Developing a framework to manage a sustainable life insurance franchise in South Africa

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It all starts here ™

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ABSTRACT

Changes and challenges that have occurred during the last couple of years, have forced life insurance companies to make certain strategic decisions in order to remain competitive. Life insurance companies have to monitor their surrounding environment in order to create opportunities to allow them to survive in their competitive environment. This study intends to contribute to the competitive advantage as well as to the profitability of life insurance companies.

Franchising in the financial service industry in South Africa, as an alternative distribution channel, formed the focus of this study. The life insurance industry is struggling to come to terms with the wave of regulations being implemented in the industry. Because franchising provides an opportunity for people without business experience and due to the changing environment, a framework for managing such a business plays a major role in the success of the business.

Through the use of a survey an empirical study was done to test the relationship of concepts that will contribute to the development of a framework for a sustainable franchise in the life insurance industry. The various concepts were discussed and brought into context with the objectives of the study.

The research study shows that franchising can be a viable option as an alternative marketing channel in the life insurance industry. The main findings of the study contribute to the development of the framework for managing a sustainable franchise in the life insurance industry in South Africa.

Keywords: franchising; life insurance companies; competitive environment; framework; sustainable franchise

KEY TERMS

FAIS	-	Financial Advisory and Intermediary Services Act 37 of 2002
FICA	-	Financial Intelligence Centre Act 38 of 2001
FSB	-	Financial Services Board
FSP	-	Financial Service Provider
GDP	-	Gross Domestic Product
SARB	-	South African Reserve Bank
TCF	-	Treat Customers Fairly

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CHAPTER 1: INTRODUCTION

1.1 BACKGROUND

The long-term insurance industry has undergone many changes during the last couple of years. These changes were primarily linked to increasing the attractiveness of the industry to consumers. Certain strategic decisions will therefore have to be made in order to remain competitive. The modern business environment, within the South African long-term insurance market, has often been turbulent and volatile, thus even the most successful and established organizations have committed strategic errors. The major errors were a result of a lack of managerial awareness and foresight (Pellisier & Kruger, 2011:4).

An investigation done by True South Actuaries & Consultants (2013) regarding the extent, to which life and disability insurance cover for the South African pre-retirement population fall short of their real needs, is shown in Table 1-1 and Table 1-2 (True South Actuaries & Consultants, 2013).

Table 1-1: Insurance Gap 2010

R'billion	Death	Disability
Insurance need	11 683	18 714
Actual cover	-4 426	-5 563
Disability grant cover		-2 014
Insurance gap 2010	7 257	11 137
Gap as % of need	62%	60%

Source: True South Actuaries & Consultants, 2013

Table 1-2: Insurance Gap 2013

R'billion	Death	Disability
Insurance need	15 146	24 435
Actual cover	-5 867	-7 280
Disability grant cover		-2 414
Insurance gap 2010	9 279	14 741
Gap as % of need	61%	60%

Source: True South Actuaries & Consultants, 2013

It can thus be seen that the insurance gap was calculated at R18,4 trillion in 2010 and in 2013 it amounted to R24,0 trillion. This figure represents an increase of between 9% and 10% and is exceeding inflation by about 3%. It therefore means that if South African households want to maintain their standards of living after the death of the breadwinner, the gap have to be shrunk. The insurance need for a death event for all employed South African earners is in the region of R15,1 trillion. The same scenario for disability amounts to R14,7 trillion.

Unaudited figures indicate that the net premium income for long-term insurers, at their financial year-end during the 2012 calendar year, totalled R302,8 billion. The following figure illustrates the spread of the 2012 net premiums (FSB, 2013).

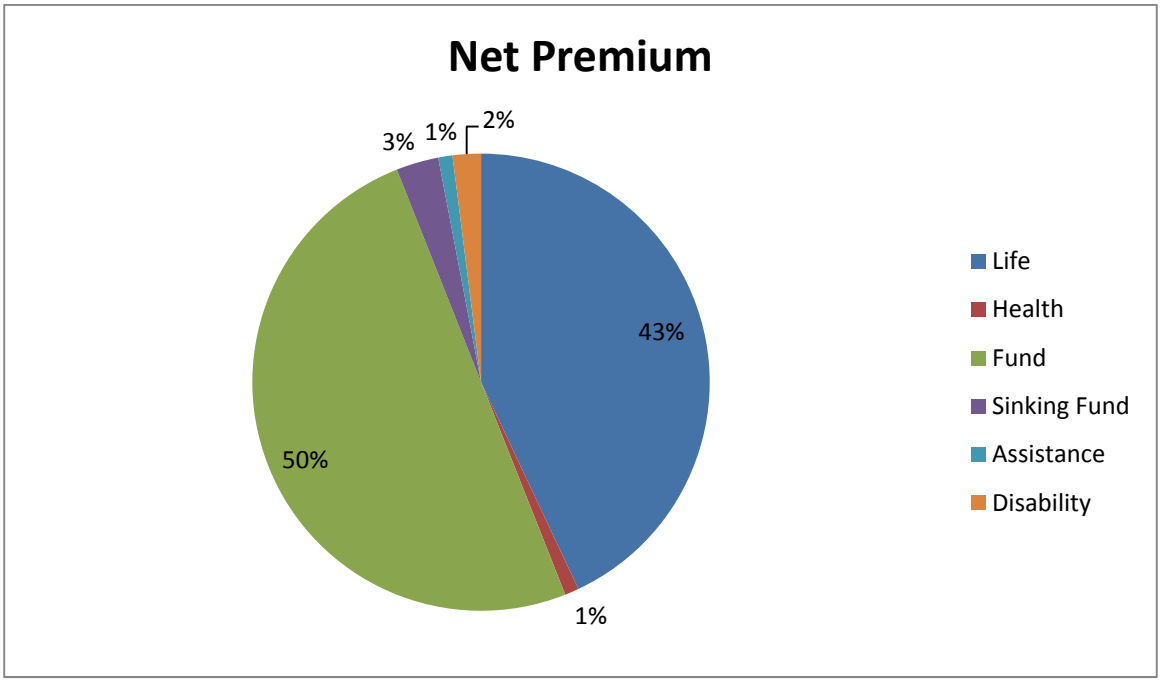


Figure 1-1: Spread of total net premium 2012

Source: (FSB, 2013)

It is quite significant to note that there are huge business opportunities in the life insurance industry. In this study a franchise as an additional marketing channel and the successful management thereof will be addressed.

Currently life insurance companies distribute and sell their products and services mostly through broker channels and contracted agents. Life insurance companies essentially provide mortality protection, savings and related products, which put them in competition with other financial intermediaries such as asset management companies' pension funds and entities which offer other long-term savings products. It can therefore be seen that industry dynamics have a significant impact on a life insurance company's operational position. The product, marketing

and pricing strategies are available to a company and eventually have a bearing on the industry as well as the company's long-term core profitability (ICRA LANKA, 2014:2). It is clear that there are enormous opportunities in the life insurance market, but insurers have to be innovative, not only with the product they offer, but with their strategy in marketing channels also. It is in this regard that the study will focus on franchising as a marketing channel.

A successful business franchise in the life insurance environment would eventually lead to the company's strong market position and its ability to generate growth, and hence would be a key determinant of core profitability and internal capital generation. This means that the franchise, that a life insurance company has, is critical in determining its long-term business profile and eventually its core profitability (ICRA LANKA, 2014:2).

A company offering a franchise in the financial services proved that the benefits are financially significant. They believe that you will be able to generate a meaningful and sustainable income just weeks after joining the franchise. New practices generally take many years to become financially secure (Acountant, 2006:12). A franchise is thus a large scale growth opportunity based on a partnership rather than solely on individual efforts (Spinelli & Adams, 2012:353).

1.2 PROBLEM STATEMENT

Insurance companies need various models in the segment of the intermediary market to enhance its ability to grow manpower and to enlarge their footprint. This new model of a franchise can play an important role because at its most fundamental level, franchising can be seen as a large-scale growth opportunity based on a partnership, rather than solely on individual effort (Spinelli & Adams, 2012:353)**.**

Such an insurance franchise will be a privately owned operation owned by entrepreneurs who want to aggregate and recruit financial planners. These franchises will be governed by crafted, contracted franchise rules, which will provide space for the franchisee to grow as an advisory operational model within this framework. As the insurance industry is struggling with new regulations, franchising and a business model can contribute to the success of a business.

Such a model will then consist of individuals or entrepreneurs seeking to win or manage their own businesses as part of a financial insurance company. This business model would exist on the tight-loose concept within an agency. Tight contractual and quality of advice boundaries and loose business growth and individual structures will be considered.

Research has shown that control problems are inherent in franchising networks. It also emphasised, that finding the balance between, standardization and permitting local market adoption, remains one of the greatest challenges facing franchisors. (Verbieren *et al.*, 2008:10).

In a franchise relationship both the parties possess and control resources that are useful to the other party. The franchisor controls the system, brand name, intellectual property, etc. All of these are valued by the franchise. On the other hand the franchisee controls the hands on application and operation of the business, and possesses valuable local market knowledge, which is valued by the franchisor (Frazer *et al*., 2007:1039).

1.3 OBJECTIVES OF THE STUDY

1.3.1 Primary objective

The primary objective of this study is to set a framework for managing a life insurance franchise in South Africa to be sustainable - what needs to be managed and how it must be done and who are responsible for what to ensure that such a franchise is sustainable.

1.3.2 Secondary objectives

To achieve the primary objective of this study, the secondary objectives to be realised are:

1.3.2.1 To determine whether a franchise will be a viable alternative distribution channel for financial service providers.

1.3.2.2 To determine which factors will contribute to the sustainability of such a franchise.

These life insurance franchises will function as an entrepreneurial concept with a strong set of business franchise rules. A franchise will be an environment where rules provide clarity on the boundaries, so that creativity and urgency is channelled towards the driver of commercial success.

The life insurance sector has undergone quite significant legislative changes in the last number of years, which have led to increasingly tight control. The long-term Insurance act as well as FAIS and TCF will play a major role in this study, as they have a major influence on compliance.

1.4 SCOPE OF THE STUDY

As the focus of this research is to set a framework for managing a sustainable franchise, it relates strongly to entrepreneurship. Spinelli and Adams (2012) said that, without a customer there is no opportunity and without an opportunity, there is no venture. Without a sustainable opportunity there can thus be no franchise.

The industry involved will be the long-term insurance industry. The focus will be on franchising as a marketing channel and will include financial advisors as well as independent financial

advisors. Advisors as well as independent financial advisors are so called “tied agents” to national insurance companies with a FSB license.

1.5 RESEARCH METHODOLOGY

1.5.1 Literature study

The major focus will be on studies and research that have already been done on the topics of management, franchise, and control within a franchise. Applicable legislation will be incorporated into the study.

1.5.2 Empirical study

The empirical part of the study will comprise of an electronically distributed questionnaire, which will gather and expose the views of potential franchisors regarding the management of such a business identity.

The population will thus be financial advisors and independent financial advisors working in the long-term insurance industry and who are linked to an insurance company. The data will be gathered and then statistically analysed to ensure that it is valid and useful to this study. The statistical analysis will provide direction and recommendations for developing a framework to manage such a franchise.

1.6 LIMITATIONS OF THE STUDY

Due to the fact that the study is merely a combination of different aspects, such as management, business acumen, business knowledge and franchising, it is crucially important to inclusively co-ordinate all these aspects and not see them in isolation. The assumption therefore logically follows that the eventual outcome of this study will lead to more in-depth studies on each aspect of this topic.

1.7 LAYOUT OF THE STUDY

Chapter one is prescribing the purpose of the study. The problem statement is mentioned here as well as the span of the study. An overview of the methods of investigation is also provided.

Chapter two is the literature study on the control of a franchise in the life insurance industry and how to manage it to be sustainable.

Chapter three will be a practical scientific manner to test the validity of the study. A quantitative survey will be done in order to get reliable results.

Chapter four will describe the results obtained from the research in chapter three. Recommendations will then be derived from the results obtained. Both the primary and secondary objectives will be addressed with solutions to the problem statement.

1.8 CONCLUSION

The intended study will focus on the new concept of franchises in the life insurance industry and the successful management thereof. This study may come up with some solutions to the challenges insurance companies will be facing using franchises as a distribution channel, due to the strong competition and regulatory environment in which insurance companies operate. This study also intends to contribute to the competitive advantage and the profitability of life insurance companies who use franchising as an alternative marketing channel.

1.9 CHAPTER SUMMARY

The importance and the reason for the study have been identified. It also provides a brief overview of the research study and includes an introduction and background to the study, including an overview of the research conducted.

An empirical study is conducted in chapter 3 where the representation of various factors and key issues related to the problem statement is analysed. Detailed analogies are created from which certain conclusions may be derived.

By understanding the extent to which a framework for managing a franchise in the South African long-term insurance industry is utilized, the research will expose the benefits and/or problems that are experienced, when implementing and utilizing such a framework.

The final chapter deals with the conclusions from the primary and secondary objectives as well as the empirical study. In conclusion a business model is used to develop a framework to manage a sustainable life insurance franchise in South Africa.

CHAPTER 2: LITERATURE STUDY

2.1 INTRODUCTION

There has been a concern within the South African insurance industry that the level of business generated by the industry is not at the level that the industry wants it to be. Increased efficiency is largely the problem and South African insurers have cottoned on to the diversified business model and the benefits that it can offer (Faurie, 2014). Life insurers therefore have to look at an alternative distribution strategy as a source of competitive advantage and sustainable.

The franchise that a life insurance company has is critical in determining its long-term business profile and eventually its core profitability. Normally a company's franchise may arise out of its brand building efforts, its distribution strategy, and its ability to provide a basket of products to meet a range and varying needs of its customers. Therefore a strong business franchise would eventually lead to the company's strong market position, its ability to generate growth, and hence would be a key determinant of core profitability and internal capital generation. A favourable life insurance franchise and operating position are more likely to sustain the strategic interest of the promoting company and ensure ownership continuity and steady capital infusion (Anon, ICRA LANKA, 2014.)

Franchising provides many options for individuals to meet their financial goals and business visions (Spinelli & Adams, 2012:353). It is thus clear that franchising provides an opportunity for people without prior business experience or who have low levels of technical skills to enter a business as the franchisor provides the necessary training in these areas (Frazer *et al.*, 2007). It is expected that franchising delivers a better financial performance, a more supportive working environment and/or higher survival chances than alternative organizational forms (Nijmeijer *et al*., 2014:62). Entrepreneurship is vitally important to the economic and social development of South Africa. Entrepreneurship empowers citizens market to move forward and successfully integrate into the global economy. As franchising is an entrepreneurial venture, it will contribute the above mentioned (Dialogues, 2009).

2.2 WHAT IS FRANCHISING

The online Oxford dictionary (1974), defines a franchise as "an authorization granted by a government or company to an individual or group enabling them to carry out specified commercial activities, for example acting as an agent for a company's products".

Franchising can be seen as a specific type of business venturing where the franchisor sells the right to market goods or services under its brand name and using its business practice to a franchisee (Nabil & Ferry, 2013:112).

Franchising, at its most fundamental level can be seen as a large-scale growth opportunity which is based on partnership rather than solely an individual affect. The focus of franchising is similar to that of entrepreneurship. It offers a systematic and proven process to extract maximum value from the opportunity. Opportunity, thought, and action are essential elements of an entrepreneurial venture as well as a franchise opportunity (Spinelli & Adams, 2012:353).

Power plays an important role in the franchising relationship in order to channel member participants to facilitate cooperation and to achieve desired goals. Power in this sense can be defined as the ability to influence another's behaviour. In such a relationship both the parties, the franchisor and the franchisee possess and control resources that are of importance to the other party. The franchisor controls the franchise system, brand name, marketing strategy and the intellectual property. The franchisee controls the hands-on application and operation of the business at the micro level and possesses valuable knowledge which is similarly valued by the franchisor. It is particularly in the early stages, where the learning curve is steep, that the franchisee is heavily dependent on the franchisor (Frazer *et al.,* 2007:1039).

2.2.1 History of franchising

By the time South Africa started to toy with the idea of franchising, the United States was already well on their way with this concept. The success of such business ventures internationally was starting to appear more enticing to South African business owners. Modern franchising, as we know it, became a legitimate business format with the emergence of a recognisable brand among consumers. Famous brands are recognised as symbols of quality, consistency, service and value. It is worth noting that South Africa offers a business environment similar to that found in other top franchising countries. Local business owners can operate a branch office, a wholly owned subsidiary franchisor, a joint venture, or a master franchising agreement with a local partner. Franchising in South Africa is growing at a steady rate of 13% annually and is expanding into numerous business categories. It is predicted that franchising will soon amount for 50% of all retail sales worldwide, making it a vital economic force and one of the dominant organizational forms of our time (Swart, 2006:6).

According to a study in 2008 by Pricewaterhouse Coopers, franchised businesses accounted for 11 million jobs or 8,1% of all private non-farm jobs in the U.S. economy (Kosova, 2010).

2.2.2 Advantages of franchising

Franchising provides franchisees with a proven system and the support of a much larger organization. The franchisor has virtually no capital investment since the franchisee uses their own capital. Due to this, risk is reduced substantially. A franchise can grow much faster by the leveraging off of the time and efforts of its franchisees (Anon, 2014).

2.2.3 Disadvantages of Franchising

Usually when you own a business, you control it. In the franchising environment, it is the franchisee that controls the business to a great degree. The biggest negative in franchising is the conflict between the franchisee and the franchisor (Anon, 2014).

2.2.4 Franchising in South Africa

According to the latest Franchising Census in 2004, the following statistics were made available (S.A Business Guidebook, 2004:129)

- Franchising contributed 17,1% to GDP;
- Total turnover amounted to R129,1 billion of the total;
- Petroleum turnover accounted for R 52,2 billion of the total;
- The sector employed an estimated 11 500 people;
- Of those employed, about 65% were male and 35% female;
- The top 3 business types by estimated turnover were petroleum at 40%, retail at 30% and fast foods at 6%;
- Regional distribution included Gauteng 40%, Western Cape 18% and KwaZulu Natal 13%;
- A total of 60% of new franchises took 6 months or less to break even, while only 9% took more than a year.

Table 2-1: Franchise facts about some U.S. franchisors

Franchise system age	21 years
Number of outlets per franchisor	2652
Annual revenue	$ 871 million
Franchise fee	$ 28 559

Royalty rate	5,58%
Advertising rate	2,89%
License agreement term	14 Years

Source: Spinelli & Adams (2012:354)

It is obvious that franchising contribute to a great extend to the economy of the United States and with the steady growth of franchising in South Africa the same can be expected.

2.2.5 Industry change

A recent study that was done, representing multiple distribution organizations including insurance companies, has shown that long-standing issues as the recruitment of new talent and the aging of existing field force, create a background against which today's industry operates. The research examined additional issues that have emerged and merit attention. These new developments present opportunities that, if leveraged appropriately, can set them apart from the competition.

The current state of face-to-face distribution and the framework within which today's financial organizations operate, will be discussed. This current framework is dictated by the following three realities (Leary, 2013).

2.2.5.1 Independent distribution

This is the leading sales channel for many core industry products and it accounts for more than half of the life insurance written and two thirds of annuity business written. Independent distribution networks play a critical role in the competition for sales talent and market share. More independent advisors prefer to place their business through an intermediary as opposed to placing it directly with a carrier. As much of these businesses are now written through independent channels, and with industry consolidation creating large mega-distributors and distribution networks, these organizations now have significant leverage among manufacturers. These independent organizations have gone beyond the traditional mix of services in an effort to differentiate themselves (Leary, 2013).

2.2.5.2 Today's contemporary advisor

Over time various factors such as competitive pressures, market demands, and new regulations have created a new profile for today's insurance advisors. The financial services organizations have responded in kind as many now offers a wide range of insurance, investment and advisory solutions through affiliated and third-party channels. Although the contemporary advisor is

becoming increasingly prevalent, a significant number of traditional advisors remain successful focusing on their traditional core business. A one support model is therefore not efficient anymore and companies must identify where they will build competitive advantage that will align the most desired advisors with their strategic priorities (Leary, 2013).

2.2.5.3 An integrated sales and service model

This integrated model has been created by the increased need to deliver products and services in an efficient and cost-effective way and to meet the evolving expectations of today's consumers. Today's customers will leverage multiple outlets as they research and buy products and services, including financial services.

It is therefore imperative that organizations align their strategies and provide the services and support that best position them for profitable growth, while recognising the value that certain services provide to an advisor's practice. The competition for sales talent and the business of today's advisors is particularly fierce (Leary, 2013).

2.3 GLOBAL COMPARISON

There are admittedly significant differences between Australia and South Africa, with Australia having a relatively homogenous social and legal makeup in contrast to South Africa's multi-cultural social fabric and with a legal system deriving from common law, civil law and indigenous legal systems. Nevertheless, there are also significant similarities. Culturally, the imprint of the English legacy is seen in the prevalent legal system which regulates the financial services industry. Likewise, the reliance on primary industries (mining and agriculture) is now being supplemented by the growth of financial services industries in both countries. The financial service sectors in South Africa and Australia are poised to be the leaders in the African and South-East Asian regions due to their comparative social and political stability, transparency of legal processes and pool of well-trained participants. Thus, the desire of financial services regulations in both countries operates from the same premise: that such regulations should assure that financial services in each country are region-leading and recognised as competitive in a globalised market for such services (FA News, 2014).

2.4 THE SUBSTANCE OF FINANCIAL SERVICES REFORM IN AUSTRALIA AND HOW IT CONTRASTS TO SOUTH AFRICA

While the background leading to the major changes to financial services reform in Australia may differ from that of South Africa, the motivating factors and strategies employed in the two countries have been quite similar in many ways. Even the most casual observer of Australian and South African financial services industries would be impressed by the apparent similarities

between the regulatory regimes that apply in both countries. Where Australia has its Australian Securities and Investments Commission (which evolved from the Australian Securities Commission formed in 1990), the Managed Investments Act (implemented in 1998) and the Financial Services Reform Act (passed in 2001 and implemented in 2002), South Africa has the Financial Services Board (established in 1990), the Collective Investments Scheme Control Act 26 and the Financial Advisory and Intermediary Services Act 27. Due to the recommendations of the Wallis Committee, however, the Australian legislative framework has promoted convergence of regulation amongst the financial services sectors based upon a more comprehensive approach than has been adopted in South Africa (Van Nesssen, 2006:64).

2.5 FRANCHISING IN TERMS OF LIFE INSURANCE

According to Douds (1976), the conclusion that the life insurance agent is a franchisee, is unjustified. He is from the opinion that the life insurance agent is either an employee or an independent contractor, whereas the franchise appears to be a hybrid, possessing characteristics of both and perhaps of other legal entities. At the annual meeting of the American Risk and Insurance Association, the unqualified statement was made that independent life insurance agents are franchisees in every sense of the term.

2.6 LONG-TERM INSURERS IN SOUTH AFRICA

2.6.1 Introduction

The number of long-term insurers, registered at 31 March 2013, was as indicated in Table 2.2. Every insurer is required to be registered for a specific class of business namely assistance, disability, fund, health, life and/or sinking fund (FSB, 2013).

Table 2-2: Registered long term insurers 2013

Types of Insurers	2012	2013
Insurers		
Typical Insurers	31	32
Niche insurers	10	10
Linked insurers	15	15
Cell captive insurers	7	7
Assistance insurers	10	7
Insurers in run-off	7	6
Total	**80**	**77**

Source: (FSB, 2013)

2.7 REGULATORY FRAMEWORK

2.7.1 History

Before the introduction of the Financial and Intermediary Services Act 37 of 2002 (FAIS), clients who feel they received inappropriate or poor advice from insurance agents or brokers had to seek recourse through the formal court system. The basis of a claim of this nature was the concept of edictal liability. The client had to prove on a balance of probabilities that the wrongful intentional act of the adviser caused damage to the client. Very few clients had the time and knowledge to effectively access the court system. A gap existed for a more expeditions and cost-effective way of resolving consumer complaints (Sanlam, 2011:11).

What made the situation even worse was the fact that all the players in the financial industry are all governed and regulated by different acts. The long-term insurers are regulated by the Long-term Insurance Act 52 of 1998. Disclosures to clients were regulated by the policyholder's Protection Rules, issued in terms of the Long-term Insurance Act 52 of 1993. These acts regulate the institutions with regard to certain aspects, but their main purpose was never the protection of the consumer (Sanlam, 2011:11).

2.7.2 Current situation

The Financial Advisory and intermediary Services Act 37 of 2002 (FAIS), became effective on 30 September 2004. The purpose of the Act is to regulate rendering of all financial advisory and intermediary services to clients, to repeal or amend certain laws and to provide for matters accidental thereto. The FAIS Act was also promulgated with the aim of changing the concept of financial advisor or broker to one of professional financial planner. To ensure that the financial planner shows reasonable care and skill when imparting financial advice to client, the Act created the role of an Ombudsman to protect and advice the individual client (FAIS Act).

2.7.3 Roles, responsibilities and requirements regarding the FAIS Act

2.7.3.1 Representative

According to the FAIS Act a representative is any person who renders a financial service for or on behalf of a financial services provider, in terms of conditions of employment or any other mandatory agreement, but excludes a person rendering clerical, technical, administrative, legal or accounting services, which services does not require judgment on the part of that person, or does not lead a client to any specific transaction in respect of a financial product in response to general enquiries (FAIS Act).

2.7.3.2 Requirements

The representative either renders an intermediary service and/or gives advice to clients and behalf of an authorised Financial Service provider (FSP). As such, the representative does not act for him/herself, but for the FSP. Representatives are appointed by the FSP and the FSP takes responsibility for the actions and omissions of the representatives. It is therefore very important that the FSP ensures that the representatives who act on its behalf meet all the regulatory requirements. The FSP has to confirm that it accepts responsibility for the activities of its representatives (FAIS Act).

2.7.3.3 Responsibilities

The FAIS Code of Conduct requires that the FSP and their representatives fulfil the following responsibilities (FAIS Act).

- They have to act honestly and fairly, and with due skill, care and diligence, in the interests of clients and the integrity of the financial services industry;
- They must have and effectively employ the resources, procedures and appropriate technological systems for the proper performance of professional activities;
- They should obtain appropriate and available information regarding clients' financial situation, financial product experience and objectives in connection with the financial service required;
- They have to act with caution and treat clients fairly in a situation of conflicting interests;
- They have to comply with all applicable statutory or common law requirements applicable to the conduct of business.

2.8 SUPPORT PERSONNEL

Support personnel fulfil a major role in the effective establishment and execution of business processes and integration of franchise processes. According to one of the largest long term insurer in South Africa, the following four support staffs is the most important role players in a distribution channel (Sanlam, 2014).

2.8.1 Business manager

This role is accountable for a regional unit/office comprising of a sales driven team. This is a 'generalist' management role that includes functions such as:

- Overall responsibility and accountability for manpower and will therefore carry a recruitment target;
- Provide effective people and performance management; Marketing and business building support to advisers;
- Manage and oversee office infrastructure, budgets and expense management of the unit;
- Ensure that the unit and practices are compliant and optimally staffed;
- Provide practice management, quality management, and productivity management support.

2.8.2 Planning specialist

This is a highly specialized role encompassing the typical duties undertaken in a traditional Legal Consultant/Business Consultant/Investment Consultant type of role. The planning specialist is responsible for the following:

- Analyse, scan, understand and capitalise on market opportunities for business growth;
- Offers specialist services and advice (legal/product) to selected clients:
- Estate planning;
- Retirement planning;
- Investments;
- Risk products;
- Business assurance;
- Employee benefits.
- Undertake coaching and joint calls with FAs:
- Coach and assist FAs to further structure proposals so as to take it to clients identified through focused data mining of their client base (including undertaking Field Work with FAs);
- Coach and train FAs on creative cross selling and up-selling of products to existing clients. Assist in highlighting gaps and opportunities within the FAs' current base.

- Liaise and give input (market and customer related) to product providers and product development specialists into market focused product mix/fit and needs for supported solutions;
- Ensure that a proper marketing plan is contracted with units at the beginning of each year;
- In terms of recruitment, a Metropole Market Specialist will not have a recruitment key performance area or a target, but may receive a recruitment bonus;
- A Rural Market Specialist will have a recruitment key performance area & target.

2.8.3 Sales consultant

(1) Render ongoing technical advice and support to Financial Advisers;

(2) Ensure that the different compliance looks are understood and utilised by the Financial Advisers, as well as the importance and implications for the practices;

(3) Monitor and flag any suspect or risky business with the Business Manager;

(4) Enable Financial Advisers to reach production targets by being a business partner;

(5) Networking with other stakeholders in the sales/support process.

2.8.4 Quality and risk consultant

- Compliance related regulations and legislation (FAIS, FICA, Money Laundering etc.);
- Compliance complaints process;
- Audit/Forensic practices and processes;
- Risk management policies, practices and processes (including reporting);
- Service providers' products (including investments);
- Sales advice process and compliance governances related to this;
- Policy replacement rules;
- Record of advice.

Although it is clear that support personnel will play a significant role in the franchise and will contribute to the success thereof, certain external forces might also have an effect on the success of the franchise.

2.9 PESTLE ANALYSIS

A Pestle analysis is a simple and effective tool used in situation analysis to identify the key external (macro environment level) forces that might have an effect on an organization. As these forces (political, economic, social, technical, legal and environmental) can create both opportunities and threats for an organization, the aim of doing a PESTLE is to determine the current external factors affecting the organization, to determine the external factors that may change in the future and to exploit the opportunities or defend the threats better than the competitors (Strategic Management Insight, 2013).

In order to develop an effective framework for a sustainable franchise, all of these forces must be taken into consideration. All six forces will have an influence on the sustainability of the franchise and the most applicable forces with their impact are identified in Table 2.3.

Table 2-3: Illustration of PESTLE analysis influence on Life insurance

External Factor	Description	Direct / Indirect impact on opportunities	Costs implications
Economic	Variables as inflation, unemployment and interest rates affect disposable income of clients	Direct	No direct cost implication
Social	Education Level, customs and believes have an impact on the way customers perceive financial planning for the future	Direct	No direct cost implications
Political	Government tends to support business initiatives, which will benefit the sustainability and uplifting of all S A citizens.	Indirect	No direct cost implications
Legal	Legislation of the FAIS ensures that intermediaries are properly trained and accredited to offer expert financial advice and guidance	Direct	Training costs for advisors Compliance
Technological	Advancement in technology enhances leverage in interaction	Direct	Cost to print and send regularcommunications.Connectivity
Environmental	Global events and tendencies affects customer buying behaviour and needs	Indirect	No direct cost implications

Source: Adapted from Strategic Management Insight, 2013

2.9.1 Political

In the medium term strategic framework for 2009–2014, the Presidency spells out a few priority areas of which the following are important for the purpose of the study (Bankseta, 2011:31)

- Speeding up growth and transformation to create decent work and sustainable livelihoods;
- Programmes to build economic and social infrastructure;
- Comprehensive rural development strategy;
- Strengthening of the skills and human resource base;
- Build cohesive and sustainable communities;
- Address inequalities, poverty and unemployment.

2.9.2 Economic

South Africa is one of the most stable economies in the African continent and exhibits several indicators of a developing economy (Economy Watch, 2010).

Social spending accounted for most of the rise in the Government's taxing and spending as a share of GDP over the last two centuries (National Treasury, 2014:10).

Fiscal sustainability requires that the following factors should accommodate structural increases in spending:

- Acceleration of economic growth;
- Increases in structural level of taxation;
- Shifting resources from other priorities.

The higher cost of living for South Africans, caused by increasing electricity costs, higher fuel prices and higher interest rates, could prompt some households to borrow more to meet their short-term spending needs (SARB, 2014:4). Unemployment and labour disruptions still remains a big concern.

2.9.3 Social

Inadequate schooling and a gap in the required skills for specific jobs could contribute to the unemployment rate. This is a risk for the financial stability of the country as well as on the economic growth prospects (SARB, 2014:4).

Income disparity in S.A is among the highest in the world and this significant gap between rich and poor threatens social and political stability as well as economic development (SARB, 2014:3).

2.9.4 Environmental

One of the major challenges for this country is how to create prosperity for more people worldwide given climate change, water, shortages, urban air pollution, energy supply challenges and the necessity of feeding and providing decent lifestyles for an increasing population (Spinelli & Adams, 2012:115).

2.9.5 Technical

We are living in the information age, while in the past people primarily learned facts from books. Today information technology is everywhere in business and understanding information technology provides great insight to anyone learning about business. Understanding business along with the power associated with the information age will create opportunities. In order for an organization to succeed, every department or functional area must work together sharing common information (Baltzan, 2013:6-8).

2.9.6 Legal

There are various different acts that financial service provider need to adhere to. Compliance with all these acts is no mean feat for any organization (Bankseta, 2010:34). As the life insurance industry operates in a regulated environment, legal and legislative issues are of great importance for sustainability.

In order for the franchise to be sustainable, all these macro-environment factors have to be taken into consideration and have to be aligned with its strategy. A business model that takes these factors in consideration can be of great value in creating a strategy.

2.10 FRANCHISE CONTROL

2.10.1 Introduction

Control problems are inherent in franchising networks (Verbieren *et al.,* 2008:10).

The two issues regarding franchisor control that have bubbled under the surface for a number of years and are now beginning to become significant to franchisees and Independent Franchisee Associations are operational control and supplier control. Everyone in franchising is now aware of the dangers of a franchisor that has too much contractual control. As the franchisors continue the erosion of certain aspects of a franchisee's business as well as the ability of an association to exist, they may experience some dire consequences if not careful (Ellerhorst, 2012). A discussion on these two control issues are the following:

2.10.2 Operational control

The franchisor has the exclusive rights and fiduciary duty to protect its trademark and brand. This certainly includes standards of operations, protecting trademarked signage, logos and products.

Franchisees sign an agreement with the franchisor with the expectation that the franchisor is an expert in the chosen field and that the franchisor's plan will change according to the market place.

Franchisees should also enter their agreements knowing that reinvesting in the business reasonably will be a part of keeping up with the competition.

It is very tempting in the current employment environment which features legislation such as the Fair Pay Act, Insurance Reform, Employee Free Choice Act (not yet passed and somewhat on the back burner) and others not only for franchisors, but for Small Business in general to attempt to avoid compliance by classifying their workers as independents (Ellerhorst, 2012).

2.10.3 Supplier control

The issue of supplier control rests squarely on one question: "Does exercising strict controls over certain products and services protect the brand and the brand image?"

The franchisor's supply chain management in most systems have standards, supplier facility inspections, quality control metrics (checked frequently from the manufacturer) and the ability to protect itself from fragmentation, inconsistency and dereliction due to inferior or harmful products.

The franchisor's supply chain management team must be allowed to exercise control over products which would destroy a brand if due diligence were not done.

It is in the best interest of all franchisees to forbid the use of products that would harm customers or in some cases cause death.

However, what seems to be occurring is a not so subtle choice on the part of franchisors to 'grab' control of products and services that have nothing whatever to do with brand protection and the avoidance of harming the consumer.

Newsletter, work shoes, floor mats, individual websites, certain forms of business insurance and other have all been grabbed by the franchisor.

For individual franchisees and particularly for the Independent Associations, the willingness of the franchisor to take control of these items has encroached on the remaining ability of the operator to influence their own unit economics and have taken away a very important source for funding from the associations (Ellerhorst, 2012).

2.11 CONCLUSION

It is very clear that franchising in South Africa can be seen as a large-scale growth opportunity. Life insurers could possibly use franchising as an alternative distribution strategy due to all the benefits and opportunities it provides.

The life insurance industry is struggling to come to terms with the wave of regulations being implemented in the industry. There are fears that the industry is becoming overregulated. Life insurers also need to embrace the influence the customer is having on the industry.

Because franchising provides an opportunity for people without business experience, a framework for managing such a business plays a major role in the success of the business.

2.12 CHAPTER SUMMARY

In this chapter we described the franchise principle, franchise relationship and the viability and opportunities in the life insurance industry. The life insurance industry is changing and new developments such as franchising present great opportunities.

Both the franchisor and the franchisee possess and control resources that are useful to the other party in the franchise relationship. The franchisor controls the system and the franchisee controls the hands-on application and operation of the business.

Legislation is regulating the rendering of all financial advisory and intermediary services to clients. In order for a Financial Service Provider to attain a licence, it has to be compliant with all relevant legislation.

A proper analysis of the macro-environment needs to be done in order to see what factors can influence the sustainability of the business. A business model has to be compiled, taking all

these macro-environment factors into consideration, in order to have a structured framework for managing the business.

CHAPTER 3: EMPIRICAL STUDY

3.1 INTRODUCTION

This chapter deals with the empirical research done to investigate the research objectives as described in Chapter 1. The design of the research is described and explanations for the methods of research used are given. An explanation of the analysis used to reach the aim of the study is also given and the findings of the questionnaire are also presented in this chapter.

The literature study done in the Chapter 2 provided the factors that will influence the primary and secondary objectives mentioned in Chapter 1. The purpose of the research is to develop a framework for a franchise in the life insurance industry to be sustainable.

A questionnaire was designed to test various factors that will have an influence on the sustainability of several a franchises. Demographical information, business experience and business acumen were tested. The questionnaire was distributed amongst financial advisors in the North West Province.

Finally this chapter also sets out the processes involved from the design of the questionnaire to the distribution, collection and analysis of the distribution, collection and analysis of the data. The questionnaire which was designed in conjunction with the Statistical Consultation Services of the North-West University, Potchefstroom Campus, is attached as Appendix A.

3.2 DESIGN OF THE RESEARCH

3.2.1 Population

This study relates to financial advisors in the long-term insurance industry only and therefore the population was made up of active in service financial advisors linked to a certain financial service provider.

The total signed for the population linked to this provider is 126. The population for this study was limited to active advisors only and therefore N was equal to 50, with a 100% commission contract.

3.2.2 Type and size of sample

The population has been segmented to advisors with a 100% commission contract in order to get more reliable results. Advisors with a commission split contract and a pensioner's contract were excluded from the study. Based on the segmentation criteria supplied, a convenience sample was used (Welman *et al*., 2005:61).

In order for the results to be generalizable, the sample was taken within the geographical area of the North West Province.

3.2.3 Design of the survey

The purpose of quantitative and qualitative research is to try to understand the subject's point of view. Quantitative researchers do it by means of controlling the situation and by using remote, empirical and inferential methods, where qualitative researchers use structured interviewing and a detailed observation process to gain better information about the views on the subject (Welman *et al*., 2005:9)

A quantitative survey focuses on the analysis of relationships that may, or may not, exist within a free data set and the purpose is to evaluate the objective data (Welman *et al*., 2005:8). For the above-mentioned reasons a quantitative survey was chosen for this study.

A questionnaire was designed to test the various aspects that will have an influence on the primary and secondary objective of the study as mentioned in Chapter 1. The questionnaire will also test various aspects obtained from the literature study done in Chapter 2.

Section 1 of the questionnaire gathered the biographical information of the participants. The purpose of this section was to test the relationship between certain variables such as age and income, years of service and income, qualification and income, contract and income as well as the relation between years of service and products selling.

Section 2 tested the willingness of the respondents to enter into a franchise. It also tested their satisfaction with the life insurance industry as well as their thoughts on running a successful franchise.

Section 3 tested the respondent's business acumen and their attitude towards paying for certain services. The questions asked in this section form part of the ingredients of a successful life insurance advisory practice.

3.2.4 Gathering of data

The questionnaire was distributed to the sample candidates as an electronic document via e-mail as well as a hard copy. Some of the respondents completed the electronic document and e-mailed it back to the researcher and some made use of the hard copy.

A total of 65 questionnaires were distributed to the sample candidates. Only 50 questionnaires were returned in time of which one could not be used. For the purpose of this study only 49 questionnaires were used and analysed.

3.2.5 Analysis of the data

All the questionnaires were handed to the Statistical Consultation Services of the North-West University where all the information were transferred to an Excel spread sheet. A descriptive analysis and frequency analysis were done in order to determine the arithmetic mean and the standard deviation of the set of results respectively.

3.2.5.1 Descriptive statistics and frequency analysis

Descriptive statistics are concerned with the description and/or summary of the data obtained for a group of individual units of analysis. The mean is the arithmetical average of a set of scores (Welman *et al*., 2005:231-233).

The standard deviation is of importance in the frequency distribution and is a measure of the set of scores around the mean. The larger the spread, the further the scores are spread from the mean (Welman *et al*., 2005:233).

3.2.5.2 Data reliability and validity

Validity is the extent to which the research findings accurately represent what is really happening in the situation. An effect or test is valid if it demonstrates or measures what the researcher thinks or claims it does (Welman *et al*., 2005:142).

Reliability is concerned with the findings of the research and relates to the credibility of the findings. If a research finding can be repeated, it is reliable (Welman *et al*., 2005:145).

3.3 INTERPRETATION OF RESULTS

The purpose of the questionnaires was to obtain data from the respondents around the questions relating to factors that will influence the relevance and sustainability of a life insurance franchise. Interpretations were not only made form data obtained in a specific section, but also across the different sections.

3.3.1 Section 1: Biographical information results

Biographical results were obtained to identify certain trends and patterns. These results were used to assess the relationships between the respondents based on key biographical information such as age group, gender, years of service, gross income, qualification and product focus. From this information certain trends and patterns was identified and certain conclusions could be made.

3.3.1.1 Gender

The results proved that there were 35 male and 14 female respondents or 71% male and 29% female respondents. Although the male respondents were the majority, it is clear that gender does not play a significant role in the life insurance industry. A franchise can be a viable option for both male and female.

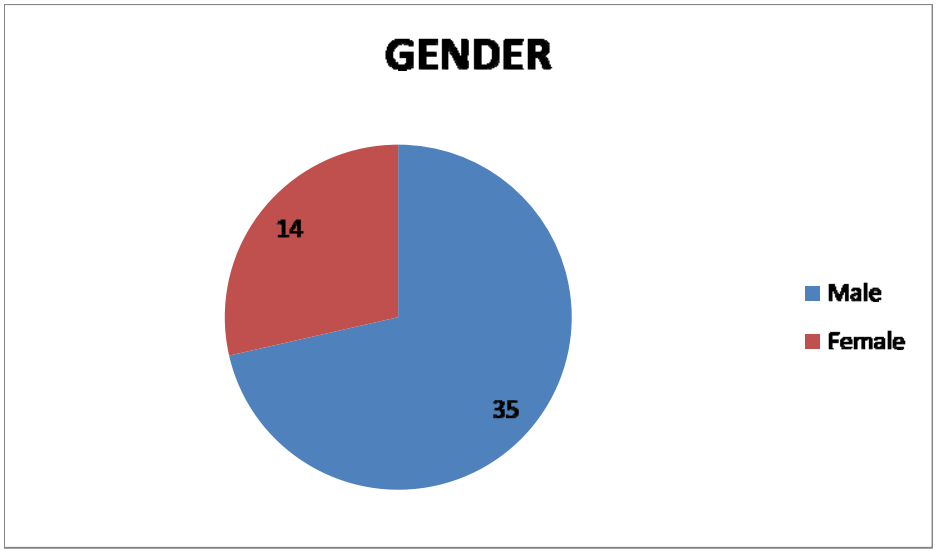


Figure 3-1: Gender groups

3.3.1.2 Age group

It is quite noticeable that a substantial number of respondents, namely 22 or 45%, are in the age group of 51 years to 70 years of age. Only 11 or 50% of this respondents indicated that they are interested in a franchise. This can be due to the fact that the older you get the more the resistance to change. This can have a negative influence on the industry as an ageing workforce is close to retirement.

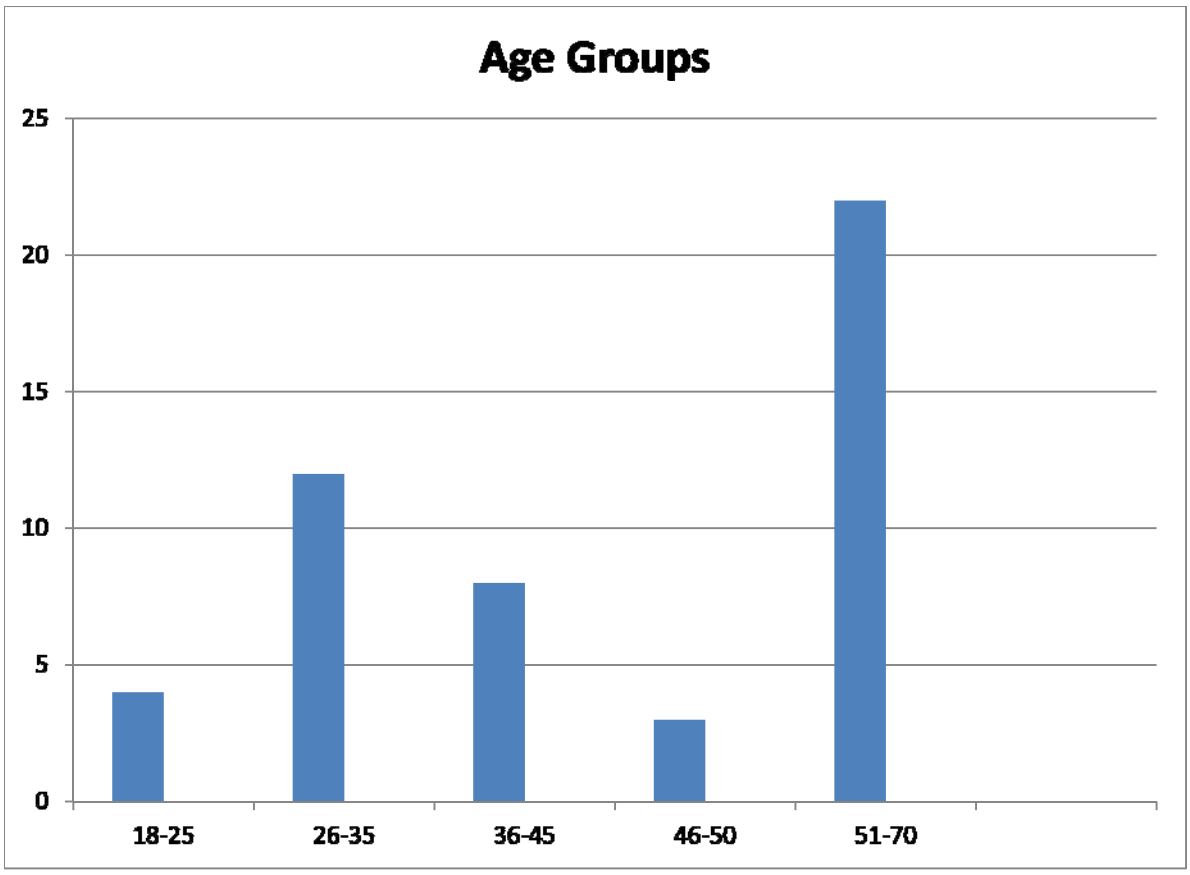


Figure 3-2: Age groups

3.3.1.3 Years of service

The majority of respondents, 37% or 18, have between 1 and 5 years industry service. Two results on the question were uncompleted. The relation between years of service and certain other factors will be discussed later in this chapter.

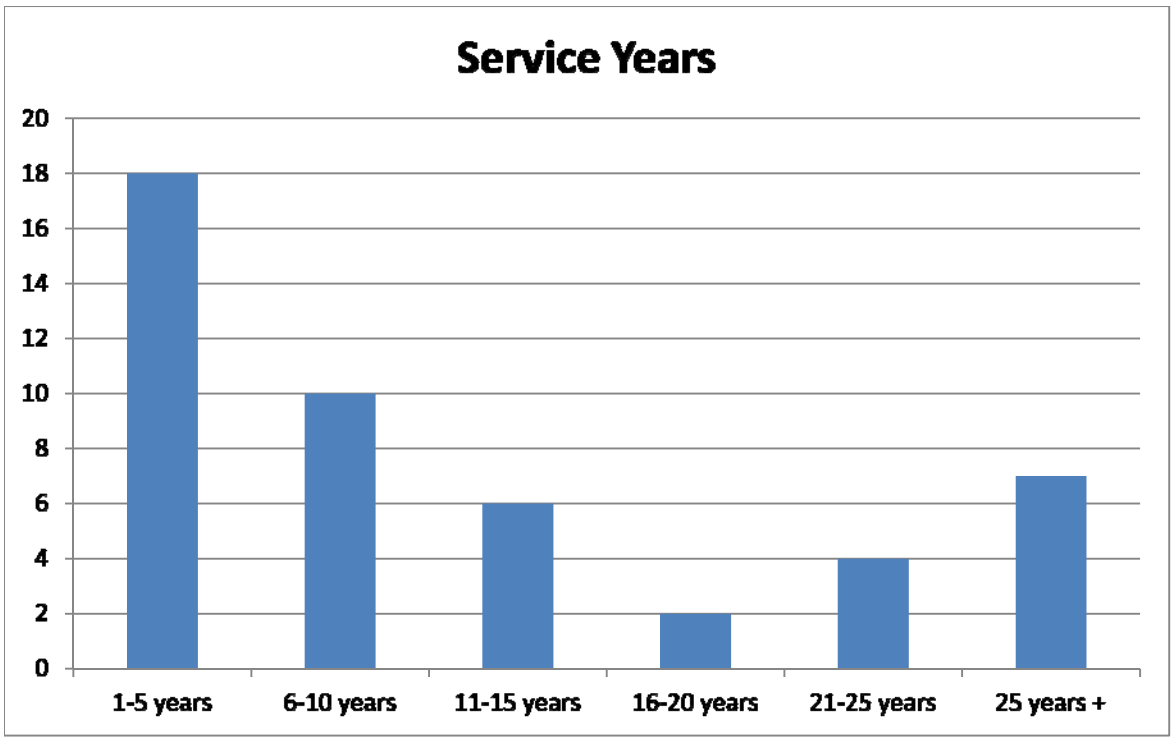


Figure 3-3: Years of service

3.3.1.4 Qualifications

Most of the respondents have Grade 12, a total of 17 or 37%, and only 4 (9%) have a professional qualification. However 15 are graduated or have a post-graduate qualification. There is a medium correlation of, 195 between qualification and income. In-service training by providers play a major role in the success of an advisor. Three results on this question were uncompleted.

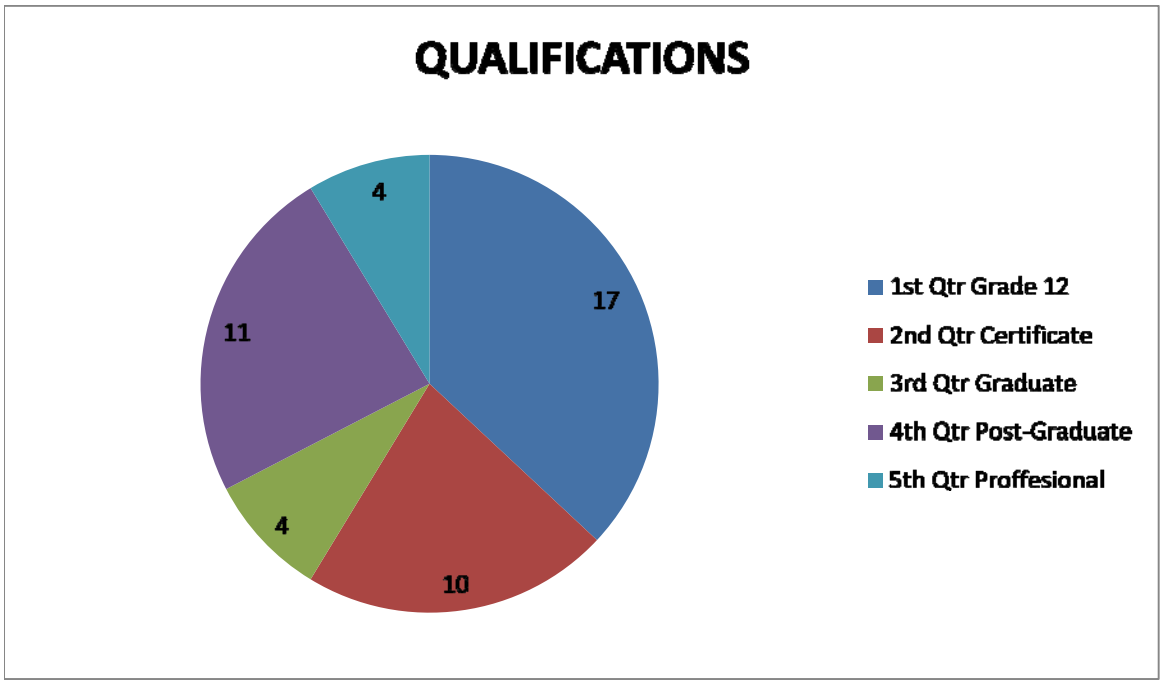


Figure 3-4: Qualifications

3.3.1.5 Monthly gross income

The majority of respondents, 15 or 3.9%, fall in the R10 000 to R20 000 monthly income bracket. The R50 000 and greater are second with a count of 10 or 20%. Monthly gross income with specific reference on the relation between income and years of service will be discussed later in this chapter.

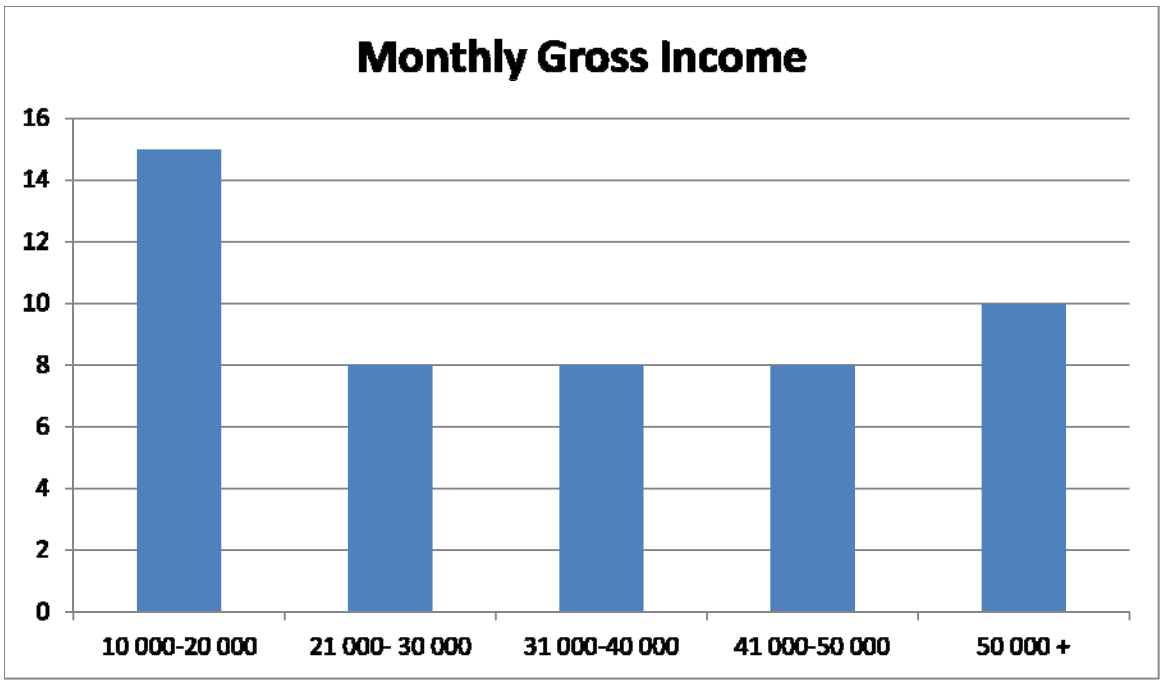


Figure 3-5: Monthly gross income

3.3.1.6 Contract

From the 49 respondents only 3 have an independent financial advisors contract. This means that they are allowed to sell more than one company's products. The balance of 46 is linked to only one company. It is interesting to note that 25 respondents indicated that they want to sell more than one companies' products and 38 respondents indicated that they want to sell alternative insurance products. This is important in setting a framework because the offering of alternative products will lead to generating more business and income. This will have a positive effect on the sustainability of the franchise.

3.3.1.7 Income market segment

Sixteen of the respondents are working in the market segment of clients earning between R41 000 and R60 000 per month. Only 3 or 7% of the respondents are working with clients earning more than R80 000 per month. Four results on this question were uncompleted. It is significant that 63,3% of respondents with a gross income of up to R 40 000 pm, are working within the market segment that earns up R 40 000 pm which represents 53,3%. The conclusion can be made that remuneration is aligned with the market in which you work. A framework for a franchise will contribute to the factors that will equip a franchisee to penetrate more markets in order to become more profitable.

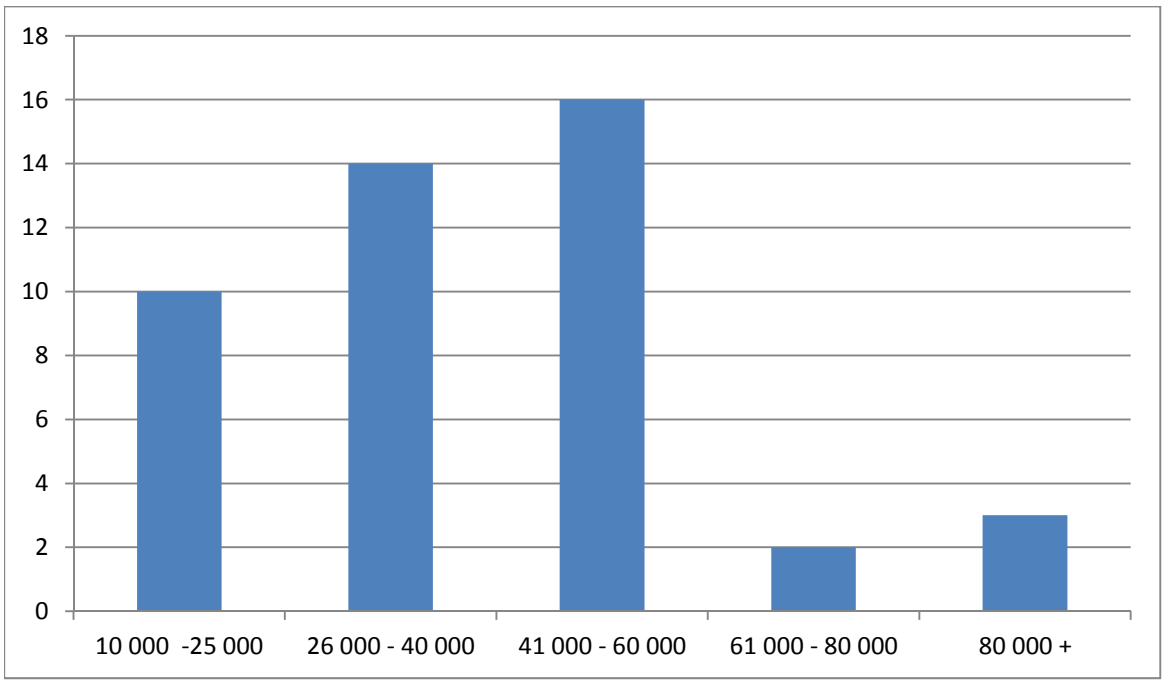


Figure 3-6: Income market segment

3.3.1.8 Product focus

The majority of respondents, 36 or 74%, indicate that they sell all the products provided by the financial service provider. Products referred to are the products listed in Chapter 2. It is clear that product knowledge is very important and this also emphasizes the importance of the sales consultant. The role of a sales consultant as support personal will be included in the framework.

3.3.2 Section 2: Business experience

The questionnaire was designed to test the business experience of respondents as well of their knowledge of certain key success factors for managing a successful franchise. A company's strategist need to understand the industry landscape well enough to separate the factors most important to competitive success from those that are less important (Hough *et.al.,* 2011:101)

Table 3.1 depict the responses on business experience and knowledge of the respondents and also notes the arithmetic mean and the standard deviations of the relevant question. A Lickert scale was used to determine responses. The scale measured 4 responses namely strongly disagree, disagree, agree and strongly agree. A four point scale was used in order to make sure that there are no zero values.

Table 3-1: Business experience and knowledge

	Statement	Strongly disagree	Disagree	Agree	Strongly agree	Mean	Std Dev
A01	Are you satisfied with your current work situation	1	4	19	25	3.39	.731
A02	Do you consider to leave the insurance industy ?	32	13	3	1	1.45	.709
A03	Will you be intersested in a franchise model?	7	13	22	7	2.59	.911
A04	Do you think a franchise model will generate more business ?	4	8	31	6	2.80	.763
A05	Do you think that formal business experience will make you more successful?	1	5	28	15	3.16	.688
A06	Do you have management experience?	8	10	12	19	2.86	1.118
A07	Do you want to sell more than one company's products?	10	14	20	5	2.41	.934
A08	Do you want to sell other products like short-term and medical schemes ?	3	8	19	19	3.10	.895
A09	Do you think a business plan is important in your business?	1	1	19	28	3.51	.649
A10	Do you think a business model is important in your business?	0	4	19	26	3.45	.647
A11	If entering into a franchise, do you think that facility placement is important ?	2	4	29	14	3.12	.726

Questions A01 to AO3 tested the job satisfaction while question A04 to A011 tested business experience and knowledge in general. The following conclusions are derived from Table 3.1.

3.3.2.1 Job satisfaction

It is obvious that 44 respondents with a mean of 3.39% are satisfied with their current situation, and that 45 are not considering to leave the industry. This is an indication that the correct sample group was used as the majority of respondents are satisfied with their current work in the insurance industry. Exposure to a franchise model as alternative marketing channel could lead to more interest in franchising. The fact that only 29 respondents are interested in a franchise model in relation to 20 not interested, could be due to job satisfaction or a lack of knowledge of franchising. However 37% of the respondents felt that a franchise will generate more business. Implementing of a framework for managing a franchise will lead to more interest in such a franchise.

3.3.2.2 Business knowledge and experience

The results of question A04 to A11 which tested business experience and knowledge indicate that 31 respondents with a mean of 3.86 do have management experience and 43 respondents with a mean of 3.16 agreed upon the importance of business experience. A franchise is an opportunity for people with little or no business experience, as described in the literature study in chapter 2. Due to the positive response by respondents, a conclusion can be derived that a life insurance franchise can be sustainable with the necessary management support.

3.3.2.3 Importance of product range

Question A07 and A08 strived to measure non-life products, such as whether the respondents consider it important for a sustainable business as well as the need for other product providers. The results from A07 indicates that 24 respondents are not interested in selling more than one service provider's products and 25 respondents agreed to the need for selling more than one service provider's products. Question A08 indicated that 38 respondents agreed to sell other non-life products. As the majority of respondents are happy with their current situation and service provider, the need for other service providers is very neutral but the need for other non-life products is high. It is obvious that some other product suppliers such as short term insurers and medical aid funds have to be part of the key services of a franchise. This will contribute to the delivering of business value.

3.3.2.4 Key success factors

Question A09 to A11 strived to determine the importance of the three concepts according to the respondents. A business plan, business model and facility placement, respectively resulted in a mean of 3.51; 3.45; and 3.12. It is a clear indication that these factors have to be built into the framework for managing a franchise in the life insurance industry.

3.3.3 Section 3: Business acumen

This section of the questionnaire was designed to test the understanding of the respondents of certain important business factors and services and the willingness of the respondents to pay for such services. Table 3.2 depicted the response of the respondents and will be discussed in this section.

Table 3-2: Business acumen

	Statement	Strongly disagree	Disagree	Agree	Strongly agree	Mean	Std Dev
A12	Compliance with legislation	0	0	15	34	3.69	.466
A13	Willingness to pay for compliance	5	13	20	10	2.73	.917
A14	Branding of products and services	0	0	23	26	3.53	.504
A15	Willingness to pay for branding	6	8	22	12	2.83	.953
A16	Marketing of products and services	0	0	24	25	3.51	.505
A17	Willingness to pay for marketing	4	9	22	12	2.89	.890
A18	Product and sales training	0	1	15	32	3.65	.528
A19	Willingness to pay for training	10	13	12	14	2.61	1.115
A20	Importance of a Business Manager	0	2	27	20	3.37	.566
A21	Willingness to pay for a Business Manager	9	14	16	10	2.55	1.022
A22	Importance of a Market/Financial planning Specialist	0	0	21	28	3.57	.500
A23	Willingness to pay for a Specialist	1	15	17	16	2.98	.854
A24	Importance of a Sales Consultant	1	10	23	15	3.06	.775
A25	Willingness to pay for a Sales Consultant	11	16	3	9	2.41	1.039

3.3.3.1 Compliance

Question A12 and A13 dealt with compliance. All the respondents agreed with a mean of 3.69 that compliance is important. As compliance is compulsory in the life insurance industry, this response was predictable. Of the 48 respondents only 30 at 62.5% indicated that they are prepared to pay for compliance. As control in a franchise is important and compliance is compulsory in the life insurance industry, compliance will be the responsibility of the franchisor in collaboration with the planning specialist.

3.3.3.2 Branding and marketing

Question A14 and A16 strived to test the participants attitude towards the importance of branding and marketing. All of the 49 participants agreed with a mean of 3.53 to the importance

of branding and marketing. As the life insurance industry is in the business of sales, the response from the participants was predictable.

Question A15 and A17 tested the willingness of the participants to pay for the services of branding and marketing. One result on question A15 was uncompleted and two results in question A17. The exact same count of 36 participants was willing to pay for these services. A significant count of 14 and 13 respectively for branding and marketing disagreed to pay for this service. This can be due to the fact that most services providers subsidize advisors with their marketing and branding action.

The relationship and liabilities regarding these factors will be managed via the framework in order to enhance sustainability.

3.3.3.3 Product and sales training

Question A18 and A19 strived to test the participants attitude towards the importance of product and sales training and their willingness to pay for these services. One result on question A18 was uncompleted and 47 participants or 97.9% agree that product and sales training are important. This emphasizes the importance of the sales consultant. Of the 49 participants 26 agreed to pay while 23 disagreed to pay for training. The reason might be that all the respondents are linked to a financial service provider and are currently not paying for product and sales training. They therefor expect the service provider to pay for these services.

3.3.3.4 Importance of support personnel

Question A20 to A25 strive to determine the need and importance of support staff in the life insurance industry as mentioned in Chapter 2. The various roles were described in Chapter 2. Because franchising in the life insurance industry in South Africa is a new marketing channel, support personnel will play a substantial role in the franchise. The response of the respondents correlates with the importance of the support personnel mentioned in the study.

3.3.3.4.1 Business Manager

The results depicted in figure 3.7 indicate that the majority of participants realize the need for a business manager. A total of 47 participants agreed and strongly agreed. However 23 or 48,9% of participants were not prepared to pay for such a service. As the role of the business manager will be a generalist management function, he/she will be responsible for implementation of the framework. The positive response from the respondents proved the importance of the business manager.

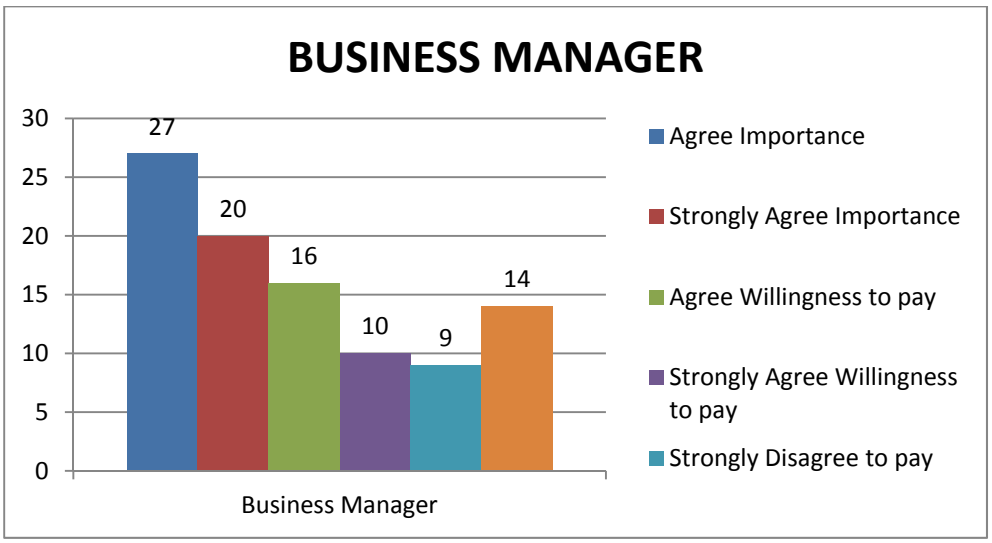


Figure 3-7: Importance of business manager

3.3.3.4.2 Planning Specialist

All participants agreed or strongly agreed to the importance of a planning specialist as per Figure 3.8. The reason for this response is that the respondents realize that the planning specialist will help the franchise to generate business which will contribute to growth and sustainability. Only 15 participants or 31.9% disagreed and 1 strongly disagreed to pay for such a service. The importance is however that the respondents realized the relevance of the planning specialist.

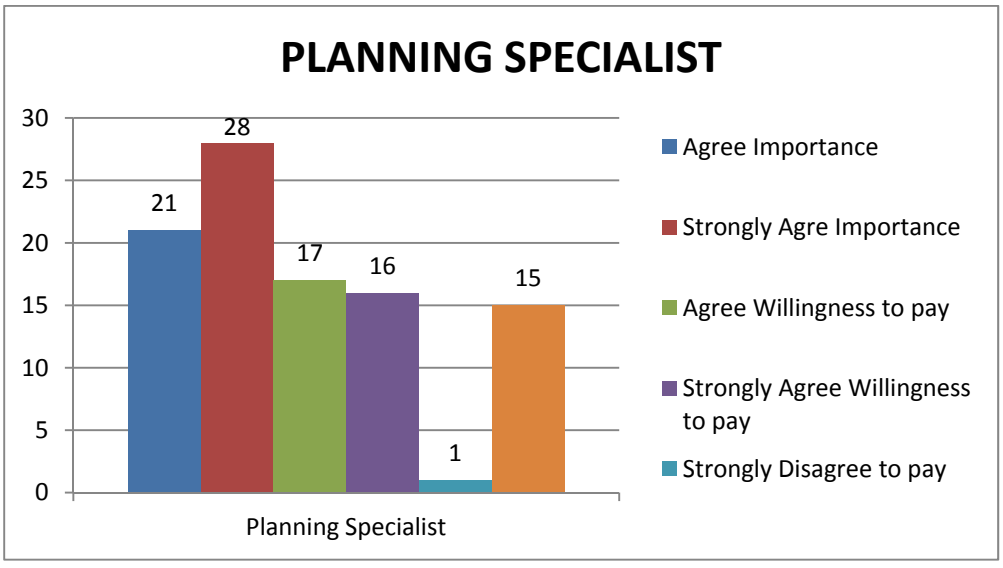


Figure 3-8: Planning specialist

3.3.3.4.3 Sales Consultant

Less participants than with the business manager and planning specialists indicated that they agree with the importance of a sales consultant. As per figure 3.9 a total of 38 respondents agreed or strongly agreed. Although this figure is slightly lower than with the other support personnel, it is substantial enough to confirm the need for a sales consultant. Of all the support personnel participants are the least willing to pay for this service. The reasoning can be that the respondents realize the need, but that the products belong to the service provider.

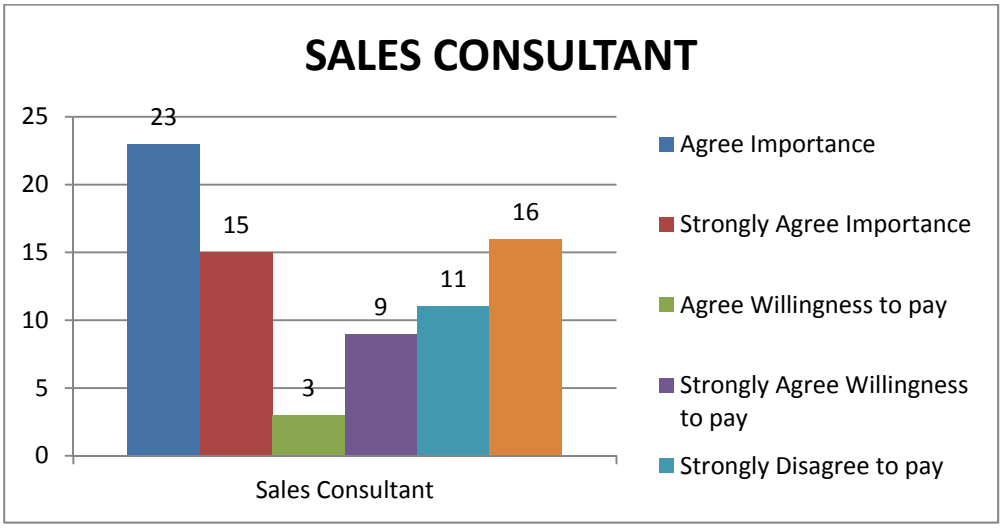


Figure 3-9: Sales consultant

3.4 COMPONENT CORRELATIONS

It is important to analyse and discuss the correlations that exist between certain components in order to be able to set a framework for managing a franchise in the life insurance industry.

Table 3-3: Component correlations

			Years of Service	Qualification	Gross Income	Interested in Franchise
Spearman's rho	Years of Service	Correlation Coefficient	1.000	.174	.592**	.173
		Sig. (2-tailed)		.247	.000	.246
		N	47	46	47	47
	Qualification	Correlation Coefficient	.174	1.000	.195	-.022
		Sig. (2-tailed)	.247		.194	.885
		N	46	46	46	46
	Gross Income	Correlation Coefficient	.592**	.195	1.000	.144
		Sig. (2-tailed)	.000	.194		.324
		N	47	46	49	49
	Interested in Franchise	Correlation Coefficient	.173	-.022	.144	1.000
		Sig. (2-tailed)	.246	.885	.324	
		N	47	46	49	49

P-values are reported for the sake of completeness, but will not be interpreted since a convenience sample of 50 instead of a random sample was used.

0,0 to 0,1 small correlation;

0,1 to 0,3 medium correlation;

0,3 to 0,5 large correlation.

3.4.1 Years of service and qualifications

There is a small to medium correlation of 0,174 between years of service and the qualifications of the participants. This statistics is not really meaningful, as all participants must at least have grade 12 qualifications in order to become financial advisors. In-service training and coaching is also supplied by the financial service providers. The conclusion can be derived that once the respondents enter the life insurance industry, in service training is more important to them than academic qualifications.

3.4.2 Years of service and income

There is a large correlation of 0.592 between the gross income of participants and there years of service. This can be related to the fact that the longer the respondents are in the industry, the more mature they get and the bigger their client base becomes. As a franchise will be a start-up business, a framework will be imperative for the sustainability of such a franchise. The support personnel will also play a major role in training and vesting of the franchisees.

3.4.3 Years of service and interested in franchise

Ten of the 18 participants with 1 to 5 years of service agreed that they are interested in a franchise. Taking in consideration that only 22 participants in total agreed to a franchise, the count of 10 is substantial. Of the 11 participants with 21 years of service and more, only 2 agreed to a franchise and 3 strongly agreed. It is clear that participants with the least service years at 55, 6%, are more interested in a franchise than participants with the longest service years rating at 45, 5%.

The reason can be that the participants with longer years of service are more vested and have well established practises. This was also proved with the positive correlation between years of service and income. A framework for managing a franchise can help new entrants to grow their business much faster.

3.4.4 Years of service and products selling

Of the 18 participants with 1 to 5 years of service, twelve or 66% are selling all the products while 3 are selling only 3 different products, 2 are selling only 2 different products and only 1 is selling only 1 product.

Nearly all 11 participants with more than 21 years of service are selling all the products. Only one of them is selling only 3 products while only 1 of them are selling only 1 product.

Implementing a framework and utilizing the key resources will contribute to profitability and sustainability for new entrants.

3.4.5 Products selling and gross income

The participants with a better product offering tend to earn more than those participants offering only some of the products.

It is clear that there is a strong correlation between years of service, products selling and gross income generated.

3.5 CONCLUSION

Chapter one outlined the purpose of the study and elaborated on franchising as an alternative marketing channel and the importance of a framework for managing a sustainable franchise in the life insurance industry.

In chapter two literature studies was done on concepts supporting the primary objective and secondary objectives. This information was used to design a questionnaire that was conducted in a survey research method.

In this chapter empirical research was done to investigate the research objectives. The sample used was dictated by the industry segment involved namely financial advisors linked to a financial service provider in a specific geographical region.

Descriptive statistics were used to analyse and explore the demographical data. The arithmetic mean and the standard deviation were used where it was relevant to interpret the findings. A frequency table and nonparametric correlations were also compiled and conclusions were derived from the information.

The results from certain questions in the questionnaire were discussed by using the mean, standard deviation and percentage analysis. The various concepts were discussed and brought in to context with the objectives of the study.

3.6 CHAPTER SUMMARY

The objective of the empirical study was to test the relationship of concepts identified in the primary objective and secondary objectives to the development of a framework for a sustainable franchise in the life insurance industry. The results delivered from the design and execution of the empirical research contributed to the development of such a framework. The results and findings are used in chapter four to present a framework.

CHAPTER 4: CONCLUSIONS AND RECOMMENDATIONS

4.1 INTRODUCTION

The primary objective of the study is to develop a framework to manage a sustainable life insurance franchise in South Africa. This final chapter address findings from the literature study and the results from the empirical study. A detailed business model with key implementable building blocks will be utilized to meet the primary objective and the secondary objectives of the study.

Limitations derived from the literature study and the empirical research will also be discussed. Finally recommendations will be made for further research in the life insurance industry.

4.2 CONCLUSIONS FROM THE PRIMARY OBJECTIVE

The primary objective of the study is to develop a framework to manage a sustainable life insurance franchise in South Africa. Chapter 2 and 3 studied various concepts that could have an influence on the primary objective. These concepts contributed to the importance of a framework for managing a sustainable franchise.

4.3 CONCLUSIONS FROM THE SECONDARY OBJECTIVES

The secondary objectives identified in Chapter 1 were to determine whether a franchise will be a viable alternative distribution channel for financial service providers and which factors will contribute to the sustainability of such a franchise. All of these objectives were tested in the questionnaire. Participants' interest in franchising, their business experience as well as business acumen, were tested. Section 3 particularly tested the business acumen and the participant's attitude towards certain important factors managing a franchise.

With a mean score of 2.59, the conclusion can be drawn that participants are interested in a franchise. Participants also strongly agreed to the selling of products relevant to life insurance products, with a mean score of 3.10. The conclusion is reached that participants realized the importance of certain business principles, such as a business plan with a mean score of 3.51, a business model with a mean score of 3.45 and facility placing with a mean score of 3.12. A summary and discussion of the questions asked in the questionnaire is in Chapter 3.

4.4 CONCLUSIONS FROM THE LITERATURE STUDY

A literature study was undertaken in Chapter 2 to review research into the franchise and life insurance industry with specific reference to life insurance franchises. It seemed to the

researcher that very little research has been done on life insurance franchises. The research focussed on franchising and the viability of franchising as a separate distribution channel in the life insurance industry.

Legislation plays a significant role in the life insurance industry and therefor the literature study focussed on this aspect. The relevant legislation was discussed in this chapter as well the external factors that might have an influence on the sustainability of a life insurance franchise.

4.5 CONCLUSIONS FROM THE EMPIRICAL STUDY

Chapter 3 dealt with the findings of the empirical study. Conclusions derived from the empirical study are presented in this chapter.

Section 1 of the questionnaire obtained biographical results to identify certain trends and patterns. This section consisted of 8 aspects and the set of results on these aspects made a positive contribution to the research.

Section 2 tested the business knowledge of the participants and there understanding of certain major key success factors for managing a sustainable franchise. The purpose of this section was also to determine which factors need to be addressed in the business model. Valuable information was gained from the participants.

Section 3 tested the understanding of the respondents of several important business factors and services which forms part of a franchise. This section also tested the willingness of the participants to pay for certain services. This was done in order to determine whether the financial service provider or the advisor must pay for these services. For the purpose of this study, the financial service provider is the franchisor and the advisor is the franchisee. The findings of this section will be addressed in the business model.

4.6 FRAMEWORK FOR LIFE INSURANCE FRANCHISE

4.6.1 Introduction

The business dictionary describes a framework as a broad overview, outline, or skeleton of interlinked items which supports a particular approach to a specific objective, and serves as a guide that can be modified as required by adding or deleting items (Business dictionary, 2014). A business model describes the rationale of how a business or an organization creates, delivers and captures business (Diehl & Nikolou, 2013:4). A business model zooms in on how and why the business will generate sufficient revenues to cover costs and produce attractive profits and return on investment (Hough *et al*., 2011:8). It is better to spent time in writing your own framework that suits your business and team. When picking a franchise and a framework, you

are buying into that way of working (Jones, 2008). For the purpose of this study, the Business Model Canvas will be used to develop a framework to manage a sustainable life insurance franchise in South Africa. This model will be implemented as an interactive model where the frachisor and the franchisee will be the decision makers.

4.6.2 The Business Model Canvas

The Business Model Canvas consists of the following nine building blocks (Cowan, 2013):

4.6.2.1 Customer segments

Customer segments qualify and quantify specific markets which can be aligned with service offering. The following market segments are identified to generate business.

- Affluent market;
- Business owners;
- Farmers;
- Professionals;
- Entry level;
- Lower growth market;
- Survivalist;
- Upper growth market.

4.6.2.2 Value proposition

Value proposition applies specialist financial planning and advice support, in order to help clients and advisors to create wealth and security whilst obtaining increased market share and client retention.

4.6.2.3 Channels

This building block consists of:

- Accredited financial advisors;
- global sales and support team;
- website;
- developer tools.

4.6.2.4 Customer relationships

Customer relationships are about how to foster and maintain relationships with clients.

- Client value proposition for all clients.

4.6.2.5 Revenue structure

Revenue is only earned by means of commission, which can be upfront and/or recurring commission:

- Increase the average size of sales;
- increase the number of sales;
- increase the conversion rate;
- increase the retention of clients;
- increase activities; and
- cross selling.

4.6.2.6 Key resources

What assets have to be utilized for delivering on the business' value?

- support services from the franchisor;
- support services from the financial service provider;
- risk products;
- retirement products;
- savings products;
- investment products;
- employee benefits products;
- fiduciary services;
- medical aid funds;
- short term insurance.

4.6.2.7 Key activities

The most important activities that must be done to make the business model work:

- Introduce the Business Model;
- coaching and training;
- implementing of the Business Model and monitoring it;
- branding and marketing;
- prospecting of clients;
- appointments with clients;
- financial planning;
- conclusion of business; and
- compliance with legislation.

4.6.2.8 Key partnership

This is about the network of suppliers and partners that make the business model work:

- Franchisor;
- Financial service provider;
- Distribution partners;
- Support services;
- Support personnel;
- Regulatory agencies.

4.6.2.9 Cost structure

The cost structure consists of the major categories of costs that are incurred to make the business model work:

- General and administrative;
- Marketing and sales;
- Research and development.
- Expenses paid to service provider

It is clear that the business model is a story line for how the strategy will be a money-maker (Hough *et al*., 2011:7). Implementation of a proper business model will lead to a sustainable competitive advantage. Table 4.1 is a diagram of the business model.

Table 4-1: Business model canvas

<table>
<tr><th>Key Partners</th><th>Key Activities</th><th>Value Propositions</th><th>Customer Relationships</th><th>Customer Segments</th></tr>
<tr><td rowspan="2">Franchisor;
Financial service provider;
Distribution partners;
Support services;
Support personnel;
Regulatory agencies.</td><td>Introduce the Business Model;
coaching and training;
implementing of the Business Model and monitoring it;
branding and marketing;
prospecting of clients;
appointments with clients;
financial planning;
conclusion of business;</td><td rowspan="2">Value proposition applies specialist financial planning and advice support, in order to help clients and advisors to create wealth and security whilst obtaining increased market share and client retention.</td><td>Client value proposition for all clients.
Differentiated service model.</td><td rowspan="2">Affluent market;
Business owners;
Farmers;
Professionals;
Entry level;
Lower growth market;
Survivalist;
Upper growth market</td></tr>
<tr><td>Key Resources
support services from the franchisor;
support services from the financial service provider;
risk products;
investment products;
employee benefits products;
fiduciary services.
medical aid funds
short term insurance</td><td>Channels
Accredited financial advisors;
global sales and support team;
website;
developer-tools.</td></tr>
<tr><td colspan="3">Cost Structure
General and administrative, Marketing and sales, Research and development, Expenses paid to service provider</td><td colspan="2">Revenue Streams
Increase the average size of sales; increase the number of sales; increase the conversion rate; increase the retention of clients; increase activities; and cross selling.</td></tr>
</table>

4.7 RECOMMENDATIONS FOR FURTHER STUDIES

Very little research has been done in South Africa on the research topic. It is recommended that a study be conducted, including all the financial service providers in the life insurance industry, in order to determine which factors will play a major part in deciding whether to make use of a franchise model or not.

A more focussed study can also be done on the responsibilities and services rendered by the franchisor. Such a study can contribute to a service fee model for the franchisee.

4.8 CONCLUSION

The study proved that there is remarkable interest in a life insurance franchise. Participants also realized the importance of certain business principles. The challenge was however to determine the key success factors and the implementation of these factors in a franchise environment.

The importance of a business model is outlined in this chapter. The Business Model Canvas is compiled including results from the study to set a framework for managing a franchise. Such a proven business model will lead to acceptable profits and sustainability of the franchise.

As proved by the limitations of the study, great opportunities exist for further study in this field. Successful life insurance franchises will not only contribute to profits of financial service providers, but will also contribute to the economy of our country.

4.9 CHAPTER SUMMARY

Chapter four draws the conclusion from results derived from the literature study and the empirical study. These conclusions was aligned with the primary objective and supported by the secondary objectives. The results from the study proved that a franchise in the life insurance industry can benefit from a proper business model. Various factors from the literature and empirical study were incorporated into the Business Model Canvas. These results confirmed the importance of a framework for a life insurance franchise and contributed to the theme of the study: “Developing a framework to manage a sustainable life insurance franchise in South Africa”.

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ANNEXURE A: QUESTIONARE

SECTION 1: BIOGRAPHICAL INFORMATION

The following information is required to assist with the statistical analysis of data for comparison amongst different interest groups. Responses will be treated anonymous. Your assistance providing this important information will be highly appreciated. Mark the applicable block with an **X**

Indicate your age:

Age	Coding
18 - 25	1
26 - 35	2
36 - 45	3
46 - 50	4
51 - 70	5

Indicate your gender:

Gender	Coding
Male	1
Female	2

Years of service in the industry

Years	Coding
1 – 5	1
6 – 10	2
11 – 15	3
16 – 20	4
21 – 25	5
25 years +	6

Indicate your Qualification

Qualification	Coding
Grade 12	1
Certificate	2
Graduate	3
Post-Graduate	4
Professional Qualification	5

Indicate your monthly gross income bracket

Income	Coding
10 000 – 20 000	1
21 000 – 30 000	2
31 000 – 40 000	3
41 000 – 50 000	4
50 000 +	5

Which contract do you have

Contract	Coding
Advisor	1
IFP	2

In which income market segment do you predominately work

Income Gross monthly	**Coding**
10 000 – 25 000	1
26 000 – 40 000	2
41 000 – 60 000	3
61 000 – 80 000	4
80 000 +	5

Indicate the products on which you focus

Products	**Coding**
Risk	1
Retirement	2
Investments	3
Savings	4
All of them	5

SECTION 2: BUSINESS EXPERIENCE

This part consists of 11 questions. Please indicate the extent to which you agree or disagree with each statement. Please mark the applicable block with an **X.**

	Statement	**Strongly disagree**	**Disagree**	**Agree**	**Strongly agree**
A01	Are you satisfied with your current work situation	1	2	3	4
A02	Do you consider to leave the insurance industy ?	1	2	3	4
A03	Will you be intersested in a franchise model?	1	2	3	4
A04	Do you think a franchise model will generate more business ?	1	2	3	4
A05	Do you think that formal business experience will make you more successful?	1	2	3	4
A06	Do you have management experience?	1	2	3	4
A07	Do you want to sell more than one company's products?	1	2	3	4
A08	Do you want to sell other products like short-term and medical schemes ?	1	2	3	4
A09	Do you think a business plan is important in your business?	1	2	3	4
A10	Do you think a business model is important in your business?	1	2	3	4
A11	If entering into a Franchise, do you think that facility placement is important ?	1	2	3	4

SECTION 3: BUSINESS ACUMEN

Please indicate the extent to which you agree or disagree with each statement. Please mark the applicable block with an **X.**

	Statement	**Strongly disagree**	**Disagree**	**Agree**	**Strongly agree**
A12	Compliance with legislation	1	2	3	4
A13	Willingness to pay for compliance	1	2	3	4
A14	Branding of products and services	1	2	3	4
A15	Willingness to pay for branding	1	2	3	4
A16	Marketing of products and services	1	2	3	4
A17	Willingness to pay for marketing	1	2	3	4
A18	Product and sales training	1	2	3	4
A19	Willingness to pay for training	1	2	3	4
A20	Importance of a Business Manager	1	2	3	4
A21	Willingness to pay for a Business Manager	1	2	3	4
A22	Importance of a Market/Financial planning Specialist	1	2	3	4
A23	Willingness to pay for a Specialist	1	2	3	4
A24	Importance of a Sales Consultant	1	2	3	4
A25	Willingness to pay for a Sales Consultant	1	2	3	4

ANNEXURE B: DESCRIPTIVE STATISTICS

```
DESCRIPTIVES VARIABLES=A1 A2 A3 A4 A5 A6 A7 A8 A9 A10 A11 A12 A13 A14 A15 A16 A17 A18 A19 A20 A21 A22 A23 A24 A25
/STATISTICS=MEAN STDDEV MIN MAX.
```

Descriptives

Notes

Output Created		08-OCT-2014 14:23:44
Comments		
Input	Data	Q:\KONSULTASIEDIENS\SKD\K\Kruger_Leon_Oct2014\Kruger L1_Oct2014.sav
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	49
Missing Value Handling	Definition of Missing	User defined missing values are treated as missing
	Cases Used	All non-missing data are used.
Syntax		DESCRIPTIVES VARIABLES=A1 A2 A3 A4 A5 A6 A7 A8 A9 A10 A11 A12 A13 A14 A15 A16 A17 A18 A19 A20 A21 A22 A23 A24 A25 /STATISTICS=MEAN STDDEV MIN MAX.
Resources	Processor Time	00:00:00.02
	Elapsed Time	00:00:00.01

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std.
A1	49	1	4	3.39	.731
A2	49	1	4	1.45	.709
A3	49	1	4	2.59	.911
A4	49	1	4	2.80	.763
A5	49	1	4	3.16	.688
A6	49	1	4	2.86	1.118
A7	49	1	4	2.41	.934
A8	49	1	4	3.10	.895
A9	49	1	4	3.51	.649
A10	49	2	4	3.45	.647
A11	49	1	4	3.12	.726
A12	49	3	4	3.69	.466
A13	48	1	4	2.73	.917
A14	49	3	4	3.53	.504
A15	48	1	4	2.83	.953
A16	49	3	4	3.51	.505
A17	47	1	4	2.89	.890
A18	48	2	4	3.65	.526
A19	49	1	4	2.61	1.115
A20	49	2	4	3.37	.566
A21	49	1	4	2.55	1.022
A22	49	3	4	3.57	.500
A23	49	1	4	2.98	.854
A24	49	1	4	3.06	.775
A25	49	1	4	2.41	1.039
Valid N (listwise)	45				

ANNEXURE C: CORRELATIONS

```
NONPAR CORR
  /VARIABLES=YEARS QUALIFICATION INCOME_Gross A3
  /PRINT=SPEARMAN TWOTAIL NOSIG
  /MISSING=PAIRWISE.
```

Nonparametric Correlations

Notes

Output Created		08-OCT-2014 14:26:22
Comments		
Input	Data	Q:\KONSULTASIEDIENS\SKD\K\Kruger_Leon_Oct2014\Kruger L1_Oct2014.sav
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	49
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each pair of variables are based on all the cases with valid data for that pair.
Syntax		NONPAR CORR /VARIABLES=YEARS QUALIFICATION INCOME_Gross A3 /PRINT=SPEARMAN TWOTAIL NOSIG /MISSING=PAIRWISE.
Resources	Processor Time	00:00:00.00
	Elapsed Time	00:00:00.02
	Number of Cases Allowed	112347 cases[a]

a. Based on availability of workspace memory

Correlations

			YEARS	QUALIFICATION	INCOME_Gross	A3
Spearman's rho	YEARS	Correlation Coefficient	1.000	.174	.592**	.173
		Sig. (2-tailed)		.247	.000	.246
		N	47	46	47	47
	QUALIFICATION	Correlation Coefficient	.174	1.000	.195	-.022
		Sig. (2-tailed)	.247		.194	.885
		N	46	46	46	46
	INCOME_Gross	Correlation Coefficient	.592**	.195	1.000	.144
		Sig. (2-tailed)	.000	.194		.324
		N	47	46	49	49
	A3	Correlation Coefficient	.173	-.022	.144	1.000
		Sig. (2-tailed)	.246	.885	.324	
		N	47	46	49	49

**. Correlation is significant at the 0.01 level (2-tailed).

ANNEXURE D: STATISTICS FREQUENCIES

```
FREQUENCIES VARIABLES=AGE GENDER YEARS QUALIFICATION INCOME_
Gross CONTRACT INCOME_Seg PRODUCT_Risk PRODUCT_Retirement
PRODUCT_Investment PRODUCT_Savings PRODUCT_
All A1 A2 A3 A4 A5 A6 A7 A8 A9 A10 A11 A12 A13 A14 A15 A16 A17 A18 A19 A20 A2
A22 A23 A24 A25
  /ORDER=ANALYSIS.
```

Frequencies

Notes

Output Created		08-OCT-2014 14:21:45
Comments		
Input	Data	Q:\KONSULTASIEDIENS\SKD\K\Kruger_Leon_Oct2014\Kruger L1 Oct2014.sav
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	49
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data.
Syntax		FREQUENCIES VARIABLES=AGE GENDER YEARS QUALIFICATION INCOME_Gross CONTRACT INCOME_Seg PRODUCT_Risk PRODUCT_Retirement PRODUCT_Investment PRODUCT_Savings PRODUCT_All A1 A2 A3 A4 A5 A6 A7 A8 A9 A10 A11 A12 A13 A14 A15 A16 A17 A18 A19 A20 A21 A22 A23 A24 A25 /ORDER=ANALYSIS.
Resources	Processor Time	00:00:00.02
	Elapsed Time	00:00:00.04

Statistics

		AGE	GENDER	YEARS	QUALIFICATION	INCOME_Gross	CONTRACT	INCOME_Seg
N	Valid	49	49	47	46	49	49	45
	Missing	0	0	2	3	0	0	4

PRODUCT_Risk	PRODUCT_Retirement	PRODUCT_Investment	PRODUCT_Savings	PRODUCT_All	A1	A2	A3	A4
13	16	14	10	36	49	49	49	49
36	33	35	39	13	0	0	0	0

A5	A6	A7	A8	A9	A10	A11	A12	A13
49	49	49	49	49	49	49	49	48
0	0	0	0	0	0	0	0	1

A14	A15	A16	A17	A18	A19	A20	A21	A22
49	48	49	47	48	49	49	49	49
0	1	0	2	1	0	0	0	0

A23	A24	A25
49	49	49
0	0	0

Frequency Table

AGE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	4	8.2	8.2	8.2
	2	12	24.5	24.5	32.7
	3	8	16.3	16.3	49.0
	4	3	6.1	6.1	55.1
	5	22	44.9	44.9	100.0
	Total	49	100.0	100.0	

GENDER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	35	71.4	71.4	71.4
	2	14	28.6	28.6	100.0
	Total	49	100.0	100.0	

YEARS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	18	36.7	38.3	38.3
	2	10	20.4	21.3	59.6
	3	6	12.2	12.8	72.3
	4	2	4.1	4.3	76.6
	5	4	8.2	8.5	85.1
	6	7	14.3	14.9	100.0
	Total	47	95.9	100.0	
Missing	System	2	4.1		
Total		49	100.0		

QUALIFICATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	17	34.7	37.0	37.0
	2	10	20.4	21.7	58.7
	3	4	8.2	8.7	67.4
	4	11	22.4	23.9	91.3
	5	4	8.2	8.7	100.0
	Total	46	93.9	100.0	
Missing	System	3	6.1		
Total		49	100.0		

INCOME_Gross

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	15	30.6	30.6	30.6
	2	8	16.3	16.3	46.9
	3	8	16.3	16.3	63.3
	4	8	16.3	16.3	79.6
	5	10	20.4	20.4	100.0
	Total	49	100.0	100.0	

CONTRACT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	46	93.9	93.9	93.9
	2	3	6.1	6.1	100.0
	Total	49	100.0	100.0	

INCOME_Seg

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	10	20.4	22.2	22.2
	2	14	28.6	31.1	53.3
	3	16	32.7	35.6	88.9
	4	2	4.1	4.4	93.3
	5	3	6.1	6.7	100.0
	Total	45	91.8	100.0	
Missing	System	4	8.2		
Total		49	100.0		

PRODUCT_Risk

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	13	26.5	100.0	100.0
Missing	System	36	73.5		
Total		49	100.0		

PRODUCT_Retirement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	16	32.7	100.0	100.0
Missing	System	33	67.3		
Total		49	100.0		

PRODUCT_Investment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	14	28.6	100.0	100.0
Missing	System	35	71.4		
Total		49	100.0		

PRODUCT_Savings

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	10	20.4	100.0	100.0
Missing	System	39	79.6		
Total		49	100.0		

PRODUCT_All

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	36	73.5	100.0	100.0
Missing	System	13	26.5		
Total		49	100.0		

A1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	2.0	2.0	2.0
	2	4	8.2	8.2	10.2
	3	19	38.8	38.8	49.0
	4	25	51.0	51.0	100.0
	Total	49	100.0	100.0	

A2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	32	65.3	65.3	65.3
	2	13	26.5	26.5	91.8
	3	3	6.1	6.1	98.0
	4	1	2.0	2.0	100.0
	Total	49	100.0	100.0	

A3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	7	14.3	14.3	14.3
	2	13	26.5	26.5	40.8
	3	22	44.9	44.9	85.7
	4	7	14.3	14.3	100.0
	Total	49	100.0	100.0	

A4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	4	8.2	8.2	8.2
	2	8	16.3	16.3	24.5
	3	31	63.3	63.3	87.8
	4	6	12.2	12.2	100.0
	Total	49	100.0	100.0	

A5

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	2.0	2.0	2.0
	2	5	10.2	10.2	12.2
	3	28	57.1	57.1	69.4
	4	15	30.6	30.6	100.0
	Total	49	100.0	100.0	

A6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	8	16.3	16.3	16.3
	2	10	20.4	20.4	36.7
	3	12	24.5	24.5	61.2
	4	19	38.8	38.8	100.0
	Total	49	100.0	100.0	

A7

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	10	20.4	20.4	20.4
	2	14	28.6	28.6	49.0
	3	20	40.8	40.8	89.8
	4	5	10.2	10.2	100.0
	Total	49	100.0	100.0	

A8

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	3	6.1	6.1	6.1
	2	8	16.3	16.3	22.4
	3	19	38.8	38.8	61.2
	4	19	38.8	38.8	100.0
	Total	49	100.0	100.0	

A9

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	2.0	2.0	2.0
	2	1	2.0	2.0	4.1
	3	19	38.8	38.8	42.9
	4	28	57.1	57.1	100.0
	Total	49	100.0	100.0	

A10

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	4	8.2	8.2	8.2
	3	19	38.8	38.8	46.9
	4	26	53.1	53.1	100.0
	Total	49	100.0	100.0	

A11

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	4.1	4.1	4.1
	2	4	8.2	8.2	12.2
	3	29	59.2	59.2	71.4
	4	14	28.6	28.6	100.0
	Total	49	100.0	100.0	

A12

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	15	30.6	30.6	30.6
	4	34	69.4	69.4	100.0
	Total	49	100.0	100.0	

A13

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	5	10.2	10.4	10.4
	2	13	26.5	27.1	37.5
	3	20	40.8	41.7	79.2
	4	10	20.4	20.8	100.0
	Total	48	98.0	100.0	
Missing	System	1	2.0		
Total		49	100.0		

A14

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	23	46.9	46.9	46.9
	4	26	53.1	53.1	100.0
	Total	49	100.0	100.0	

A15

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	6	12.2	12.5	12.5
	2	8	16.3	16.7	29.2
	3	22	44.9	45.8	75.0
	4	12	24.5	25.0	100.0
	Total	48	98.0	100.0	
Missing	System	1	2.0		
Total		49	100.0		

A16

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	24	49.0	49.0	49.0
	4	25	51.0	51.0	100.0
	Total	49	100.0	100.0	

A19

		Frequency	Percent	Valid	Cumulative
Valid	1	10	20.4	20.4	20.4
	2	13	26.5	26.5	46.9
	3	12	24.5	24.5	71.4
	4	14	28.6	28.6	100.0
	Total	49	100.0	100.0	

A20

		Frequency	Percent	Valid	Cumulative
Valid	2	2	4.1	4.1	4.1
	3	27	55.1	55.1	59.2
	4	20	40.8	40.8	100.0
	Total	49	100.0	100.0	

A21

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	9	18.4	18.4	18.4
	2	14	28.6	28.6	46.9
	3	16	32.7	32.7	79.6
	4	10	20.4	20.4	100.0
	Total	49	100.0	100.0	

A22

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	21	42.9	42.9	42.9
	4	28	57.1	57.1	100.0
	Total	49	100.0	100.0	

A23

		Frequency	Percent	Valid	Cumulative
Valid	1	1	2.0	2.0	2.0
	2	15	30.6	30.6	32.7
	3	17	34.7	34.7	67.3
	4	16	32.7	32.7	100.0
	Total	49	100.0	100.0	

A24

		Frequency	Percent	Valid	Cumulative
Valid	1	1	2.0	2.0	2.0
	2	10	20.4	20.4	22.4
	3	23	46.9	46.9	69.4
	4	15	30.6	30.6	100.0
	Total	49	100.0	100.0	

A25

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	11	22.4	22.4	22.4
	2	16	32.7	32.7	55.1
	3	13	26.5	26.5	81.6
	4	9	18.4	18.4	100.0
	Total	49	100.0	100.0	