

For Immediate Release

Contact:

Andrew Cloutier
Anova Consulting Group, LLC
(617) 731-1045
andrew@theanovagroup.com

Anova Consulting Group Survey Shows 401(k) Plan Sponsors Increasingly Likely to Remain with Incumbent in Finals Situations

BROOKLINE, MASS., February 7, 2012 – Analysis of several years of win / loss survey data from Anova Consulting Group, a leading provider of customized market research, sales training and consulting services in the financial services industry, shows that retirement plan sponsors who conduct marketplace reviews with finals presentations are 55% more likely to remain with their current provider today than they were as recently as four years ago.

For the sales situations Anova researched in 2011, 28% of mid-large market searches with between \$20MM and \$500MM in plan assets resulted in the plan sponsor remaining with the incumbent recordkeeper, compared to 18% in 2007. This figure does not include non-competitive re-bid situations, which are an increasingly commonplace alternative to a full search / RFP process for plan sponsors who are not necessarily dissatisfied with their provider but conduct periodic due diligence reviews for fiduciary reasons. Anova has conducted over 900 win, loss, and departed client interviews with mid-large 401(k) plan sponsors since 2007.

“With the difficult economic environment of the past few years, most companies are more focused on their core businesses than with evaluating their 401(k) plans. Consequently, there’s been a slowdown in RFIs and RFPs, which leads to fewer finals situations, and even then sponsors have been more likely to remain with the incumbent,” commented Chris Cumming, Senior Vice President at Great-West Retirement Services.

According to the plan sponsors, retirement plan advisors, and consultants interviewed, one driving force behind this trend is the increasing commoditization of 401(k) product and service offerings in the mid-large market. “As fee spreads compress and open investment architecture, state-of-the-art technology and customizable participant communications are offered by more competitors, sponsors are increasingly unwilling to undergo the uncertainty and additional effort of a conversion,” said Richard Schroder, president of Anova Consulting Group. “Results from the plan sponsor research we’ve performed over the past decade show a drop-off in provider changes due to core product offering differences -- client service issues are now a key catalyst for provider changes.”

“At Putnam, we’re seeing sponsors look to improve service delivery, or take advantage of innovation that didn’t exist 3-5 years ago. There is clearly a growing market demand for providers to deliver maximum value to plan sponsors and an enhanced participant experience that leads to higher savings and better retirement preparedness,” stated Edmund F. Murphy III, Managing Director and Head of Defined Contribution at Putnam Investments.

Great-West has observed a similar trend in the mid-large market. “When sponsors conduct a finals process and switch recordkeepers, they are looking to upgrade their overall plan with the latest features and sophisticated investment capabilities while achieving a competitive price point,” added Cumming.

Another driver of the decline in 401(k) provider changes is sales-related. Failure to differentiate is a frequent sales process critique among bids lost prospects who elect to remain with the incumbent. "In an increasingly competitive marketplace with a finite amount of deal flow, sales teams really have to bring their 'A' game to win the business," suggests Schroder. "Before entering a finals presentation, I would urge any sales team to identify 4 or 5 ways in which they are different from the competition and articulate them during the presentation."

According to Patrick Murphy, Managing Director and Head of Sales at New York Life Retirement Plan Services, "A 'me too' approach is not effective in sales finals presentations. Plan providers have to develop products and services with differences that are truly meaningful to plan sponsors. Those providers who can demonstrably add value and have an impact on plan results will be the winners going forward."

About Anova Consulting Group, LLC

Established in 2005, Anova Consulting Group provides customized market research, sales training and consulting services to leading firms in the financial services and human capital management markets. By helping its clients understand why they win, lose and retain business, Anova provides strategic perspectives to its clients, driving better decision-making, product development, sales effectiveness, client service, and continuous improvement. Last year, Richard Schroder, president of Anova, released a book titled [From a Good Sales Call to a Great Sales Call](#) (McGraw-Hill, October, 2010), which details how learning from post-sale debriefing helps close more sales.

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