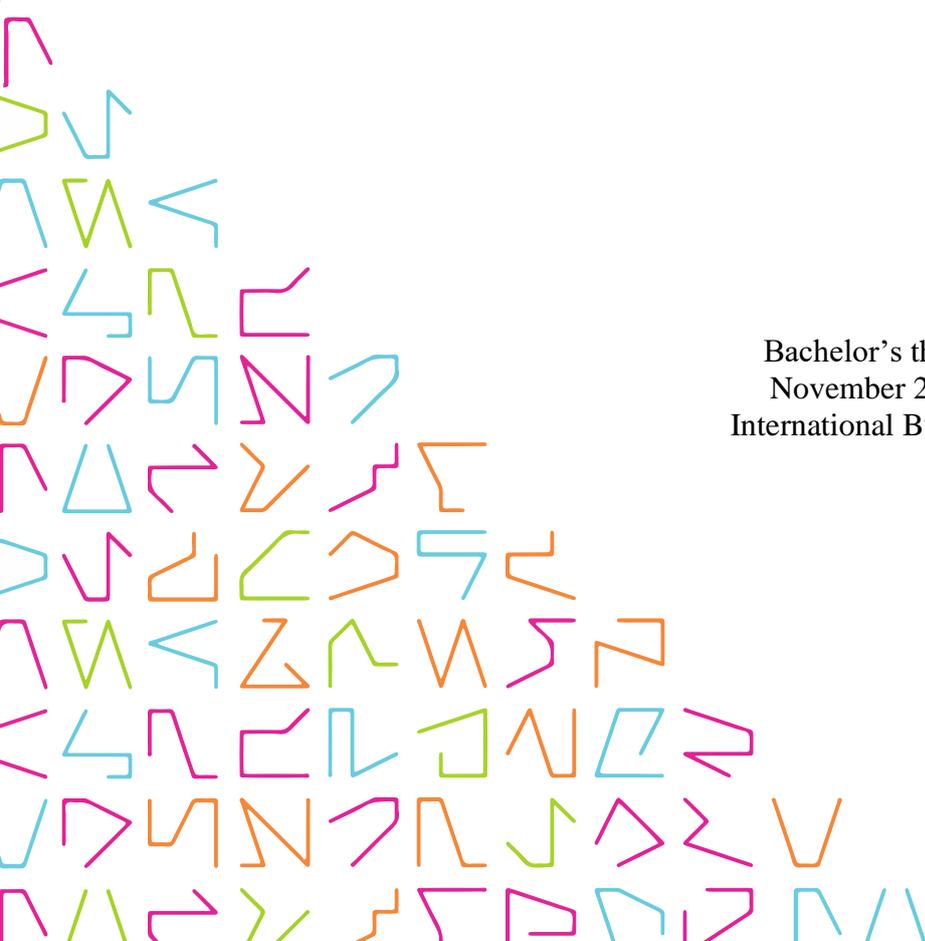


BUSINESS MODEL ANALYSIS IN ASSET MANAGEMENT

The Case of JRS Finanzmandate GmbH

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Bachelor's thesis
November 2016
International Business



ABSTRACT

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Business Model Analysis in Asset Management. The Case of JRS Finanzmandate GmbH

Bachelor's thesis 63 pages, appendices 2 pages

November 2016

This bachelor's thesis was prepared to solve a current business case on behalf of JRS Finanzmandate GmbH, a German independent financial advisory and asset management company.

The objectives of this thesis were to thoroughly examine the JRS business model, observe the competitive environment and detect future market opportunities. After identification of arising challenges, innovative approaches to achieve a competitive advantage within this niche industry were illustrated.

Financial targets by 2020 were introduced. Three focus areas investigated within this paper were digitalisation, exchange-traded funds and sustainable investment opportunities.

Primary research methodologies applied were analysis of unpublished company documents, field observation and semi-structured expert interviews. Secondary research of literature, articles, publications and financial charts were utilized to underpin findings of business analyses. Among theoretical frameworks illustrated were Porter's Five Forces, Cost-benefit analysis, benchmarking, SWOT analysis and Stakeholder model.

Research findings revealed high growth potential for the company compared to rivals. A major business threat found is the increasing demand for innovative, sustainable and low-cost solutions.

The findings suggest implementing a coherent marketing strategy, fostering a diverse workforce, developing a new financial product and improving software and customer relationship management tools.

Key words: asset management, business model analysis, financial advisory

CONTENTS

1	INTRODUCTION.....	4
1.1	Background.....	4
1.2	Purpose and objectives.....	4
1.3	Methodology and structure	5
2	CURRENT STATUS OF JRS FINANZMANDATE GMBH.....	6
2.1	Company facts and history	6
2.2	Corporate strategy and values	7
2.3	Product and service portfolio	8
2.4	Target group and client structure	10
2.5	Stakeholder analysis	13
2.6	SWOT analysis	14
3	COMPETITOR ANALYSIS.....	16
3.1	Market share and main competitors.....	16
3.2	Benchmarking analysis of direct competitors.....	19
3.3	Implications for JRS	23
4	TARGETS UNTIL 2020	27
4.1	Preconditions	27
4.2	Performance goals.....	28
4.3	Objectives regarding brand awareness	31
5	FUTURE TRENDS AND POSSIBLE GROWTH FACTORS	33
5.1	Digitalisation.....	33
5.2	ETF investment strategy	36
5.3	Sustainable investment opportunities	38
5.4	Implications for JRS	39
6	BUSINESS MODEL RECOMMENDATIONS	41
6.1	Weaknesses in business model	41
6.2	Ideas for selected JRS divisions.....	41
6.3	Cost-benefit analysis of findings	51
7	CONCLUSION	52
	REFERENCES.....	55
	APPENDICES	62
	Appendix 1. Description of sinus milieus	62
	Appendix 2. Cost-benefit analysis.....	63

1 INTRODUCTION

1.1 Background

This thesis is prepared to solve a current business case in the realm of portfolio, asset and wealth management. The commissioner company JRS Finanzmandate GmbH (JRS), based near Augsburg, Germany, is managing financial resources on behalf of clients with the objective to generate reasonable returns at a balanced risk profile.

Mr. Jenne and his team design tailor-made solutions and offer a unique portfolio management strategy to meet their clients' expectations in accordance with previous knowledge, expectations and risk-proclivity. However, arising challenges of the business year 2016 are (1) identification of business threats, (2) adaptation of the JRS business model to a rapidly changing market environment and (3) development of new strategies to attract more prospective clients.

1.2 Purpose and objectives

The purpose of the thesis is finding suitable approaches to solve above-mentioned business model issues. Hence, this paper aims to analyse the present situation of the commissioner company on a macro and micro level, compare its performance to relevant competition, set specific targets for future success until 2020, conduct vital research and illustrate approaches to achieve a competitive advantage in certain areas within this niche industry.

Taking the company's internal strengths, weaknesses, external threats and opportunities at present into account, recommendations to rectify deficits and to expand the business model in near future will be elucidated. The resulting modernized business model suggestions will be presented at the office premises. Implementation of recommended ideas are to be carried out by the commissioner company if applicable. Consequently, the thesis targets are met by researching and developing creative ideas for future improvement.

1.3 Methodology and structure

The basic structure of this paper entails a thorough evaluation of the prevailing business situation, determination of medium-term goals and creative ideas for future business development. To achieve the thesis objective of analysing the company's standpoint and overall market situation, a benchmarking comparison with several competitors will be conducted.

The thesis is organized as follows. Firstly, the company will be elaborately assessed on a general and specific level, followed by an analysis of key success indicators and areas of improvement. Furthermore, main competitors and threats on this niche market will be exposed. After a holistic examination of the current situation, objectives for future performance of JRS will be set. Secondly, research on how to achieve these goals will be conducted. The main problem areas illustrated in this thesis refer to the topics of attracting and maintaining customers (customer relationship management), improving reputation and brand awareness (marketing) and developing a modernized corporate strategy. The main research question is the identification of suitable approaches on how to adapt to recent market changes and attract new target groups until 2020. Finally, after presenting appropriate findings of conducted qualitative research, ideas on how to modify the prevailing business model of JRS according to future developments will be amplified.

Academic research methodologies to be used in this paper are common business analyses, e.g. Porter's Five Forces, Cost-benefit analysis, SWOT, Stakeholder model, benchmarking and alike. Furthermore, secondary research of literature, articles, publications and other internet sources as well as primary research, i.e. analysis of unpublished company documents, field observation and interviews are methods applied for that matter.

2 CURRENT STATUS OF JRS FINANZMANDATE GMBH

2.1 Company facts and history



FIGURE 1. Company logo (JRS Finanzmandate GmbH 2016a)

JRS Finanzmandate GmbH (JRS) is an independent portfolio and asset management company headquartered near Augsburg, Bavaria, Germany. The company was founded over 10 years ago and is completely independent from traditional institutions such as banks, insurance companies, external investors or investment companies. All in all, the JRS team has gathered more than 25 years of experience in banking and managing clients' financial resources. The company name JRS is an acronym which derives from the three founders' last names – Jenne, Rößle and Sinninger. Besides the three bankers, one full-time, one part-time employee and two freelancing financial experts work at the office premises in an old water tower situated in Stadtbergen. JRS is a member of the association “Kapital Forum Schwaben-Allgäu e.V.” and certified by the “Association of Independent Asset Managers Germany”. (JRS Finanzmandate GmbH 2016a.)

This thesis is carried out under guidance of Dipl. oec. Christian Jenne, a banking expert, who has gathered competency as an independent financial advisor for over twenty years and is managing director at JRS (JRS Finanzmandate GmbH 2016b). The annual company revenue in 2014 surpassed 870.000 € with earnings before interest and taxes (EBIT) of roughly 118.000 € and almost 83.000 € net profit (Federal Gazette 2016). Therefore, the commissioner company can be classified as a small and medium-sized enterprise (SME).

Besides a corporate website, the Youtube channel “JRS Finanzmandate AG” is the only social media appearance so far. The short image video in German language named “JRS Finanzmandate Vermögensverwaltung Augsburg” can be accessed on this virtual platform. (Youtube 2014.)

2.2 Corporate strategy and values

As there are approximately 700 similar companies registered in Germany, relating to published figures by the Federal Financial Supervisory Authority (2016), this specific field of asset management can be regarded as highly competitive. Therefore, JRS is aiming to pursue a differentiation strategy with local focus. The financial advisors and portfolio managers at JRS cater to a narrow target group.

So far, JRS does not communicate a clear vision or mission statement on its corporate website. However, one of the company's credos is the phrase "Property requires trust. Trust can only emerge from a strong business relationship" (JRS Finanzmandate GmbH 2016a). In their view, the client's individual financial situation has direct impact on personal planning and future aspiration. Consequently, JRS has the intention to assist private investors by recommending financial strategies and actively managing portfolios while increasing returns from dividends and interest. (Jenne 2016; Field Observation 2016.)

The initial business idea was to provide a reasonable alternative to financial advisory services of banks in Germany. Part of the JRS core strategy is offering hand-picked investment opportunities to loyal clients without hidden costs. The emphasis remains on a relatively low risk level. The chosen conservative value-investing strategy has been successful for many years. Instead of speculating and following short-term trends, JRS analyses established global and national companies with at least a five-year record of historical financial data and promising growth opportunities on a daily basis. (Jenne 2016; Field Observation 2016.)

According to the company's website, traditional banking institutions are for-profit organizations aiming to generate high revenue. Thus, the bank clerk is oftentimes exposed to internal pressure to recommend the bank's own financial products. Hence, the focus on individuality may be neglected. Moreover, the provided suggestion may not be the most favourable investment option. In contrast, JRS has more freedom to design a portfolio strategy and can actively take the client's unique financial situation into consideration. Depending on portfolio performance, JRS advisors earn a percentage provision in case of success. Therefore, the intention of steadily increasing returns coincides with long-term perspective.

At traditional banks fees, hidden commissions, charges and diminished returns may not be revealed clearly in comparison to an independent financial advisory service. At present the regulatory framework in Germany for companies like JRS is strict and rigorous. Stipulations and financial reporting obligations aim to ensure transparency and prevent fraud. (JRS Finanzmandate GmbH 2016a; Jenne 2016; Field Observation 2016.)

Consequently, JRS founders actively communicate the attempt to create more transparency, integrity, independency and make an effort to generate trustworthiness. The company's core principles embrace trust, fairness and discipline. Hence, a strong emphasis on ethical values can be observed. After intensive guidance and consultation during initial client meetings, the financial advisor will set appropriate objectives and determine strategies in close interaction with the client's background and requirements. Hereby, the overall risk profile is either low or medium. As part of JRS' corporate strategy speculations are to be avoided. Semi-annual review reports of each portfolio performance and frequent face-to-face contact increase transparency. This enables flexible modifications in accordance with individual preference or rapidly changing market environment. Although the JRS corporate culture is not articulated explicitly in a formal statement, it can be described as strong with flat hierarchies. (JRS Finanzmandate GmbH 2016a; Jenne 2016; Field Observation 2016.)

2.3 Product and service portfolio

JRS products and services encompass a variety of choices such as

- active portfolio management of at least 100.000 € per client
- structural analysis of all assets and finances, helping the client to get a clear grasp of possessions, including real estate property, stocks, bonds and other valuables
- creating a savings plan for the future
- increasing overall wealth with appropriate returns
- developing an individual pension plan
- thorough market analysis for fund initiators
- general fund-advising
- finding a suitable fixed income fund
- consulting services for institutional clients.

(JRS Finanzmandate GmbH 2016c.)

Financial advisory and stock tips via phone calls are not part of the JRS service portfolio any longer – compared to several years ago – due to legal reinforcement, for example §31 and following paragraphs of the Securities Trading Act (1994). According to German law, numerous forms would have to be filled out and signed before giving specific advice on buying and selling stocks to exempt the company from liability. This process would require several working days. Consequently, this service is neither effective nor recommendable on the rapidly changing market environment.

Therefore, JRS nowadays focuses mainly on a holistic market approach and is actively managing entire portfolios without recommending single stock positions. Provisions from asset, portfolio and wealth management are the company’s main revenue drivers. (Jenne 2016.)

As part of their product portfolio, JRS has also designed two own funds. The fund named “JRS Best Select METRIOS Pro Fund Global Income” manages resources of 12.95 million € (M €) and consists of 64.79 % stocks, including major global players such as Allianz and Nestlé. Although performance plummeted after the financial crisis of 2008, it has steadily increased in an upward trend between 2010 and 2016. This development reflects the long-term perspective to generate reasonable returns. (Hauck & Aufhäuser 2016.)



FIGURE 2. JRS best select metrios 2008 – 2016 (Hauck & Aufhäuser 2016)

The performance since 2000 of the second fund “JRS International Universal Fonds” is depicted in the graph below. JRS mainly developed own funds to hedge risks regarding clients’ portfolios through future contracts. Alternatively, each individual portfolio would have to be secured in a time-consuming process. Mr. Jenne estimates that this could require up to two hours a day per client portfolio. As a result, building own funds helps streamlining internal processes. (Jenne 2016.)



FIGURE 3. JRS international universal fund 2000 – 2015 (Finanzen 2016a)

JRS has published several free newsletters during the past years. However, no further educational material is disclosed publicly. Workshops, speeches or courses about financial management have not been offered so far. (Field observation 2016.)

2.4 Target group and client structure

A typical JRS client would be, for instance, a 55-year old dentist with savings between 200.000 € and 500.000 €, basic knowledge about the financial markets and lack of time to read financial news or analyse emerging investment opportunities on a regular basis. The client can abdicate financial responsibility in the professional hands of JRS for an annually deducted fee according to overall portfolio performance. (Jenne 2016; Field observation 2016.)

During previous occupation at a reputational bank, the founders of JRS discovered a market gap for private investors with savings ranging from 100.000 € to approximately 800.000 €. In their opinion, portfolios with a present value significantly below 100.000 €

would not facilitate sufficient diversification possibilities. In contrast, offerings for high-end customers and millionaires cannot compete with larger banks. In-house real estate brokers and additional services at banking institutions are more attractive for wealthier clients than the commissioner company's current advisory services. In the high-end target group segment, JRS is not likely to be able to outperform powerful banks with many subsidiaries and an ample network around the globe. (Jenne 2016; Field observation 2016.)

Accordingly, most JRS clients are allocated in the upper middle class segment in Southern Germany. The focus on long-term business relationships is also reflected in the clients' age group between 50 and 80. A majority of JRS' client base remained loyal to the financial advisors since the first encounter at a traditional bank when starting the career in finance. Particularly during the last years, a minor specialization in pension planning, administration of assets in case of succession, inheritance and execution of last will can be recognized within the JRS business model development due to progressive aging of clients. (Jenne 2016; Field observation 2016.)

Previous experience with at least one financial crisis, depression, rapid inflation or devaluation of money in times of economic downturn can cause scepticism, risk-aversion but also demand for reasonable returns. Avoiding high volatility in these portfolios is an important success factor of JRS in this regard. Deviations of more than 10 % can cause disconcertment. Reporting from previous experience, clients may be uncomfortable when witnessing a 100.000 € portfolio fluctuate by 10.000 €. As a result, future choices by JRS advisors are influenced by client's fear. This can cause lack of strategic investment and riskier gut decisions. (Jenne 2016; Field observation 2016.)

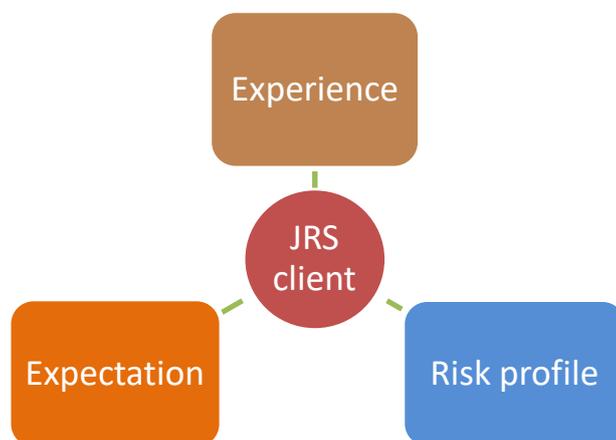


FIGURE 4. Tripod of finding a suitable portfolio management strategy

Finding a suitable portfolio strategy for every client is based on an individual evaluation scheme according to (1) expected returns between approximately 1 to 6 % per annum, (2) the client's previous experience with stocks, bonds and other financial instruments and (3) individual character traits and risk-taking preparedness. The final strategy assessment is carried out after a semi-structured discussion as well as through the team's asset management experience. (Jenne 2016; Field observation 2016.)

By scrutinizing the company's current client structure, the fact that almost none are students, young professionals or families in the age group between 25 and 45 was revealed. This could constitute a prospective target group in the future. (Field observation 2016.)

In Germany, the Sinus Institute for psychological and social science research analyses typical target groups. The "Sinus-Meta-Milieus" model reveals "a true-to-life image of the socio-cultural diversity present in societies by providing accurate descriptions of people's sensitivities and orientations, their values, life goals, lifestyles, attitudes and social background" (Sinus Institute 2016). A more detailed illustration of respective target groups' typical characterizations can be found in Appendix 1.

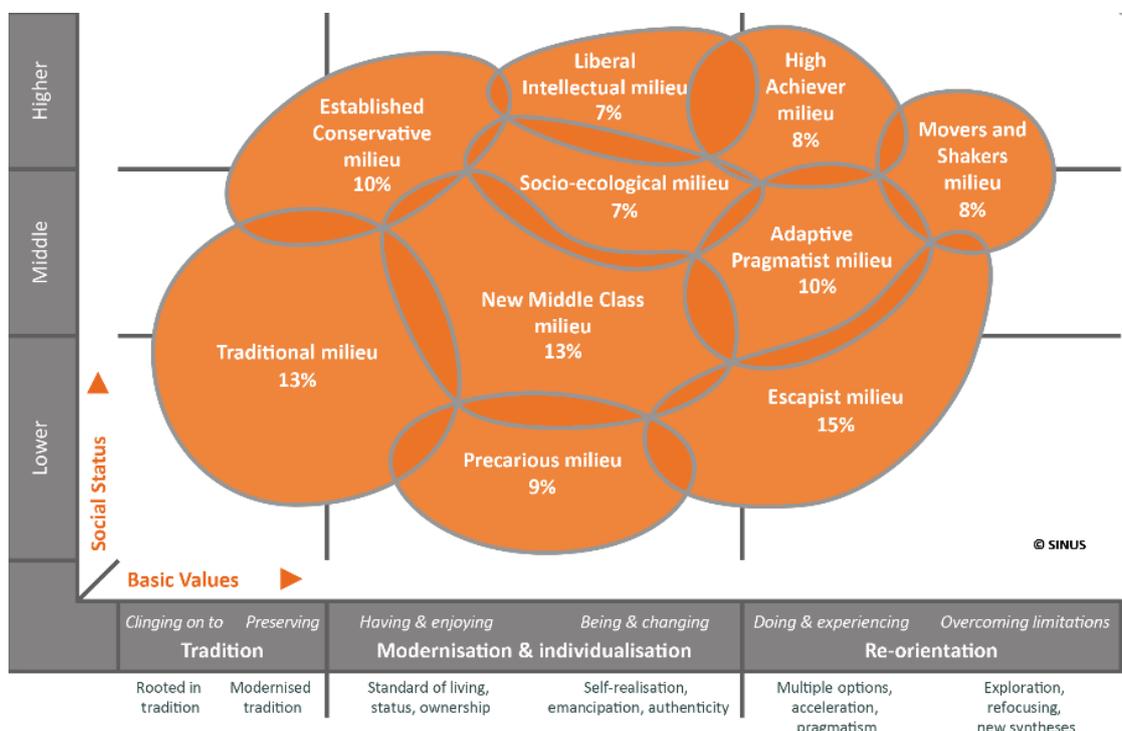


FIGURE 5. Target groups in Germany according to the Sinus-Milieu-Model (Sinus Institute 2016)

Regarding the characteristics of the commissioner company's client structure, a majority can be allocated to the established-conservative target group with rather high social status and predominantly traditional values, which is panelled according to income and education level. (Field observation 2016.)

Potentially auspicious target groups for JRS in the near future could be the modern-oriented socio-ecological sphere (7 %), who may be interested in sustainable environmentally-friendly forms of investment as well as the upper section of the new-middle class milieu which constitutes of 13 % of Germany's population. The precarious milieu, in contrast, may not have sufficient financial means to spread risk and the traditional milieu may adhere habitually to common banking institutions. Whereas the affluent liberal-intellectuals and high achievers in Germany may think more independently and likely manage personal finances by themselves. As a result, these milieus can to be neglected as promising clients to target in costly marketing campaigns.

2.5 Stakeholder analysis

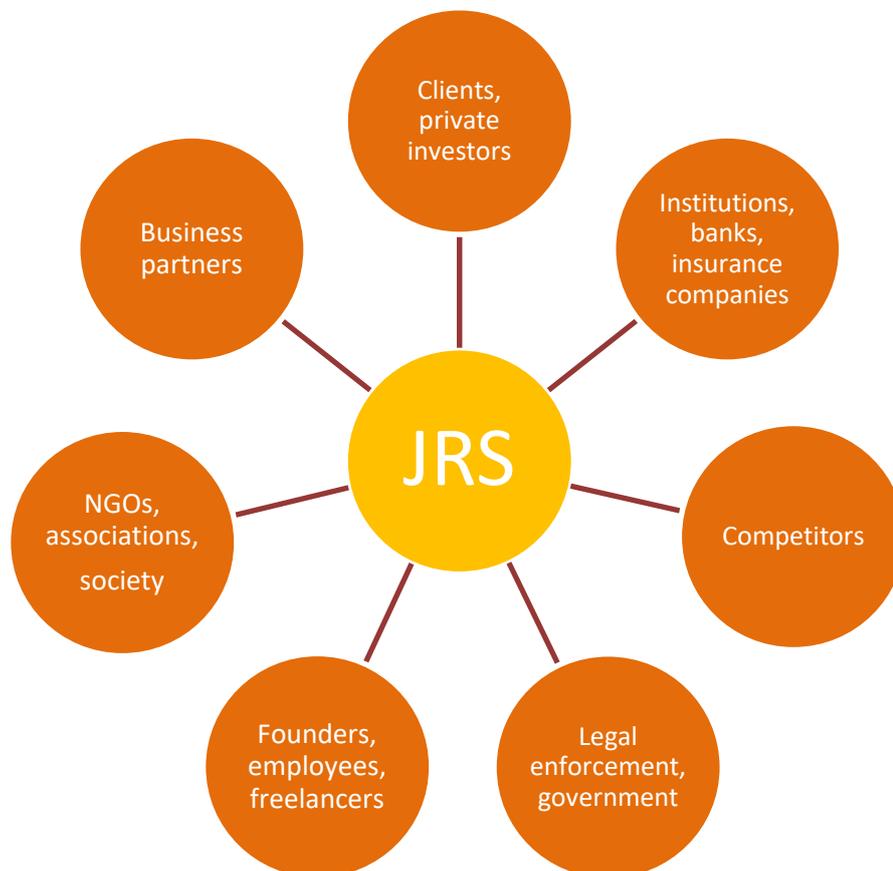


FIGURE 6. Stakeholder model

A stakeholder can be defined as “a person, group or organization that has interest or concern in an organization” (Businessdictionary 2016a). At JRS the three founders, two employees, freelancers as well as their clients who are private investors and exceptionally institutions (banks or insurance companies) can be subsumed as stakeholders.

Moreover, eminent business partners such as accountants, auditors, tax counsellors and lawyers fulfil the stakeholder definition as well. Since the company is accredited by the VUV association, other non-governmental organizations, unions and society overall can be regarded as additional external stakeholders. An example for legal enforcement and representatives of the government is the Federal Financial Supervisory Authority in Germany. Strict laws enacted by the government have severe impact on JRS as well.

On an international level, the U.S. Securities and Exchange Commission (2016), for instance, regulates financial markets with the mission “to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation”. Another stakeholder group are main competitors on the asset management market field. It has to be mentioned that the stakeholder perspective should be taken into consideration when deciding business model modifications in the future.

2.6 SWOT analysis

The purpose of the prevalent SWOT analysis is to reveal internal benefits and weak points as well as external threats and future opportunities and to provide a clearer view of the examined company’s current standpoint. “Finding the factors critical to success is a useful approach” to reveal critical success factors, according to simply-strategic-planning.com. A decisive question to ask in this regard is “Why would customers, patients, students, or other groups served by the particular organization choose [it] over any similar organization?” (Executive Consultancy Service 2005–2015.)

Figure 7 lists JRS’ most important concerns, business problems, external market challenges and positive key success factors – in random order – tackled in this paper. The analysis was conducted based on information collected through observation and interviews at the office premises.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Independency from traditional banks • High reputation among clients • Affluent client structure • Long experience • High expertise and knowledge • Lean administration / personnel structure • Established client base remains loyal. 	<ul style="list-style-type: none"> • Low brand awareness and recognition • Few recommendations of existing clients • Minimal investment in software / facilities • Marketing materials, website traffic • Low social media appearance • Lack of personnel diversity • Revenue is highly dependent on performance.
Opportunities	Threats
<ul style="list-style-type: none"> • Attracting new target groups by offering modernized services • Additional revenue drivers through workshops, courses, educational materials, books • Expansion of social media channels • Age-structure of population in Germany requires professional pension planning • High living standards and tendency to save money in Southern Germany • Young professionals and families can be targeted in the future. 	<ul style="list-style-type: none"> • Aging client structure • Shortage of new clients • Innovations on the asset management market, especially digitalization (Fintech start-up companies, Robo-Advisors) • Demand for investment in real estate or exchange traded funds (ETFs) as alternatives • Conservative-traditional clients may oppose future change in business model.

FIGURE 7. SWOT analysis

JRS' key success factors (KSF) identified through this form of analysis are long experience, independency and high reputation which ought to enable the company to sustain their market position against future digital competitors.

According to Werner Ketelhöhn (1998, 335–340) Professor of Management at INCAE, Costa Rica and IMD, Lausanne “understanding and developing KSFs enables a company to enter an industry successfully, differentiate between themselves with generic strategies and operate optimally between higher perceived value and lower delivered costs”.

After analysing the business environment and competitors thoroughly, this paper examines strategies to strengthen the existing KSFs and counteract weaknesses as well as imminent threats.

3 COMPETITOR ANALYSIS

The most significant threats of JRS fund through the SWOT analysis are (1) their competitors, which will be observed and evaluated as well as (2) new forms of digitalisation and so called “Fintech start-up companies”, which will be analysed subsequently.

3.1 Market share and main competitors

The collective number of similar asset management companies in Germany surpasses 700, excluding traditional banks, digital start-up companies and other relevant competitors worldwide (Federal Financial Supervisory Authority 2016). In general, a competitor can be defined as “[a]ny person or entity which is a rival against another. In business, a company in the same industry or a similar industry which offers a similar product or service” (Businessdictionary 2016b).

Firstly, the definition of competitor will be examined on a broader level by taking various international market players with similar goals and business strategies into account. Secondly, companies located nearby offering “virtually identical services within the same market” (Businessdictionary 2016c) will be compared in a benchmarking analysis to determine the company’s impact against close rivals, so called direct competitors.

In the financial sector of asset management, the competitive landscape mainly consists of traditional banks, independent advisors, start-up companies and global players illustrated in figure 8. Through secondary desk research and field observation at the JRS office premises, it was found out that the main competition can be split vertically into different sectors with either different (segment 1 and 2) or similar (segment 3 and 4) locations as well as different (segment 1 and 2) or similar (segment 3 and 4) target groups. These findings are reflected in figure 8.



FIGURE 8. Asset management market place from perspective of JRS

The illustration exemplifies five typical representative companies of each segment. In segment 1 the most dominant market player globally is Blackrock with around 3.8 trillion \$ assets under management and 7.8 % market share in this business sector (Kennedy 2015). However, this company is not directly in competition with JRS as it appeals to a different target group and is located in North America. JRS even occasionally recommends products such as the “iShares” funds (Blackrock 2016). This market player has therefore considerable influence due to strong market power. Consequently, segment 1 will be neglected as threatening competitors in the progress of this paper, although it suffices the above-mentioned definition.

Segment 2 consists of newly founded start-up companies in Germany as well as young entrepreneurs entering the Fintech niche. The expression Fintech emerged from the words finance and technology. It describes companies with “innovative business models – – to enable, enhance and disrupt financial services” which are gaining attraction by “young, high-income users”, i.e. early adopters (Gulamhuseinwala, Bull & Lewis 2015, 16–18). A so called Robo-Advisor Software “invests and rebalances according to clients' goals and risk tolerances” (Regan 2015).

Companies like Vaamo (2016) and Ayondo (2016), both located in Germany's financial hub Frankfurt, focus on providing an understandable way for end-consumers to invest in financial markets and actively suggest portfolio strategies online (Payment & Banking 2013). In contrast to JRS' current clients, these companies attempt to appeal to a young audience (different target group). Most financial start-up companies are headquartered outside Bavaria, approximately 350 to 550 km away in either Frankfurt or Berlin (different location).

Due to globalisation and digitalisation customers using online banking tools are more flexible. Brett King claimed in the article "Are We Seeing a Demise of Physical Banking?" already in 2011 that "the effects of mobile devices, tablets and the Internet are being felt on traditional businesses that have long relied on a physical presence" and that "[b]anks are not immune to changing consumer behaviour" (King 2011). Therefore, these web-based companies can still be regarded as severe competition.

According to the ranking "The Biggest Banks in Germany" Deutsche Bank AG managed 1,719.37 billion € in 2015 (Relbanks 2015). It can be regarded as the top-player in segment 3. Among the leading traditional banks in Germany are also the Commerzbank and Hypo-Vereinsbank groups. These companies are definitively a sharp competitor for JRS, as they cater to a broad group of clients and a more traditional milieu than segment 2. Most German banks have attractive service offerings for a similar target group than JRS.

As their subsidiaries can be found in almost every small town or village, they pose a significant threat for attracting potential JRS clients. Especially the generation aged 60 + is used to trust banks with financial issues and can be considered as rather sceptical towards independent financial advisors. Instead of managing their finances online, many pensioners rely on face-to-face discussions and bank clerk's suggestions.

Another aspect worth mentioning is the ability of high expenses on advertising. The average marketing budget for major banks was 2.1 M \$ in 2013/14 according to a study of the Financial Brand (2014). In contrast, negative headlines can severely damage the reputation of traditional institutions, for instance the allegation "on attempts by Deutsche Bank traders to manipulate [the] Libor." (Henning & Nissen 2015).

Consequently, major banks like Deutsche Bank bear the significant risk of “high legal costs” and thus conserve up to 5.4 billion € for litigation expenses (Nissen 2016).

Segment 4 represents companies in Germany with very similar business plans, products and services. Numerous direct competitors registered in the German regulator’s BaFin database (Federal Financial Supervisory Authority 2016) have been analysed. Among these examined independent financial advisors, Glogger & Partner, Flossbach von Storch, AnCeKa and Anton & Partner appear to be the most significant competitors, which will be diligently compared in the following benchmarking analysis.

To clarify, figure 8 illustrates various market participants, but does not reflect actual market shares. Taking the current market situation into account, it can be stipulated that the market share of JRS has to be far below 1 % within the German asset management business sector. Assuming a limitation of the relevant market to the Southern German region (Bavaria) and segment 4, JRS is among 150 leading asset management companies (Federal Financial Supervisory Authority 2016). Therefore, it can be reaffirmed that the commissioner company is specialized in a very specific, highly competitive niche sector.

3.2 Benchmarking analysis of direct competitors

Focusing on the four main competitors, a benchmarking analysis of key performance indicators and financial figures has been conducted. The data base used for this purpose is the German company register from Federal Gazette (2016). In the competitor overview (table 1), vital information and most recent key figures from respective financial statements of the business year 2014/5 are compared to each other. The objective is to find out the commissioner company’s standpoint within the narrow market segment 4.

Competitor Anton & Partner, located around 75 km North of JRS’ office premises, has generated just over 414.000 € revenue compared to the commissioner company with roughly 870.000 €. Although the employee structure is not significantly leaner than JRS’ only half the amount of provisions was achieved during the past business year. Both competitors Anton & Partner and Glogger & Partner, situated 45 km South West from JRS, have generated a similar net profit below 600 €.

TABLE 1. Comparison of key figures in the business year 2014/5

Company name	JRS Finanzmandate GmbH	Flossbach von Storch AG	Anton & Partner GmbH	AnCeKa AG	Glogger & Partner GmbH
Company website	www.jrs-online.de	www.fvsag.com	www.antonpartner.de	www.anceka.de	www.vermoe-gensverwaltung-europa.com
Office location(s)	Stadtbergen	Cologne	Nördlingen	Kaufbeuren, Memmingen	Krumbach
Revenue in €	870.751,00	136.778.754,27	414.181,75	1.743.565,10	774.789,68
EBIT in €	118.236,05	111.826.408,60	17.072,47	440.299,77	7.107,32
Profit in €	82.793,29	78.245.067,10	572,98	324.192,74	559,28
Number of managers	3	3	2	4	2
Number of employees	1 full-time, 1 part-time, 2 freelancers	103 full-time	1 full-time, 5 part-time	2 full-time, 12 part-time	6 full-time, 4 part-time

Competitor AnCeKa with two offices around 65 km South and 90 km South West of JRS, recorded over 1.7 M € annual revenue in the same time frame. Moreover, this competitor's profit is almost four times higher than JRS. According to financial statements and annual reports, assets under management at AnCeKa were approximately 202 M € owned by 954 clients in total. The average portfolio size increased from 184.000 to 211.000 € which is equivalent to the typical client structure of JRS. Overall client portfolio performance of this direct competitor was 4.04 % after deductions in 2014. (Federal Gazette 2016.)

An important finding identified through the benchmarking analysis is the fact that JRS has outperformed competitor Anton & Partner, but cannot be regarded as a governing leader within this narrow segment and has high growth potential.

The most dominant rival Flossbach von Storch AG (FvS), headquartered in the city Cologne, has generated revenue over 150 times higher than JRS in 2014 with more than 100 full-time employees. Thus, FvS has significant impact on the competitive landscape with nearly 80 M € annual profit. According to the most recent financial report, the company has 17.2 billion € assets under management, 85 times more than the competitor AnCeKa (Federal Gazette 2016).

To enhance brand awareness and reputation, regular newsletters and articles are published on popular German financial news websites, e.g. www.finanzen.net, OnVista, Morningstar, www.dasinvestment.com and www.boerse.de. Furthermore, media and press, for instance the trade magazine “Focus Money”, endorse their products and market analysis at times. (Flossbach von Storch AG 2016a.)

JRS has created two own funds, whereas FvS manages 15 own funds according to the company website (Flossbach von Storch AG 2016b). Within four months, assets managed in two leading funds “Multiple Opportunities” (ISIN LU0323578657) and “Multiple Opportunities II” (ISIN LU0952573482) have increased by 1 billion € (Boerse 2016). This reflects the popularity and high demand for FvS mutual funds. The performance is depicted in the graph below, showing a steady upward trend during the past five years.



FIGURE 9. Flossbach von Storch multiple opportunities fund performance 2011 – 2016 (Finanzen 2016b; Finanzen 2016c)

In addition, the rival company has implemented its own research department “Flossbach von Storch Research Institute” and has developed “country rating tools” in order “to apply a stringent testing process to the investment opportunities” (Flossbach von Storch AG 2016b). Regarding unique communication tools, FvS has invented the visualization depicted in figure 10 for illustrating investment strategy fundamentals to prospective clients.

On the corporate website FvS explains the most important investment tent poles and core values (Flossbach von Storch Pentagramm 2016). One of the company's statements is "Financial independence is the basis of personal freedom and security." Basic principles are protection and growth of assets (Flossbach von Storch Invest S.A. 2016).

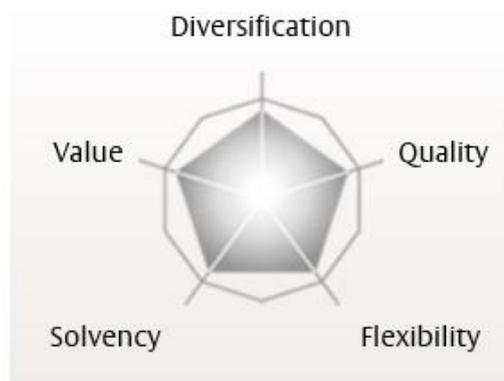


FIGURE 10. Flossbach von Storch pentagramm (2016)

The employed capital market strategist Philipp Vorndran with almost 30 years of experience is regularly holding speeches world-wide, publishes articles and serves as an interview partner to represent the company (Flossbach von Storch 2016c). Video statements about recent events and development of financial markets can be considered as an effective, personal and cost-efficient marketing tool (Flossbach von Storch 2016d). All in all, this competitor reveals a coherent communication concept.

To conclude the comparison between JRS and FvS, it can be stated that the commissioner company has expansion potential regarding financial figures, development of mutual fund products, business savvy as well as marketing tools and exploitation of communication channels.

In summary, the benchmarking analysis revealed that there are companies with similar business plans but different profit, staff and cost structure. Some companies emphasize part-time employment (AnCeKa) and high profit (AnCeKa and FvS), whereas some close competitors do not focus on attaining maximum net profits (Anton & Partner and Glogger & Partner). JRS is neither the market leader, nor does the company severely underperform its competition.

Finally, it has to be mentioned that all companies examined during this analysis are owner-managed. As a result, the management team receives compensation and bonuses which are already deducted from net profit. If financial reserves meet article 92 of the Capital Requirements Regulation (CRR), profit can be kept at a minimum level and earnings from provisions can be distributed among employees declared as personnel costs. (Bank of England 2015.)

3.3 Implications for JRS

Despite the fact that powerful market players, such as international banking and asset management institutions seem to rule the market, relatively small players such as Flossbach von Storch are able to sustain their position and grow significantly. Since JRS is focusing on a specific niche within the wide industry, a future objective could be local market leadership, emulating FvS' Western German market dominance in Southern Germany. However, threats from non-physical banks and start-up companies worldwide should not be neglected.

When comparing the situation to the development of structural upheaval, so called disruption, during the past years, internet companies such as Amazon and iTunes have significantly ousted traditional book stores or mail-order catalogues. Similarly, a digital transformation can take place in the financial advisory sector. (King 2011.)

Regarding developments until 2020 this perpetual process could have a severe impact on certain business models like JRS. Therefore "companies must be flexible to respond rapidly to competitive and market changes", "must benchmark continuously to achieve best practice" and "must nurture a few core competencies in race to stay ahead of rivals" according to Michael Porter (1996, 4), Professor at Harvard Business School.

In order to evaluate the current competitive landscape holistically and determine implications on behalf of the commissioner company, the popular Porter's five forces of competitive position analysis has been conducted.

Oftentimes business experts “define competition too narrowly, as if it occurred only among today’s direct competitors. Yet competition for profits goes beyond established industry rivals to include four other competitive forces as well: customers, suppliers, potential entrants, and substitute products. The extended rivalry that results from all five forces defines an industry’s structure and shapes the nature of competitive interaction within an industry” (Porter 2008, 25).



FIGURE 11. Porter’s Five Forces (adapted from Chapman 2004 – 2013)

The threat of new market entrants, impact of product and technology development as well as competitive rivalry among existing market players can be assessed rather high in the examined business sector. The initial investment capital requirement for founding an independent financial advisory firm is comparably low. No expensive equipment, machines, warehouses, raw materials or vast facilities are necessary. Minor entry barriers are required official accreditation and license in Germany. Apart from that, a small office with basic technological infrastructure as well as confidence in one’s financial management knowledge and investment skills might be enough.

The overhead costs can be kept relatively low as most direct competitors deploy a lean personnel structure and streamlined administrative costs. Likewise, launching a Fintech company nowadays requires relatively humble start-up costs of about 5,000 \$ referring to the article “Is the Cost of Fintech Startups Really Falling?”. Furthermore, a company can be founded from nearly every location in the world. Consequently, the “capital flowing into fintech now” has surged to approximately “14 billion \$ over the last 12 months, a 46 % increase year over year”. (Hornblasse 2013.)

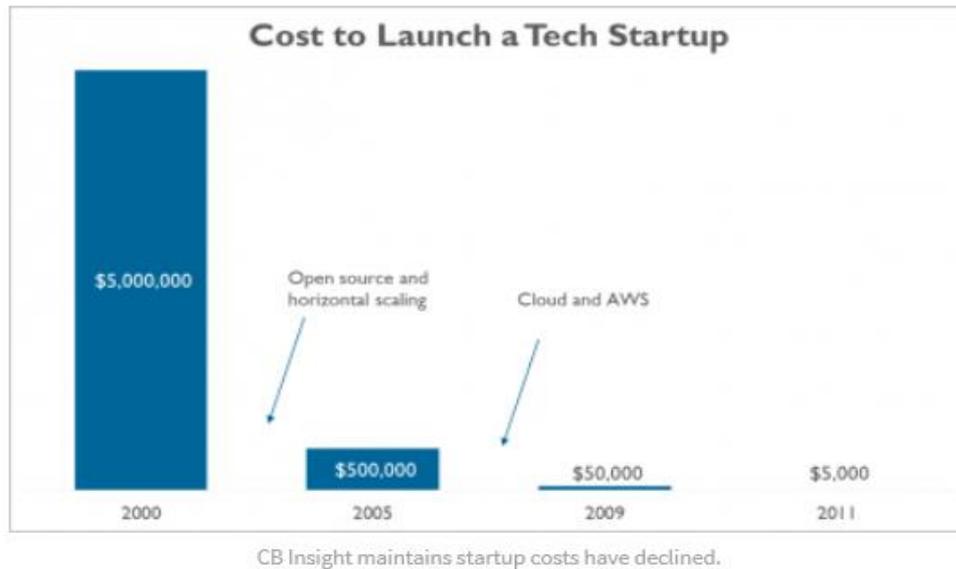


FIGURE 12. Cost to launch a tech startup 2000 – 2011 (Hornblasse 2013)

As a consequence, incumbents like JRS are challenged to keep up with the pace of digital progress and changing customer expectations as the buyer’s power can be regarded high. In the prevailing case, prospective clients with considerable earnings can choose freely between various market players or even self-manage their finances. In addition, comparison websites, e.g. www.moneywise.co.uk, greatly influence the customer’s choice and enable more market transparency.

In particular, during times of low interest rates minor differences in fund management fees can urge customers to switch their savings account to another banking institution. Intense price sensitivity implicates a severe bargaining power of buyers. The prices on financial markets can be described as elastic, i.e. “demand is affected to a greater degree by changes in price” (Investopedia 2003a). Additionally, customer switching costs are low. Some banks offer account promotions to attract new customers, for example 400 \$ cash bonus from Citibank (Money Crashers 2016).

Assuming an offered interest rate of 0.01 % at a savings account at bank A would generate 10 € interest for a 100.000 € portfolio. If bank B offers a 0.1 % – rate on the same principal, 100 € interest could be earned. Comparably, in case Fintech competitors offer attractive annual returns of 5 to 6 % without performance provisions and issue surcharge, these new entrants are likely to entice clients away. Since financial advisory companies like JRS are entirely dependent on clients, the power of buyers is very high.

In contrast, the power of suppliers cannot be determined clearly. Under this circumstance, suppliers can be understood as developers of new financial products and funds as well as institutions emitting stocks and bonds. Their market power can be strong on the one side, considering influential players such as “financial colossus” Blackrock managing “5 percent of all financials assets worldwide” (Braun 2015). Suppliers with high brand reputation, product and service level quality dominate. Thus, “Powerful suppliers capture more of the value for themselves by charging higher price” (Porter 2008, 29).

On the other side, fund managers, investment funds and distributors are easily replaceable and rely on buyers to purchase their financial services and products. A study at Emory University in Atlanta examined the performance of more than 2,000 fund managers over a time frame of seven years. It revealed that only 30 percent of success is dedicated to the individual fund managers, whereas 70 percent is generated through the quality of the entire investment company. (Wagner & Rieves 2009, 386.)

Furthermore, the fact that personal business relationships between suppliers and recipient are rare in this business segment weakens power and influence. Therefore, this force developed by Michael E. Porter cannot be precisely classified for the JRS case.

Overall, this analysis reveals a conflictive picture of supplier’s power while all remaining four forces can be evaluated relatively strong. This implies severe competition and high threat of substitutes for JRS’ business model in the future. Despite the fear of digital alternatives, opportunities arise for altering the JRS strategy which is built on long-lasting client relationships. In the progress of this paper, approaches for JRS to achieve a competitive advantage in the future will be drafted.

4 TARGETS UNTIL 2020

When recapitulating research findings, JRS indicated exuberant growth potential in the near future. In order to realize these possibilities, clear objectives have to be stipulated and reviewed on a regular basis.

4.1 Preconditions

For major market players and international corporations like Deutsche Bank, setting targets and future growth strategies is self-evident – unlike smaller companies which tend to focus more on the operational level. An emphasis on adopting a strategic viewpoint can be beneficial for an established small or medium enterprise (SME). The book “Competitive Strategies for Small and Medium Enterprises” does not only define SMEs by number of employees, i.e. up to 250, but “presents an SME as a social entity with limitations and strengths in coping with turbulent environments” (North & Varvakis 2016, 2).

Research conducted in 2006 by Suzanne Richbell, Doug Watts and Perry Wardle (2006), published in the *International Small Business Journal*, revealed that 54 % of observed small or owner-managed firms have not ushered proper business planning (Mazzarol 2013). This observation highlights the fact that “possession of a business plan showed a positive association with those owner-managers with a growth orientation. It is concluded that owner-manager characteristics can be important in explaining the presence/absence of a business plan within the small firm” (Richbell, Watts & Wardle 2006, 1).

On the contrary, picking up the above-mentioned example, Deutsche Bank has already drawn a clear picture for the company’s standpoint in the year 2020. John Cryan, Co-Chief Executive Officer, stated in February 9, 2016 “Our vision is to be a trusted and successful bank. We aim to deliver financial solutions, technology, products and services that exceed our clients’ expectations. We want to be the most respected financial services provider across all customer segments in Germany, our vital and strong home market; the number one bank for our corporate, institutional and fiduciary clients in Europe; and the best foreign bank in the United States and Asia” (Deutsche Bank 2016).

The strategy 2020 program entails “closure of over 200 branches” in the division of private, wealth and commercial clients in order to drastically cut costs (Deutsche Bank 2015). This may pose a vital opportunity for JRS to take over clients with the need for personal individual advisory services.

Although Kristin Hallberg’s (2000, 8) “analysis of the economic rationale intervention suggests that [small scale companies] may face different constraints and opportunities than large firms”, setting future targets can still be beneficial for ever-growing companies.

Corporate culture at JRS can already be regarded as a strong point. Incidentally, since the objective of improving culture is rather intangible and subjective, it would not suffice the common SMART method for setting goals. The focus will remain primarily on measurable performance goals and secondarily on customer-oriented aspects.



FIGURE 13. SMART method for setting valuable goals (YGraph 2012, modified)

4.2 Performance goals

A goal for the commissioner company JRS for the business year of 2020, which complies with the five criteria illustrated in figure 13, could be approaching an annual revenue of 1.2 M €. The graph (figure 14) shows past development of financial figures.

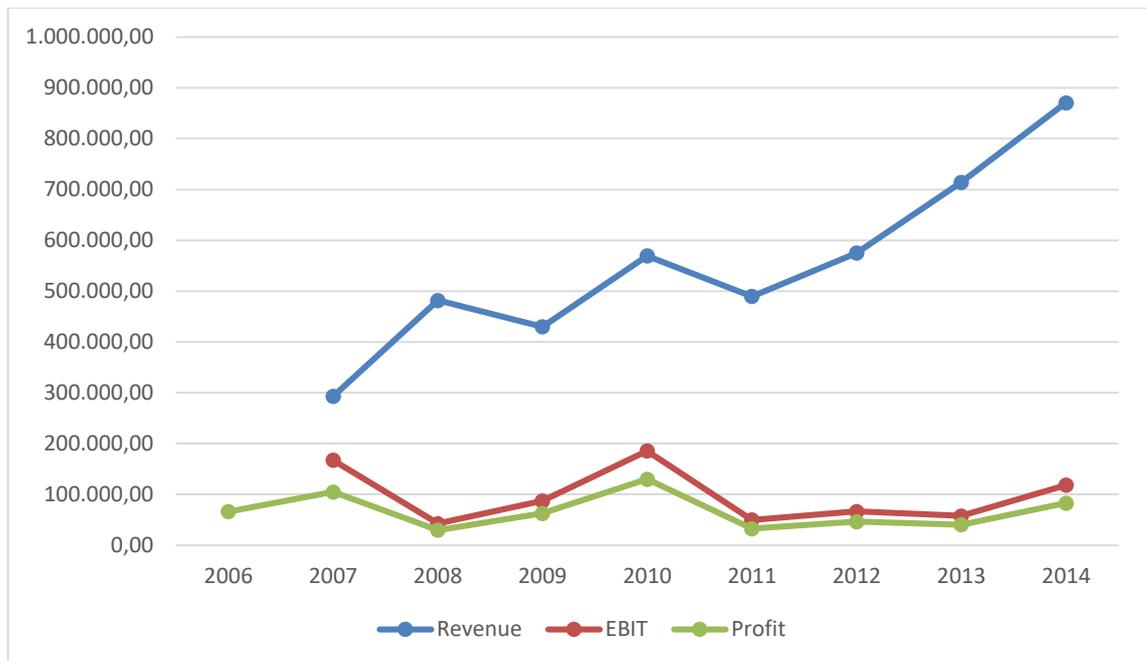


FIGURE 14. Annual revenue, EBIT and profit of JRS 2006 – 2014

Data is accrued on the basis of financial reports from 2006 to 2014. Negative repercussions of the financial crisis of 2007/08 did not have a severe impact on the overall performance. Hence, the company was able to withstand exceptional events. The striking gap between revenue (blue line), EBIT (red line) and respective net profit (green line) can be justified with dividend pay-out for JRS shareholders and profit sharing bonuses among the board of directors. Thus, an inefficient cost structure is not the underlying reason. However, administration costs soared recently due to stricter legal requirements.

Between 2011 and 2014 revenue has increased from approximately 490.000 € to 870.000 €. Obviously, future revenue and profit can only be estimated under certain limitations. Financial figures cannot be predicted precisely in this volatile business sector as provisions highly depend on client's portfolio performance. (Federal Gazette 2016.)

The compound annual growth rate (CAGR) can serve as a tool to analyse revenue growth from the past and forecast data for upcoming years. "To calculate compound annual growth rate, divide the value of an investment at the end of the period in question by its value at the beginning of that period, raise the result to the power of one divided by the period length, and subtract one from the subsequent result" (Investopedia 2003b).

$$\text{CAGR} = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\left(\frac{1}{\# \text{ of years}} \right)} - 1$$

FIGURE 15. CAGR formula (Investopedia 2003b)

Using data for JRS revenue between 2007 and 2014, the beginning value is 292.902,79 € and the ending value is 870.751,00 €. The CAGR for this time frame can be calculated 16.48 %. “CAGR essentially smoothes out the progress – – over a period of time, providing a clearer picture of – – annual return” (Investopedia 2003b). The CAGR between 2010 and 2014 was 11.2 % which is more realistic in this business field. Extrapolating this average growth assumption, the company’s revenue could surpass approximately 1.2 M € during the next four years provided that the market development and competitive landscape remain almost equal.

Net profit hovered between 29.000 € and 130.000 € during the past years. Since the owners’ income is already deducted, this financial key figure is not as decisive. Any additional surplus is earmarked for a reserve fund in order to purchase any new equipment in the future. Therefore, the goal for 2020 could be 66.210,37 €, the average from previous years.

Other financial targets for JRS until 2020 could be increasing the average portfolio size, assets under management and number of clients. However, solely attracting new clients should not be priority. The core factor in JRS’ business sector is retaining loyal clients, which form a reliable source of cash flow streams. Therefore, customer relationship management and customer satisfaction can be improved in order to increase those key figures. Due to the fact that this paper can be accessed publicly, precise numbers regarding clients and their financial means are not disclosed.

Further financial ratios, such as leverage, cost-income, post-tax return on tangible income (RoTE) and so on can be omitted since JRS is not a public (German ‘AG’), but private company (German ‘GmbH’) any longer.

4.3 Objectives regarding brand awareness

Increasing effort in current client business relationship as well as improving brand awareness could be key factors for future success. It has to be mentioned, however, that these targets are not as precisely measurable as soaring financial figures. This is also applicable for any objectives regarding subtle marketing measures, corporate culture and internal changes, such as increased diversity.

“The current competitive banking arena shows that communication has become a fundamental instrument to increase customer loyalty” (Cavallone & Modena 2013, 299). A study conducted by Michele Modena and Mauro Cavallone, University of Bergamo, revealed that customers experience is higher at stand-alone banks compared to large merged commercial banks. The structural organization redounded to “negative consequences for the tangible aspects (i.e. competence, handling of problems, clarity of the language, reliability of the offer) and, above all, for the relational aspects of their dealings with the bank (i.e. welcome, kindness, proactivity, quality of personal relations, courtesy, confidentiality, trust). Overall, the customers of merged banks showed strong criticism of their reference bank, while the customers of stand-alone banks were less negative demonstrating that they maintain a more optimistic and positive relationship with them”. (Cavallone & Modena 2013, 299–303.)

Despite the fact that JRS is not a stand-alone bank, but rather an independent financial advisory office, similar results could be expected in favour of the commissioner company. Therefore, a stronger emphasis on corporate values without ostentation should be a goal for 2020.

Enhanced reputation among clients can be measured in a customer satisfaction survey, whereas improved brand awareness and perception may be retraced by the number of published or downloaded articles, citations, references and – if applicable – number of views of image videos or interviews. Another indicator could also be the number of calls received from non-clients and overall interest from stakeholders. Diversity can be measured by composition of work force and client structure.

Relying on word-of-mouth advertising from existing clients can be challenging due to the fact that talking about money and wealth is still considered as a taboo topic in society (Economist 2007; Taylor 2014; Schulz 2015).

Launching a bonus system for loyal clients who recruit new customers can be perceived as dubious in the finance sector. Consequently, JRS will refrain from similar marketing campaigns.

According to “‘Corporate Culture and Organizational Effectiveness’ focuses on four concepts that describe the impact that organizational culture can have on effective performance: the involvement of the organization's members; adaptability to respond to new circumstances while still retaining its basic character; a consistency or strong, clearly defined culture; and a clear mission providing direction and meaning” (Denison 1990, 267).

To summarize, JRS sets the target of increasing profits by 2020, improving overall customer satisfaction, brand awareness, especially in the Southern German region and diversity, which is not vital, but becoming increasingly important. After clarifying future trends in the adjacent chapter, details on possible approaches to attain these targets by 2020 will be stated.

5 FUTURE TRENDS AND POSSIBLE GROWTH FACTORS

External threats that could possibly tarnish JRS' success in the future have been amplified in the SWOT analysis. In order to ascertain these anticipations in-depth secondary research will be presented below.

Three major challenges observed are the threat of substitutes through digital innovations and start-up companies, rising demand for alternative investment opportunities, scepticism among consumers, an emerging trend for societal topics such as sustainability and environmental consciousness as well as the tendency to invest in common indices without active stock-picking actions. After weighing positive and negative aspects for each future trend, an evaluation on possible effects on the commissioner company's business model will be elaborately pointed out.

5.1 Digitalisation

New forms of competition such as Vaamo, Ayondo, Easyfolio and other Fintech companies are about to disrupt the traditional banking and financial services segment. The client's investment strategies are automatically optimized according to risk and return by a so called Robo-Advisor. These algorithms aim to replace experienced professional portfolio managers. A significant upheaval of digitalisation can be observed regarding the past six years. The graph below shows data compiled by Accenture and CB Insights about global Fintech financing activity. A steeply growing investment and deal volume has evolved between 2010 and 2014. Boosted financial support in the segment of digitalized financial services suggests an ongoing trend in the near future.

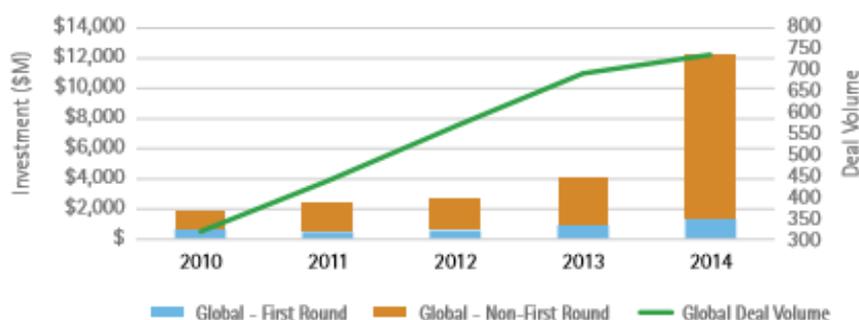


FIGURE 16. Global Fintech financing activity from 2010 to 2014 (Skan, Dickerson & Masood 2015, 4)

Projections about future growth of Robo-Advisors are depicted in the following chart. Based on data extrapolated by management consultancy A. T. Kearney, an estimated average growth rate of assets under management by digitalized portfolio managers of 68 % has been stipulated. The final assumption by 2020 could significantly disrupt current market shares in JRS' business sector. Hereby, low-cost and transparency are the most striking advantages of digitalized investment management. (Regan 2015.)

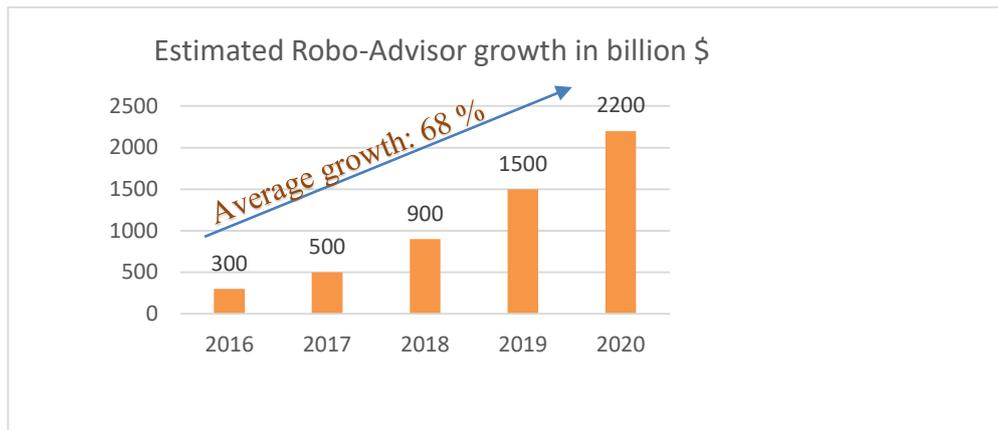


FIGURE 17. Robo-Advisor forecast 2016-2020 (Brokervergleich 2016, modified)

Furthermore, the report “The Future of Fintech and Banking digitally disrupted” states that Germany, the Nordic countries, UK and Ireland are supposedly among the most active regions for financial technology investment in Europe. Based on past development of figures, the conclusion can be drawn that this segment is promising and likely to succeed.

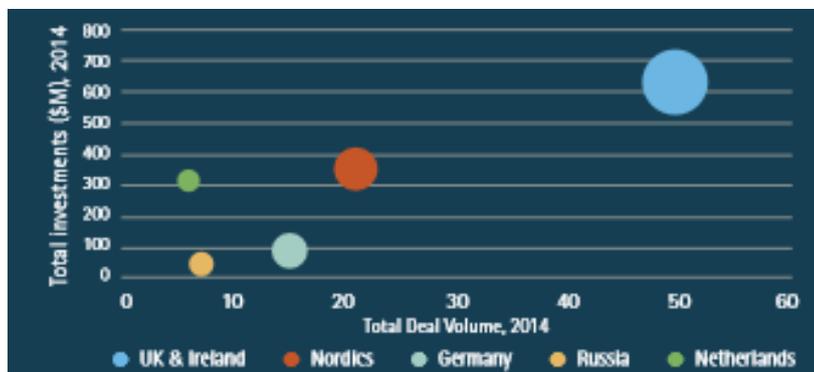


FIGURE 18. Top five European regions for Fintech investment activity in 2014 (Skan, Dickerson & Masood 2015, 5)

The pie chart, generated through a survey among 25 participants, forecasts added-value in banking future through upcoming digitalisation and innovation. Only 8 % believe in a declining market share due to competition from Fintech start-up companies. Hence, this trend could pose an opportunity, if competitors decide to adapt to this emerging trend and develop digitalised solutions and applications. (Skan, Dickerson & Masood 2015, 6.)

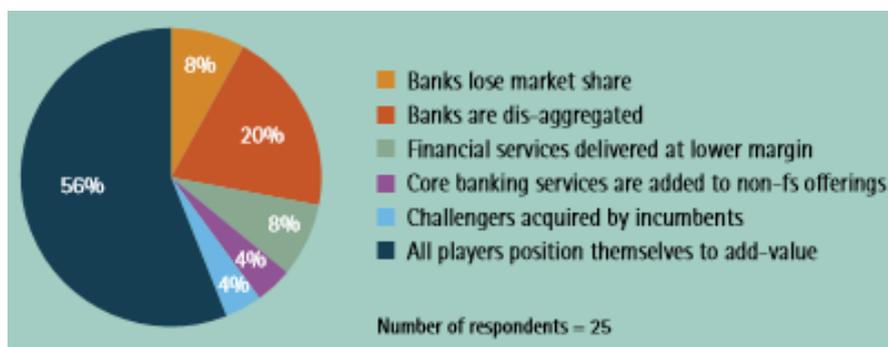


FIGURE 19. Hypothetical banking future (Skan, Dickerson & Masood 2015, 6)

For instance, the German ING-DiBa (2016a) has already partnered up with the entrepreneurial company Easyfolio. The corporate website of this traditional bank suggests the user to create an ETF-based savings plan or portfolio online within minutes. The client has the choice of different risk levels – Easyfolio 30, 50 or 70. Service costs are comparable to JRS. The annual fee is 0.94 %, of which the bank generates 0.10 % (ING-DiBa 2016b).

Likewise, “Vanguard, the world’s largest mutual fund company has been testing a way to bring low-cost investment advice” to be part of corporate strategy (Collins, 2015). According to a survey, 6 % of affluent investors and 17 % of clients under the age of 35 trust automated wealth managers (Collins 2015). Consequently, joint ventures in this sphere could severely threaten JRS as they combine traditional trustworthy banking services and innovative online solutions at minimal costs and effort for the end user.

Although forecasts suggest increasing influence of digitalized forms of portfolio management and banking, JRS is rather convinced that the existing client base will remain loyal to the company (Jenne, 2016). Nevertheless, this threat should not be underestimated as various books, articles, studies and academic papers approve this development. Countermeasures to attract a younger, broader audience should be taken into consideration by 2020 to exploit growing market potential and realize expansion plans.

5.2 ETF investment strategy

Besides common investment strategies such as top-down, bottom-up, dividend, contrarian investing, fundamental or technical analysis, usually two general types of investing can be distinguished – active or passive (Weil 2014). “Active investing is an investment strategy involving ongoing buying and selling actions by the investor. Active investors purchase investments and continuously monitor their activity in order to exploit profitable conditions.” (Investopedia 2003c.)

Whereas the defined strategy requires a high degree of dedication, effort and time for picking individual promising stocks or a paid professional fund manager, the passive investment strategy simply replicates certain indices. Hence, investors rely on the market efficiency hypothesis. Following this theory, financial markets are considered to be highly efficient and comprise latest information “into the prices of securities without delay” outperforming technical and fundamental valuation analysis (Malkiel 2003, 3).

The article “Eugene F. Fama, efficient markets, and the Nobel Prize” explains the described phenomenon as follows: “The main prediction of Gene’s efficient-markets hypothesis is exactly that stock price movements are unpredictable! An informationally efficient market is not supposed to be clairvoyant” (Cochrane 2014). On the basis of this academic breakthrough in 1970, passive investors trust exchange traded funds for increasing returns on a long-term perspective.

An “exchange traded fund is a financial security, which is listed in a stock exchange. Traditional ETF is tracking an index such as S&P 500 – –. In February 2014 ETFs represented USD 1.74 trillion worth of assets. – – Passive management means that the trades are executed by automatic trading systems and this causes less cost distributed to the investor” (Haakana 2014, 20).

The increased popularity of ETFs within the asset management industry due to their “flexibility and cost-efficiency” (European Fund and Asset Management Association 2016) is reaffirmed by the fact that Boerse Stuttgart, situated around 160 km from JRS, was the second popular stock exchange for ETF listing in Europe in March 2013 (Haakana 2014, 21).

Hence, investors can participate in the performance of MSCI world index or the small cap segment, for example, by buying products such as Blackrock's "iShares EURO STOXX Small UCITS ETF" with a total volume of 422 M € and 0.4 % costs. (Just ETF Research 2014.)

According to NASDAQ, June 2016 has been "one of the best months of the year so far when it came to inflows for U.S.-listed ETFs" with over 17 billion \$ new assets (Voros 2016). Even demand from institutional investors for fixed-income ETFs has been growing drastically over the past years. 40 % of investment managers of a focus group interviewed by Greenwich Associates (2016) are planning to take advantage of these financial vehicles during the following year.

The report "US Exchange-Traded Fund Markets 2016: Strategies for Broadening Adoption" from Cerulli Associates, a research company specialized in global asset management, states that 70 % of advisors in the US use ETFs at the moment (Simpson 2016). Cost-efficiency drives demand in the US, especially in the realm of pension planning. This trend could proceed in Germany as well in the upcoming years. (Johnston-Ketterer 2016.)

Despite obvious benefits of low administrative costs, time, effort, knowledge requirements and easy access, drawbacks occur. Investing in ETFs implies unrestricted commitment to the underlying index volatility. The benefit of instant diversification is not granted any longer due to correlations caused by low interest rates. Furthermore, previous success of a fund cannot be taken for granted regarding future development. No direct contact person is involved when a private investor buys a ETF product. This implicates no personal clarification of risks involved.

Moreover, these financial products are suitable for a long-term investment horizon. Consequently, opposing views claim that ETFs are unlikely to replace value investing strategies. In George Athanassakos' opinion, finance professor at University of Western Ontario, only active portfolio management can exploit market dislocations effectively. (Athanassakos 2016.)

Since financial advisors can selectively include ETF products within a coherent portfolio strategy, this threat can be turned into an opportunity by JRS. In addition, professionals at JRS research investment opportunities daily for their clients to participate in favourable niches. Hedging risks and diminishing volatility are equally valuable tasks. Therefore, this arising future trend mainly concerns JRS' younger prospective clients.

The main threat, identified by researching data and information, is a combination of Fintech start-up companies occupying an ETF investment strategy and business partnerships with traditional banks. This constellation may entice valuable clients away. For the future, it is incumbent on JRS to actively communicate the benefits of a professional financial advisor compared to a self-managed ETF investment.

5.3 Sustainable investment opportunities

Referring to target group segmentation in Germany, the rising influence of LOHAS, an acronym for "Lifestyle of Health and Sustainability", should not be underestimated. The Natural Marketing Institute has been observing a growing amalgamation of ethical consumerism for several years. (French & Rogers 2010.)

Following the rising demand for sustainable investment opportunities, various financial market places have developed a "green index", such as the FTSE4Good, Goldman Sachs Sustain and the S&P Fossil Fuel Free and Carbon Efficient Index Family. The emphasis on environmental-friendly stocks is also expressed in the Dow Jones Sustainability Index which was founded in May 2013. (Sustainability Indices, 2016.)

"Sustainable, responsible and impact investing (SRI) is an investment discipline that considers environmental, social and corporate governance (ESG) criteria to generate long-term competitive financial returns and positive societal impact". In 2013, almost 17 % of investment under professional management in the United States, which adds up to 6.57 trillion \$ in total, applied the SRI criteria. The overall growth rate of SRI between 2012 and 2014 was 76 %. Furthermore, shareholder engagement and interest has been increasing during the past years. (Forum for Sustainable and Responsible Investment, 2016.)

It can be stated that some private investors regard the act of buying a stock from a particular company as buying a vote for its corporate values and activities. Therefore, offering promising and ethical investment opportunities is becoming a decisive factor for many portfolio manager's clients.

However, several bankruptcies in the realm of clean energy showed that this form of investment may also bear tremendous risks. An example is the North German wind park developer Prokon, which filed insolvency in January 2014 (DW, 2015).

Therefore, this trend poses a threat as well as an opportunity to attract the social-ecological sinus milieu to which 7 % of German consumers belong. The trend towards more environmental-friendly investment opportunities is undeniable. As a result, this development can be addressed by creating suitable possibilities for JRS clients to participate in the success of sustainable companies through so called clean-tech stocks.

5.4 Implications for JRS

The biggest challenge posed by these three future trends is the decision whether or not to follow and adapt the JRS business model accordingly or to remain true to the existing concept while perfecting it. For easing this question, an evaluation is depicted in figure 20.

All threats can be considered to be of medium severity. While most JRS clients do not belong to the young generation, the threat of substituting the company's services with a digital form of financial advisor is rather unlikely at the moment. As most loyal clients are not interested in comparing investment opportunities regularly and rely on JRS to conduct research about the financial markets on their behalf, the chance of investing in ETFs primarily through low cost online brokerages is rather low.

Moreover, the myriad of bankruptcies among alternative energy companies may deter private investors away from sustainable options. However, the objective of attracting new clients can be highly influenced by upcoming trends on the market and therefore should not be neglected when reviving the JRS business model.

	ETFs	Digitalisation	Sustainability
Threat	<ul style="list-style-type: none"> • Self-management of finances by following common indices without further consultation • JRS is unable to compete with low costs. 	<ul style="list-style-type: none"> • Young audience manage their finances through smartphone applications and Fintech start-up companies, which provide high user-friendliness and automatized processes. 	<ul style="list-style-type: none"> • Environmentally-conscious clients prefer investing in sustainable companies and indices. • Lack of possibilities at JRS could lure them away.
Opportunity	<ul style="list-style-type: none"> • Selective involvement of ETFs in JRS portfolio management strategy • Offering additional services for comparable prices • Communication of benefits of JRS concept compared to ETF investments. 	<ul style="list-style-type: none"> • Overhaul of software to cater a younger audience • Outperforming Robo-Advisors through experience and continuity • Personal business networking and enhanced CRM. 	<ul style="list-style-type: none"> • Offering a possibility to invest “green” • Improving the company’s reputation publicly • No similar company specialized in sustainable investments was found in the closer region, which suggests a market gap.

FIGURE 20. Summary of findings

6 BUSINESS MODEL RECOMMENDATIONS

Research conducted on behalf of JRS form the foundation to overthink the business model and develop ideas to attain stipulated targets by 2020. Therefore, various approaches to revive the JRS business model will be introduced.

6.1 Weaknesses in business model

Besides many strengths in the JRS business model, some weak points – collected through the SWOT analysis – were low brand awareness and recognition of company logo, lack of new clients through recommendations, no impactful marketing campaigns and minimal social media presence, limited software tools and facilities, virtually no diversity of workforce and dependency of revenue on portfolio performance.

This paper attempts to tackle these shortcomings, suggest approaches to modernize and restructure the existing business plan to resist external challenges by 2020. Keeping pace with future trends and achieving targets set for 2020 will be of vital importance to succeed long-term.

Ideas and recommendations illustrated can be modified accordingly. They are to be evaluated in a discussion panel at the office premises. Finally, supposable costs and possible benefits of newly introduced measures will be weighed against each other to decide on which suggestions to implement regarding a four-year time horizon.

6.2 Ideas for selected JRS divisions

Workforce

The importance of diversity is emphasized in many reputable articles such as “Diversity as Strategy” published in Harvard Business Review. David Thomas (2004, 3) suggests that diversity of workforce could attract a broader target group.

Among the most striking advantages are development of innovative ideas (Hewlett, Marshall & Sherbin, 2013), the work team's ability to think outside the box, opening new perspectives on issues as well as fostering creativity. Moreover, diversity has positive impact on brand reputation, financial performance and employee engagement as depicted in the illustration below.

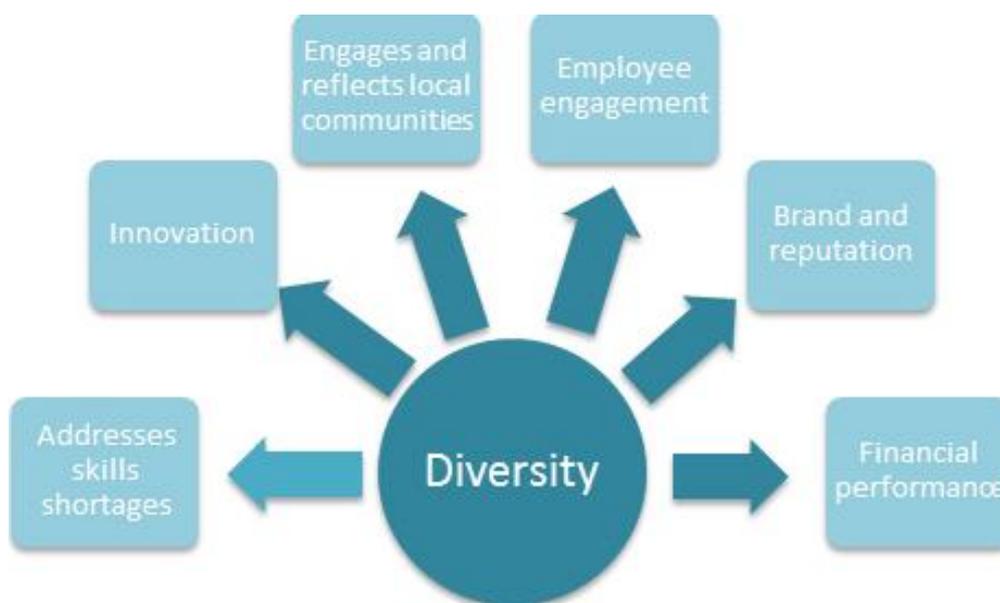


FIGURE 21. Benefits of diversity (Diversity Partners 2016)

At the moment, all professionals at JRS are males of the age group 45 to 55. New impulses by young graduates, student workers, trainees or apprentices could be highly beneficial for the commissioner company to understand the needs of prospective younger clients. The budget can be kept low by offering a tax-beneficial position of 450 € per month.

Particularly insightful would be a more interdisciplinary work force. This could be achieved by hiring students from eclectic academic disciplines, e.g. software engineering or law. The purpose of personnel adjustment measures is to keep pace with increased technological or legal requirements. An alternative option would be hiring a specialist in marketing, design, media and film to redesign the company's social media presence. A project-based professional could be entrusted with creating a sound advertisement campaign. Otherwise, a part-time secretary may assist the JRS team processing increased work load due to higher administrative requirements and extending customer relationship management.

When deploying diversity, retaining corporate values such as discretion and security of client data, should be taken into account. In contrast, a broader target group can be reached through a more diverse and dynamic work force. This could lead to outperformance of current competition. Moreover, a unique combination of experience and innovative mind-set is likely to succeed when implemented correctly. For example, a young professional working at JRS could appeal to the target group aged 25 to 35 and families who intend to build a solid financial foundation for children's education or pension plan.

Marketing, branding and social media

Important components of great corporate culture are employees, vision, corporate values and a unique story (Coleman, 2013). Therefore, it is recommendable for JRS to publicly communicate a clear vision, mission, possibly a "Code of Ethics" or similar statement.

Furthermore, stipulating a unique selling proposition (USP) could distinguish JRS from local competitors. A coherent branding concept and marketing campaign may open new possibilities to attract and retain customers. Framing an authentic strategy is a key aspect, which should be issued through manifold media channels.

Oftentimes internal and external brand perception diverge. Therefore, JRS could examine brand awareness and reputation among local clients. Building a sound brand personality is the overall objective. For this purpose, defining the company through the archetype method might be valuable.

While traditional banks can be regarded as an "everyman", welcoming a broad target group, innovative start-up companies are best described as "creators". Since different brand personality approaches were found in literature, Fintech companies could likewise be attributed as "explorer", "revolutionary" or "rebel". JRS, in contrast, is more selective than an "everyman" and more conservative than a "rebel". Therefore, suitable brand archetypes are "sage", which personifies integrity, accountability, intelligence and analysis, "friend" or "innocent", which emphasizes safety.

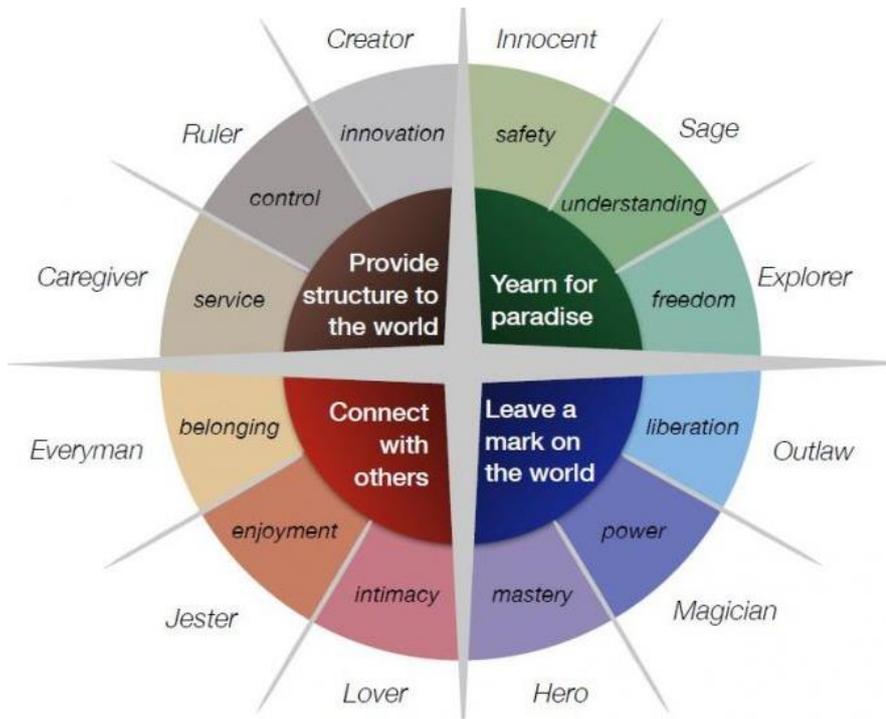


FIGURE 22. Twelve archetypes in branding (Eidson & Partners, 2015)

Based on research findings, a recommendation for JRS is the arrangement of a branding and marketing plan around the chosen archetype, including a vision and mission statement. Thereafter, entire marketing materials, such as logo, brochures and website should be modernized to cater to the desired target group and reflect the brand personality better.

The idea of utilizing the exceptional office location, an old water tower, could be realized when designing a new logo or emblem. Picture 1 shows the JRS headquarters from outside.



PICTURE 1. JRS office from outside (Photo: Christina Rogg 2016)

The tower's floors could represent different levels of investment, risk strategies or asset classes. The historic tower is associated with values such as tradition, longevity, consistency and trust. It could also be designed similar to a tower, i.e. rook, of the popular chess board game, which stands for strategic and logical thinking and intelligence.

Furthermore, its unique features are easy to recognize and remember compared to conventional office premises and logos of direct competitors or banks. Another advantage is the fact that it appeals to a broad audience. By using the symbol repeatedly throughout publications on financial websites and marketing materials, JRS recognition value could be enhanced over the years. Costs for design and printing materials are estimated to be 2.000 € to 5.000 €.

Videos, interviews, press releases, own learning materials or seminars are further recommendations once the brand plan is designed. It is advisable to publish information about the modernized JRS brand through social media as well as local newspapers to maximize scope and reach a younger and older target group.

A suggestion to successfully implement changes would be mapping out a timeline with marketing campaigns and seasonal topics throughout the year. As a starting point, JRS could create learning materials for a seminar about sustainable investments, for instance. By introducing popular forms of “green investing”, the company has a chance to introduce a new sustainable mutual fund. Seminars, speeches at conferences, video tutorials on financial topics could form an additional source of income, which is independent from market volatility.

The team of JRS could design a second learning unit explaining the Sentix fund, which is used in some portfolios. It is based on a behavioural finance approach and regularly analyses feelings and emotions of market participants. The timeline depicted in figure 23 reveals a social media plan suggestion for the upcoming business year with new information monthly or every second month to keep prospective clients curious.

MONTH	ACTIVITY	CHANNEL
2017		
January	Short video about JRS and the historical water tower office	Youtube
March	Seminar and learning materials about “Green Investing”	Company website
April	Trade fair “Invest 2017” in Stuttgart, Germany (7.- 8.4.2017), possible speech in front of audience	Trade fair
May	Video tutorial about the behavioural finance approach and the Sentix fund	Youtube, announced on Twitter
May	Video about common investment phrase “sell in May, go away” and investment biases	Lifestream
June	Learning material explaining financial terms such as Sharpe-Ratio, Black-Scholes Model	Guest lecture at local university
July	Summer event in JRS office	Local press or newspaper
September	Interview about pension planning, portfolio inheritance	Financial magazine
December	Review of past financial year and possible outlook	E-Mail or formal newsletter
2018		
January	Seminar “C(r)ash course”	Local community college
March	Round table discussion about first quarter of business year	Skype conference
April	Advertisement in local newspaper	Press
May	Customer satisfaction survey, quality management training	Online survey
July	Networking with local real estate brokers, tax experts, attorneys and lawyers	Special summer event
September	“Back to school” meeting with parents about college tuition fees, studies abroad and education savings plan	Seminar
November	Video on JRS core values, KSF, USP	Youtube
December	Charity Christmas letters to loyal clients	Collaboration with NGO

FIGURE 23. Suggestions for marketing activities during 2017/18

Scheduling, filming, editing of video footage and preparing material for the additional revenue drivers (seminars, speeches and workshops), which enhance brand awareness, could be carried out by the student worker at a relatively low cost level.

Flyers, posters, invitation cards, giveaways and brochures can be ordered inexpensively. Finally, a unique method or system, similar to FvS' distinctive pentagram could be developed. A draft is depicted in figure 24.



FIGURE 24. Draft for JRS method

Products and services

The main competitor FvS has developed 15 own funds during the past years. To withstand rivalry, JRS could create a mutual fund with special focus on sustainable equity stories and environmental-friendly companies. Based on knowledge gained through previous development of funds, this task is likely to succeed.

In combination with afore-mentioned learning material, JRS could present popular sustainability indices and promote the newly developed JRS sustainable fund at the same time. The underlying intention is raising awareness among the target group of social-ecological LOHAS. Furthermore, articles published on financial news websites or magazines could enhance interest from external investors in Germany which adds to overall brand value. Fees and provisions generated by managing this fund serve as an additional income stream. However, success highly depends on fund performance.

The OECD paper “Defining and Measuring Green Investment” suggests the following five approaches when developing a sustainable fund. It has to be stated that a combination is possible as well (Inderst, Kaminker & Stewart, 2012, 14).



FIGURE 25. Green approaches (based on Inderst, Kaminker & Stewart, 2012, 14)

In addition, the commissioner company owners could decide between several approaches and graduations of 'green', such as socially responsible investing (SRI), responsible investing (RI), eco-friendly investing, impact investing or triple bottom-line investing (Inderst, Kaminker & Stewart, 2012, 14).

Despite the fact that JRS' current product and service portfolio is already embracing a vast variety, additional unique services could support distinguishing the brand from competitors. An USP could be providing a broad trustworthy network of related services. It could constitute of a wide array of affiliated real estate brokers, external consultants, freelancers, tax advisors, business planers, accountants, lawyers, insurance brokers and mortgage specialists. This service could complete a holistic wealth optimization concept.

An additional service branch could be professional planning of student loans or pension schemes, portfolio optimization after inheritance and execution of last will to extent JRS' business model internally. To advertise new offerings a free portfolio analysis might be beneficial. Illiquid holdings and positions in current portfolios are identified by financial advisors at JRS. Then, an optimization takes place for which the company could charge a percentage provision of generated benefit or a fixed fee for preparation of an evaluation report. As a result, an innocuous portfolio scan may lead to a long-term business relationship.

To summarize the reconditioned personnel, marketing and networking concept, an auspicious future organizational chart of the commissioner company is depicted below. It serves as a guideline on how to implement changes within the existing business model.



FIGURE 26. Possible JRS organisational chart

Customer relationship management and software

To finalize the business model assessment, tools, facilities and appliances of the commissioner company had been analysed on-site. The main finding is the fact that entrepreneurial competitors such as Vaamo focus particularly on appealing design, user-friendliness and clarity. Furthermore, accessibility on various electronic devices such as computer, smart phones and tablets are assured. Likewise, JRS should enhance user-experience for clients when checking current portfolio development online. Usability at first glance is therefore another suggestion to take into account by 2020.

For this purpose, JRS could take a different software provider into consideration. Before selecting one, the following criteria can be regarded as vital:

- Revealing data without confusion
- Balance and portfolio overview, which is easy to understand
- Focus on intuitive handling
- Opportunity for individual presentation.

This modification can help to distinguish the company from traditional banks and other competitors. Furthermore, it can simplify customer management. Nevertheless, the focus should be on the strict data security framework, which exists in this business sector. Therefore, software providers with high reputation and long-term expertise should be preferred when implementing a revised CRM software.

The design and form of presentation of financial figures should not be playful as this could jeopardize seriousness and respectability. Nevertheless, vivid design and modern illustration charts are likely to increase customer satisfaction. A student software design specialist could be beneficial for a short time frame. This recommendation is also in accordance with personnel restructuring measures.

For enhancing customer relationship management, quarterly personalized updates on performance of portfolios could be a key factor in contrast to semi-annual updates, which are legally advised. Thoughtful birthday and Christmas cards may contribute to strengthening business relationships. Generally, a focus on personalized service is advisable in this traditionally formal segment to appeal to families and young clients. In addition, a quality management system could be implemented to conduct relevant research surveys and review customer satisfaction on a regular basis.

However, converting to a different software provider poses the threat of technical difficulties and requirement of training staff for several days. Regular updates and reliance of experts as well as high risk for sensitive client information stored on servers are additional drawbacks.

Apart from changing internal software, JRS could utilize analytical software and online advertising, e.g. Google AdSense and Analytics. The benefits of learning about target group preferences and reinforced access of the corporate website should be weighed against potential costs. In this case, a feasibility study may be required in advance.

6.3 Cost-benefit analysis of findings

Despite the myriad of suggestions articulated in this paper, the JRS owners should set priorities and decide on which approaches to further pursue by 2020. The overview found in Appendix 2 is intended to distinguish key aspects, costs and benefits of described measures.

Assessing all four areas, the illustration below may serve as a guideline on the advancement of beneficial changes. An estimated time frame enables the board of directors to evaluate further procedure.

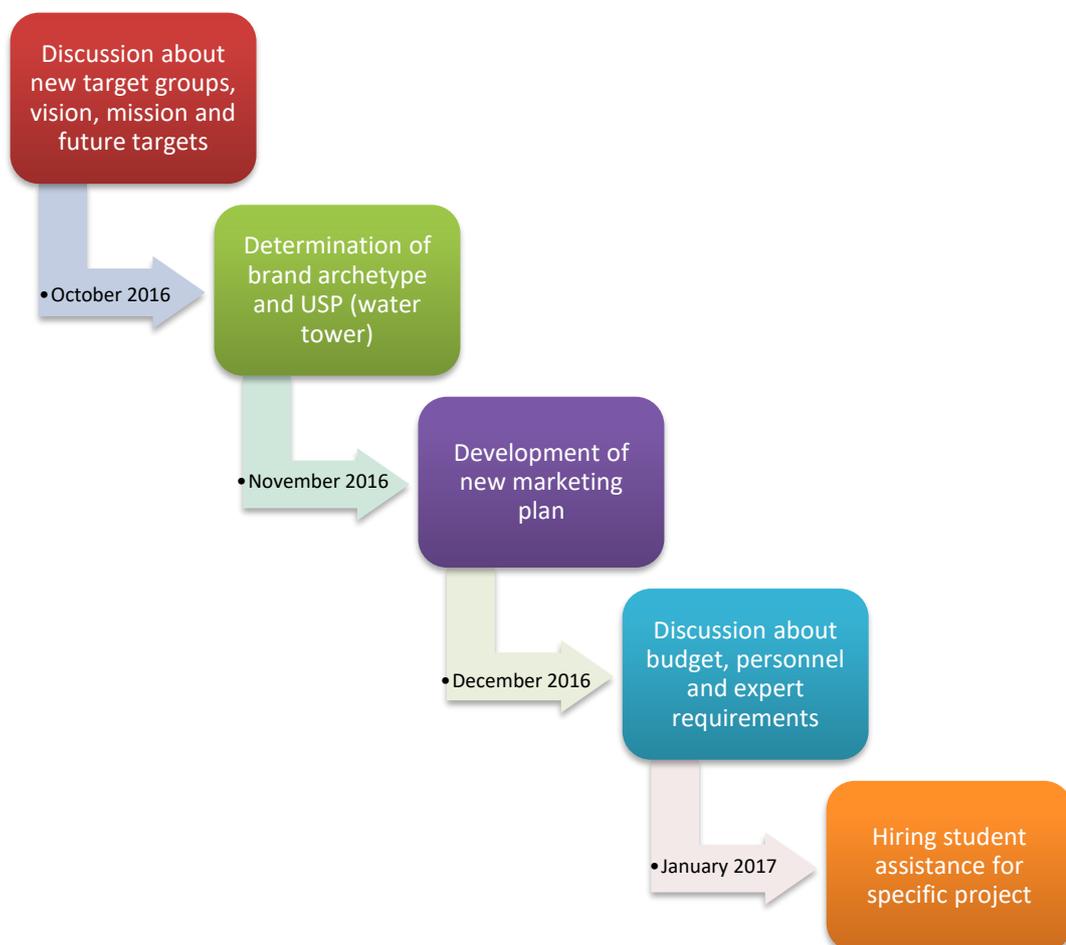


FIGURE 27. Timeframe and steps for implementation

7 CONCLUSION

Limitations of research

Despite the attempt to draw a realistic picture of the commissioner company's current position in its business segment, limitations remain. Available sources exploited for findings stated in this paper were articles, literature, academic papers as well as statistics, data and information from external providers. Interviews, discussions, observation as well as combing through undisclosed internal information may constrain objective conclusions. Therefore, it should be taken into regard that primary and secondary research conducted for preparing this thesis is confined to various influencing factors.

Nevertheless, forecasts and suggestions are based on established business analysis methods such as:

- Customer analysis
- Competitor analysis
- SWOT analysis
- Stakeholder model
- Benchmarking
- Analysis of corporate strategy
- Cost-benefit analysis
- Porter's five forces analysis.

Regarding subjectivity as well as limitations of research scope, reliability of future forecast and recommendations cannot be guaranteed. Close attention was paid on portraying trustworthy sources. As the thesis attempts to cover various topics and aspects relating to the commissioner company's challenges, detailed and precise advice would exceed the scope. In conclusion, the ultimate decision-making process relies on the board of managers of the commissioner company.

Summary

The commissioner company has a lean personnel structure, high values, business ethics and expertise. Despite strong competition within the niche sector of asset management, the market position is not in severe danger but requires modification. A major business threat found is the increasing demand for innovative, sustainable and low-cost solutions by prospective clients. These threats were evaluated as medium severity.

Other important findings are high threat of substitutes and strong competitive forces on the asset management market place. Comparison to direct competition revealed neither out- nor underperformance of the commissioner company. Urgency for adapting to the changing business environment is considered mediocre.

Financial targets have been set by 2020 in this paper. The financial objective for revenue is 1.2 M €, while the net profit target is 66.000 € by 2020. Specific targets regarding brand awareness and client structure cannot be measured precisely and are therefore neglected.

Recommendations to adapt the business model are restructured workforce, unique marketing plan as well as modification of software and work tools. It can be concluded that fostering diversity and innovative thinking are important pillars to form a basis for future success. Branding and marketing materials can be enhanced using the water tower symbol.

For expanding the business model and generating additional sources of income, promotion of learning materials, seminars, workshops, speeches as well as development of a new product were recommended. This could be an approach to achieve a competitive advantage by 2020. Furthermore, since no other financial advisory company is specialized in sustainable investments in the area, a market gap was discovered.

The paper identifies a step-by-step approach for implementing changes gradually, taking a cost-benefit analysis into account. The objective of attracting new prospective clients can be met when focusing on visibility and social media presence illustrated in a time line of marketing activities.

Outlook

To assess recommendations more thoroughly, a feasibility study would be a next logical step to proceed further. Then, a clear concept to exploit researched growth potential should be executed with approval of all board members. An alternative option to continue the business model analysis would be outsourcing selected topics. The question on which software to choose could be further examined in a student project group. A discussion considering additional work load is necessary. Approaching student consultancies, university professors as well as drafting a project charter requires a well-thought schedule.

As the commissioner company is planning to expand throughout the next decades, the business year 2017 should be considered to implement changes. The company is likely to remain owner-managed. Therefore, change management might be an interesting topic for in-depth research.

Ways on how to implement and materialize recommendations explicitly exceed the limit of this paper. Therefore, a task force group could focus on relevant issues further. A final decision can be reached by utilizing useful models such as PESTEL. This analysis reveals external influential factors on a more general level, e.g. details on the German labour market. Another valuable tool is the balanced scorecard.

In addition, conducting a customer satisfaction survey can be useful to gather information about future requirements and expectations. All findings can then be summarized in a revised business plan. After reaching objectives of 2020 a succession plan could be the next focus point by 2030.

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APPENDICES

Appendix 1. Description of sinus milieus

Milieu	Characteristics	TV	Radio	Newspaper
Established Conservative milieu	<ul style="list-style-type: none"> Jobs in leading positions Feel as social elite success, determination, making progress 	206 Min.	211 Min.	26 Min.
Liberal Intellectual milieu	<ul style="list-style-type: none"> Cosmopolitans Lots of intellectual interests Self-determination 	192 Min.	185 Min.	27 Min.
High Achiever milieu	<ul style="list-style-type: none"> Always a step further Consume avant-garde Efficiency & Commitment 	194 Min.	183 Min.	24 Min.
Movers & Shakers milieu	<ul style="list-style-type: none"> Creative young people Sponsored by parents Ambitioned & connected 	158 Min.	174 Min.	16 Min.
Socio-ecological milieu	<ul style="list-style-type: none"> Social & economical conscience Consume critical High education & middle income 	175 Min.	198 Min.	29 Min.
Average daily use of...				
TV				
Radio				
Newspaper				
Traditional milieu	<ul style="list-style-type: none"> Older people (65+) Retired → pension, middle education Tidy, at home, respect of neighbours 	262 Min.	194 Min.	32 Min.
Precarious milieu	<ul style="list-style-type: none"> Strong resentments & fears of future Deprived Low income, low education 	248 Min.	207 Min.	18 Min.
Escapist milieu	<ul style="list-style-type: none"> Young, cool, modern, unconventional Different education & income Fun & experiences 	216 Min.	177 Min.	14 Min.
Adaptive Pragmatist milieu	<ul style="list-style-type: none"> Social & economical conscience Consume critical High education, middle income 	238 Min.	182 Min.	14 Min.
New Middle Class milieu	<ul style="list-style-type: none"> Families & Mainstream Harmony, safety Middle education & - income 	260 Min.	172 Min.	25 Min.

(Katharinara, 2016)

Appendix 2. Cost-benefit analysis

Cost-benefit analysis

September 2016

CHRISTINA ROGG

on behalf of JRS Finanzmandate GmbH

Measure	Estimated costs per month in €	Estimated costs per year in €	Possible benefits	Possible downturns
Student worker, trainee or apprentice	450	5400	<ul style="list-style-type: none"> Innovative ideas Diversity benefits New target group Interdisciplinary work field 	<ul style="list-style-type: none"> Additional effort for selecting, hiring and training by experienced staff Increased personnel costs
Administrative part-time secretary	1000	12000	<ul style="list-style-type: none"> Reduced administrative workload for JRS financial experts PR, Media and CRM responsibility New target group 	<ul style="list-style-type: none"> Additional effort for selecting, hiring and training by experienced staff Increased personnel costs
Brand plan and web design (incl. invention of unique JRS model)	2000 – 5000	non re-occurring	<ul style="list-style-type: none"> Differentiate company from competitors Increased brand awareness Attracting and maintaining clients 	<ul style="list-style-type: none"> High costs Success cannot be measured precisely Confusion of existing clients who are used to old logo and layout design Deferring target groups (generation gap)
Marketing activity timeline (incl. workshops, seminars, learning materials etc.)	Several employee working days		<ul style="list-style-type: none"> Keeping interest high Increasing degree of popularity Networking possibility through events More structure Additional income source 	<ul style="list-style-type: none"> Increased organizational effort Addition branch in business model Success cannot be measured precisely
Development of sustainable mutual fund	Several working weeks		<ul style="list-style-type: none"> Attracting a new target group Offering an interesting product to loyal clients Additional revenue driver through provisions Basis for informational marketing material 	<ul style="list-style-type: none"> Increased effort Deferring target groups Possible misunderstanding as short-term gimmick Not core expertise at the moment
Establish a professional network for clients	Basically free, costs for organizing events		<ul style="list-style-type: none"> Comprehensive wealth management strategy Unique offer Way to distinguish company 	<ul style="list-style-type: none"> Requires effort Network cannot be built in a short time frame Success cannot be measured precisely Low costs Risk of working with freelancers; reliance on external professionals
Portfolio analysis and optimization service without initial costs for client	approx. 2 working hours per client		<ul style="list-style-type: none"> Attract new clients Unforced way to convince new clients of expertise 	<ul style="list-style-type: none"> Not a break-through innovation Risk of 'free-riders' asking for advice Risk of liability without client contract
Alternative software system (costs based on Finance Logik Software by OHIS LLC)	50	7000	<ul style="list-style-type: none"> Modernized design could attract new clients Distinguish company from traditional banks 	<ul style="list-style-type: none"> Staff training Data security issues Expensive updates and maintenance Time and effort to find a suitable program
Online Advertisement and analysis of website traffic	Google Analytics Standard: free		<ul style="list-style-type: none"> Better insight and understanding on how to attract new clients Increased customer satisfaction Increased degree of customer recommendation Attracting new clients Distinguish company from competition 	<ul style="list-style-type: none"> High costs (Google Analytics Premium 150,000 \$ per year) does not pay off for a small company Much effort and high costs for a small company Regular meetings required to update all employees Additional personnel may be required
Implementation of Customer Relationship and Quality Management	Several working weeks			