How to Drive Frontline Mutual Fund Sales at CIBC

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ABSTRACT

At CIBC, we strive to be a leader in client relationships and drive our bottom line results through fulfilling client needs with top quality products and service. However, throughout the past several years CIBC has been challenged with its frontline mutual fund sales in the investment industry. This project is dedicated to assist CIBC in driving frontline mutual fund sales and gaining a competitive advantage in investments. By conducting a detailed survey with managers and identifying common challenges, I discuss various methods to assist sales. To further lend in the methodology, a strengths, weaknesses, opportunities, and threats (SWOT) analysis was conducted to evaluate CIBC's investment strategies. Throughout the analysis of the project, I have made many simple recommendations to help cope with these challenges. Moreover, the final conclusion of the study outlines the benefits of employing an in-branch wealth specialist dedicated to all investment products in aiding CIBC to overcome these concerns in its mutual fund sales.

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GLOSSARY

DEFINITION – Based on definitions from:

http://www.globefund.com/centre/Glossary_IFIC.html

Annual Report
A financial report sent yearly to a publicly held firm's shareholders. This report must be audited by independent auditors.

Ask price
A proposal to sell a specific quantity of securities at a named price.

Assets
What a firm or individual owns.

Balanced fund
A mutual fund which has an investment policy of "balancing" its portfolio generally by including bonds and shares in varying proportions influenced by the fund's investment outlook.

Bear market
A declining financial market.

Beta
A statistical term used to illustrate the relationship of the price of an individual security or mutual fund unit to similar securities or financial market indexes.

Bid price
A proposal to buy a specific quantity of securities at a named price.

Board of directors
A committee elected by the shareholders of a company, empowered to act on their behalf in the management of company affairs. Directors are normally elected each year at the annual meeting.

Book value
The value of net assets that belong to a company's shareholders, as stated on the balance sheet.

Bull market
An advancing financial market.

Consumer price index
A statistical device that measures the change in the cost of living for consumers. It is used to illustrate the extent that prices have risen or the amount of inflation that has taken place.

Corporation
A legal business entity created under federal or provincial statutes. Because the corporation is a separate entity from its owners, shareholders have no legal liability for its debts.

Diversification
The investment in a number of different securities. This reduces the risks inherent in investing. Diversification may be among types of securities, companies, industries or geographic locations.

Dividend
A per-share payment designated by a company's board of directors to be distributed among shareholders. For preferred shares, it is generally a fixed amount. For common shares, the dividend varies with the fortunes of the company and the amount of cash on hand. It may be omitted if business is poor or the directors withhold earnings to invest in plant and equipment.

Dividend fund
A mutual fund that invests in common shares of senior Canadian corporations with a history of regular dividend payments at above average rates, as well as preferred shares.

Dollar cost averaging
A principle of investing which entails the use of equal amounts for investment at regular intervals in the hope of reducing average share cost by acquiring more shares in periods of lower securities prices and fewer shares in periods of higher securities prices.

Equity fund
A mutual fund whose portfolio consists primarily of common stocks.

Guaranteed investment certificates
A deposit instrument paying a predetermined rate of interest for a specified term, available from banks, trust companies and other financial institutions.

Income funds
Mutual funds that invest primarily in fixed-income securities such as bonds, mortgages and preferred shares. Their primary objective is to produce income for investors, while preserving capital.

Index fund
A mutual fund that matches its portfolio to that of a specific financial market index, with the objective of duplicating the general performance of the market in which it invests.

Inflation
A condition of increasing prices. In Canada, inflation is generally measured by the Consumer Price Index.

Interest
Payments made by a borrower to a lender for the use of the lender's money. A corporation pays interest on bonds to its bondholders.

International fund
A mutual fund that invests in securities of a number of countries.

Investment company
A corporation or trust whose primary purpose is to invest the funds of its shareholders.

Investment fund
A term generally interchangeable with "mutual fund."

Investment Funds Institute of Canada (IFIC)
The mutual fund industry trade association set up to serve its members, co-operate with regulatory bodies, and protect the interests of the investing public that use mutual funds as a medium for their investments.

Leverage
The financial advantage of an investment that controls property of greater value than the cash invested. Leverage is usually achieved through the use of borrowed money.

Long-term asset
A mutual fund that charges a commission to purchase its shares.

Long-term debt
Debt that becomes due after more than one year.

Management company
The entity within a mutual fund complex responsible for the investment of the fund's portfolio and/or the administration of the fund. It is compensated on a percentage of the fund's total assets.

Market index
A vehicle used to denote trends in securities markets. The most popular in Canada is the Toronto Stock Exchange 300 Composite Index (TSE 300).

Market price
In the case of a security, market price is usually considered the last reported price at which the stock or bond is sold.

Maturity
The date at which a loan or bond or debenture comes due and must be redeemed or paid off.

Money market fund
A type of mutual fund that invests primarily in treasury bills and other low-risk, short-term investments.

Mutual fund
An investment entity that pools shareholder or unitholder funds and invests in various securities. The units or shares are redeemable by the fund on demand by the investor. The value of the underlying assets of the fund influences the current price of units.

Portfolio
All the securities which an investment company or an individual investor owns.

Principal
The person for whom a broker executes an order, or a dealer buying or selling for his or her own account. Also, an individual's capital or the face amount of a bond.

Registered Retirement Savings Plan (RRSP)
A retirement savings plan to hold amounts deducted from taxable income, within certain limits, in a tax deferred state. There are various investment options and a tax deferral on investment income and gains. Available to individuals to and including 69 years of age, but must be collapsed by the end of the year in which the holder turns 69 years of age.

Risk
The possibility of loss; the uncertainty of future returns.

Securities Act
Provincial legislation regulating the underwriting, distribution and sale of securities.

Shares
A document signifying part ownership in a company. The terms "share" and "stock" are often used interchangeably.

Simplified prospectus
An abbreviated and simplified prospectus distributed by mutual funds to purchasers and potential purchasers of units or shares (see prospectus).

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I would also like to thank my employer, CIBC, for permitting me to analyze and discuss the circumstances and challenges of our institution. The company has provided me with dedication and support throughout my career and education, and I look forward the development of my profession with this organization.

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EXECUTIVE SUMMARY

As the financial markets continue to be extremely volatile, there are a number of scenarios CIBC has faced and continues to confront, along with other chartered banks in Canada that must be addressed immediately. The area of focus in this report will be strictly limited to CIBC frontline mutual fund sales. More specifically, I will investigate the question concerning the lack of frontline mutual fund sales at CIBC and where this deficiency may be attributed. The undertaking of the project will be primarily concerned, but not limited to, CIBC's frontline sales staff. As of yet, there is an absence on any past analysis on challenges in frontline mutual fund sales at CIBC, nor does any direct research exist which has been disclosed to the public or internally, for that matter. This project will provide recommendations on how the organization may drive its frontline mutual fund sales using various methods and processes.

The frontline is defined as financial service representatives (FSR) that are the first point of contact in meeting the day-to-day needs of our clients. At CIBC, we categorize clients in two main categories: core and high value clients. High value clients are assigned with specific account managers who are typically certified financial planners and those who have a high net worth and significant investments. While the core clientele are clients that may, nevertheless, be extremely loyal to CIBC, the complexities of their financial needs are considerably less than those of our high value clients. This project is specific to the core clientele which conducts business transactions with CIBC's FSRs.

There are two main research methodologies used in this report which include a detailed strength, weakness, opportunities, threats analysis (SWOT) and a manager survey. A

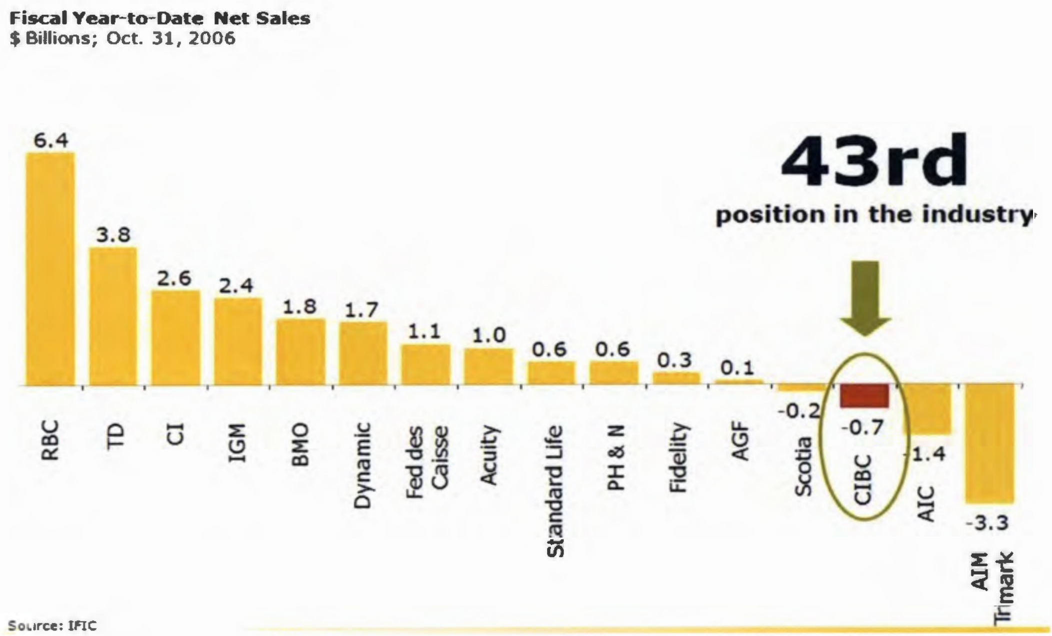
SWOT analysis focuses on many components of the internal and external factors that affect a firm's ability to produce results. Moreover, this type of analysis aids an organization in strategic planning and relays an organization's missions, vision, and strategies with specific intent on outperforming competitors. A SWOT analysis can also portray numerous criticisms or concerns, such as the listing of non-related and irrelevant issues, and opinions that are difficult to verify with data.

CHAPTER ONE - Introduction

Banks are continuously dealing with varying interest rates, market fluctuations, sub-prime mortgage issues, growing competition, and changing government legislation. As one of Canada's largest banks, CIBC has the vision of being a leader in client relationships. In order to maintain continued success throughout the years ahead, CIBC must satisfy its four main stakeholders: our clients, employees, communities, and shareholders. Although, I will keep these stakeholders in mind, this project will specifically focus on our clients and employees, ultimately leading to shareholder wealth. As my aim is to enhance frontline mutual fund sales, several issues pertaining to wealth management and sales processes must be addressed. Furthermore, my recommendations will be based on various selling techniques and the means by which a mutual fund representative may educate their clients to invest in today's markets with the intent of achieving financial success.

It is critical for frontline teams to be selling mutual funds on a consistent basis; why is CIBC lacking in mutual funds sales? The purpose of addressing this question is not only to improve the bottom-line revenue of CIBC and exceed in sales targets, but also to ensure that client needs are fulfilled regularly in order to be a leader in customer relationships. In Canada, the mutual fund industry is booming and more clients each day are becoming aware of the different types of investment options available to them. Despite this growing interest, the reality is that the general public is holding back from investing in these markets. According to the TD Investor Survey in 2007, 56% of Canadians hold mutual funds; however, CIBC's core clientele mutual fund penetration is only 5%. This clearly identifies an opportunity for CIBC to develop its mutual fund portfolio (as well as the fundamental impetus for enquiries such as my exploration with this project). Moreover, the 2006 fiscal year-end positioned CIBC 43rd among all investment firms in Canada, with respect to mutual fund net sales (figure 1). The four other major chartered Canadian banks were well ahead of CIBC in this regard, which portrays an area of concern and requires urgency in resolving this matter.

Figure 1. Fiscal Year to Date Mutual Fund Net Sales. $ Billion; October 31, 2006



There are many grounds for undergoing such an investigation, however, the ultimate goal is to grow CIBC's mutual fund book, specifically in Vancouver. In 2007, CIBC's fiscal mutual fund net sales did not fair much differently than 2006 as a mere $1.1 billion ranking the organization last amongst the five major banks in Canada (IFIC, 2008). The Royal Bank of Canada had net sales over $6.6 billion, earning first place. Although CIBC has made some significant progress in investment sales throughout the past few years, the organization must allocate substantial resources in further development of a cohesive plan to overcome the challenges in mutual fund sales in order to become a frontrunner among the country's leading financial institutions. According to IFIC, as at December 31st 2008, CIBC's mutual fund asset book held approximately $34.4 billion representing about 6% of the market share in Canada. However, these figures include all of CIBC's subsidiary holdings and many of which the frontline cannot sell to our clients within the branch network.

During my research I have concluded numerous different areas of concern that deter frontline mutual fund sales. The following is a list of topics that will be addressed in further detail in the analysis segment of the project:

- Employee capability and confidence levels
- Employees and clients lack of awareness in types of successful investing
- Sales techniques and client conversations
- Market volatility and overall conditions
- Availability and quality of various tools for employees

Independent valuation firms, such as Morningstar, ranked sixteen CIBC mutual funds as 4 & 5 star ratings, placing second in the Canadian marketplace, presuming the competitiveness of its mutual fund products. It is evident that CIBC's products are not insufficient; rather mutual fund representatives must become savvy in communicating and relaying the importance of investing in their portfolios to potential clients before other financial institutions approach them with appealing persuasion. In the next chapter, the literature review will be discussed which entails related research that affects frontline sales.

CHAPTER TWO – Literature Review

2.1 Structure of Literature Review

In terms of research and literature review, I would have initially preferred to gather employee thoughts and consumer opinions as a primary source of surveyed information to include in my project; however, my employer would not support this type of research conducted within the workplace particularly due to the economic uncertainty of the current situation. Moreover, conducting such investigations may provoke a divided workplace with a negative atmosphere, for example, in instances where the survey or discussion of its issues becomes an excuse not to sell mutual funds, possibly creating animosity between the branch team. Direct organization challenges should not be extended to employees and clients, rather scrutinizing management would be a more suitable and favoured option to analyze and review. Hence, CIBC retail managers in the Vancouver Lower Mainland Market were asked to respond to a brief survey to assist in determining the basis of why mutual fund sales are lacking, in their point of view. This is discussed in the methodology portion of the project; however, the key areas that the managers outlined as a concern are further assessed during the literature review.

There is a substantial amount of information and reports available that discuss market conditions, some with rankings of all mutual funds sold in Canada, which have been analyzed and reviewed to provide recommendations on how to drive mutual fund sales. Many of these documents not only display CIBC's lack of mutual fund unit sales, but also serve as somewhat of a wake up call to FSRs that improvement is need. All measurement attained throughout the research of this project will consist of validity, reliability, and practicality. Moreover, the review of available tools for sales representatives will be a critical component of this project, especially in regards to the ways in which they can affect investment strategies. From time to time, CIBC senior executives share and distribute investor surveys and industry analyses, used during the project research stage. The factors involved in impeding CIBC from becoming a leader in mutual fund sales are issues that are difficult to assess internally, within the workplace environment, particularly due to considerable delays in reporting and confidential material not permitted for distribution beyond the senior executive level. I have acquired and referenced market insight articles to support strong investment methods obtained through the Financial Post, the Globe and Mail, Macleans magazine, and various newsletters. These related industry articles support the reasons for why sales representatives should be encouraged to focus on the numerous investor concerns. Therefore, they provided the context in the areas addressed and were used to evaluate how an FSR can sell mutual funds and leverage the various investment philosophies.

2.2 The Importance of Training

As noted during the survey analysis, the lack of employee training continues to be a fundamental challenge for CIBC. Specifically, CIBC has no formal training model for its mutual fund sales process, resulting in various concerns, including further compliance problems. Training allows an organization's employees to convert its inputs into efficient outputs aligned to the organizations visions and values (Thacker et al, 2006). Since this is such an important process, particularly in the field of goods and services, CIBC should utilize a formal training model, in place to ensure the success of mutual fund selling. As discussed by Thacker and Blanchard, a triggering event typically causes the formulation of a training process model. The triggering event that causes CIBC to re-evaluate its systematic training model is due the lack of frontline mutual fund sales which is a substantial performance gap to the company's goals. A five step training process model would help enhance output levels as FSRs will have a dedicated learning process to follow and adhere to (Thacker et al, 2006). Below is a summary of each phase and its relation to CIBC's mutual fund process:

1. Needs Analysis Phase – This step outlines the overall impact to an employee by depicting the value in learning a particular necessitating process. The critical issue related to this phase is that CIBC must effectively convey the disparaging reality of inadequate mutual fund sales to its FSRs. This is especially significant if the organization seeks to affect frontline recognition and comprehension of the magnitude of loss, particularly that potential clients are consequentially looking elsewhere to invest in the markets, primarily towards other major institutions. CIBC, therefore, must demonstrate to its employees that if client's investment needs are not successful analyzed and managed, the organization will continue to suffer deteriorating net sales and lose overall market shares. Understanding the necessity for employee knowledge, skills, and attitude in terms of increasing sophisticated investing, provides a clear indication to management that training would further serve in promoting the company's mutual fund sales.

2. Design Phase – Identifying the trainees and the training objectives sets the stage for this process, as well as the considering a suitable facilitator inducted to aide the trainees. Essentially, the type of training and methods of instruction are determined during this step to commence the design construction process. In the discussed case for CIBC, it is critical to acknowledge that the type of training necessary to proficiently sell mutual funds should begin with product knowledge and familiarity. A valid and applicable start would be to ensure that all newly licensed mutual fund representatives, study and become acquainted with CIBC's various mutual fund solutions by means of online learning courses. CIBC currently has a fairly elaborate e-learning system, yet the mutual funds portion is very minimal and the capabilities are not fully utilized. Since the financial institution has many products and solutions, online resources would be a viable means of offering multiple courses related to advancing education and knowledge concerning such services, also making accessibility reasonably uncomplicated.

   After the product learning, the next step of the training should be to provide practical know-how by perhaps pairing trainees with an already experienced and licensed FSR to view how selling tools are implemented and the means by which the investing process is finalized. A detailed training guide with specific details and mutual fund sales requirements, outlined by the Mutual Fund Dealers Association, should also be reviewed on a weekly basis by the branch manager. Furthermore, after a 90 day training period, the manager would address training concerns and disparities, and set a plan to overcome these issues. If the potentially new representative satisfied the necessary prerequisite for learning and training, and both the manager and employee jointly agree that the FSR is confident in selling, the training would be signed off. However, although the formal training has concluded, the manager would be obliged to ensure that weekly coaching sessions geared towards investment sales are scheduled to outline and encourage improvements.

3. Development Phase – Formulation of the strategic training begins in this process and all relevant materials and resources are gathered for the training. As previously noted, CIBC has e-learning capability and the main absence from this online program is the availability of mutual fund courses, as there are currently no e-learning courses geared towards learning and developing knowledge around mutual fund products or processes. Implementing such modules is a critical starting point in not only building capability, but also expanding an FSR's confidence in selling products. Enhancing the e-learning system would benefit newly licensed representatives and provide initial direction and guidance. Additionally, after an FSR has successfully completed these courses, subsequently becoming licensed, a mentor should be assigned to shadow and observe the new representative, allocated during this phase. Many times during the assignment of a mentor, the direct manager would also be asked to take a lead role in ensuring the newly licensed representative truly understands and grasps the processes related to mutual fund discussions and sales. In the manager survey, however, availability and time constraints was significantly outlined as a notable concern

primarily because these steps are time consuming and management would be compelled to set aside a certain amount of time to conduct this training, time which is often difficult to come by. A manager could perhaps try to leverage experienced FSRs in providing the necessary guidance; however, since training is time consuming, this will likely impede upon an FSR's sales commitments.

4. Implementation Phase – Testing the training piece helps ensure that the applied process actually works once set into practice. Assessment of the procedure as securing some essential value is examined within this step. The actual training carried out by the employees can be tested in many ways, especially in confirming that a newly licensed representative is completely and confidently ready to sell mutual funds. Creating mock client meetings and role playing is a creative means by which to aide managers in understanding if the training is effective and further elaborated during the evaluation process. A simple mutual fund questionnaire or test requested from the licensed representative at a specific date during the training process would also provide valuable feedback.

5. Evaluation Phase – During this phase, inputs and the conducted training are assessed to determine if, in fact, success in our outputs is attainable. Though it may be difficult for CIBC to pinpoint the exact instigator of an increase in mutual fund sales, a manager at the branch level can review the number of unit sales and indirectly improve CIBC's net sales on the frontline. According to Thacker, this is called

process evaluation whereby managers would correlate the benefits of the training to bottom-line results. Additionally, evaluation of whether the exact sales training process was correctly followed, is a critical concern to accurately ascertain the inputs for each individual circumstance.

Although the above processes are not very specific to each phase, CIBC should begin with a structured method and slowly enhance each component and procedure involved as need be. A valid concern addressed by managers is the need to reserve an adequate amount of time to train and develop their employees; therefore, the organization may want to look at limiting the administrative job duties that managers incur on a daily basis. Moreover, to be a successful salesperson, it is not necessary to have years of experience to drive results, rather selling skills can often be obtained through on-job training and both formal and in-formal learning (Adams, 1987). As noted by Adams, many Canadian organizations do not specifically rely on comprehensive formal training programs, often opting to utilize on-job training as a primarily source of learning and employee training. In many respects, CIBC may be guilty of Adams's conclusion as there is no comprehensive training program for new employees aside from e-learning, which lacks accountability from the employee and their managers. A detailed and thorough training process would help drive frontline mutual sales. Robert Haccoun is another advocate for training who also addresses its effectiveness, pledging improvements through evaluation research. More importantly, Haccoun believes that a formal process will augment not only bottom-line results, but also develop employee motivation and efficacy.

Training is a definitely an applicable and reliable means by which to commence in building proficiency and capability. To gain a competitive advantage, a knowledgeable, skilled management assists an organization in leveraging employee intelligence (Mathis et al, 2008). Moreover, this principle of knowledge management acts as a premeditated behaviour or action in transmitting "the right knowledge to the right people at the right time so that it can be shared and put into action" (Mathis et al, 2008:255). CIBC would be expected to ensure the development of a training process to effectively develop competent FSRs by enhancing their familiarity and expertise of mutual funds and portfolios to promote an intelligent and extensive investment conversation during client meetings. A solid technological infrastructure will aid in many aspects of training, specifically in transmitting knowledge across CIBC and its business units. Currently, CIBC has numerous internal resources available through their intranet site, made accessible to all employees. Yet the challenge with this is that investment related applications and resources are placed in many areas of the intranet site, making it confusing and time consuming for FSRs. Having a one stop shop investment website for frontline FSRs may help reduce these challenges.

2.3 Impact of Compensation

During the analysis portion of the project, the area of FSR compensation is discussed. It is important to firstly, consider an organization's compensation philosophy and structure. This project does not necessarily ask to deeply delve into this issue, yet it is imperative to understand CIBC's compensation philosophy. There is no set of standard principles that must be followed, however, according to Edward Lawler from the University of Southern

California, ten issues need to be in place for a company to have firm stability and long-term performance (Lawler, 2008). Although CIBC has comprised a formal compensation guideline, I believe a few of the following ten principles as discussed by Lawler (2008: 30-33) should be discussed and slightly enhanced or altered:

1. Goals of a Compensation System. CIBC needs to determine the purpose of their pay system. Is it solely to increase shareholder wealth and share prices or a holistic approach whereby all stakeholders benefit? It is understood that as a chartered bank, profits are a primary driver in success but employees call for more than corporate growth. Canada's typical inflation rate is about 2-3% and employees should receive, at very least, this amount annually to retain their current lifestyle.

2. Communication Policy. CIBC has a fairly elaborate compensation communication policy, which is accessible to all employees. However, there are limitations with the numerical data on exactly how compensation is derived; rather, the general objectives and compensation style of the bank is addressed. During annual incentive bonuses and base salary reviews, CIBC does not directly communicate how the increases or lack thereof are calculated or determined.

3. Decision-Making Approach to the Compensation Issue. This area is clearly a concern to CIBC as senior executive vice-presidents make the final decision on pay systems and yearly payouts. Unfortunately, they rarely appear to have knowledge of frontline details and challenges. During the past few years, CIBC has had lower than expected earnings in comparison to their competitors. The bank has made some dismal decisions in the world markets sector including heavily investing in sub-prime

lending and Enron, which has dramatically affected the compensation of all employees. These investments created significant losses to the organization and its shareholders, hence the funding for bonuses and compensation were quite limited during these timeframes. While CIBC's retail markets business is growing and generating solid results, the frontline employees have suffered due to poor investment decisions made by senior executives.

4. Desired Market Position. The organization needs to evaluate how it perceives itself in terms of the payout portion and how they fit within the marketplace. Nearly all the chartered banks in Canada have similar pay structure models, however, in order to have a competitive edge, CIBC may need to take a leap of faith and move from an average payer to a high payer in order to augment investment sales.

5. Centralization and Decentralization in Compensation Policy Formulation and Administration. It is evident that due to CIBC's size and business complexities, a centralized compensation formulation and administration is most suitable. Instead of each branch or unit providing detailed responses or addressing employee issues, a centralized system involves the human resource department responsible for the compensation structure as well as handling all related concerns.

6. Desired Mix Between Benefits and Cash. As noted by Lawler there is no right decision on the desired mix and I believe CIBC has does have a reasonable combination, competitive in the industry. Moreover, CIBC's compensation model is comprised of the various mix: salary, annual incentive plans, employee share purchase plan, benefits (medical, dental etc), and pension plans.

7. Role of Performance-Based Pay. CIBC is a dedicated advocate of performance-based pay, clearly outlined throughout the fiscal year. CIBC aims to reward employees who outperform their colleagues and are vital to the unit's results. After assessing an employee's year-end scorecard, the branch manager assigns a rating and correlates the rating to a bonus percentage, hence compensating high-performers more favourably.

8. Performance Appraisal. Although CIBC has a decent scorecard and performance appraisal process, there are, nevertheless, areas to improve and develop. For example, there are numerous components on the frontline FSR's scorecards which pose difficulties for an FSR to become completely successful in all the categories relating to their appraisal. An employee not only needs to be lucrative in their sales results in each product category, but maintaining a certain level of service is measured as well so that the bank incurs minimal losses.

9. Fit of Compensation System with Management Philosophy of an Organization. As addressed in principle three, there is some disconnection in terms of CIBC's management philosophy and how the frontline perceives the compensation system. An issue that creates a disconnect between senior management and branch employees is the fact that the annual incentive plan payout amounts are nominal. Many employees feel that while management pronounces that CIBC has a competitive compensation model, the actual monies they receive seem quite insignificant.

10. Approach to Change in Compensation Policy and Practise. CIBC has not altered its compensation model in years and although it may be regularly reviewed, it is never amended or enhanced to accommodate current market conditions. Lawler outlines, "Good compensation systems are always changing," (Lawler, 2008: 33), and CIBC's approach is in fact, rather out dated.

CIBC has no plan to variably compensate its FSRs with relation to mutual funds or any products for that matter. Hence, the correlation of mutual fund sales and an employee's compensation will remain unrelated and irrelevant to improving specific sales figures. In order to apply the above mentioned literature research, the next chapter will outline the associated methodologies of how CIBC frontline mutual funds sales are directly affected.

CHAPTER THREE - Methodology

3.1 Research Survey

As previously noted, an eight-question survey was presented to branch managers across the lower mainland market. Currently, the market has 56 branches, 22 managers of which agreed to participate in filling out the survey - nearly a 40 percent sample size and the demographics range from many cities in the lower mainland. This is relevant in supporting that non-biased opinions would not be received due to specific or similar communities and/or demographics, which could possibly be swayed by factors related to economic, social, cultural, etc. variables. Moreover, in terms of the survey development, five basic principles were followed as outlined by Church and Waclawski (1998). Below is a brief summary of the principles:

Principle 1: Keep the Issues in Mind

It is important to keep personal beliefs and preferences completely out of the survey or questionnaire. Promoting a product or service should be avoided as it begins to lead the direction of the discussion. If this is not followed, the survey and related results will begin to shift in a certain direction that is unjustified.

Principle 2: Be Parsimonious

Using the right number of questions keeps the respondents focused on the major concerns. Although many topics can affect mutual fund sales at a branch, the survey was constructed to reflect emphasis on the licensed representatives and related human resource type of issues as opposed to market volatility or current economic conditions. As address by Church and

Waclawski (1998), many people are feeling that they are getting "surveyed to death," (1998:78) so a time consuming and lengthy survey would potentially pose a negative impact to my assessment.

Principle 3: Avoid Double Barrelling.

In extension to Principle 2, it is vital to keep one issue at hand instead of addressing numerous areas of concern. The survey provided to the managers was limited to mutual fund challenges - other issues were not undertaken.

Principle 4: Be Clear and Concise.

Keeping words and phrases clear and concise ensures the respondents understand exactly what is being asked in the questionnaire. Specifically, in Vancouver and Lower Mainland region where cultural diversity is significantly evident, many of CIBC's managers do not speak English as a first language, so that maintaining clarity becomes increasingly critical. The survey provided excludes jargon and was tested with a sample of non-participants to verify its simplicity and basic use of language.

Principle 5: Avoid Leading and Biased Questions.

Often, respondents are lead or persuaded into a certain direction without realization or intent in surveying. Phrasing a question in a manner in which the respondent may feel compelled or driven to agree with a given scenario even though they completely oppose, is a common error in survey construction. Moreover, asking the managers about the tools their team uses, their effectiveness, and recommended enhancements is a much better approach than specifying a particular tool or system prior to posing a question.

Branch managers were surveyed primarily because it is ultimately their responsibility to drive the bottom-line results of the branch. The branch manager role consists of administrative obligations, business development, coaching, human resources management, public relation, and a wide range of other duties; hence the level of intellectual capability and general branch awareness is significant over many other branch roles.

Gathering employee data and feedback is often the best resource available in determining workplace challenges (Church et al., 1998) and direct employee feedback is the "most important sources of information to be harnessed" (Church et al., 1998:2) for many firms. The questions are presented to the managers in a systematic survey whereby an issue has been discovered and questions are formulated to establish opinions of those affected. The survey covers various aspects including why managers feel sales are inadequate, suggested tool enhancement effects, dramatic branch change effects, and general feedback. Although, numerical surveys such as a point or rating system can be a lot more accurate and concise (Church et al., 1998), CIBC needs to obtain direct and honest opinions. Many times, the point or rating surveys begin to imply what the organization feels is a concern and does not give the employees an opportunity to speak freely about the true issues they feel are at hand. A survey with clear questions that are easy to interpret and analyze in formulating a consensus will address the issue more effectively. Moreover, the "write-in" survey can provide rich data with in-depth results and understanding of the respondents' issues (Church et al., 1998).

At CIBC, much of process enhancements come straight from the top of the organization without consultation of the people affected by the change, such as the employees within the workplace. At times, this is necessary especially in the banking sector where financial results are vital to the company's success, yet consulting the frontline would not only provide feedback, but also aide in bettering the process or procedure in need of improvement. Hence, a survey facilitates bottom to top feedback potentially providing an easier transition to implement change and promoting positive adjustments in the branch atmosphere (Church et al., 1998). Moreover, when the concerns of frontline managers are addressed and improved, a manager will believe in the new process as they have a vested interest in the feedback they provided to senior management. The questions were also kept quite broad to generate creativity and honest opinions and feedback. The SWOT analysis was derived from many of the manager comments during the survey.

3.2 SWOT Analysis

A legitimate starting point when evaluating a specific strategic challenge is to conduct a simple SWOT analysis. Researching how this particular analysis is initiated and its effectiveness was reviewed in commencing the process. A SWOT analysis is typically used for conducting and assessing corporate strategy, as well as a constructive tool to determine specific concerns within a business, providing a foundation for this project. Michael Porter states, "Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value" (HBS, 2005: xiii). It is evident that CIBC must alter its investment strategies to deliver mutual funds to its clients. Although a corporation may ultimately have one strategic corporate strategy, it is important for a large company like a major bank to have multiple strategies specific to each business unit or major division. It is for this reason that detailed SWOT analysis be conducted from an asset management point of view, especially to achieve a competitive advantage in mutual fund sales. A sound strategy is vital in supporting the goals and directions of not only the company, but also the employees to define their work as being successful (HBS, 2005).

It is important to discuss the various components of a SWOT analysis summarized as follows:

Strengths: Capabilities should be leveraged and aide in the company's success.

Weaknesses: Processes or procedures that create a barrier in performance and should be administrated within a reasonable timeframe.

Opportunities: Areas in which the company can capitalize and utilize.

Threats: Issues outside the company's control that need to be thoroughly analyzed and considered in order to overcome the specified challenges.

Incorporating the SWOT with CIBC's mutual fund challenges and issues is addressed in figure 2.

Figure 2. CIBC Front-Line Mutual Fund Sales - SWOT Analysis. March 2009.

STRENGTHS	WEAKNESSES
-Include multiple mutual funds that are rated 4 and 5 star funds from Morningstar.ca. -Well-developed online learning courses for FSRs related to products. -Numerous client tools available such as, investment selectors, net worth statements, financial health checks, life goals, etc. -Significant assets to spend on improving product sales and employee development. -CIBC and its subsidiaries have a strong brand name and is well recognized on a national and global perspective. -In 2008, CIBC was selected for the Dow Jones Sustainability Index which is awarded for socially responsible asset managers. -Strong managed portfolio service funds. -Strategic view of improving product quality, strong relationships, and ease of distribution.	-FSRs job responsibilities have a wide range of products. No expertise in specific products exists. -Weak compliance processes deters FSRs to sell funds as they may be penalized for errors. -No specific requirement for FSRs to sell mutual funds as other investments qualify for their sales targets. -FSRs are not variably compensated and are salaried employees with potential of an annual incentive plan. No direct correlation with mutual fund sales. -Branch management and compliance administrators are limited in time spent on mutual fund selling due to job complexities. -Lack of expertise from mentors and coaches. -Difficulties for MF reps to stay up to date on current events due to lack of time. -Weak mutual fund training process specifically lacking in the hands on approach. -Investment specialists and asset specialists focus specifically on high value clientele, not the front-line.
OPPORTUNITIES	**THREATS**
-Canadians have a main objective to save for retirement. -Only 56% of Canadians hold mutual funds, while CIBC core clients only hold 5%. Hence, there is much room for growth and opportunity. -In 2008, CIBC Asset Management was ranked 40th in Canada for net sales in mutual funds while RBC was ranked 1st. -External resources and articles are easily accessible by CIBC and FSRs can educate themselves. -Unique needs based selling approach for CIBC has been thoroughly developed and is leveraged in the marketplace. -With almost 11 million personal, business and wealth management clients there is significant potential for cross selling and reaching out to such clientele. -Industry growth in managed portfolio services will aid all FIs holding such products.	-Other banks and financial institutions are gaining market share in the fund industry. -Mutual fund conversations take more time than other more simplified products and FSRs have high activity targets, most likely re-directing their focus. -Growth of independent advisors is invading the marketplace for established FIs. -The current economic crisis is posing overall threats to the investment industry. -Extremely volatile markets inhibit growth from a front-line perspective. -Other banks have specialized mutual fund specialists, considered to be the experts in a branch. -Due to Mutual Fund Dealers Association (MFDA) guidelines, MF reps cannot proactively solicit mutual funds.

As discussed by the Harvard Business School, it is crucial to review the internal components of a SWOT analysis as well as the external issues affecting mutual fund sales. All the external stakeholders are important in affecting the potential profits and the motivation to increase net sales for the bank. External analysis is derived from the opportunities and threats which outline the external environmental impacts unto CIBC's endeavours. Although we cannot obtain detailed policies and procedures from our competitors, sufficient analysis may offer insights into how their operations appear to function in their local branches. For example, mystery shopping competitors would demonstrate how other banks sell mutual funds and evaluating the process. Relating a company to its competitors and surrounding environment has the capacity to influence potential profit (HBS, 2005). There are many industry competitors that offer mutual funds throughout Canada, many of which have some strong performing funds. According to the Department of Finance Canada, in 2001, there were over 1800 mutual funds and over 50 million unit holders in Canada. This is a valuable statistic, yet it is beyond the scope of this project to evaluate specific fund companies and its products. Furthermore, studies have indicated that over 90% of long term investment success is due to asset allocation. Other factors such as investment selection, market timing, and specific products only account for about 10% of investment success (Brinson, 1991).

In analyzing the SWOT, three areas CIBC is focusing on from a strategic standpoint to distinguish itself from its competitors are product quality, strong relationships, and ease of distribution. During a discussion with the President of CIBC Asset Management, Steve Geist, he noted that these concentrating on these areas will allow FSRs to have the confidence in selling our products. Product quality is devoted to stressing performance, addressing product gaps, and ongoing portfolio enhancements. Improving our relationships would consist of expanding our mutual fund sales support and promoting communication, as well as enhancing marketing strategies. Lastly, the ease of distribution would help address the operational and compliance issues, improve the distribution of marketing materials, and simplify our line-up of mutual fund portfolios. These focal points should help drive the core competencies of CIBC mutual funds. Moreover, these strengths and weaknesses make up the internal analysis of the SWOT which is a vital component in having an effective strategy.

3.3 An Effective Strategy

An effective strategy can stem from unique competencies and must be valued by customers and employees. According to David Collis and Cynthia Montgomery during their "Competing on Resources" study, five variables support the development of an effective strategy. Below, I have summarized each variable and commented on the relevance to CIBC:

- Inimitability – The construction must be difficult and complicated to copy. Mutual funds cannot be directly imitated as outlining assets and unit holders vary in each mutual fund portfolio. However, similar products and solutions are offered within the industry.
- Durability – Refers to continuing value of the competence or resource. CIBC mutual funds must provide long term success with each fund requiring regular maintenance and rebalancing to ensure its durability.
- Appropriability – Who captures the value created by your resource? Clearly, CIBC mutual funds would assist the bank in achieving better profits, yet the clients who

purchase these funds also need to be aware of how their investments are performing. As previously noted, improving communication would allow clients to be actively notified of fund performance and other pertinent details that make CIBC products unique.

- Sustainability – Can a substitute overcome your resource? Is there an alternative to mutual funds with which a client may receive similar benefits? This is closely related to the durability variant as sustainability would rely on FSRs dedication in continuing to build and develop a relationship with CIBC clients. Many times in the branch environment, once a sale is confirmed, there is minimal or no follow-up conducted by the FSRs. Over time this is a major concern and the sustainability feature will deteriorate as clients will seek alternative solutions at some point if their funds are not regularly reviewed.

- Competitive superiority – Is your resource truly superior to those of your competitors? Selecting the right mutual fund solution is critical in the sales management process as FSRs may occasionally be called upon by their clients to demonstrate that CIBC funds are more attractive than those of its competitors. Typically, the core clientele are not very knowledgeable in investments and rely heavily on FSRs to provide accurate, sound advice. The request to compare mutual fund products is rarely of concern to these clients - investors are more likely to enquire how the mutual fund has done relative to overall markets.

The following chapter will breakdown and analyze in detail the various concerns that the methodology portion of the project has addressed.

CHAPTER FOUR – Analysis and Findings

4.1 Capability and Training

The lower mainland branch managers feel that deficiencies in confidence, capability, and belief in the product are some of the main reasons CIBC is not selling mutual funds. It is difficult for an FSR to sell a product they do not sincerely have faith in, hence, FSRs need to fully understand how and why a mutual fund will benefit certain clients. In believing that the product is the best in the market, an individual is more likely to sell the product effectively. This is a great starting point in building the necessary confidence to discuss mutual fund options with clients. As mutual funds are fairly complex, confidence plays a major role in conducting client conversations around these investments. When a client has questions, an FSR needs to be able to communicate the proper response and articulate themselves in a professional manner. Another closely related question is whether the FSR has the capability to hold such an elaborate discussion. Having mutual fund representatives licensed to sell funds if they do not understand or grasp the conceptual intelligence to comprehend the concepts of successful investing, is redundant and unconstructive. Although many points of investing are quite basic, an FSR must be able to respond clearly and accurately when a client begins to ask more detailed questions about a product or solution.

Many times, capability can be achieved through strict coaching and dedicated training. Ensuring that a thorough training process is in place for newly licensed representatives is a vital source in encouraging solid FSR capability. Though a 90 day training process is mandatory through the Mutual Fund Dealers Association (MFDA), they only outline minimal requirements. A compliance officer is designated to each branch at CIBC and bears the ultimate responsibility of training. The officer is typically the branch manager who already has numerous other job tasks, making it difficult to focus on mutual fund training, identified as a primary concern during the survey. CIBC has a very thorough e-learning program for its employees; however, in terms of mutual fund selling and product solutions, the courses are quite limited, none of which concentrate on how to sell mutual funds or how to recommend a solution to a client. Often, new licensed mutual fund representatives are simply directed to read the procedures and compliance manual which provides only basic information, minimal learning and far from intuitive. More comprehensive, hands on training would heighten capability and confidence levels.

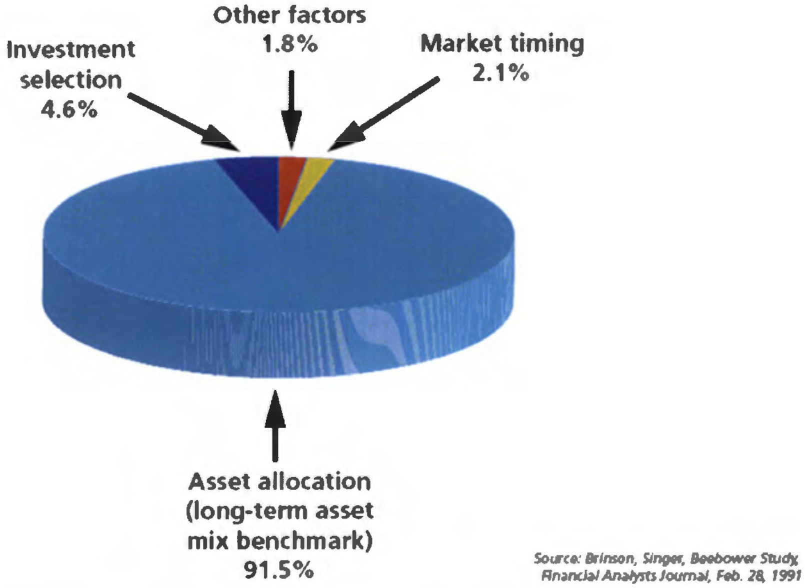
The Mutual Fund Dealers Association (MFDA) regulates CIBC Securities Inc. and any employee selling or discussion of mutual funds must be licensed in the province of operation. There is an associated charge for CIBC to employ an employee who is licensed through the MFDA on an annual basis. CIBC, therefore, often does not require all FSRs to be mutual fund licensed, becoming a concern as many branches do not have enough licensed representatives to proactively service their existing client base. Moreover, not enough licensed FSRs have sufficient time to spend with their clients to discuss successful investing due to the demands of the job and its associated complexities.

In order to become licensed, the employee must successfully pass the Canadian Securities Course or the Investment Funds in Canada Course, a task which is also noften difficult to execute for many front-line employees. The courses involve extensive reading and final exams which require a sixty percent average grade to pass. Many FSRs find it strenuous to study the complex material and demanding curriculum due to their personal life and professional obligations. Not all employees are as driven in regards to the corporate goals and aspirations, so if CIBC wants to reach its objective and exceed in related targets, the organization must build the interest and knowledge of its employees, inspiring their committed involvement.

4.2 Tool usage

Employees should be able to evaluate client needs through various tools. Net worth statements, financial check-ups, life goal worksheets, retirement planners, and numerous other available tools can be properly utilized in order to close client conversations into actual, closed sales. Other areas of conversation may also include examining the nature and process of how consumers perceive current markets. Although most of the tools have not been analyzed, the most critical, as outlined in the manager survey, is the investment selector. How are employees finding the right mutual fund option for their clients without using this tool? Mutual fund representatives may make use of such a selector to outline a generic, suitable portfolio for a client based on the client's return expectations, risk tolerance, and investment horizon, yet this practice it is not being used consistently. This tool is a fairly relevant component in asset allocation and should be used each and every time a client is looking to invest their money at CIBC. As outlined in figure 3, it is evident that starting with the right mix is the key driver in long-term investment success over other indicators.

Figure 3. Starting with the Right Mix. February 1991



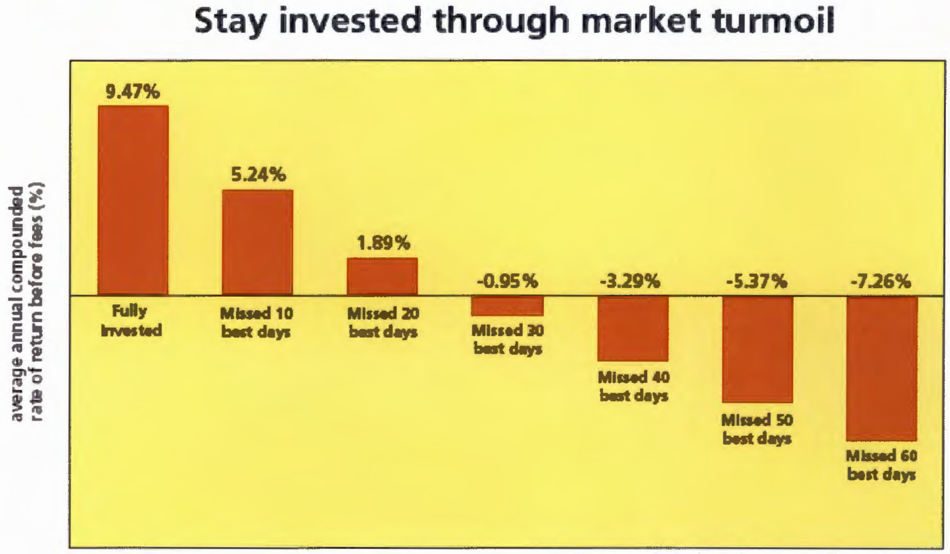
Selecting the right mix of asset classes is the first step to long-term investment success. Studies have indicated that more than 90% of long-term fluctuations in portfolio returns hinges on asset mix. Other factors, including choice of individual securities and attempts to time the market, account for less than 10%.

Asset allocation is the proportion of an individual's investments devoted to growth, income, and savings. Many investors feel the most important decision is which fund to buy – in reality, the most important decision is what type of funds to buy – or the mix of funds in your portfolio. Furthermore, in order to be successful in the long run, investing across geographic regions allows clients to take advantage of global investment opportunities (Bloomberg, 2008). The investment selector also covers global investment risk with clients and strengthens its resource as an important tool.

4.3 Today's Markets and Impacts

Current market trends are also affecting mutual fund sales and clients should be advised of long-term investment strategies. Many people are concerned about what the financial markets hold in the short run and this is resulting in declining investor confidence. In these volatile times, CIBC employees must look to encourage and remind clients to focus on long-term growth and stay invested. Specifically, FSRs need to educate their clients regularly and continue to be proactive in building upon communication with their clients during, both good and bad economic times. In instances of economic instability, clients historically become panicked and often begin to sell their investments, when in fact, they should be buying. During bullish markets and prosperous economic conditions when markets are at a high, investors, however, have been seen to purchase additional investments. Hence, it is important for all clients to stay invested during market turmoil (figure 4).

Figure 4. Stay Invested Through Market Turmoil. January 2008

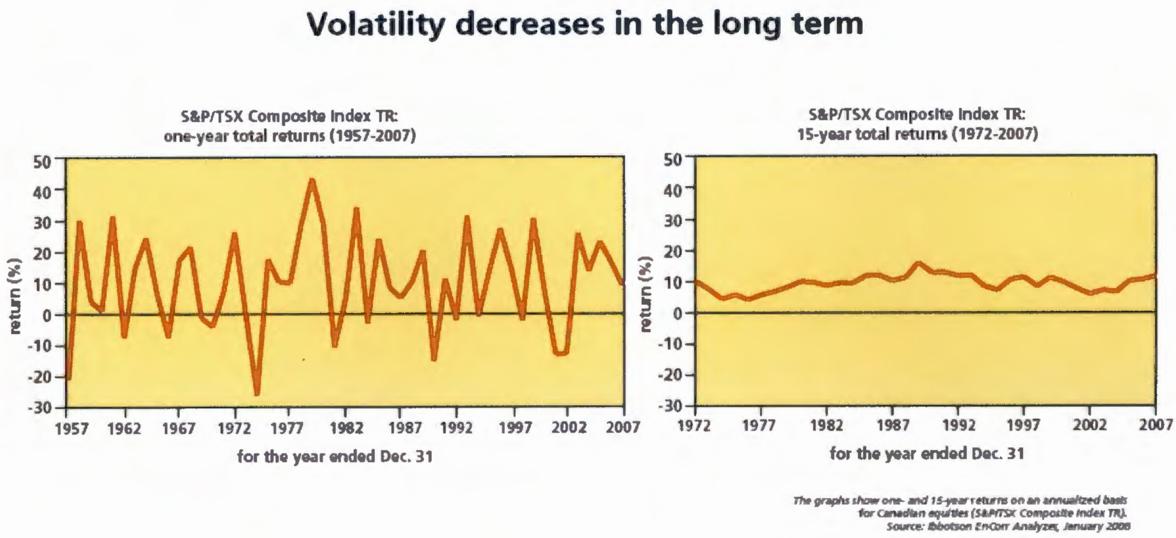


S&P/TSX Composite Index TR from Jan. 1, 1998–Dec. 31, 2007.
This example is for illustrative purposes only.
Source: Bloomberg, January 2008

Investors who exit volatile markets or try to market-time may miss out on sudden advances. Someone who invested $10,000 in the S&P/TSX Composite Index TR on Jan. 1, 1998 and remained invested for 10 full years would have made $8,049 more than an individual who was out of the market for the 10 best days.

Although it seems somewhat like common sense to buy when the market is low and sell when it is high, this seldom occurs and mutual fund representatives need to educate their clients on being rational investors. Rational investors do not time the market and never focus specifically in the short run, rather retaining their long-term strategy. During a conference call held by CIBC Asset Management in September 2008, an unknown speaker from Westcore Funds/Denver Investment Advisors LLC commented "Don't let emotions rule your investments and avoid the emotional roller coaster of investing" (Unknown: Westcore Advisors, September 2008). Moreover, volatility is normal and ensuring that a client has a diverse portfolio will reduce overall market risk.

Figure 5. Volatility in the Long run. August 2008



One-year returns for the S&P/TSX have varied widely over the past 50 years – from a high of 44.8% to a low of -25.9%. But when annual returns are averaged over 15-year periods (for the 15 years ending 1972, the 15 years ending 1973, etc.), the index performance is remarkably steady (and relatively strong compared with other asset classes), varying only between 6.25% and 15.49%.

An andex chart is a valuable instrument FSRs may use to help educate their clients, especially by the detailed financial data and market results indicated across a spectrum of the past sixty years. Ultimately, it assists in supporting the success of long term investing. For example, although equity markets pose the greatest amount of risk (beta), historically realized high rate of returns are observed compared to the other markets over the long run. Significant short run fluctuations tend to smooth out and flatten over long run periods, portrayed in the andex chart. Therefore, such a chart may aide FSRs in leading conversation with a client as it addresses dollar cost averaging through multiple market indexes.

4.4 Compensation

At CIBC, frontline FSRs are not variably compensated in any way, rather they are salaried employees. Their year-end performance assessment is based on many product components, customer satisfaction surveys, and a branch risk rating. The complexity associated with mutual fund selling is significantly higher than many other products due to the compliance issues involved with selling and ensuring clients understand such concerns like risk and returns. At CIBC, a licensed FSR can be extremely successful without selling mutual funds and receive a strong performance rating, frequently providing a level of disconnection with execution and productivity. What is the benefit for an FSR to sell a mutual fund over a GIC? Which is less complex and much easier to sell and process? Although CIBC focuses on needs-based selling involved in complementing the right product for our clients' particular and individual circumstance, unfortunately, some FSRs may often place their own interests at the forefront as they are directly measured on the number unit sales on a wide range of products. "Pay is one of the most important job factors to people and has the power to influence their membership behaviour and their performance," (Lawler, 1981:5). However, it would not be beneficial for CIBC to pay on a salary plus commission basis dependant on mutual fund sales as the company would then face alternative dilemmas. FSRs may begin to sell mutual funds that are not suitable options for some clients in order to receive commission. CIBC is dedicated to meeting *all* of our client needs and it would be difficult to variably compensate with all of the associated needs. "Pay is often a source of dissatisfaction and problems," (Lawler, 1981:5) and is a significant, valid concern in commencing the advancement of an organization's investment sales. To launch an aggressive target on mutual fund sales, a correlated pay structure could promote the initiation of this focus. CIBC could adjust their FSR performance scorecards to align with the company's growth objective, becoming not only a challenge for the employees to understand a complicated scorecard, but the management would be required to communicate and interpret individual results quickly and efficiently. Moreover, if CIBC has multiple areas of focus on FSR scorecards, confusion would most likely result for all stakeholders, especially those at a frontline level.

4.5 Role Complexities

At CIBC, FSRs are expected to sell investments in a wide range of products including accounts, visa cards, loans, line of credits, creditor insurance products and more. As previously reviewed, the amount time involved in discussing and selling mutual funds is a rather lengthy process and seeing that FSRs already have numerous products to sell, concentration on driving mutual funds becomes one of the most time consuming product sale. Role clarity and employing "in-house" designated mutual fund specialist in each location or, at the very least, one in each large size branch, would certainly assist unit sales. This process involves establishing a similar sales approach as CIBC's in-branch mortgage specialists. In 2008, CIBC introduced an in-branch mortgage specialist to many critical branches throughout Canada. On average, every three branches employs one specialist who visits the locations daily and are solely responsible to mortgage discussions and sales. Since mortgages are also fairly complex and time consuming solutions, an FSR can refer a client to the specialist and record it as a referral. Although, the specialist finalizes the actual sale, the FSR is recognized for identifying the opportunity on their individual scorecard, permitting the FSR to spend more time on other products, proactive calling, and other various activities within the banking framework. In the end, both the branch and CIBC absorb the benefits from the increased productivity and specific focus. A mutual fund specialist, having additional accreditation, may also assist and coach other licensed FSRs to build capability and confidence.

4.6 Survey Analysis

Q1. What are some of the primary reasons you think we do not sell Mutual Funds?

Many of the respondents answered that a lack of confidence and knowledge on behalf of the FSRs inhibits and hinders mutual fund sales. Training of MF reps was also an area of concern managers expressed in the survey.

Q2. If CIBC were to make some amendments to the issues you have, would this change your selling techniques to incorporate mutual funds.

The majority of responses were responded with a defined "yes", while a few managers added that in-branch role plays would assist in our selling techniques.

Q3. Do you believe CIBC has the right mutual fund products? (i.e. income funds, managed portfolio services etc.)

The entire sample size agreed that CIBC's line-up of mutual fund products is more than adequate and is in fact, competitive in the investment industry.

Q4. What tools do your FSRs use to determine the right product for your client? Do you find these tools useful?

The most utilized tool is the investment selector, however, many managers also feel that this is a basic tool and cannot be used on its own. Some managers outlined that the available instruments may not be utilized to the fullest potential.

Q5. Would you like to see any changes to these tools? If so, what would these changes look like?

While numerous surveyors left this question blank, some indicated that the tools available need to be elaborated and a more thorough product solution should be displayed.

Q6. Do you find that your FSRs have enough support and learning to sell Mutual Funds at CIBC?

The responses to this question were extremely mixed. Many managers felt that the support is present in encouraging mutual fund sales, yet the lack of training continues to be a challenge and an area of concern.

Q7. Would you like to see a Wealth Specialist in each branch to conduct mutual sales and other intensive investment products? If so, how do you believe this will help CIBC?

Majority of the managers felt that having a wealth specialist in each branch, or at the very least, in the larger branches would promote MF sales to grow significantly as it allows FSRs to focus other critical products. A wealth specialist would provide clients with the expertise in investment sales and develop CIBC's mutual fund book. Additionally, a few surveyors responded that a wealth specialist could also aide in coaching and training other FSRs with respect to investments and the associated sales techniques. Some respondents compared this process to RBC's methodology around an in branch specialist indicating the need for to CIBC follow suit.

Q8. Are there any other barriers you feel exist that inhibits your team to sell mutual funds?

Although many respondents had excluded any comments on this question, some managers discussed market volatility and the fact that current market conditions continues to pose a challenge. Managers are also noted a certain level of unfamiliarity with mutual funds, questioning their expertise and coaching skills especially in regards to adequately training their employees to sell. Furthermore, respondents noticed that FSRs are not actively educating their clients on how to successfully invest. If CIBC is not teaching and directing clients in this matter, they would most likely be driven to look towards other institutions for this type of advice. Mutual fund compliance was addressed as not only an added burden for the managers, but also for FSRs in regards to receiving critiques from mutual fund supervision services and the enormous follow-up work associated with correcting such deficiencies. Specifically, one manager noted, "Compliance is a real issue and a detriment to branch managers and this affects the team." In relation to question seven, managers would like to see other wholesale type of representatives visit the branch to assist in coaching with respect to mutual fund products and solutions.

The following chapter will summarize the detailed findings and provide CIBC with a relevant solution and recommendation to enhance frontline mutual fund sales.

CHAPTER FIVE - Conclusions

It is evident that CIBC needs to improve its mutual fund sales, however, there are multiple issues to be addressed that will require significant effort and time in order to rectify many of the concerns. As outlined in the analysis portion of the paper, various components and multiple stakeholders at hand presented added complexities in driving mutual fund sales, inevitably making the process a difficult task. CIBC has a very large client base and should look towards these clients in a timely manner in order to benefit from the economic downturn.

The expectation of our FSRs is extremely high and it is evident that a specialist who is solely responsible for investment sales should be placed in critical branches. The FSRs can be assigned a referral target to refer clients to the specialist instead of specific investment unit sales. It would not be suitable for every single client to be referred to a specialist that is interested in investments as the volume would be far too excessive for a single specialist to manage. Rather, setting a referral expectation for FSRs on a weekly basis to the specialist would be a suitable process as they would still need to evaluate clients that may seem interested in investing in mutual funds or long-term investment solutions.

CIBC clients with significant net worth and complex relationships may utilize the expertise of an investment specialist, available when asked upon from their financial advisor. My recommendation is to have a similar role available for the frontline teams to leverage for branches that are classified as high impact. CIBC has a formal size grade of all of its branches throughout Canada and I believe it is especially important to create this position in these locations as their results are vital to the entire organization's success. These specialists would be accountable for providing expert financial planning that specializes in wealth management solutions for CIBC's core clientele.

Some of the key accountabilities similar to the other asset management specialists would be the same for this position (CIBC internal; https://w3.myhr.cibc.com/myhr/server.pt), such as:

1. Work with customers to analyze and identify their investment needs using appropriate investment planning methods/tools. Develop recommendations as to how customer investment needs can best be met and based on these, finalize and close the sale.
   - Analyze customer portfolios and prepare investment plans.
   - Interview customers to define and analyze their needs and goals, find gaps, discuss solutions, recommend appropriate asset mix and close the sale.
   - Educate customers about their investments and their portfolio.
   - Identify opportunities to make referrals to other CIBC subsidiaries or FSRs involved in various other capacities.

2. Establish and maintain teamwork with FSRs within the branch network in order to identify current and potential investment needs and obtain referrals.
   - Educate FSRs and the frontline about the role of the in-branch Investment Specialist.
   - Establish the Specialist role as an integral part of the branch network sales force by motivating and encouraging FSRs to make referrals.
   - Manage all aspects of the client relationship and portfolio on an ongoing basis to maximize client retention and the growth of assets under management.

- Understand the specific needs of clients, including their tolerance for risk and long-term objectives and recommend appropriate asset mix based on client needs by leveraging available tools.
- Proactive communication with clients by managing client meetings, handling enquiries, providing information, fulfilling client's overall expectations, and identifying new opportunities to grow assets under management.

3. Conduct information and training sessions/seminars with the CIBC sales force and current/potential customers in order to educate them regarding investment products/services and the role of the Specialist, resulting in overall increased investment penetration.

4. Keep up-to-date with current events, market information/ trends, products, etc. in order to provide sound investment advice to customers and share information with other frontline employees.

5. Ensure adherence to CIBC's compliance procedures and standards.
   - Ensure day-to-day activities are compliant with policies, procedures, guidelines and legislative/regulations and transfer potential issues to the Branch Manager.
   - Maintain appropriate industry registration status through the MFDA.

A typical in-branch investment specialist would have thorough knowledge of the investment industry and experience in structuring individual, complex investment solutions for clients.

Additionally, a developed investment expertise with a strong understanding of the current markets is mandatory for this position. The specialist must be able to respond to detailed, complex inquiries from both clients and FSRs. The specialist must be able to build relationships with their clients to provide recommendations to achieve sales targets and grow investment sales. Moreover, a mutual funds license and a wealth management planning accreditation would be mandatory for the specialist role.

The main reason for introducing an in-branch investment specialist would be to capture incremental investment growth – that is, increase investment sales, generate additional business, and improve CIBC investment market share. The specialist would support strengthening client relationships and improving client satisfaction by increasing our capacity and capability to meet all financial needs of clients. This role would support heightening the organization's achievement regarding sales targets and provide opportunities for FSRs to focus on other aspects of their job position that are less specialized. Additionally, this role would help strengthen FSR investment capability and continue to build their knowledge and capability.

CIBC has the vision of being a leader in client relationships and meeting the entire financial needs of a client is vital to the organization's success. An in-branch wealth specialist will narrow some of the investment gaps that the bank has faced in the past and continues to struggle with in the current market situation. This role will eliminate many of the challenges that were identified during my research, especially concerns raised with the manager survey. It is evident that CIBC needs to be aggressive in mutual fund sales, and dedicating a specific position with clear expectations will allow CIBC to strengthen its sales ranking among its competitors. Perhaps most importantly, such implementation and amendments to the functioning and structure of day-to-day activities aid in securing the organization's future endeavours in remaining a strong contender in today's banking industry.

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APPENDICES

Appendix A: Questionnaire

How to Drive Front-Line Mutual Fund Sales at CIBC

Branch Manager Questionnaire

1) What are some of the primary reasons you think we do not sell Mutual Funds?
2) If CIBC were to make some amendments to the issues you have, would this change your selling techniques to incorporate mutual funds.
3) Do you believe CIBC has the right mutual fund products? (i.e. income funds, managed portfolio services etc.)
4) What tools do your FSRs use to determine the right product for your client? Do you find these tools useful?
5) Would you like to see any changes to these tools? If so, what would these changes look like?
6) Do you find that your FSRs have enough support and learning to sell Mutual Funds at CIBC?
7) Would you like to see a Wealth Specialist in each branch to conduct mutual sales and other intensive investment products? If so, how do you believe this will help CIBC?
8) Are there any other barriers you feel exist that inhibits your team to sell mutual funds?

Appendix B: Letter of Consent

Jassy Braich
6204 Fraser Street,
Vancouver, BC
V5W 3A1
604-482-2625 ext 222

February 9, 2009

CIBC
Branch Manager
Participant

Re: Letter of Consent

As a part of my MBA project at UNBC, I have decided to determine the main challenges of front-line mutual sales at CIBC. This project will help CIBC better understand the reasons to which CIBC is behind its competitors in mutual fund sales and outline various recommendations that the organization can implement.

Please note, this is an anonymous 10-15 informal questionnaire whereby your name and related results will not be corresponded to your manager and peers. After all the interviews are conducted since no names are present on the document you will remain anonymous. All questionnaires will be retained in my file for a period of 12 months after the project is completed. You are more than welcome to read and review my final project upon completion.

Your participation will assist in CIBC growing its mutual fund portfolio to ensure long-term success.

Sincerely,

Jassy Braich
Branch Manager, BBA, MBA Candidate
CIBC
Fraser & 46th Branch

Appendix C: Approval of Research Survey

UNIVERSITY OF NORTHERN BRITISH COLUMBIA

RESEARCH ETHICS BOARD

MEMORANDUM

To: Jassy Braich
CC: Steven Cronshaw

From: Henry Harder, Chair
Research Ethics Board

Date: February 9, 2009

Re: **E2009.1022.179**
Challenges in Front Line Mutual Sales at the CIBC

Thank you for submitting the above-noted proposal and requested amendments to the Research Ethics Board. Your proposal has been approved.

We are pleased to issue approval for the above named study for a period of 12 months from the date of this letter. Continuation beyond that date will require further review and renewal of REB approval. Any changes or amendments to the protocol or consent form must be approved by the Research Ethics Board.

Good luck with your research.

Sincerely,

Henry Harder

Appendix D: Specific Survey Analysis

1. Confidence / Capability / Belief: 14
   Knowledge: 10
   Training: 7
   Not enough Representatives: 3
   Compliance: 3
   Fund Performance: 3
   Lengthy Process: 1

2. Yes: 16
   No: 2
   Maybe: 4

3. Yes: 22

   No: 0

   Maybe: 0

4.

Investment Selectors: 13	Yes: 10	No: 1
FHC: 3	Yes: 3	
RSP Calculator: 2	Yes: 2	
MPS Video: 1	Yes: 1	
KYC: 1	Yes: 1	
N/A or No Response: 9		

5. Yes: 9
   Example of changes:
   - Computer Systems
   - Improve Investment Selectors
   - FSRs need to stop favouring funds they know
   - Training

   No: 13

6. Yes: 12
   No: 10

7. Yes: 17
   Examples of why would a Specialist help?

   - Free up the FSRs
   - Train FSRs to interact with clients more
   - More focus on sales
   - More Sales
   - Confidence increases
   - Focus on clients more

   No: 4

8. Yes: 15
   Other Barriers

   - Market Volatile: 4
   - Non Believers: 3
   - Representation: 1
   - Focus: 1
   - Confidence: 6

   No: 8