Kehrer Group Top Directors Awards
Recognizing Outstanding Performance of Investment Services in Financial Institutions

Evaluation Methodology

Metrics

We wanted a multi-faceted, data-driven balanced assessment of firm performance. From the more than 50 metrics included in our annual dashboards, we selected:

- Household penetration—percent of customer/member households with an investment relationship
- Revenue penetration of deposits— revenue per million of FDIC core deposits or NCUA share deposits
- Revenue penetration of households—revenue per customer/member household
- Profit margin
- Advisor revenue productivity— gross revenue per advisor
- Advisor asset productivity—assets per advisor
- Share of revenue from advisory business
- Share of revenue from life insurance revenue
- Clients per advisor
- Revenue per client
- Investment assets per client
- Net new assets per advisor
- Active financial planning clients per advisor
- Asset productivity—revenue on assets
- Advisor deposit coverage—deposits per advisor
- Advisor household coverage—customer/member households per advisor

Rationale

These criteria acknowledge the importance of revenue, assets, advisors, and clients to the success of the institution's investment services business. The metrics include how many of the host institution's customers/members are being served, and how much revenue the investment services practice is producing relative to its opportunity. The metrics also include whether the firm is achieving the widely held objectives of producing more advisory and insurance business, reducing the number of clients served by each advisor and the size of branch territories, and increasing revenue per client and ROA.

The Data

We assessed the performance of hundreds of banks and credit unions. Our sources of data included our annual benchmarking surveys, self-nominations, and nominations by third party BDs.

Creating the Rankings

How did we rank the investment services practices? For each metric we assigned 100 points to the practice with the best performance, 99 for the next best, etc. In the case of clients per advisor and advisor coverage, the firms were ranked lowest to highest. This approach resulted in firms earning points in any one factor only if they were in the top 100.

We then averaged the scores of the firms across the 16 criteria.

We believe that this methodology provides a transparent, fair, balanced assessment. Going forward we're open to suggestions about what additional metrics should be included, what we should exclude, and weighting, i.e., which of the criteria are more important. The Kehrer Group is excited to share our data and insights to recognize the top performing firms and directors in our industry. As a work in progress, it will benefit from robust discussion about the best metrics to measure our collective success.