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Private Client 2020: The Road Ahead—Capitalizing On Disruption

APRIL 27, 2018 • ANDY DAVIDSON, STEVE GRESHAM AND ROHIT MAHNA

Editor's Note: This is the second article in a two-part series about the transformation of the client and advisor experience.

Amidst disruption some firms have begun experimenting with new types of private client experiences. In addition, well-established retail banks are launching new wealth management offerings, such as hybrid robo-advice, and are even publicly stating the “enormous opportunity” in the industry (Correia, Margarida. "Citizens Wealth Management Chases Mass-affluent Business." Bank Investment Consultant. SourceMedia, 09 Aug. 2016. Web. 15 May 2017).

Implications for advisors and their firms portend more opportunity. Independent of your place on the *Private Client Intelligent Experience Maturity Model*, five factors contribute to realizing your full potential:

1. Disruption Demands New Leadership And A Longer View.

Begin your transformation journey with active participation and endorsement from leadership. Executive commitment demonstrates the priority to staff and to customers that you are committed to serving their needs, and improving their experience with you. Transformation begins with ruthless candor about your current experience. Given the pace of change needed to stay competitive, firms need to delight clients and customers and worry less about competitors who may not be keeping up.



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2. Identify Your Value.

Create a business case that demonstrates the value of transformation—the endgame client experience benefits that clients will seek out and buy. Keep performance measures simple, well-defined and aligned with your top- and bottom-line priorities. A well-known business consultant said recently that current state KPIs (key performance indicators) have “imprisoned” companies—preventing the innovation needed to delight clients in a more competitive marketplace. A strong value case will keep your transformation in the forefront of your business strategy and position you well for lasting, profitable growth. Keep an eye on “community” as a draw for both employees and clients as both constituencies increasingly appreciate the reputation of their company.

3. Don't Forget Change Management.

70 percent of transformations fail because firms have not paid enough attention to the impact of change on their people (Gilbert, Filip, and Lara Lorthois. "Demystifying Change Management." Deloitte (2016): n. pag. Web. 15 May 2017). Staff—and customers—embrace change when it makes their lives easier and provides them value that they have not otherwise been able to achieve. Transformation usually requires investment in skills and capabilities that firms have not previously required. Assess your skills needs, invest in acquiring these skills with temporary or permanent staff. Support your staff and customers with communication, training, and making their lives easier from the beginning.

4. Disruption Requires Guides And Partnerships.

The pace of technological change and diversity of choice expands every day. Ensure that you trust the technology platform to adapt flexibly to changing business needs, and allows you to address—and create—innovations that one cannot even imagine. The aging baby boomer clientele has increased service requirements. The total demand exceeds the capacity of client-facing human



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resources. Much like the challenge to personal health care providers, advisors and their firms will increasingly seek digital solutions for services now delivered by humans. Client self-actualization will grow as the industry and its technology partners create easier and more convenient self-service for common processes. Tech companies serve other consumer industries pacing rapid change—and are resources for guiding innovation and customer service improvements.

5. Launch And Learn.

Winston Churchill said, "Perfection is the enemy of progress". Successful transformations depend upon continuous feedback about innovation once it is put into practice. Firms that wait for "big bang" or "cleaning up all of our data first" miss the mark on timing, business value, cost and ease of use. Commit to a platform that can support an agile approach to rolling out new capabilities in manageable phases: small steps begin long journeys.

This series has presented just a few of the key themes that continue to disrupt financial advisory and the future of private client advice. Successful firms will apply technology intelligently and continue to listen to their clients to what Charley Ellis has called "values discovery": the process of determining each client's realistic objectives with respect to various factors—including wealth, income, time horizon, age, obligations and responsibilities, investment knowledge, and personal financial history—and designing the appropriate strategy.

With this combination, private client experience will innovate and advance in ways we have yet to imagine: a bright future for creation of new wealth, and "an admirable way forward that would inspire client loyalty—with all the attendant long-term economic benefits—and would provide practitioners with deep



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professional satisfaction.” (Charles D. Ellis, “The Rise and Fall of Performance Investing”, Financial Analysts Journal Volume 70, Number 4, 2014 CFA Institute)

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