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On the March: What Truly Excites BridgePoint's Innovative CEO About Retirement Saving

Bridgepoint Group is "blowing up," called on by clients to tackle complex retirement issues here in the U.S.—and beyond

THOSE THAT MYOPICALLY obsess about any one 401k and retirement savings issue do so at their own peril. A number of interconnected complications are creating a (dangerously clichéd) "perfect storm," and it's quickly gathering speed.

Some 401k advisors see it as a threat, choosing to trim their sails and narrow their focus, while others recognize the opportunity presented by broadening their service offerings to better ride the wave. Either way, change is certain.

"There's more change now than I've seen in the past 20 years," says Barbara March. "Its speed and level of disruption are increasing rapidly."

She would know. Anyone in retirement savings space for any length of time is likely familiar—or personally acquainted—with March, CEO of management consulting firm **BridgePoint Group.**

Indeed, when we asked certain industry personalities about knowledgeable, trusted and completely independent individuals to serve as judges for our **"2017 Top Advisor by Participant Outcomes"** recognition program, March's name was first mentioned.

Lucky for us she agreed to help, as well as sit for an interview about what's right and wrong with industry efforts to get people to **successfully save more.**

Since BridgePoint is mainly a consultant to financial institutions, her view of 401k advisors is one degree removed, and allows for unique and penetrating insight, which she happily shared. It was tough to edit because everything she said was so on-point (pun). We therefore highly recommend reading it through.

Barbara March, CEO, BridgePoint Group.

Q: We know the only constant is change, but it appears to be happening at a faster rate in the financial industry. Why, and how is it specifically impacting 401k advisors?

A: The reasons it's changing, obviously, is the **regulatory** and economic climate, and the fact that demographics and consumer behaviors are changing, which is breeding the emergence of fintech and private equity.

In some cases, the advisor is perceiving their role as increasingly marginalized. They're seeing their role get narrower, and some advisors are incrementing on the margin. They're trying to do more innovative things in smaller areas. Managed accounts are an example. They perceive their role as "I am an investment advisor and my role, because of passive strategies, is changing" and getting very narrow.

However, other advisors are perceiving this disruption as an opportunity to get broader. There's almost a barbell thing going on, where some advisors are painting themselves into a corner. Others are leaning into it, and saying, "At the end of the day, Americans still need to retire."

The other trend we're seeing is that home offices are much more involved. Part of that is regulatory, but they're recognizing that advisors—and the information and education they need to be credible—are changing as well. It's forcing a market for servicing advisors that we have not seen in the past.

Q: Have you seen the bifurcation you mentioned, going broad or narrow, move in one direction or another, and would you advocate for one way or another?

A: It's early days, but I personally believe future success is going to be in going broad. To the extent that the world stays in vertical product orientation, I think through time people will be less successful.

Customers want solutions, they don't want products. On the one hand, solutions are getting more complex, like if you put health and financial wellness together. At the same time, if we've learned anything about the end consumer, it's that they want simple—and it's very hard to make things very simple.

So, I think long-term, the advisor who can take something very complex, understand a customer's need, and articulate it simply, will be hugely successful.

Q: In 2013, more assets left 401ks than were added, the first time that happened. Is it coincidence that we're dealing with so much disruption now?

A: It's a perfect storm. It's not one thing. Every one of our financial service clients were so consumed by the DOL. I'm like, "Guys, the DOL is one of six really major things that's happening, and it's the fact that all six of these things are happening at once.

It's the low interest-rate environment, it's the demographic shift, it's that myIRA was killed, or that the state IRAs are not going to be as successful, even though 58 million uncovered Americans are working. It's fintech and low-cost platforms that are disrupting legacy providers' cost structures.

When you put all those trends together, it's creating the perfect storm. Retirement must have a capital R. There is a portfolio of things that contribute to a successful retirement—the 401k product, IRA, HSA, your health care, whether you have long-term care insurance, or something else. That's why I think it must be retirement with a capital R.

However, thinking about 401ks, even though there's less money going into 401ks, it's a misnomer that everybody is starting to draw down. I think it's going to get elongated.

I'll give you one of my favorite stats. I own a small business. I started my company when I was age 50, and I've been in business for eight years. In 2010, 14 percent of businesses in America were started by people over the age of 50. In 2016, that number was 25 percent.

That is an example of how the world is changing.

Q: In product innovation or service innovation, what really excites you that you didn't expect but has really caught your attention?

A: From a product standpoint, I'm not seeing a ton of truly disruptive, innovative, brand new products. I don't think it's a product issue. What I am excited about is the pivot from products to solutions.

The last generation was product sellers—a product to fit a need. I think we've figured out that the world doesn't know what they need, so it's actually the transition from a vertical product orientation to a horizontal solution orientation that, to me, is most exciting.

The next generation of advisor models is going from external customer "in" versus product pushers "out." So, it's that pivot.

Q: What are product providers and 401k advisors doing wrong that should be obvious, but they're just not seeing?

A: My perspective is going to be different from many others. I can sit back and watch the ecosystem and be one step removed from all the players.

Here's what I would say is really interesting. We hosted a broker-dealer forum and we talked with BDs, advisors and record keepers about their challenges. They're all talking past one another. They all want exactly the same thing, which is to help participants retire. But they all talk about how difficult it is to work with each other.

With all the people and money in the United States that needs to be served, and as the industry has grown, there is more to go. But because of the way the market has moved, the operating model between advisors, home offices, record keepers and asset managers are all facing exactly the same issues, but they're thinking within their organizations as opposed to across their organizations.

One of my favorite examples is data. If you talk to an advisor, they will say they have absolutely nothing to do with the quality of data. They are very frustrated with the recordkeeper because they're not getting the data they need. Yet if you ask them if they have any impact whatsoever on the quality of the data that the recordkeepers get, they say, "Of course not, why ask me that question?"

And yet, the data comes from the plan sponsor who is advised by the advisor. It just comes full circle back around.

I'm not saying one is right and one is wrong, what I am saying is there is a lack of understanding of cause and effect; that if you understand the end-to-end ecosystem the way Bridgepoint sees it, the transparency and the broader understanding would lower the frustration level of all the parties. We would all be able to serve the customer with a higher-quality solution at a lower operating cost.

That is the thing that frustrates me.

Q: What is it BridgePoint does in the area of 401k specifically?

A: We are financial services and specifically retirement experts. We deal with any topic that is retirement- related. We used to say retirement-related in the U.S., but I'm going to Dubai and working in the UAE, so we'll just call it global retirement with a specific focus in the United States.

It's not just 401ks, it's any concept that has to do with Americans retiring. Our clients are major financial institutions—insurance companies, banks and asset managers. We are a management consulting firm. Our model is different than most consultants, because everybody who works at Bridgepoint has 20 to 30 years of line management experience, working for a major financial institution. We have done our clients jobs, so it's kind of the practitioner model.

What is it that we help our clients do? We help them grow their businesses by having them figure out how to meet the needs of Americans as they're looking to retire.

Because of that, so many of the financial services firms that we work with distribute their products and services through advisors. Advisors serve plan sponsors every day, and we get a bird's eye view of what's happening in the advisor community. We see how the advisor's role is changing as kind of the intermediary between the end customer and these major financial institutions.

Q: You said you started BridgePoint at age of 50. What was the eureka moment, the impetus, for doing so?

A: My original roots are in banking, and I saw there were way more banks than there banking customers. New automation was entering, and banking was considered a commodity. I jumped to the 401k business because it was high-growth. Rather than downsize with banks, maybe I'll go do something kind of fun. For 20 years I rode the growth train, working for asset managers, insurance companies and wirehouses.

But post-2008, I saw revenue decreasing at an increasing rate, and costs not decreasing as fast as revenue. Margins were compressing and there were more recordkeepers than participants. I'm like, "I've seen this movie before. I've read this book."

I was an executive vice-president at Fidelity. I hired the Bains and the KPMGs. I thought their insights were interesting, but not actionable or implementable.

I looked at it and said, "I can do better." Thank God, 300 engagements later, the fact that our clients find us relevant is the best gift anybody could give us.