

CHARLES
STANLEY 

Cultivating a more engaged & productive workforce

Kate Griffiths-Lambeth

1st October 2019

**employee
benefits**
LIVE 19

IN ASSOCIATION WITH
HEALTHSHIELD
WE'VE GOT YOU COVERED



The Charles Stanley Group

About Charles Stanley

▶ 1792

Heritage

We have been providing our clients with the highest standard of service for over two centuries.

▶ £24.4bn

Security

We have created financial security for many tens of thousands of people, and currently manage and administer in excess of £24.4bn*

▶ +20

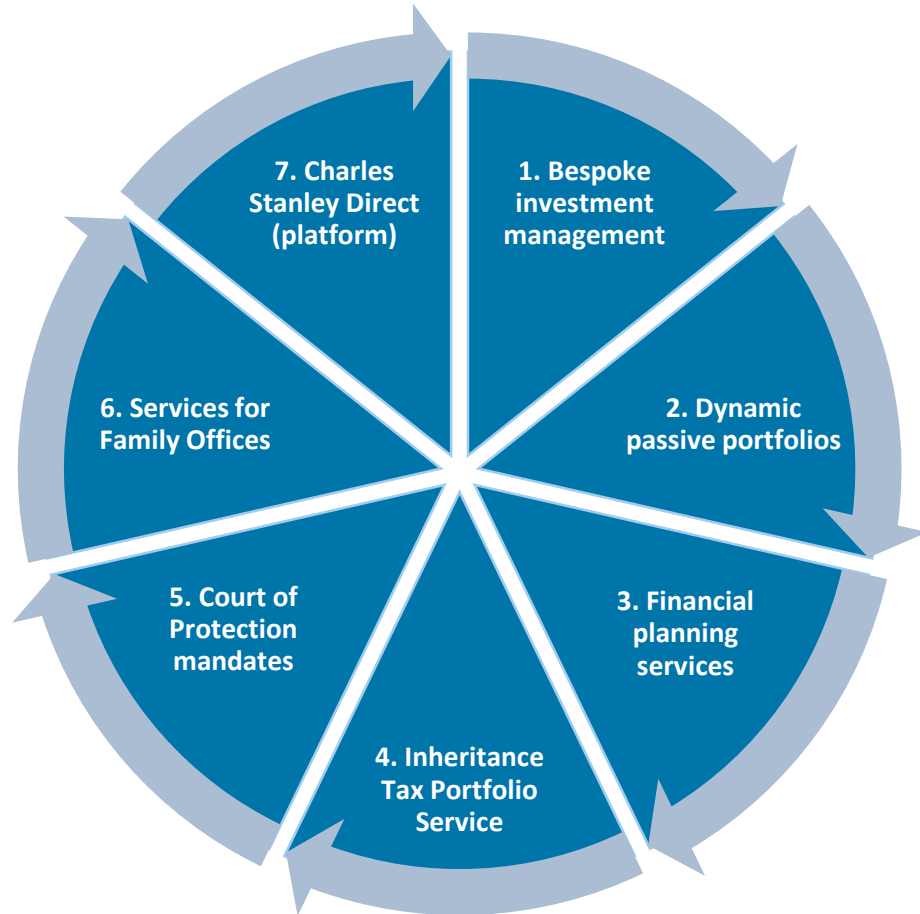
Convenient

Our business is built on quality service, growing our network to over twenty offices across the UK.

*As at 30 June 2019

Wealth Management Services

Always client focused



- Taking an entrepreneurial approach to developing solutions
- Highly regarded team of investment managers and financial planners
- Competitive pricing
- Earning trust by delivering what we promise

Our Network Offices

Across the UK

Bath

Glasgow

Aberdeen

Belfast

Guildford

Southampton

Birmingham

Ipswich

Southend-on-Sea

Bournemouth

Leeds

Tunbridge Wells

Cambridge

Leicester

Wimborne

Cardiff

London

Dorchester

Manchester

Eastbourne

Norwich

Edinburgh

Oxford

Exeter

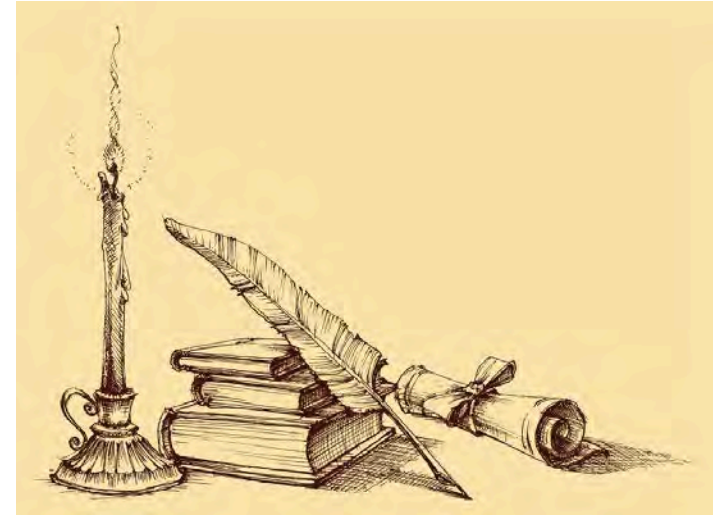
Plymouth



The world is changing fast



But we were not



Glassdoor review - Before

“Awful firm, run by arrogant men” - Comments made on 8 April 2013

Pros

There are no benefits working there unless you are a public school boy and your daddy knows the MD. Easy 9-5 hours or if you have a good boss it's 4:30. Pockets of good people.

Cons

Everything about the place is bad, salaries the worst in the City, old boy network, men get the promotions, women don't, there is no progression, no bonus, no pay rise. Everyone is demotivated and demoralised. Feel sorry for the clients. Brokers think they are elite and so look down on everyone.

Advice to Management

The firm needs to be taken over and proper management installed. Top level of management do no work but just swan round the office looking important and shouting about nothing in loud voices.

Things became complicated

£6.1 million loss in 2015



We had to change

(or die)

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Appointment of new CEO

Paul Abberley started in 2015



Vision – Become the UK’s Leading Wealth Manager by 2020

Measurement of Success – 3 Key Areas

Client satisfaction

Equity market rating

Engagement

No money to invest in change

But we had and still have amazing people



How best to grasp the problem

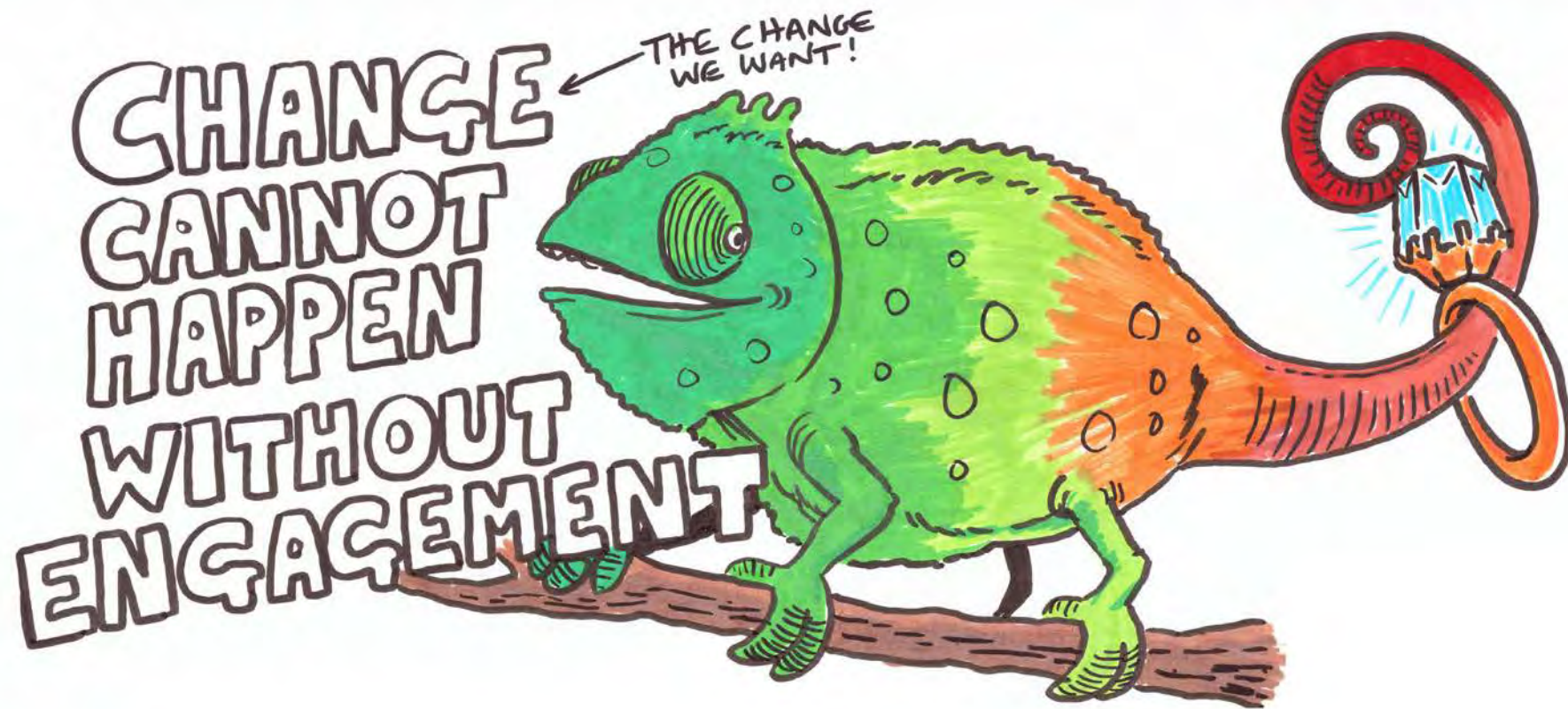


...people don't respond well to being told what to do

An engaged and productive workforce

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Required for Success



Feeling our way

From a standing start with new concepts



- Change Management
- Internal Communication
- HR
- Employee Voice



It's been quite a journey

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What were our people thinking?

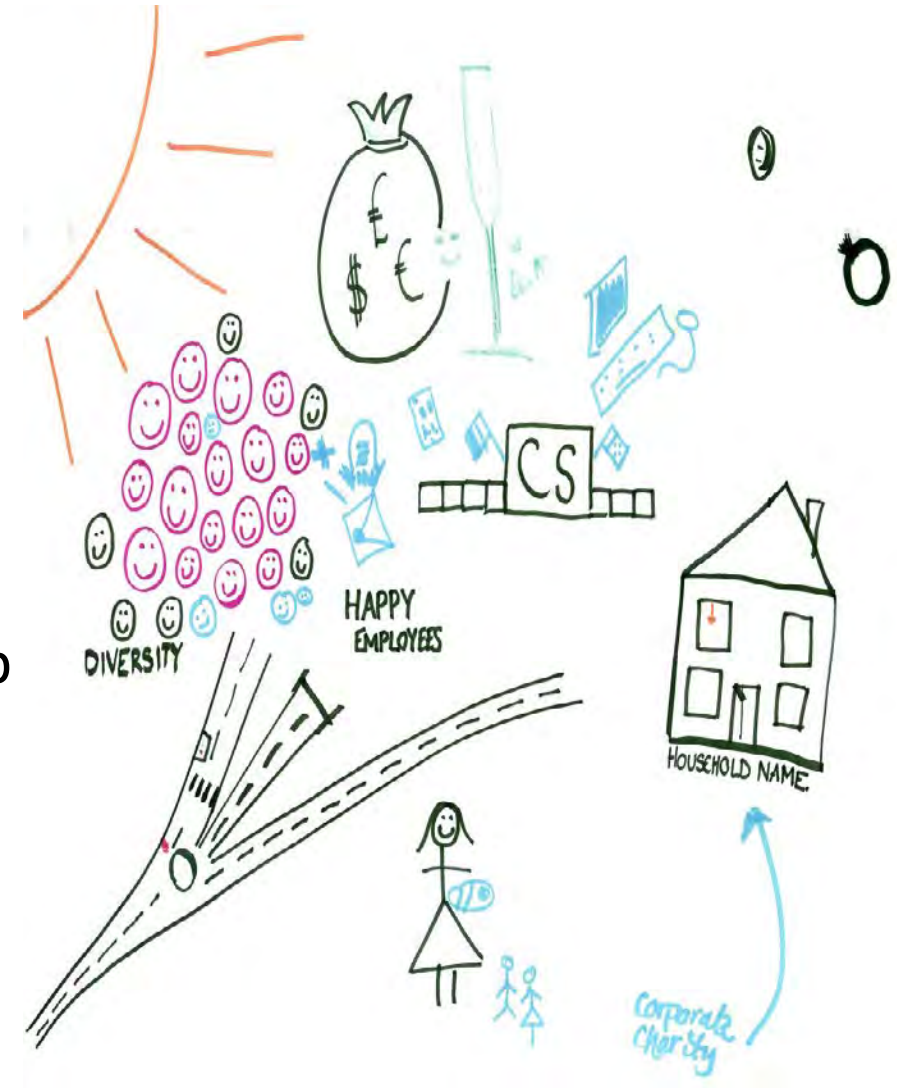
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- Do I trust the new leadership?
- Who cares about me?
- Will it ever be easier to get things done?
- Will we run out of money or be acquired?
- Why don't people tell us what's going on?
- What happens next?

Actions in 2015 - 2016

A true team effort

- Employee and staff engagement survey
- Employee-led change through:
 - focus groups
 - 8 work streams
- Enhanced communications
- Better Learning and Development – launch of Group Leadership Development Programme
- Performance Management
- Company & Departmental initiatives



8 Work Streams



- **Processes & Systems**
- **“One Charles Stanley” & Communication**
- **Leadership & Values**
- **Diversity & Inclusion**

- **Client Experience**
- **Growing our Assets**
- **Reward and Recognition**
- **Careers & Management**



Actions between 2016 and now

On-going collaboration

- Engagement surveys - results shared at conferences, AGMs and across company
- Further enhanced communications
- Leadership Development cohort ALSs
- Up skilling, apprenticeships
- Company & Departmental initiatives
- Values and Purpose introduced
- HR Director joined Executive Committee
- Signed Women in Finance Charter



Caring

**You are our priority.
We will strive to earn
and maintain your trust
by promoting what is
in your long term
interests.**

Fair

**We will always act
with integrity in a
transparent, respectful
and professional
manner.**

Progressive

**We will combine an
innovative culture
with a traditional
personalised service.**

Internal Communication Strategy

Downward

CEO briefings & Videos

Town Hall/Road Show
sessions & Ask ExCo

Annual Group & Senior
Leaders conference

Horizontal: Inter colleague

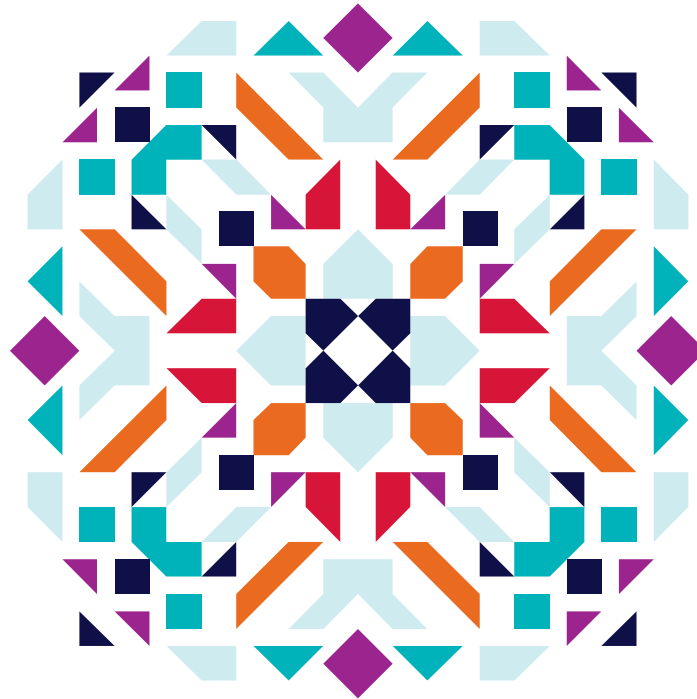
Team meetings

Mentoring and 1-2-1s

Buddying for new joiners
and transfers

Brown bag sessions

Café /Break Out areas in
new HQ



Upward

Engagement and Pulse surveys

Suggestions Box

Focus Groups

Reports, & feedback

Colleague nominations

Horizontal: Cross divisional

Multi-departmental work-
streams

Leadership development/ILM
programme

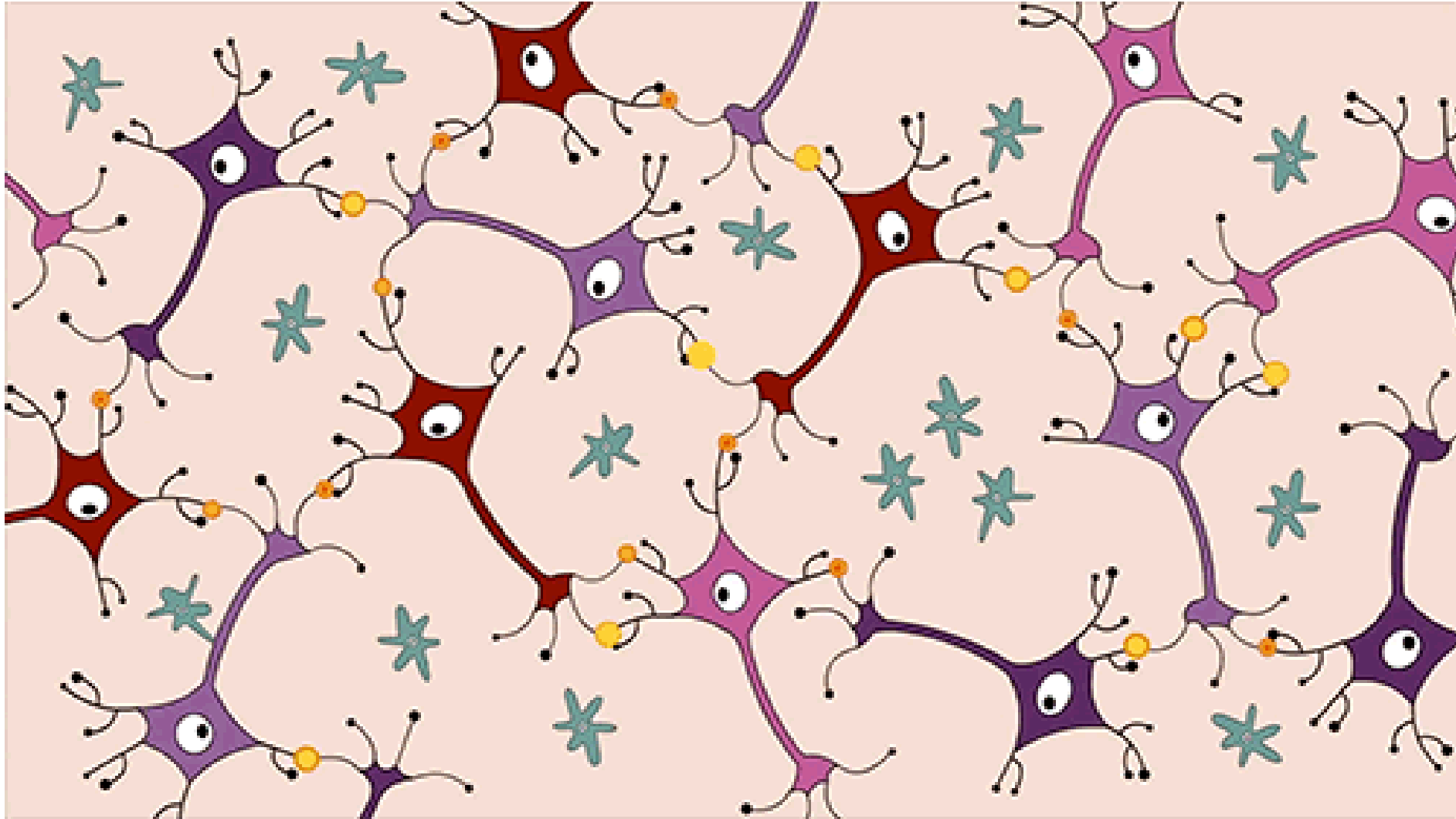
Action learning sets

Mentoring and coaching

Project collaboration

Employee Benefits

Important part in making people feel valued and understood



Employee Benefits

Choice of offerings to suit different people



How did we do?

Working together

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Glassdoor review – After 2 years

“A company on the up” - Comments made on 6 September 2017

Pros

Positive career progression. A management that is passionate and listens to employees. A caring culture where talent is spotted and nurtured. Deep client focus on outcomes - the company really goes the extra mile for clients. Fun place to work with great socials and genuinely nice colleagues. Want to be here for the next 20 years.

Cons

Strategy needs continual challenge as the world is changing and wealth management is a commodity going digital. Some divisional heads are uncaring and need to go - one in particular and everyone knows who he is! Shambles.

Advice to Management

Keep doing what you are doing. Keep listening to employees and strive to make things better and better. The focus is right, the CEO is brilliant - he just needs to make a few tweaks to his senior team to take the less caring divisional heads out of the equation to really move forward.

Glassdoor review – Most recent posting

“Very nice place to work” - *Comments made 26 September 2019*

Pros

Friendly people who want to do the right thing for clients and colleagues. There has been significant change over the past 4 years (since new CEO started). It is a nice work environment where people are listened to and you can make a difference.

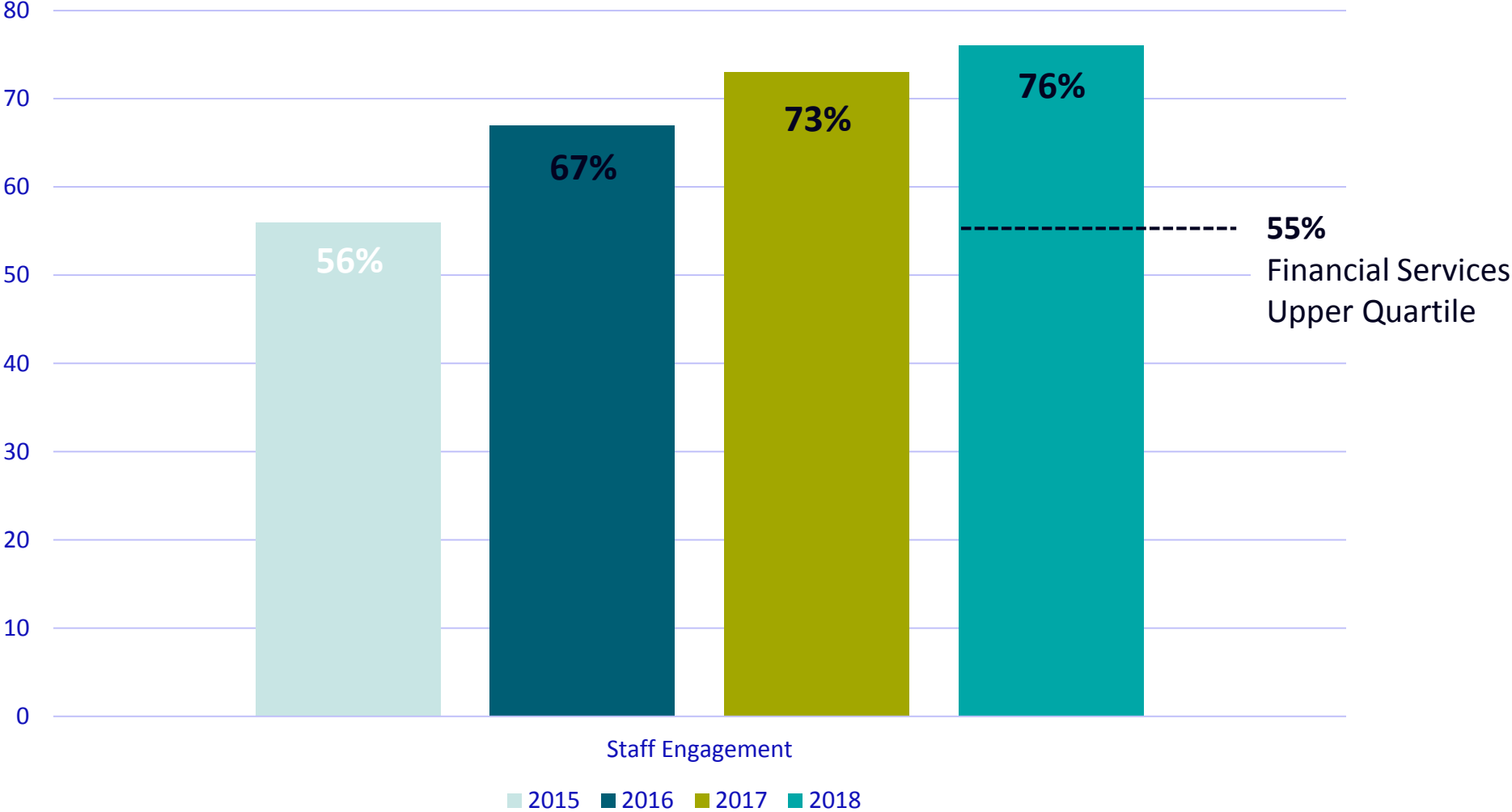
Cons

Pay is pretty average, clunky IT systems. Poor communication between some teams/areas but it is better than it was.

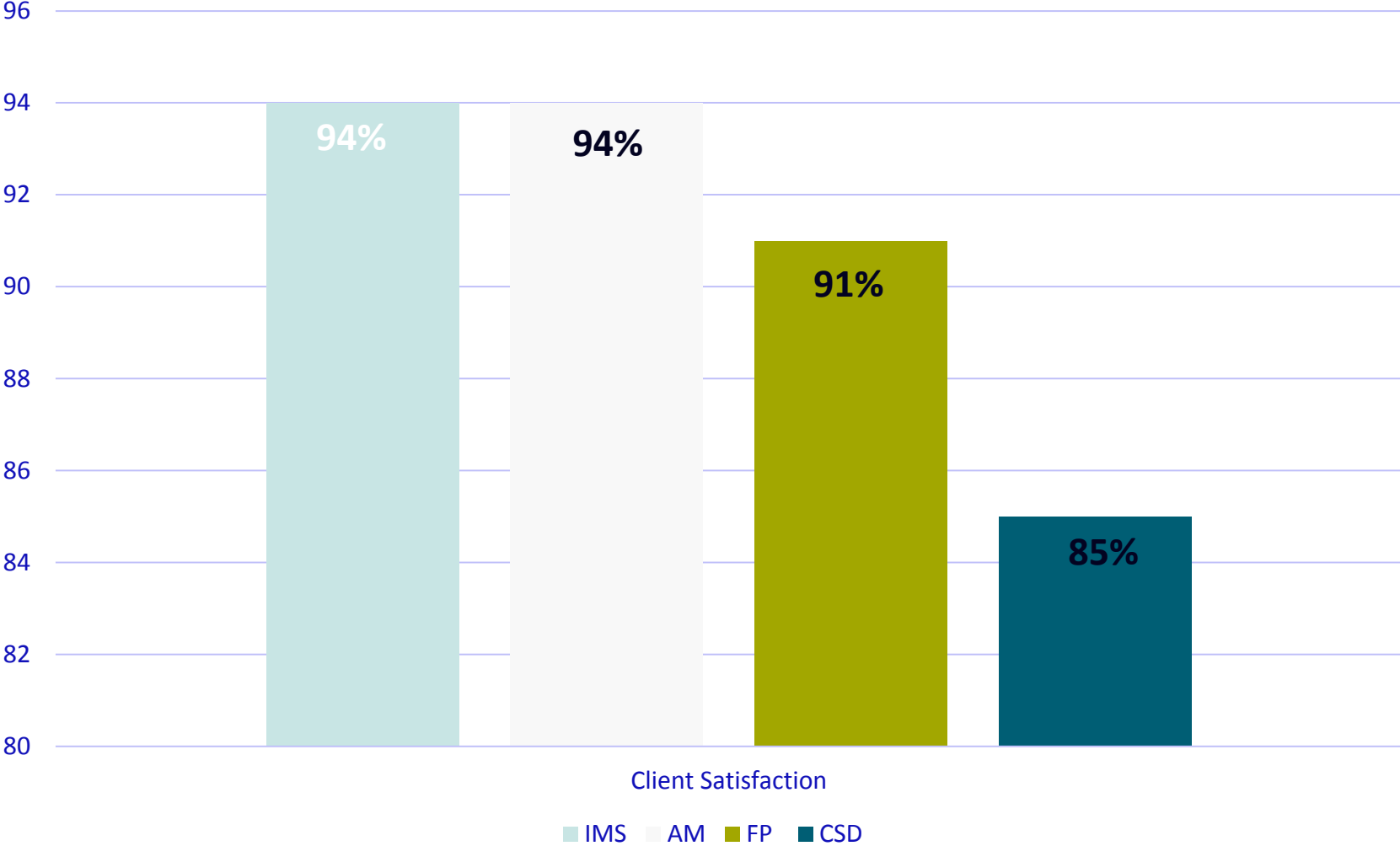
Advice to Management

Keep up the good work – we are heading in the right direction. Please recognise those of us who are trying to make Charles Stanley an even better company.

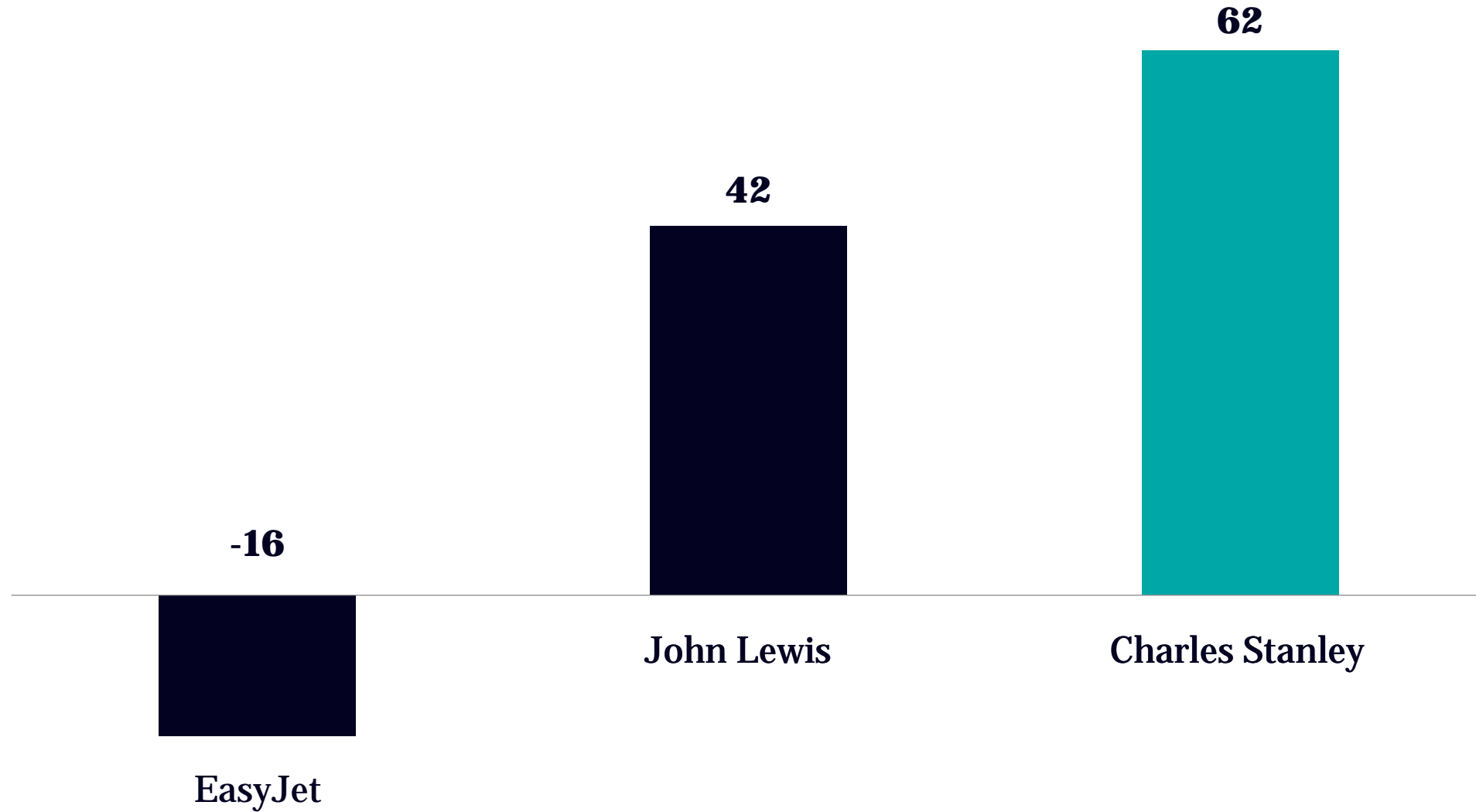
Staff Engagement



Client Satisfaction



Net Promoter Score



Progress of key metrics

Stable FuMA Improved mix

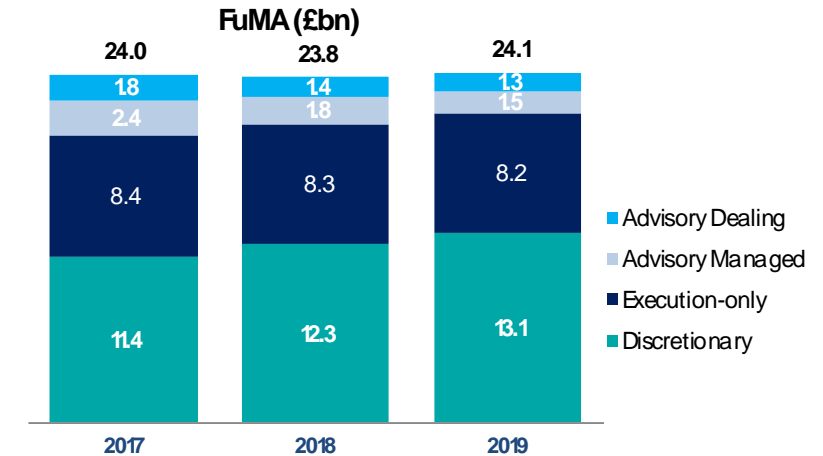
- ❑ Closing Funds under Management (FuMA) up 1.3%
- ❑ Discretionary funds up 6.5%
- ❑ Advisory Managed and Dealing down 16.7% and 7.1%
- ❑ Execution-only down 1.2%; Charles Stanley Direct online platform up 15.3% to £2.7bn

Continued growth of profits and margin

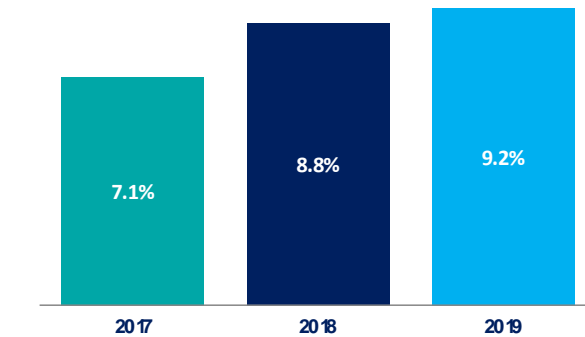
- ❑ Revenue growth across all divisions: 3.2% overall
- ❑ Core Business¹ profit before tax of £11.6m up 5.5%
- ❑ Core Business¹ profit margin² 9.2% (2018: 8.8%)

Strong cash flow generation and increased dividend

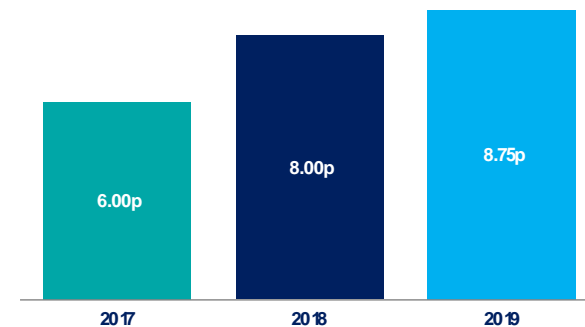
- ❑ Cash³ increased 23.7% to £81.2m (2018: £65.6m)
- ❑ Net assets £106.4m (2018: £97.8m)
- ❑ Regulatory capital solvency ratio up to 214% (2018: 177%)
- ❑ 9.4% increase in total dividend per share



Core Business pre-tax margin² (%)



Dividend per share (p)



¹The Core Business figures represent the results of the Group's four main operating divisions, excluding held for sale activities and adjusting items.

²Excluding the charge in respect of share options awarded to certain investment management teams under their revised remuneration arrangements.

³Including 3-month Treasury Bills which are classified as amortised cost financial assets in the statement of financial position

Progress toward achieving 15% pre-tax profit margin

Operating Lever

Medium term objective

2019 Progress



Grow average FuMA from FY 2018 average of £24.3bn by between 13% and 15%

Average FuMA for 2019 was static at £24.3bn (2018: £24.3bn)
No progress

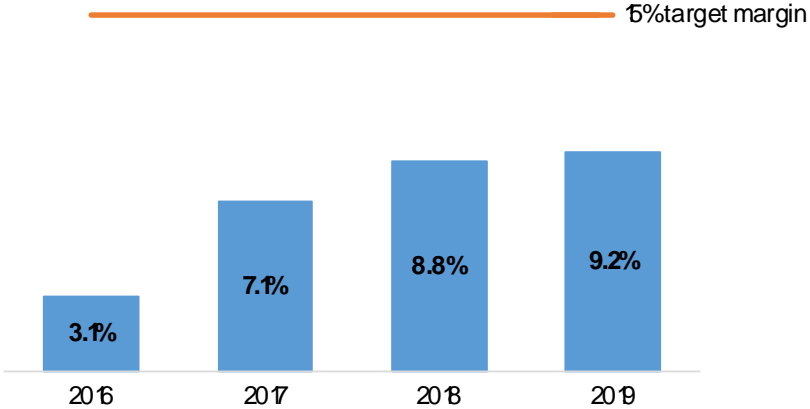
Rate of progress of margin has been linear, not exponential. Business transformation programme underway to tackle this



Achieve a blended revenue margin of 66bps to 68bps

Group blended revenue margin improved to 64bps (2018: 62bps)
On track

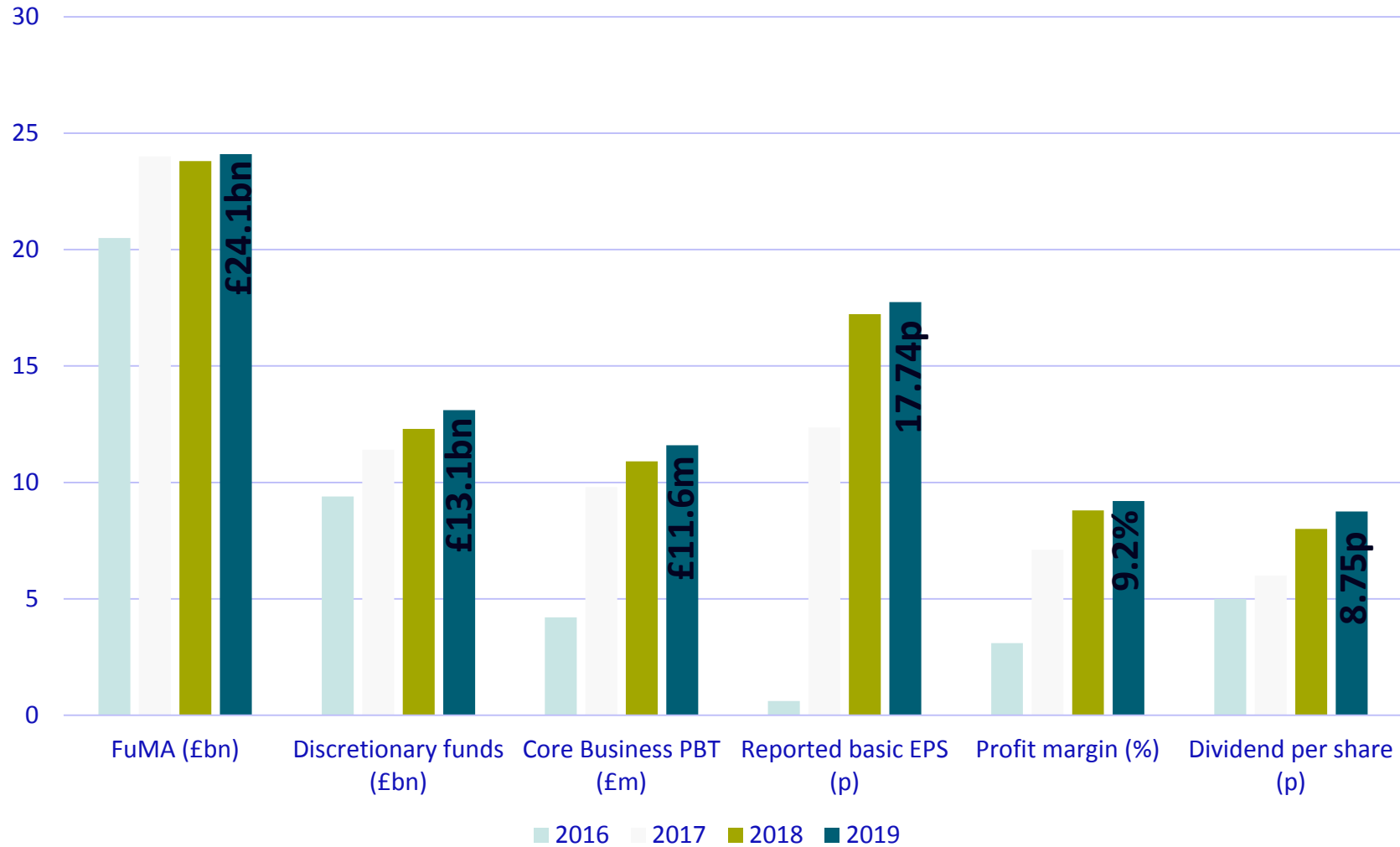
Core Business pre-tax margin vs 15% target



Reduce non-variable costs as a percentage of revenue to below 55%

Non-variable costs in 2019 were 58.3% of revenue (2018: 59.2%)
Some progress

Financial Highlights



Progress to date and plans

- ❑ Strategic vision – to be UK's leading wealth manager by 2020 - unaltered
- ❑ Underlying base strong
 - Top quartile client satisfaction score of 87.3%
 - Top quartile Employee Engagement Index value of 76%
 - Stable trading and strong balance sheet
- ❑ Transformation programme launched to accelerate progress
 - Estimated restructuring costs of approximately £9.5m over 2-3 years
 - Estimated annualised cost savings growing to £4.5m by FY2022, after a net charge to profit in FY2020



Successes must be celebrated

Progress through focus, involvement and communication



Recognition



➤ **Paul Abberley & Kate Griffiths-Lambeth**

Winners – Leadership Business Culture Awards

➤ **Charles Stanley**

Winners – BOC Brilliance in Employee Engagement

➤ **Kate Griffiths-Lambeth**

Highly Commended - Change Excellence Award Women in Investment

➤ **Charles Stanley**

Distinction in Employee Engagement and Experience HRD Awards



Our Awards





Focusing on you

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