

Questions in the Index survey are tailored to the user's role in an advice business. For most roles, your questions focus on process efficiency. If you're a practice owner or manager, though, you'll also answer questions relating to overall practice efficiency, staff, revenue per client and profitability.

In addition to the efficiency metrics discussed in the introduction, participants are also measured based on factors including the extent of software platform consolidation, frequency of client contact and automation (or lack thereof) of client review and onboarding processes.

To varying degrees, all of these factors contribute to a participant's overall Index score, which is measured out of 100. This score represents a participant's "rank" relative to the industry average – initially based on the 2023 average from Iress and Business Health's *Financial Advice Efficiency Report* and now derived from the Index itself. (Financial metrics are excluded from the Index calculations.)

“The Advisely Index can really help you understand where your practice is currently sitting, what some of your pain points may be and how you can improve particular areas of your business.”

Kerry Ong, GM Customer (Wealth), Iress





“As business owners, you get so stuck in the day to day of running a business. To pull back from that and have a look at how we sit compared to other businesses, it really helps rationalise a lot of what we’re doing.”

Matt Coman, Principal, Twomeys



Because the average is derived from ongoing Index completions – and because Advisely users are encouraged to retake the Index test to measure their performance over time – **an Index score is something of a moving target.** Even if a user enters the exact same data after a six-month interval, their rank may change due to underlying movements in the industry benchmark.

This fluidity is also influenced by one of the key limitations of this research: **all Advisely Index data is self-reported.** We have no easy means of cross-referencing the data inputted by users – although, as we’ve discovered over the past year, discrepancies in estimations made by different users can provide their own useful insights.

For all these reasons, the Index represents a constantly-evolving picture of a constantly-evolving industry, and a report like this can only capture a specific moment in time. That said, we chose the 12-month mark both for sentimental reasons – it’s Advisely’s first anniversary! – and because we now have sufficient data for meaningful industry analysis.

Index stats:

- **Sample size of 215**
- **Completions include practice principals, advisers, paraplanners, client service roles and professional support staff.**

Peak performance

What does a top-performing advice business look like? And to what extent does that performance correlate with efficiency as measured by the Advisely Index?

To answer that, we're going to compare the top 10% of Index completions to the adjusted benchmark – here defined as the average of the remaining 90% of completions (unless otherwise specified).

If we further narrow the data set to those Index users who also completed financial benchmarks, we can say that, on average:

- **The top 10% are 23.7% more profitable** (fig. 1)
- **They serve 39.9% more clients** (fig. 2)
- **They conduct an extra client meeting per adviser per week** (fig. 3)

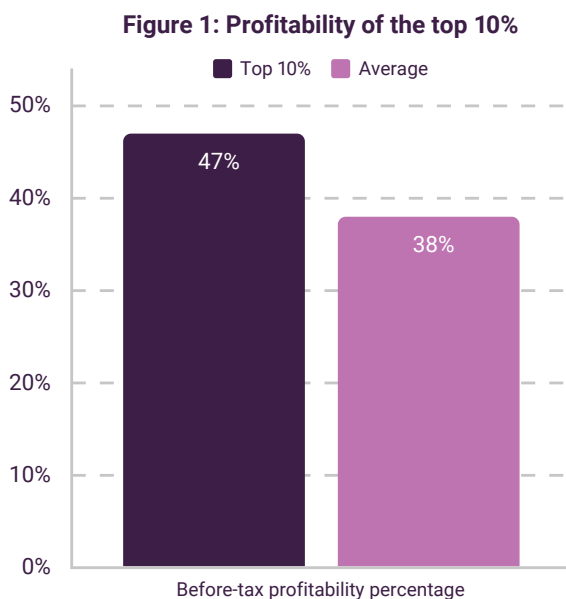




Figure 2: Clients served by top 10%

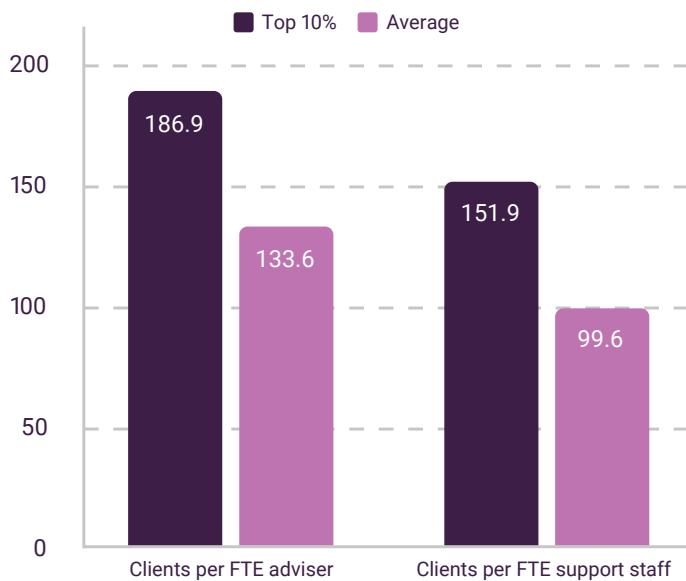
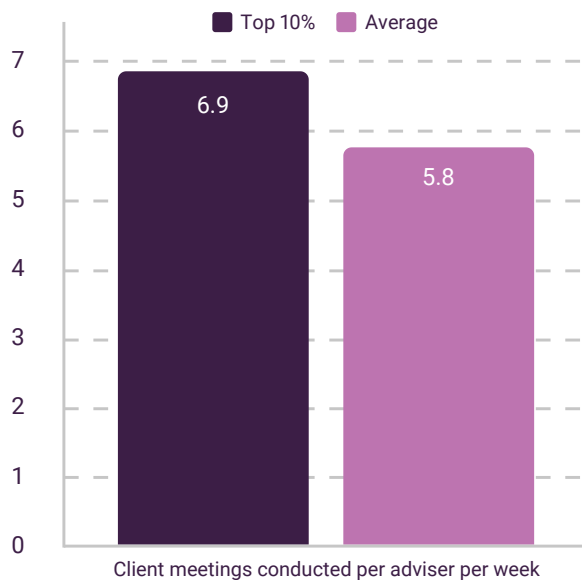


Figure 3: Top 10% client meetings



Source: Advisely Index data, 2024



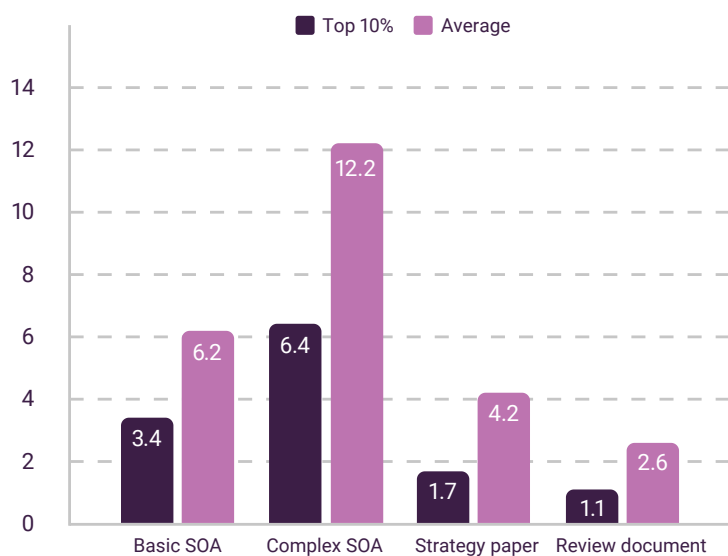
While the exact numbers have changed over the past 12 months – and will continue to do so as the Advisely Index data set evolves – these figures demonstrate a **clear correlation between the Advisely Index score and profitability, size of client base and frequency of client meetings.**

As noted in the previous section, a user’s overall Index score is purely based on the advice efficiency component of the Index survey. It would follow, then, that the top 10% are – in addition to being more profitable and serving more clients – consistently more efficient than their peers at both advice document production and implementation.

Unsurprisingly, this is exactly what the Index data suggests.

Compared to the benchmark, the top 10% are more efficient at producing every kind of document included in the Index survey. They’re 45.2% faster at producing basic SOAs, 47.5% faster at producing complex SOAs, 59.5% faster at producing strategy papers and 57.7% faster at producing review documents (fig. 4).

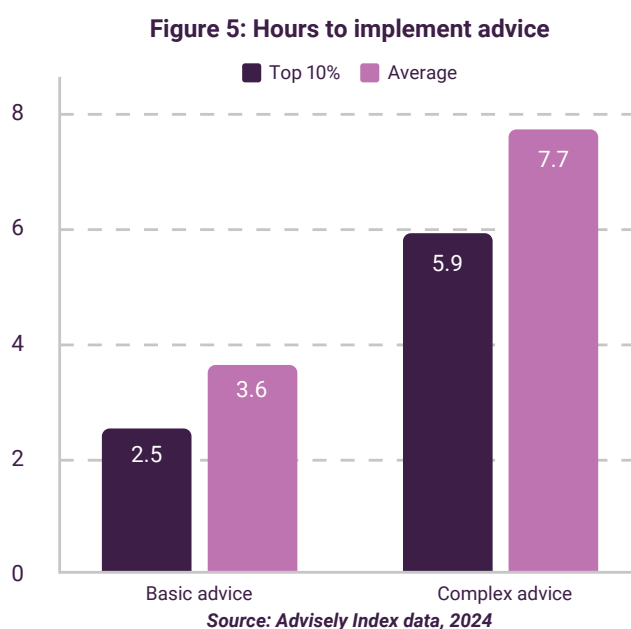
Figure 4: Hours to produce common advice documents



Source: Advisely Index data, 2024



While the margins are smaller for advice implementation – perhaps reflecting that implementation remains a challenge for the majority of advice businesses – the top 10% are nonetheless more efficient than their peers in this category, too. **Specifically, they’re 30.6% faster at implementing basic advice and 23.4% faster at implementing complex advice (fig. 5).**



Intuitively, these figures make sense; one would expect that reducing the time and labour costs involved in document production and implementation would yield a better ROI for the advice business. Plus, all those hours saved could be spent on acquiring new clients and spending more time with existing ones.

But that doesn’t tell the whole story, does it? Absent any further context, one could assume the top 10% are just preternaturally gifted at getting advice documents out the door. Is there anything in the Index data that might explain how, exactly, the top 10% are hitting these numbers?

Well, let’s find out.

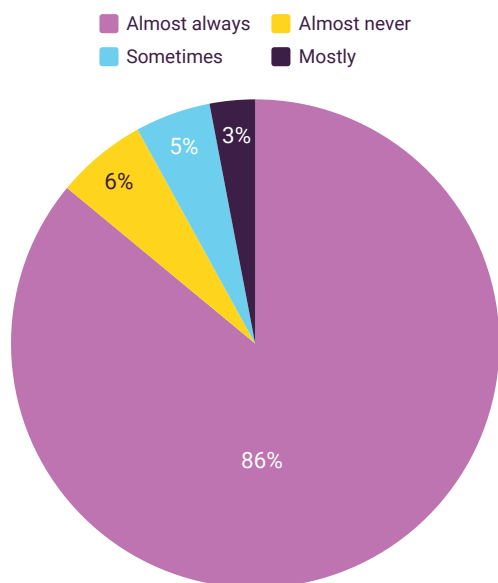
Advice production

Documentation isn't the sum total of the advice experience. But given the volume of paperwork advice businesses are required to generate under current regulatory settings, you'd be forgiven thinking otherwise.

Despite recent policy moves aimed at ameliorating this issue, document production remains a substantial challenge for many advice professionals – and this is largely (if not exclusively) due to the SOA, which has ballooned in size at a similar pace to the legislation that governs its content.

Based on current Advisely Index data, **the vast majority of advice businesses “almost always” use software to produce SOAs** (fig. 6). But it should be noted that different users may have different interpretations of what “almost always” means in this context; there are also numerous ways that “software” could be used for SOA production, whether it's Microsoft Word or ChatGPT.

Figure 6: How often is software used for SOA production?



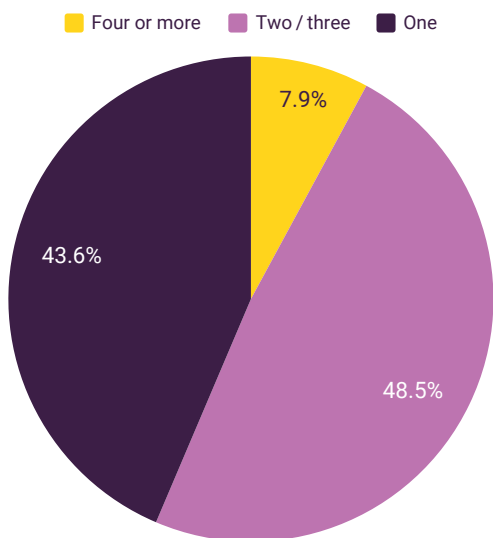
Source: Advisely Index data, 2024



Why is this worth acknowledging? Because, as we've learned over the past year of Index results, *how* advice businesses use technology is just as important as whether it's used at all.

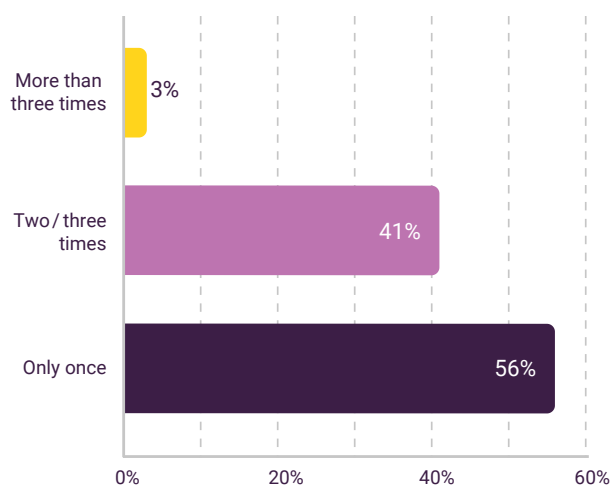
To illustrate this, let's look at two key data points: first, **over half (57%) of Index completions report using more than one software platform in the advice process** (fig. 7). Second, **44% of users report having to manually enter client data more than once** (fig. 8).

Figure 7: How many different software platforms are used in the advice process?



Source: Advisely Index data, 2024

Figure 8: How many times is manual data entry required?

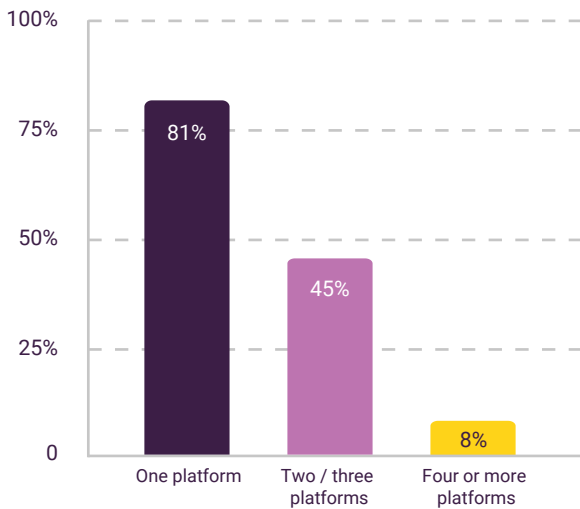


Source: Advisely Index data, 2024

Now, if we compare those who use one software platform to those who use two or more, we can see that **software platform consolidation is strongly correlated with a reduction in manual data entry** – 81% of Index participants who use a single software platform only enter data manually once (fig. 9).

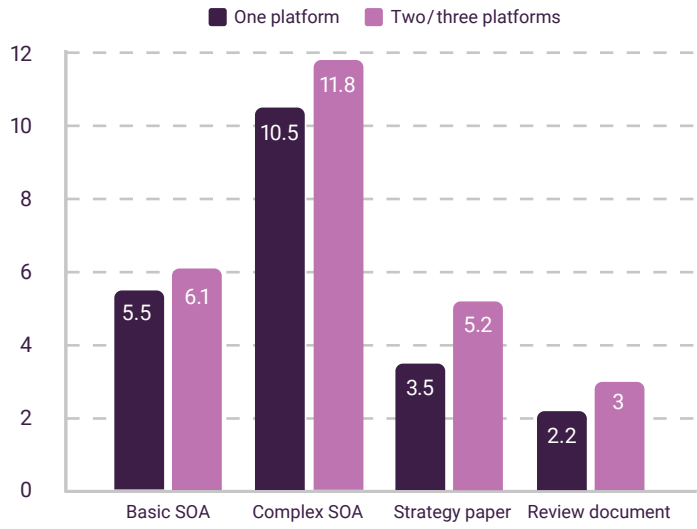
Furthermore, these participants are more efficient than their peers at producing every type of document measured in the Index survey. **They're 9.8% faster at producing basic SOAs, 11% faster at producing complex SOAs, 32.7% faster at producing strategy papers and 26.7% faster at producing review documents** (fig. 10).

Figure 9: Index users who enter data manually once, by software platform usage



Source: Advisely Index data, 2024

Figure 10: Hours to produce advice documents, by software platform usage



Source: Advisely Index data, 2024

If we turn back to Iress and Business Health’s 2023 *Advice Efficiency Report* – which, as mentioned earlier, was the initial basis for the Advisely Index benchmark – that research came to the same conclusion, finding that advice firms using a single application were consistently faster at producing both basic and complex new client SOAs than those using two or more.

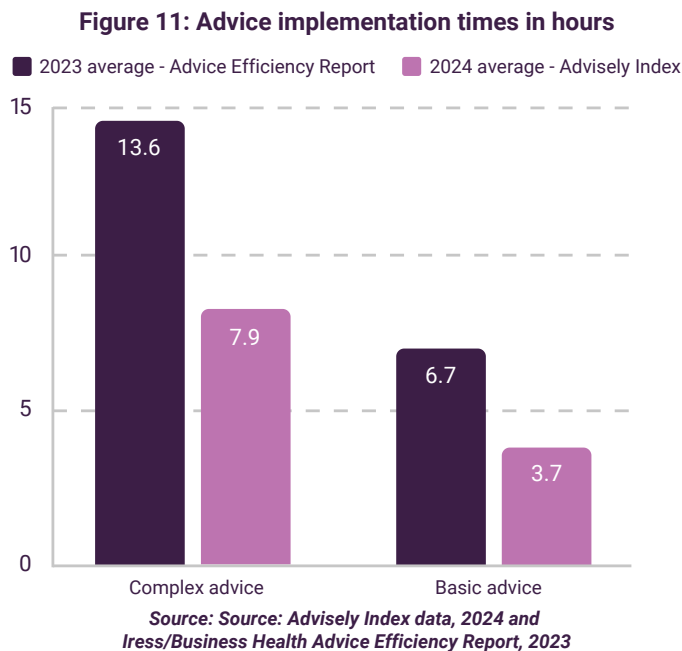
The report argued that strategically using a limited number of applications “streamlines internal processes, reduces complexity and minimises the potential for errors or inconsistencies in client data management and advice preparation.”

While a given piece of software arguably introduces its own set of potential errors and inconsistencies, we can reasonably expect a linear relationship between “human error” and frequency of manual data entry. (The Index survey doesn’t go into sufficiently granular detail to confirm that empirically, though, so you’ll just have to take it on faith.)

Operating under that assumption, the Index data provided above suggests that **reducing instances of manual data entry can significantly contribute to the efficiency of advice document production.** And it appears that one of the most effective means of achieving this is via software platform consolidation / rationalisation.

Advice execution and servicing

As demonstrated by the narrower gap between the top 10% and the adjusted benchmark in the *Peak performance* section of this report, identifying inefficiencies in implementation appears to be much more difficult than in document production. While basic and complex advice implementation times have fallen since 2023 (fig 11), this remains a near-universal challenge throughout the industry.



“The Advisely Index is a great way to discover the efficiency gaps and opportunities to use technology to improve processes, workflows and bring in more automation into the business.”

Jessica Lamb, Director, Practice Dynamix

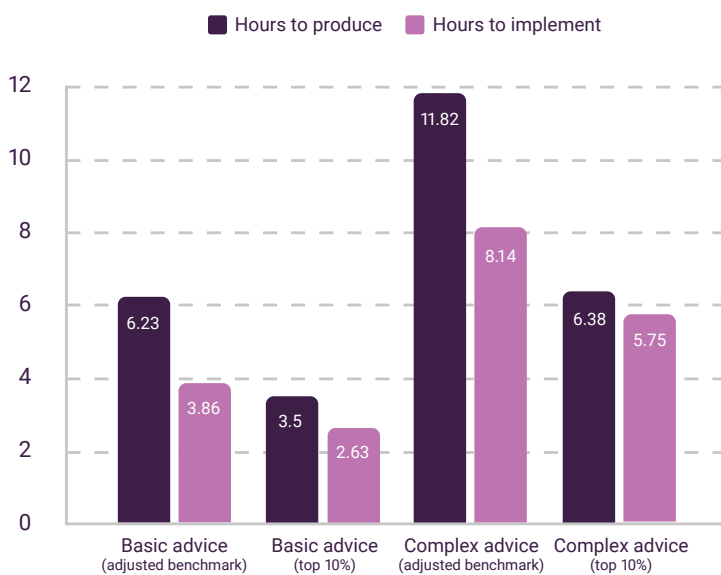




In fact, Index data suggests that implementation takes nearly as long as document preparation for many businesses (while rarely being the focus of advice affordability policy).

If we consider the total time taken to provide basic advice (from SOA preparation to implementation), **the implementation stage represents 38.3% of the process for the adjusted benchmark and 42.9% for the top 10%.** When providing complex advice, it's **40.7% of the process for the adjusted benchmark and 47.4% for the top 10%** (fig. 12).

Figure 12: Production vs. implementation times



Source: Advisely Index data, 2024

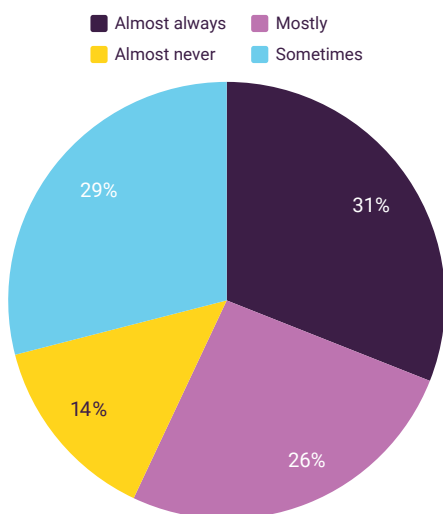
There are multiple reasons why this may be the case; poor communication between advisers, paraplanners and support staff is often cited as a contributing factor. Errors arising from inconsistent data entry (as discussed in the previous section) could also play a role. And then there's the unavoidable fact that the costs of getting implementation “wrong” can be quite severe – for both the adviser and the client.



While the Index survey doesn't currently provide for a detailed exploration of these issues, one data point we can discuss concerns the availability of digital signatures (which can greatly contribute to expediting parts of the implementation process).

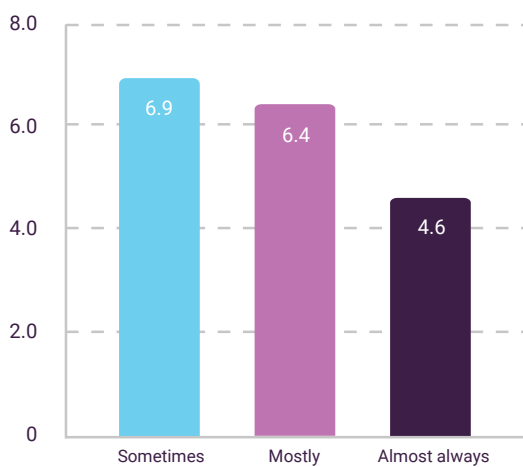
The 2023 *Advice Efficiency Report* found that just 23% of advice businesses “almost always” used digital signing services with clients. Advisely Index data suggests that this proportion has increased to 31% over the past year, but it's still by no means standard practice (fig. 13) – even though **businesses using digital signing appear to be 30.8% faster, on average, at implementing basic and complex advice than those using it less frequently** (fig. 14).

Figure 13: How often do clients use digital signing services?



Source: Advisely Index data, 2024

Figure 14: Average implementation time in hours (basic and complex advice), by use of digital signing software



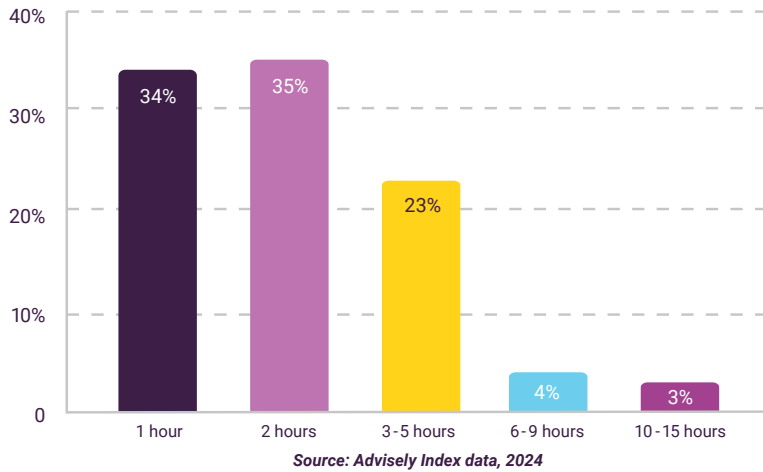
Source: Advisely Index data, 2024

As with implementation, efficiencies in advice servicing are a central consideration for any advice business looking to expand its client base. To pick an obvious example, an hour saved in the client review process might seem like a marginal improvement for a practice with 20 clients; at the 200 mark, though, it's transformative.

Given that advice businesses on the Index serve an average of nearly 300 clients, the fact that 30% of them take more than two hours to produce a review document indicates that refinements to the review process could have an immense impact on profitability and scalability (fig. 15).



Figure 15: Hours to produce review documents



While very few Index users report having no review process at all, **over a third (35%) still do client reviews “fully manually”** (fig 16). The overwhelming majority (93%) use software in ROA production to some degree, though (fig. 17), which suggests that more effective and extensive use of technology already available in the practice should be a primary consideration for any business looking to improve client review efficiency.

Figure 16: Do you have a process for managing ongoing client reviews?

No Yes - manual Yes - fully automated Yes - part-manual

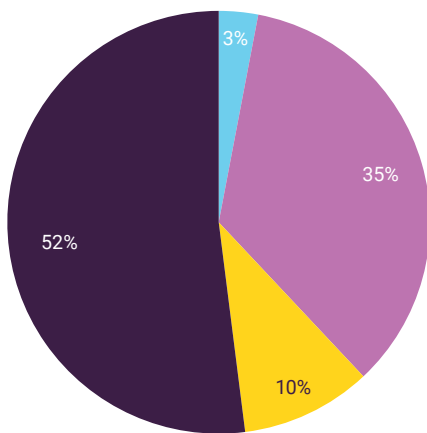
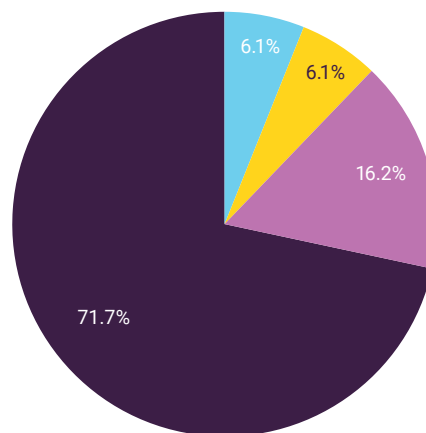


Figure 17: How often is software used for ROA production?

Almost never Sometimes Mostly Almost always

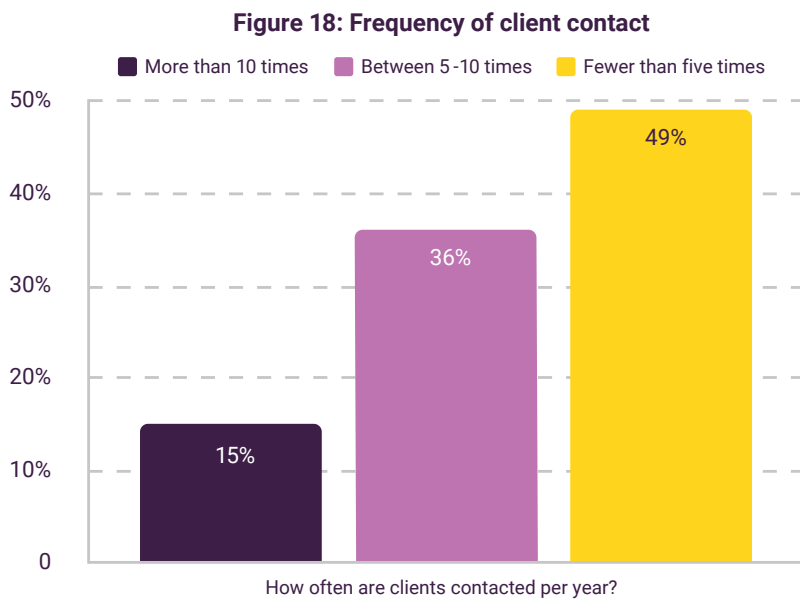


Client engagement

As mentioned in the *Peak performance* section of this report, the top 10% of Advisely Index users serve more clients than the adjusted benchmark – and they see them more often, too.

Over the past 25 years, Business Health research has consistently demonstrated a connection between client engagement and profit; this was most recently quantified in 2022's *Future Ready IX* report as a 43% boost in profit for practices that contacted their “best” clients more than 10 times per year. Given the relative profitability of the Index’s top 10% and the adjusted benchmark, it would appear this connection holds firm in 2024.

However, nearly half (49%) of Advisely Index users report contacting clients fewer than five times per year (fig 18). Why is this?



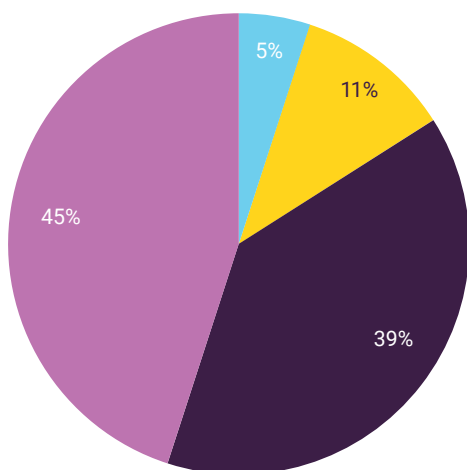
Source: Advisely Index data, 2024



Our research has identified two possible factors: first, very few (11%) Index users have a “fully-automated” client onboarding process (fig. 19). And perhaps more important, only 19% of users “almost always” use software for client communication (fig. 20).

Figure 19: Do you have a process for onboarding new clients?

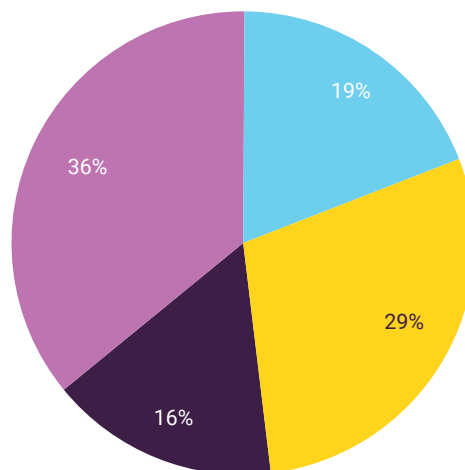
■ No ■ Yes - fully ■ Yes - part-manual ■ Yes - manual



Source: Advisely Index data, 2024

Figure 20: Usage of software to communicate with clients

■ Almost always ■ Mostly ■ Sometimes ■ Almost never



Source: Advisely Index data, 2024

Of course, individual client preferences will dictate the extent of software usage to some degree. But considering that **75% of users who “almost always” use software for client communication also contact clients more than 10 times per year**, it seems that technology is an essential component of conducting regular client communications at scale.

The answer

At this point, we can return to the question posed at the beginning of this report. Do the insights discussed in the preceding sections support the idea of efficiency being a virtue in financial advice?

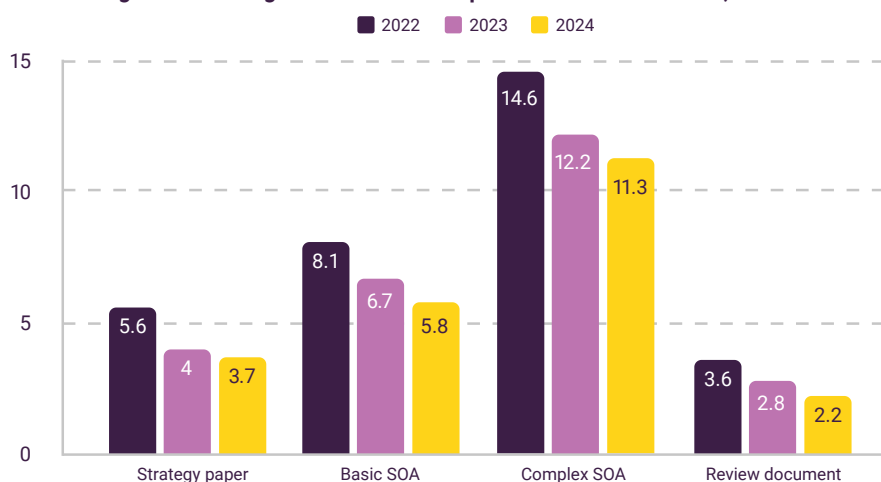
If you're looking for a short answer, it's probably yes. Businesses with consistent and efficient processes for document production, implementation, client servicing and engagement are likely to be more profitable, see more clients and experience fewer delays due to errors and duplication than their peers.

The longer answer is a little more complicated. Efficiency is kind of a meaningless concept without a measurement of input and output, and the Advisely Index is intentionally limited in its scope; crucial factors like compliance and client satisfaction metrics are excluded from Index measurements for reasons of practicality and brevity.

We must also be careful not to treat all advice businesses as uniform. The demands of different client bases and areas of specialisation may necessitate approaches that are "less efficient" on paper but nonetheless effective.

That being said, even the most idiosyncratic business models aren't immune to broader market pressures. And based on the historical data we have available, efficiency is increasing across the board – as an example, **average document production times have fallen by 12.4% since 2023 and 30.9% since 2022** (fig. 21).

Figure 21: Average advice document production times in hours, 2022 - 2024



Source: Advisely Index and Business Health data, 2022 - 2024

These trends suggest that, regardless of virtue, **efficiency is an imperative – and any advice business looking to stay competitive in 2025 and beyond has a need for speed.**

Take the next step:

The Advisely Index provides a detailed snapshot of your overall advice efficiency and you'll get a customised report that identifies the factors that could be slowing your process down.

Go to www.advisely.com.au to try the Index Tool.



Choose your role

Adviser

How many different applications are used to manually enter client data into?

Select one

Is there an onboarding process for new clients?

Select one

Revenue

\$

How many clients do you currently service?

Boost Your Advice Efficiency

Your Advisely Index benchmark result

Your Result	Industry Average
31	57

Advice Production

Hours to produce a strategy paper	
Your result	6hrs
Average	4hrs
Hours to produce a basic new client statement of advice	
Your result	7hrs
Average	6hrs

Insights

As one of the most significant time investments in the advice process, efficient delivery of core advice documents is a key to the foundation of your overall efficiency.

If we look at the key components involved, from data collection to strategy analysis and the actual creation of your advice documentation, real opportunities exist to boost your efficiency, with the highest-performing advisers being up to three hours faster to completion.

Consistent amongst high-performing advisers is the use of tight processes and automation to shave material time from their delivery.

Consider these tips:

1: Create a clear technology plan that consolidates the software you use as much as possible, and maximises its use throughout your advice process.



advisely.com.au

