

Building client advocacy

New opportunities for wealth management firms

Ask a relationship manager or private banker about the importance of being client focused, and they will likely respond that it's in their DNA. Yet according to our new research, three out of five clients (57 percent) are not advocates of their wealth management firms. This finding illuminates a troubling statistic in an industry known for its service excellence. At the same time, we believe there is a tremendous opportunity for wealth management firms to strategically use client attitudinal information to target and improve high-impact service interactions. Firms that get it right can strengthen client loyalty, increase wallet share and significantly improve overall business performance.

The business of wealth management is attractive for financial institutions that can get the formula right. However, recognizing the complex needs of wealth management clients is just the beginning. While product strategies are critical in building a wealth management business, even the most sophisticated wealth management product and service suites are easy to replicate. The battlefield then becomes the attitudes and feelings a client has toward the firm and how well the institution can influence that mind-set in concert with its advisors.

Wealth management firms thus find themselves asking tough questions:

- We know we want to capture a greater share of wallet, so how do we get our wealth management clients to trust us more?

- Our wealth management offering is very competitive, but how do we differentiate ourselves in the minds of our clients?
- How do we get our clients to recommend us to their high-net-worth peers and colleagues?
- How can our firm prioritize all of the projects we've identified to improve the client experience?

The difficult answers to these questions often reveal shortcomings in terms of how well wealth management firms understand their clients.

A new approach is needed – one that can shed light on why some clients are “advocates” of their wealth managers, while others are not. The potential upside to a firm is compelling: more than half of all advocates concentrate their assets

with one provider, they recommend their firm to their friends, families and peers, and they are less likely to move their assets to competing firms. Yet according to our new study based on a survey of more than 1,300 high-net-worth individuals, the majority (57 percent) of clients are not advocates of their primary wealth management providers. This presents an enormous opportunity for progressive firms to make significant competitive strides.

Understanding who is an advocate and why or how they become one is the first step. Firms will then need to take that insight and apply it to their client-facing operations, product sets and channel strategies. Key opportunities include:

- Converting clients into advocates by strengthening staff dialogues with clients, increasing collaboration and enhancing staff retention.
- Building a client-experience analytics capability that enables the organization to better understand client attitudes and perspectives regarding key interactions.
- Refining operating models to address service deficiencies and better satisfy target client segments by offering consistent, high-quality experiences across channels.



Most important, firms will need to partner with their advisors to foster advocacy among their clients. Successful firms will enhance their brand proposition and create a distinct and sustainable competitive differentiator in this extremely competitive space – ultimately becoming customer focused enterprises.

Understanding advocacy will allow wealth management companies to:

- Understand their advocates, how to define them and create richer and more engaging relationships with them
- Pursue revenue opportunities
- Determine where investments in human capital will pay the greatest returns and align services to client value
- Adjust operating models to build advocacy.

Conclusion

As with all industrywide challenges, each firm must understand, evaluate and act upon its unique client and operational situations. A valuable starting point can be to develop an advocacy metric program that enables the organization to take a new view of client advocacy and use it as a multipurpose tool. We strongly believe that firms that create a compelling client experience can have a distinct and more sustainable competitive advantage.

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- **Selected CRM Solutions:** Advisory services include Customer Focused Strategy and Roadmap, Sales Transformation Diagnostic, Service Transformation Diagnostic, Customer Intelligence Diagnostic, Business Process Management Strategy and Roadmap, and Digital Channel Transformation

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