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# The Business Case for automating financial promotions literature lifecycle management.

Illustrating how an electronic approval  
process can save 40% of your costs.

A white paper prepared by be the brand experience

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## Executive Overview

Maintaining Financial Promotions (FP) literature within a framework that ensures compliance with burgeoning regulatory requirements is a high cost for all Financial Services companies.

In the current economic climate, the strategic imperatives of protecting revenue, decreasing costs, whilst maintaining quality are paramount. This paper demonstrates how you can **save 40%** of the cost of managing FP literature.

For FP Literature the direct costs of online library maintenance, creative, print, storage and archiving are visible budget-line items while the costs of internal controls, tracking spreadsheets, review and approval are often hidden.

Starting from using paper-based ‘job-bags’ or an email system for the approval processes significant cost savings can be made by automating the management of FP literature.

When bringing new products to market the creation, review and approval of literature is on the critical path. Being able to reduce the number of approval cycles, rapidly re-prioritise and effectively manage workloads means that products can be brought to market faster. Reduced time to market can provide competitive advantage and the subsequent increased revenue.

This paper outlines the key areas of cost savings and revenue generation that are impacted by automating the management of financial promotions literature. Formulae are provided to calculate a benefit for any volume of literature under management.

The findings are based on the brand experiences knowledge derived from automating the FP process at more than 10 Financial Services organisations – which range in size from 5-400 people who are responsible for managing between 200-4000 items of collateral. These companies include Life & Pensions, Asset Management, Banking and Insurance Broking. One company was able to achieve a 40% increase in approved documents without changing its staffing levels.

In this paper we have considered a notional Financial Services Company with the following characteristics:

- The marketing department manages 300 items of literature generating 500 updates per annum.
- While on average each piece of collateral requires 5 review cycles (pre automation) it can vary between 1 and 16+ with 4 people involved in each review.
- This example is worked on managing 500 updates/new items per annum and a reduction in review cycles from 5 to 3.
- The value of realisable benefits demonstrated is at least **£237,000** per annum and can be as much as **£337,500**.

<b>Detailed Savings</b>	
Reduction in Review cycle from 5 to 3	£162,000
Reduced Agency approvals (external)	£150,000
Reduced Agency approvals (internal)	£75,000
Lower Final Approval rejection rate	£25,500

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## Definitions - Terms/Roles

The following terms and role definitions are used throughout:

***Financial Promotions (FP) literature***

Communications material produced that falls within the scope of UK Financial Services Authority regulatory environment, predominantly consumer orientated literature.

***Final/FP Approver***

An appropriately qualified resource authorised to sign-off Financial Promotions literature for the company (either a Risk & Compliance or Marketing team member).

***Reviewer***

A person invited by the Item Owner to review and comment on the item during its production, these may be the Originator, Technical, Actuarial, Risk, Compliance, Sales, Product Owners etc.

***Item Owner***

The person with responsibility for initiating the process of updating or creating a new FP item.

***Originator***

The person requesting the update/new item requirement (this will be the Item Owner in many cases).

***Withdraw date***

A method used to maintain the accuracy and completeness of literature is setting a withdrawal date when an item is created; these are typically 3/6/12/18 months ahead. Once the withdrawal date is reached the item has to be archived updated and/or reviewed by an FP Approver and the date extended.

***Verification data (evidence)***

Documented support for statements made within a Financial Promotion (i.e. “Best Performing Fund in sector X”, “Third largest provider of Y”) which needs to be provided to enable Final Approval and retained for future inspection.

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## Scope – process boundaries

The broad scope of this paper is the cyclical process of an Originator identifying that a literature item requires updating (either through regulatory or commercial pressures) or that a new item is needed.

The Originator briefs the Item Owner (one person may cover both roles for some literature) who then manages the process of briefing a creative team, obtaining review comments (based on a “product driven” approval matrix) and managing multiple review cycles to prepare the item for Final/FP Approval.

Multiple forms will have to be completed as part of the process: TCF (Treating Customers Fairly) checklists, Print Briefs, Final Approval etc.

The number of review/creative cycles can have devastating effect on the speed to market and effective resource utilisation. Review cycles can range between 1 and 16+ with an approximation of 5 (pre-automation) being used for the purpose of this paper. Once all reviewers’ comments have been incorporated into the final version it is sent for Final/FP approval. This is typically performed by the Risk & Compliance team or appropriately authorised and qualified internal marketing resource.

In parallel to obtaining Final Approval the Item Owner will also manage a print briefing either directly with a printer or via an (internal or external) print manager. They will also ensure that current stocks are destroyed (if required).

Once approved the item will be sent to print and distributed to other final destinations (intra/extranets, third party websites etc).

All review versions, comments, approval confirmation; TCF checklists are then retained for a period of at least seven years and longer depending on regulatory requirements and product life span.

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## Current challenges

In the paper or email based environment described above there are significant challenges being overcome on a daily basis by marketing and design teams striving to fulfil the needs of their internal clients. Clients have identified two challenges and the impact that they have had on their business.

Inability to bring new products to market in a timely fashion leading to:

- Lost new business opportunities
- Revenue not available in the forecasted timeframes
- Decline in market share
- Being perceived as a follower rather than as an innovator

The increased exposure to risk and regulatory sanction:

- High cost of audit and risk review
- Formal and informal mechanisms to manage compliance
- Fiscal sanctions from the regulator
- Exposure to litigation

The very nature of both “job bag” and email systems contribute to the complexity and long windedness of producing regulated marketing materials. Item owners will receive comments from reviewers in separate documents, which are then collated and areas of disagreement identified. They will then create and mark-up a new version and circulate this, either to the design team or for review. This process drives the excessive numbers of design and review cycles. In some cases this peaks around the 15 to 20 mark.

The linear process imposed by these systems leads to poor resource utilisation. Management find it difficult to identify problems and bottlenecks that can be avoided. With so much of the work “in circulation” so to speak it is difficult to quantify the actual workload at any one time. This exacerbates the planning and resource forecasting challenge.

When the cost of managing FP literature is examined budget line items can be easily identified storage, printing and distribution. However, the total cost is more difficult to identify. How many review cycles, how long did each review take, which members of staff were involved. Metrics to monitor this may not be in place or are typified as being too expensive and not cost effective.

Without an electronic approval system islands of knowledge develop in companies, where an individual leaving can have a detrimental effect on the ability to approve marketing material. Another consequence of this compartmentalisation of knowledge manifests itself in high rejection rates when FP literature is submitted for final sign-off.

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Companies typically rotate marketing agencies fairly frequently, but perhaps not as often as they would like. The incumbent works to manual briefs, holds artwork files in house and is embedded in the supply chain. De-coupling, and building flexibility into the supply chain is facilitated by clients taking control of the workflow automation and asset management platform.

With a paper or email based system it is extremely difficult to ensure that all items that required to be changed have in fact been changed. Consider the requirement to change all documentation to include Civil Partnership during 2004/5.

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## Cost of producing FP literature

For the purpose of illustration we will consider a company with 300 pieces of FP literature that require updating 500 per annum. This will include any new product design and development work that may be necessary. In the following calculations we have used £45,000 pa. as the average total cost of employment for staff involved in the process.

As we have seen a piece of marketing material can go round the system up to 20 times before it is approved. However, clients have agreed that an average number of review cycles being around 5. The number of staff required to review each item is also a variable, from our experience this equates to 4 people.

Using these numbers leads to the following cost annually

- 5 reviews averaging 1 hour each
- 4 reviewers
- 500 items
- 10,000 hours, 1,333 days or 6 Full Time Equivalents
- £270,000

Assuming that the design team are involved after each review cycle for 2 hours

- 4,000 hours
- £50 an hour for an external design team = £200,000
- £25 an hour for an internal resource = £100,000

<b>Top line costs</b>	
Staff	£270,000
Design cost external/internal	£200,000/£100,000
Final review after rejection	£25,500
Total cost excluding print	£495,500/£395,00

This represents a cost of £1,000 per update excluding print charges

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## Issues and concerns by Team/Role

Among the common issues faced when using a “job bag” or email based system are as below:

### Senior Management Team/Board Level

- Lost revenue opportunities
- Regulatory breach
- Need to evidence awareness and control over FP literature in use
- Costs higher than necessary and minimal visibility of full costs

### Item Owners

- No SLA reporting on review timescales
- Limited visibility of review status
- Multiple version with different comments returned from reviewers requiring further review and consolidation
- Need to mark-up additional versions to brief studio/ artwork team.
- Working with centralised excel spreadsheet to manage withdrawal/ next review dates
- Multiple forms need to be checked/approved TCF FP sign-off

### Reviewers

- Unable to view other reviewers comments results in duplicate comments and contradictory comments leading to additional review cycles
- Limited visibility of work load prioritisation required due dates
- Unable to track comment lifecycle (whether accepted) for priority comments/ advice
- Reliance on other teams reporting of turnaround times

### Final Approvers

- Rapid turnaround always being demanded at this final stage leading to pressure to approve
- Limited visibility of upcoming workload
- Challenging to review comments on multiple previous versions

### Risk /Compliance

- High audit and review costs due to different teams working to different processes
- Time consuming to perform sample based QA reviews of paper/ email processes

### Design Team/Agency

- Error due to deciphering manual comments/ mark-ups
  - Multiple updates due to volume of review cycles
  - Limited forward workload visibility
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## Solution overview

Automating the FP process is not just a case of providing a tool to electronically capture comments. Solutions need to encompass and manage the entire lifecycle of an item of FP literature.

### Literature life cycle

- New item creation
- New item approval
- Print and distribution
- Update trigger event (withdrawal date, regulatory/business change)
- New version(s) created and approved
- Destroy stock, print and distribution
- Destroy stock and archiving

A solution to manage FP literature through this lifecycle requires the following core components:

- Library
- Collaborative workspace
- Activity allocation to individuals
- Review comment management
- Final Approval request and capture
- Destination management (print, online )
- Verification data capture
- Metrics reporting
- Management of parent/child relationships

The **be the brand experience** application provides all of the above functionality as customisable Software as a Service solution. There is no requirement to purchase software or hardware, little or no impact on corporate IT and the application is available 24/7 through a web browser.

## For further information contact

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