

# Product Management & Development 2023

October 2023

## DRIVING SCALE

Driving scale into new products remains a hurdle. Fully, 83% of newly launched mutual funds will fail to achieve meaningful scale within five years, dipping to 82% of newly launched active ETFs within three years.

## Study Overview

The FUSE BenchMark Series is a comprehensive research service focused on benchmarking and optimization of resources within different functional areas of an asset management firm. Our BenchMarks are effectively support programs that combine market intelligence with a predefined methodology for self-assessment to produce a structured approach to the decision-making process of senior executives. FUSE provides upfront evaluations and ongoing monitoring to help ensure that business needs are met and objectives realized. The baseline research for the *Product Management & Development 2023* study comes from a detailed survey and series of interviews with senior product executives. By comparing our latest data findings to prior surveys over the past several years, we are able to not only identify trends impacting product, but also forecast the direction asset managers need to take in order to remain competitive.

## Benefits

This study will help Product Leaders, Heads of Product Management and Product Development, Senior Product Managers, and other product executives evaluate their teams, consider best practices, and optimize resources by providing the following:

- Staffing, budget, and compensation metrics
- Productivity measures
- Outlook on product development initiatives from asset managers and advisors, particularly with separately managed accounts
- Mutual fund and ETF launches and rationalizations
- Recommendations and insights on the most important topics impacting product strategy today

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### There are more than 40 exhibits in the study, including:

- Total Product Headcount by Firm Tier
- Overall Time Allocations to Business Channels by Firm Tier, 2018–2023
- Compensation Metrics (by Various Product Roles)
- Plans for New Products in the Next 12 Months by Asset Class, 2018–2023
- SMA Offerings: Percentage of Firms and Structures

### The Study Provides Answers to These Questions:

*Given the significant cost that comes with product development, how can firms ensure the best opportunity for success?*

*What are the average allocations of compensation components across product groups?*

*How can firms develop a collaborative approach to solicit and vet product ideas from internal and external sources?*

*Does your firm understand the nuanced service and support requirements for separately managed accounts?*

**... and many more that are critical to the overall success of your product initiatives.**

#### NUMBER OF SMA STRATEGIES

Firms have fewer SMA strategies compared to mutual funds/ETFs. The median ratio of mutual funds and ETFs to SMAs is 3.1.

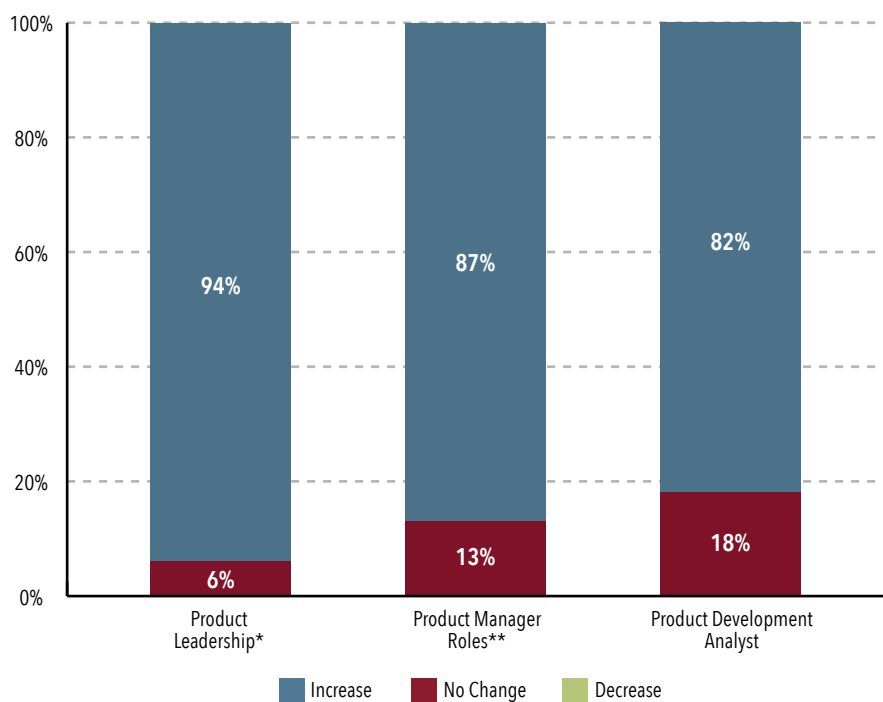
## Study Excerpt on Staffing Changes

No surveyed firms plan to decrease their staffing in any product role, and only one in eight firms plan to hire for product manager roles over the next 12 months.

Though stronger market performance in the first half of 2023 has increased revenue relative to 2022, the economic and market outlook remains ambiguous, so hiring activity across the asset management industry is likely to remain subdued. After expanding during the pandemic, slower hiring over the past year resulted in smaller product groups, on average, in 2023 relative to 2022 and 2021. That said, as firms continue to expand into new products and asset classes, product groups are likely to remain larger than they were pre-pandemic.

Product groups are a key player in carrying out the strategic plans of the firm at a time when product stagnation and failure to evolve with the changing distribution landscape are not options. Fewer organizational barriers and more efficient use of resources do not mean that asset managers are in the position to shrink their product groups; it just means they are trying to get more done with the personnel they already employ.

### Exhibit – Staff Changes



\*Product Leader, Head of Product Management, Head of Product Development

\*\*Senior Product Manager, Product Manager, and Junior Product Manager

Source: FUSE Product Survey, 2023



## Service & Pricing

FUSE's mission is to deliver actionable, practical recommendations that are customized to each client's business situation. Our BenchMark series studies are far more than a "data dump" of statistics and general trends. When you purchase a BenchMark series study, FUSE will provide ongoing support and periodic updates to help ensure that our research will have a longer shelf life than similar studies available in the marketplace.

## About FUSE Research Network, LLC

FUSE was launched in 2008 to deliver tactical decision support that improves the effectiveness of the sales, national accounts, marketing, and product functions at investment management firms. To deliver on its unique value proposition, FUSE has built a decision support team that is unparalleled in its ability to deliver practical and actionable guidance in response to client challenges. By carefully cultivating a network of industry contacts from all facets of the business, FUSE is able to deliver solutions that go well beyond traditional business intelligence offerings.

FOR MORE  
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