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It's Time for Leadership, Not Just Innovation

Tech innovation is the easy part — the real challenge is driving adoption

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By Steve Gresham

A tired bull market and the demographic age wave are converging on the advice industry. The implications demand much of leaders whose skills may be rusty — or outdated.

Humans have a tendency to think short term. Nobel laureate Daniel Kahneman writes of our penchant for "narrow framing." We often mistake behavioral blips as "trends" and fire up our social media to declare the next Big Thing. No wonder we are exhausted and stressed — everything's important!

The really big wave powering our economy for the past 40 years was driven by a surging post-World War II demographic within a historically peaceful global conditions. Creative human energy freed from the distractions of fighting each other resulted in remarkable progress. And the U.S. certainly took advantage of that, followed quickly by Japan and now by China. The economy needed less "management" and more leadership.

Because we love short-term thinking, "leadership" often gets confused with tactical decision-making. Leadership is really about authenticity and strategy — and the persistence required to carry that strategy through to its completion. A legion of fintech entrepreneurs are learning the hard way that technical innovation is the easy part — the real challenge is driving adoption. Billions are spent upgrading systems with no effective plan for making sure the investments are integrated.

Less "innovation" and more leadership

Unless you think the bull keeps running and clients stop aging, get ready to step up. There is a new wave breaking on the shores of the financial advice industry that has been building for years. The true disruption is not man-made fintech, it is Mother Nature-made demographics and human behavior.



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The iPhone and iPad are popular because they are easy to use for both young and old consumers. And they don't have owners manuals! Personal finance has a long way to go to match that level of simplicity.

Leadership to-do list

These trends are the slow rollers for next several years and will not be resolved in any short-term scenario. We will talk more about them, the leadership needed to overcome their challenge — and the opportunities that result. My contribution to the InvestmentNews effort around The Future of Financial Advice is the prioritization of leadership:

1. Wealth management is planning, not just investments, and relationships, not just reviews. What does your firm really do, and how many of your clients get the full experience? What would the clients say you do?
2. Technology's disruption of advice has only just begun and will accelerate. So what is your process for determining what tech you need, what it should do, how it will be selected, how it will be adopted, how you will measure its success, how you will upgrade it and how you will know when to replace it? Who makes those decisions?
3. Clients' best interests are already their expectation — don't wait for regulators to force a fiduciary standard or to do the right thing. A culture of compliance is not a business buzzkill, it fulfills the promise made to clients by a company truly dedicated to their success.
4. You must be able to articulate your unique value and your differentiation versus competitors, and defend your pricing.
5. You must know how you will be paid by clients over the next three to five years, while you co-exist with free trades, free beta, subscription deals and hourly fees.
6. The wealth management client is not a person, it is a household, typically of three generations, and the most important influencer is a mature woman.
7. Seventy-five is the new 65. With 9,000 baby boomers turning 75 every day and still carrying the profits of the industry with them, the most profitable role for an advisory firm is no longer getting people to retirement, it is getting them through it.