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# Your high-net-worth client strategy

It's what *they* want, not what you know.

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# A guide to this paper

## SEI FINANCIAL ADVISOR SURVEY

We have incorporated the 375 responses to our 2018 SEI Advisor Online Survey, conducted in July 2018 to better understand how advisors target, attract and serve high-net-worth clients.

## HIGH-NET-WORTH INVESTOR SURVEY

SEI, strategically partnered with Phoenix Marketing International, surveyed 957 affluent U.S. households to learn more about how their investment accounts are serviced, the type and frequency of communication with the investor and opinions of the advisor. For this paper, we focus exclusively on the responses from 347 high-net-worth investor households with \$1,000,000 - \$4,999,999 in investable assets. We further categorized investors by their satisfaction levels with their primary advisor. **Satisfied Investors** scored the advisor a 6 or 7 on a 7-point scale.

## SUCCESSFUL HIGH-NET-WORTH CLIENT ADVISORS WEIGH IN

We spoke to four highly regarded advisory firms to learn firsthand how they service high-net-worth clients. Throughout this paper, their thoughts and comments serve to complement our research findings and demonstrate how they deliver an exceptional client experience.

**Richard J. Busillo**, Chairman and CEO of RTD Financial Advisors, Inc., headquartered in Philadelphia, with additional Pennsylvania satellite offices in West Chester and Johnstown, as well as New Jersey and Georgia

**Lisa A.K. Kirchenbauer**, CFP®, RLP®, Certified Financial Transitionist®, President of Omega Wealth Management

**Diahann W. Lassus**, CFP®, CPA/PFS, President and Co-Founder of Lassus Wherley, a Subsidiary of Peapack-Gladstone Bank and wealth management firm with offices in New Providence, NJ and Bonita Springs, FL

**Mitch Martin**, President and CEO, and **Tyler Martin**, CFP®, Director of Financial Planning, for Nashville-based Stonebridge Wealth Management

## Introduction

**When was the last time you were truly delighted by a service experience?**

As consumers, we all relish great service—whether at our favorite coffee bar, hair salon or restaurant. Positive experiences convert us into loyal customers. And we tell others.

If you've had the privilege of staying at a Ritz Carlton property, no doubt you were impressed—especially on your second visit when they welcomed you back. They're so good at service, they sell it in the form of training programs for other organizations. For years, the Ritz-Carlton Leadership Center<sup>1</sup> has refined its Gold Standards service model to help others improve customer engagement.

Service quality frontrunners, like Porsche and Nordstrom, also know that catering to customers, and consistently delivering an exceptional, personal experience makes for good business. The concierge physician service model offers a timely and relevant parallel for the advice industry. By charging an annual fee and restricting their patient load, physicians deliver highly personalized medical care—unheard of in traditional channels—like same-day appointments, preventive and wellness care, and fast, 24/7 response times.

In the advisory business, high-net-worth (HNW) clients expect exceptional service in many facets of their lives. Yet there is no standard for what constitutes exceptional service in the advisory service industry.

In this paper, we share our proprietary research about what HNW investors expect from their financial advisors and offer a definition that exceeds vague industry jargon. Our focus excludes multi-family offices, which tend to serve ultra-high-net-worth families, and are more closely related to private wealth management practices.

Participants in our advisor survey primarily serve the Emerging and Mass Affluent market segments (\$125,000 to \$250,000 and \$250,000 to \$999,000 in investable assets, respectively). Just under one-third of respondents' current client base (28%), meets our definition of a high-net-worth advisor.

Guided by our research insights, we discover that trust—rooted in tailored, highly personal service—is the currency of success for advisors serving the often-elusive high-net-worth market segment.

## Terms of the trade

### What is a high-net-worth investor?

For purposes of our research and this paper, we define HNW investors as those households with \$1,000,000 - \$4,999,000 in investable assets.

### What is a HNW advisor?

Many advisors aspire to be, or think of themselves as HNW advisors, but we qualify true HNW advisors as those whose client base comprises predominantly (70%+) of households with \$1,000,000 or more in investable assets.

### What is the “Platinum Rule of Advisor Service?”

We define this high level of service as being 100% focused on the client. It means learning everything you can about your client so you can exceed their expectations and anticipate their needs. It's possible only when you ask clients up front what they expect. It is achieved by listening, understanding and executing. The best advisors constantly look for ways to reduce sources of frustration and capitalize on opportunities to improve the experience.

### The Platinum Rule of Advisor Service is also:

- › **Personal:** Communications and advice that are customized and thoughtful; e.g., client calls don't go to voicemail, no generic email or marketing mailings
- › **Highly responsive:** Immediate recognition of calls or inquiries—even if you don't know the answer
- › **Empathetic:** Deep understanding of the client's feelings and concerns
- › **Error-free:** Zero tolerance for errors of any kind
- › **Consistent:** Every client interaction met by the highest standard of excellence
- › **Complete:** Non-negotiable follow up/follow through; all commitments pursued to conclusion
- › **“Wow-able:”** Going above and beyond what is expected; delivering a level of service that surprises clients in the best possible way

### Seize the opportunity of the sizeable HNW market<sup>2</sup>

- › The global volume of net investable assets of high-net-worth individuals (HNWI+) will increase by about 25% to almost \$70 trillion USD by 2021.
- › Holistic wealth management will emerge as a new kind of digitalized business model. Holistic wealth managers are expected to gain a market share of 30% by 2025.
- › Wealth managers with traditional business models will largely disappear from the market as a result.

## Meet four of the industry's most successful advisors who cater to high-net-worth investors



### Diahann W. Lassus

CFP®, CPA/PFS, President and co-founder

**Company:** Lassus Wherley, established in 1985 and joined Peapack-Gladstone Bank as a Subsidiary September, 2018

**Location:** Headquarters in New Jersey with a branch office in Southwest Florida

**Structure:** Wealth management firm with 20 people in two offices

**Clients:** 344; average tenure of clients is 13 years, including their first client, who has been with the firm since day one; average client size \$1.6 to \$2.3 million (as of 11/19/18)

**Niche:** Corporate executives, women entrepreneurs, inherited wealth and wealth builders

"We were early financial planning adopters and one of the first women-owned fee-only firms. We've been putting our clients' interests first since day one. We've never sold products; we've always been fiduciaries, and clients pay our annual fees in a very transparent arrangement. The services we provide are both broad and deep, and all are tailored to the needs of each client. We offer tax, trust and financial services, financial planning and investment management, as well as family office services, including bill-pay services. Each client has two advisors assigned on the primary team, and in some cases, a CPA. We also assign an operations team member to the client service team."



### Mitch Martin, President and CEO

Tyler Martin, CFP®, Director of Financial Planning

**Company:** Stonebridge Wealth Management, established in 2002

**Location:** Nashville, TN

**Structure:** Independent, fee-only wealth management firm

**Clients:** 86 family groups with about \$100 million in AUM; average tenure, nearly 7 years (as of 11/21/18)

**Niche:** High-profile clients in the arts, entertainment and professional sports

"We built our firm from the ground up expressly to meet the distinct needs of high-profile clients. Our niche means that we've had to adapt our processes to account for unique assets that most financial advisors never experience, such as music catalogs, copyrights and other esoteric assets on their balance sheets. What's truly different about our firm is that we ultimately serve two clients. We have to build and maintain trust with the client as well as with his or her business manager, agent or attorney, the true gatekeepers of these relationships."





## Richard J. Busillo

CFP®, AIF®, RPA, Chairman and CEO

**Company:** RTD Financial Advisors, established in 1983

**Location:** Headquartered in Philadelphia, with additional Pennsylvania satellite offices in West Chester and Johnstown, as well as New Jersey and Georgia

**Structure:** Independent RIA and a Financial Life Planning® services pioneer

**Clients:** 500; average account size of HNW individuals, \$2.5 - \$5 million (as of 11/20/18); we also work with plan sponsors to manage their 401(k) or cash balance plans and non-profit institutions

**Niche:** Business owners, professionals and corporate executives

“We are celebrating our 35th anniversary as a comprehensive financial planning firm with strong tax and business succession expertise. We use a financial life planning approach—and require each client to complete a comprehensive plan. As an RIA, we also manage assets as fiduciaries. We have a flat-fee arrangement, based on a proprietary calculation of liquid net worth that is reviewed every three years. The only income we ever earn is the revenue from clients’ fees. As one of the earliest adopters, our value proposition revolves around the concept of financial life planning. What’s different is that our first meeting is not the data gathering process—we save that for later. Our first meeting is to learn everything we can about our clients and to help them visualize what their future looks like.”



## Lisa A.K. Kirchenbauer

CFP®, RLP®, Certified Financial Transitionist®, President

**Company:** Omega Wealth Management, established in 1999

**Location:** Arlington, VA

**Structure:** Independent, fee-only fiduciary life/wealth advisor

**Clients:** The majority of our clients are in the Washington, D.C. area, but we don’t have any geographic limits; 88 clients, with average tenure of 12 years; largest share are HNW clients (as of 11/14/18)

**Niche:** Successful entrepreneurs and people in significant transition

“The work we do is financial life planning. What differentiates us is the approach we take, and the training we’ve had to explore our clients’ financial realities and the lives they long to live. Our ‘Omega Method’ is a financially effective and personally rewarding approach to creating viable, long-term financial life plans. We follow George Kinder’s EVOKE process—Exploration, Vision, Obstacles, Knowledge and Execution—and have implemented workflows for each of these processes. We also use the tools and training of the Financial Transitionist Institute with our clients in significant life/financial transitions. As part of our onboarding process, we use the Kolbe assessment with every new client to help us get to know them better. It helps us understand how they make decisions and take action, as well as how they want us to communicate with them. We charge a minimal annual planning fee and a small AUM fee for clients who entrust their investment portfolios to us.”

# Clients, not advisors, define what great service is

Visit any advisor website and you'll find that virtually all claim to be committed to excellent service. Yet our research finds that financial advisors don't focus on what high-net-worth (HNW) clients want; they focus on what they know themselves. This can inhibit their ability to develop a fully trusting relationship. In HNW circles, service can vary from one client to another and shift over time. A couple may have met with you in your New Jersey office for 15 years. Now they want to meet with you near their second home, a thousand miles away. Some clients are more tech savvy than others. So, while texting may be a great way to communicate with some, others want a personal phone call or a video conference. Research shows that age is not the determining factor—personal preference is.

Suffice it to say that your high-net-worth clients may define great service differently than you do. In the digital age, it's also worth noting how much bad service can blemish your reputation. Dissatisfied customers are more likely to report bad service. In fact, Americans tell an average of 15 people about a poor service experience, versus the 11 people they'll tell about a good experience.<sup>3</sup> Research also suggests we heed negative reviews more than positive ones.<sup>4</sup>

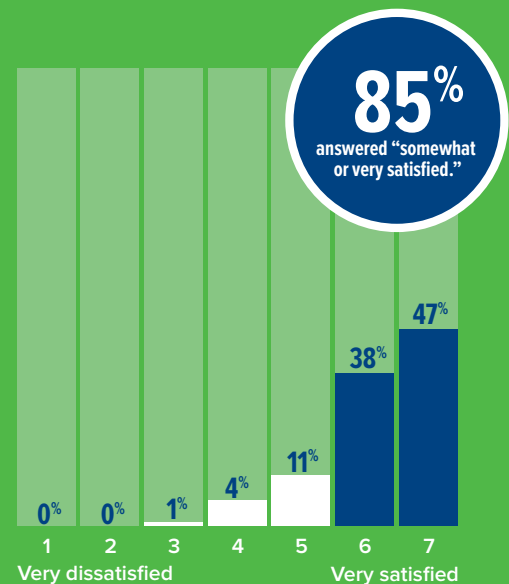
## Satisfaction with primary advisor

One of the most promising insights from our survey is that most high-net-worth investors are satisfied with their primary advisor relationship. Nearly half, or 47%, are "very satisfied." Most (85%) rated their satisfaction with their advisor a 6 or 7.

Investors reveal that satisfaction is mostly driven by the qualitative (overall relationship, trustworthiness, honesty, dependability) aspects of the relationship. However, some quantitative, specifically investment performance, make the list. The qualitative features of the relationship they rank as highly valuable include:

- Personalized advice, unique to my situation
- Trustworthiness and transparency
- Consistent experience

These findings underscore the need to capitalize more on strategic partnerships to tackle some of the administrative, investment and client support functions. Doing so can enable you to focus on what your HNW clients value most: the personal interaction with you. As for delivering a consistent experience that clients value, standard, efficient workflows can be a necessity.



Source: SEI Consumer research, in partnership with Phoenix Marketing International, May 2018, n=263; Using a 7-point scale, where "7" means "Very Satisfied" and "1" means "Very Dissatisfied."



## Lisa Kirchenbauer weighs in:

What's been most critical for all of us interacting with our HNW clients is our CRM. It's vital. We document every meeting. We document phone calls. We assign tasks and continue to finetune our workflows. The coplanning work we do with clients would be impossible without MoneyGuidePro®, and we are implementing eMoney to securely upload documents. As part of our onboarding process, we use a communications preference tool from the Financial Transitionist Institute and the Kolbe Corp. Indexes/Instinct Assessment tool. The key is, get to know your client better. Do some entry level financial life planning training; find some tools that you can use that will really help you. I don't mean risk tolerance tools. I mean really start to understand what the client's values are, what's most important to them, what really matters. Clients really appreciate that. Every advisor is going to be different as far as how they do that in an authentic way. In this day and age, people want personalization. At the same time, we're running firms where we need to be able to streamline and scale. You've got to be thinking about how you can implement smart workflows and processes so that you have the space to personalize the experience for each client.

We asked advisors, “What is the most important reason for your client’s level of satisfaction or dissatisfaction?” We asked investors a similar question. Advisors ranked the top three contributors to client satisfaction as: 1 - trustworthiness and dependability; 2 - ability to resolve problems; and 3 - overall relationship. Investors’ top three reasons were overall relationship; trustworthiness and honesty; and investment performance. Not surprisingly, investor research shows a strong correlation with advisor satisfaction and returns on investments. It’s important to note, however, that most high-net-worth investors have enjoyed robust returns over the past decade. Satisfaction rankings could be different in a bear market.

## Trouble ahead? When “satisfied” isn’t enough

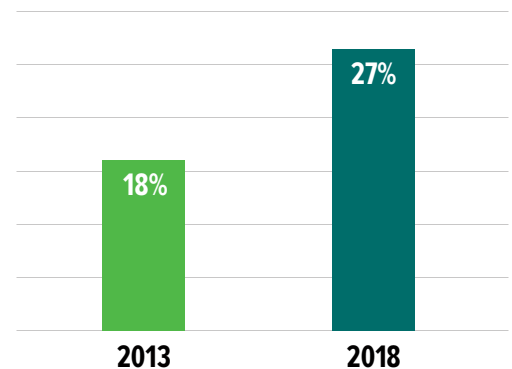
Satisfaction alone, though, may not be reason enough for investors to stay with their current advisor. The high-end customer experience agency, Albatross CX, observes that mere satisfaction is not a point of differentiation and does not create either loyalty or advocacy. They insist it takes meaningful and memorable experiences to build a relationship with this market segment, not “satisfying” ones. “Don’t think about how to satisfy customers. Think about how to engage them by building emotional connections.”<sup>5</sup> It’s crucial to dig beneath the surface of satisfaction to understand customer experience, discover the most essential customer profiles and learn what drives their happiness.

Our industry has tracked investor loyalty for decades. Most advisors know that their clients have relationships with other advisors. But consider that high-net-worth clients who consult with four or more institutions for personal financial guidance has grown by more than 30% in the last five years.<sup>6</sup>

While investors believe the value of advice outweighs the cost of the advice—and our survey participants acknowledged that—they would check with their current advisor when looking for a new product/ service. This product conversation opens the door for you to deepen your relationship.

### HNW clients consulting with four or more institutions for personal financial guidance

Percentage of HNW clients, Global, 2013 Versus 2018




n=408 (2013); 346 (2018)

Source: CEB 2013 and 2018 Client Experience Surveys.

# What causes clients to work with multiple advisors?<sup>7</sup>

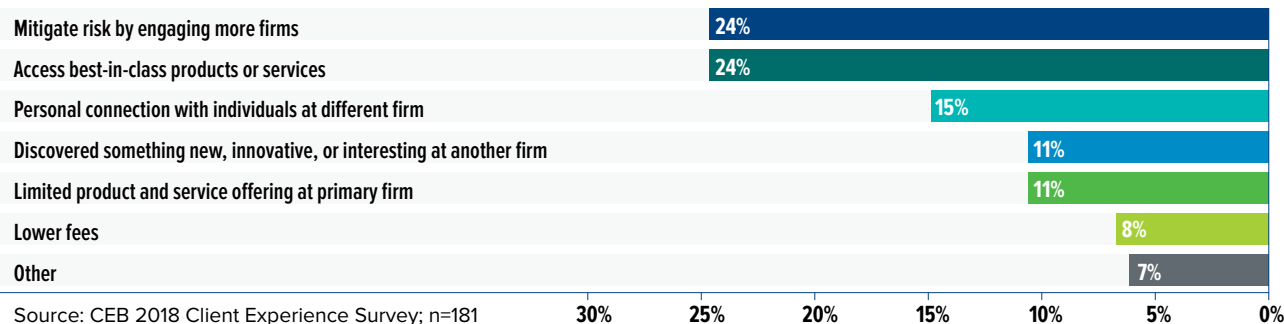
More important, how can you stop your clients from leaving? Here are some warning signs to watch for, and some potential solutions.


 **The first red flag** finding from our research is that about one-fourth (24%) of all respondents cite risk as a reason to work with multiple firms; many also cite access to best-in-class or innovative investment opportunities, while just 8% cited lower fees.

You need both knowledge and professionalism to oversee the multi-dimensional aspects of an affluent client’s financial affairs. “The days of one-dimensional investment advice are over.”<sup>8</sup> To effectively serve HNW investors, you can’t do it all; you can’t be a do-it-yourself portfolio manager with a limited product or service offering. You need to be innovative. You have to offer the broadest solution suite possible. That’s why outsourcing makes sense. **You become the gatekeeper, not the manufacturer; the quarterback, not the salesperson.**

## Reasons to work with multiple wealth management firms

Percentage of HNW clients working with two or more firms, Global, 2018



 **The second red-flag finding** shows that clients think about moving their accounts once they achieve what they consider to be significant assets—enough wealth that requires more complex solutions.<sup>8</sup> When HNW investors who recently switched advisors were asked, “What prompted your search for your current financial advisor?” nearly half (43%) cited they had accumulated enough assets; another 24% attributed the switch to a financial event. **You may think you have a high client retention rate, but our research reveals that your clients could easily be thinking about leaving.**

# What high-net-worth investors want

Our research<sup>9</sup> finds that HNW investors and advisors share similar goals. Investors seek to grow or preserve wealth, while advisors expect account values or wallet share to grow. And while each benefits from working together, the investor ultimately has to trust the advisor for the relationship to succeed. The advisor's business-owner mindset tends to focus on increased control and time savings, but these priorities must be balanced with tailoring meaningful interactions with HNW clients. Our research shows that investor trust and the perception of relationship value build on five essential ingredients: flexibility, relevance, transparency, simplicity and guidance.

## Mitch Martin weighs in

We have a client who works for the NFL who's been with us for over a decade. I remember when we met for the first time, and I asked him what I ask of all new clients. "For this relationship to be successful and meaningful to you, what has to happen?" He looked at me and said, "Mitch, I have the same expectations of you that my tight-end coach has of me on the field. If the ball is thrown, you're going to catch it. If we need to make a big play, I expect you to make it happen. You may have to play hurt; I expect that of you, too."

## What investors want from their financial advisors



## The trust factor

We call it the "Platinum Rule"—treating clients as they wish to be treated—an interpretation of the traditional "Golden Rule" (treat others as you would like to be treated). Our research shows that the key to unlocking success with this client segment, above all, is trust. It is a keystone that investors value to sustain a productive relationship with their advisor.

In the digital age, trust is harder to earn and sustain. The 2018 Edelman Trust Barometer<sup>10</sup> released in May 2018, reveals that "trust in the U.S. has suffered the largest ever recorded drop in the survey's history among the general population." While the advice industry is by no means singled out, many financial advisors and institutions contend with the notion routinely. Even if a business has not been directly involved in an issue, trust in the "many" can be tarred by the behavior of "the few."

People are skeptical; you need to demonstrate your trustworthiness in every interaction and transaction while showing that you understand what clients want out of your relationship with them.

## Most valued advisor attributes

Percentage of HNW clients, global, 2018



Source: CEB 2018 Client Experience Survey; n=253

## Value of an advisor who personalizes advice

63%

High to very high value

1%

Unsure

37%

Very low to moderate value

Source: CEB 2018 Client Experience Survey; n=253; Total does not equal 100% due to rounding.

### Lisa Kirchenbauer weighs in

HNW client accounts have a lot of moving parts that force us to think about how best to coordinate advice. When they need cash, we need to be thinking about which account, what's the tax impact, do we need to involve the CPA, because maybe that impacts their advice. There's a lot going on. Maybe they're moving and retiring. It's complex. It involves multiple financial planning issues and multiple advisors who need to be in the loop (e.g., accountant, estate attorney, mortgage broker, insurance agent, etc.). That coordination for some of our clients can be very challenging.

We have scheduled cycles for our "Platinum Clients" to help us, and them, stay on top of everything. For example, this meeting cycle, we're analyzing clients' insurance coverage—term, life, property. We are proactive, which helps our clients be better prepared. We help them stay grounded. If you want to work with high-net-worth clients, it's not enough to just be an investment specialist. You're going to have to be a financial planner. You have to be sensitive to tax, estate and legacy planning to compete. There are too many alternatives available to HNW investors to not offer the full spectrum.



# How trust evolves

How to attain high-net-worth investors' trust

A client can engage at any stage, but when you move beyond investment management, greater engagement through financial planning can open doors to increased wallet share and multi-generational conversations with family members.

## Multi-generational Planning

Deep connection with traditional plus generational, business and philanthropic planning.

## Advice

Traditional, holistic and complete life and investment planning

## Project management

Asset allocation advice, rollovers, infrequent relationship, segmented or modular planning

## Transactional

Product-driven, money in-money out, limited interaction

## IMPORTANT

If you fail to establish trust at any level, the relationship can collapse—you may not get a second chance.

Trust in advisor character

Trust in advisor communications

Trust in advisor capabilities

Ultimate trust—Confidence to refer others

## TRUST deepens

Trust can evolve over time from a simple transaction to more meaningful engagement as confidence deepens.

## Richard Busillo weighs in

Clients start to trust you when they experience your behavior. It starts at the very beginning and is reinforced throughout our relationship. Our first core value is “clients always come first.” Clients get to know how that translates in terms of our recommendations, the things that we do for them, and how we do those things. They get a sense early on that this is all about them, and very little about us.

Also important when discussing client trust in their advisors: 44% of HNW investors trust their advisors enough to take their guidance at face value. Only 26% feel they are getting enough information from their advisor to accept their recommendation.

- Advisors overwhelmingly agree (91%) that trustworthiness and transparency are important characteristics to their high-net-worth clients. You need to ask yourself “What are we doing to create and strengthen trust?”
- An overwhelming majority (84%) of our advisor survey participants also believe their clients would recommend them to a friend or family.

## Diahann Lassus weighs in:

To earn that trust over time, you have to explain exactly what you’re going to do for them and then deliver it. What high-net-worth clients want is absolute responsiveness. If a client calls and has an issue, we deal with it now. If the team leader isn’t available, other client team members will respond. Every client is a client of the firm and each of us is responsible for making sure their needs are met. They expect a quick response, and if they don’t get it, they feel like they’re not getting the level of service they deserve. Responsiveness in terms of reporting is another way to personalize service. For example, instead of just tracking market indexes, we create custom benchmarks that have real meaning for clients who need that additional information. Another example, a client decides to buy a co-op in New York or a home in Florida. Surprise! We get a phone call after they’ve made the offer, and have to figure it out. But that’s what we do, that’s the responsiveness that they’re looking for. They want a partner who can jump in and help them figure it out and help solve some of those challenges. We still have client number one; she’s in her 80s now and that’s our best story. That speaks volumes about trusting relationships.

## Trust is a pre-requisite of action

Reasons for taking action on advisor guidance



Source: CEB 2018 Client Experience Survey; n=229; This question was asked of clients who reported taking action on advisors' guidance at least a quarter of the time.



## Personalization and tailored communications help build trust

Our research substantiates that personalization—both in terms of the investment advice they receive as well as communications—is a significant success driver in the advisor-investor relationship. Your HNW clients reveal to you, in excruciating (and often humiliating) detail, all sorts of personal and financial specifics in the intimate discovery process. **More satisfied HNW investors find value in an advisor who provides personalized advice than in any other aspect of the advisor-investor relationship.**

### Lisa Kirchenbauer weighs in



Personalization is critical for high-net-worth clients. We survey our clients annually and ask them about their personal and financial goals for the year. We also ask for feedback about how we are doing, what they want us to focus on in the coming year, and what they really appreciate from us. We also update their personal profile and ask them to confirm how they want us to communicate with them, how they want to receive information, how they make decisions. We really tailor everything to what they need versus how we want to deliver it.

We can conclude that HNW investors appreciate tailored communications, and are turned off by routine mass communications. Satisfaction also peaks among high-net-worth investors when they receive personalized advice from the advisor.

In our research, we asked investors what were the most important features they received from their primary advisor. The top responses focused on communications: provide prompt follow up, maintain the right amount of contact, explain financial analysis in a clear manner, and keep an eye on the portfolio for problems or opportunities. At least 9 in 10 high-net-worth investors who are satisfied with their advisor (6, 7 on a scale of 7) are looking for advisors who communicate effectively and frequently. One way to make these clients happier is to tailor thoughtful and relevant communications for them.

### Richard Busillo weighs in



You can't personalize service without intimate knowledge. That's why we tell our clients not to bring anything to our first meeting. We're not going to look at any statements and we're not going to talk about money, investing or taxes. We tell them, "We're just going to focus on you. We want to learn who you are, how you feel about money, what your attitudes toward money are, what your goals are, your aspirations, your fears, your concerns." That's the first step in establishing trust and really getting to know our clients. Many things are standard for all clients, like our performance reports, for example. But we also know that some of our clients are much more analytical. One particular client wants to see his bond maturity every quarter—detailing every bond he owns, the maturity date, the CUSIP numbers—even though it's 14 pages.

# Make it personal

When asked if they receive from their primary advisor tailored communications that are specific to their needs and dealing with issues they face, high-net-worth investors reveal they do not receive such communications. Note that one sure way to improve HNW client satisfaction is to tailor communications to their unique needs and goals.

DANGER ZONE

DANGER ZONE

DANGER ZONE

DANGER ZONE

## Mass communications can be detrimental to your client relationships

**Imagine this scenario:** One of your clients has just spent a couple of hours with you going over options that best allow her to care for her elderly parents and send her high school-age children to college. She has been your client for many years and you've helped her map out a solution. Her stress level is high, but you reassure her that she's prepared.

She leaves your office exhausted and hungry, yet confident that she can succeed. When she pulls into her driveway, she gets an email notification. She pulls it up on her phone and it's from you. The subject line says, "Three things you need to do after having a baby." This email is not relevant to her life at all. You know that, but she's on your master mailing list. In a best case scenario, she rolls her eyes and deletes the email. But it's more likely that she will feel annoyed. She'll wonder if you just heard anything she just told you less than an hour before. You have negated the personalized experience you created for her. Will she ever read another email that comes from you? Be aware of the harm mass communications can cause. Don't be your own worst enemy.

DANGER ZONE

DANGER ZONE

DANGER ZONE

DANGER ZONE

If you're not sending personalized, tailored communications, why would a client think you are delivering personalized advice? A communication **is** advice; it's something that is worth their time to read and digest. If it isn't relevant to them and their situation, the trust in your advice will diminish. It also shows that you don't think your client's time is valuable.

### Mitch Martin weighs in

We make a habit of being disruptive. By that, we mean connecting personally with each client in ways that reflect thoughtfulness in our relationship. For example, we commissioned a Nashville firm to design a custom floral arrangement for us that's unlike anything you've ever seen. We call it "shock and awe," because it leaves an incredible impression when clients least expect it. In another example, we were working with a high-profile NFL coach who loved cheesecake. To acknowledge a career highlight, we sent him a chocolate cheesecake that was made especially for him by Carnegie Deli in New York. These disruptive moments reflect what we call our goals-based WonderLife® experience that can't be easily replicated.

We can see that communication is important in the relationship dynamic. However, advisors have work to do in this area. More than half (56%) of the advisors we surveyed do not differentiate service and communications across their client base. Just under half (47%) do not distinguish communications frequency by segment. Personalized communication can be an easy way to continuously prove your value.

# Knowledge sharing: Best practices for building trust and elevating service for HNW clients

## 1. Hone your niche and segment your clients

**Niches come in all sizes and shapes. The narrower, the better.**

- › Don't confuse a target market with a niche. Many advisors believe they're pursuing a niche, but in reality, it's a market segment. For example, "HNW investors with \$1 million in investable assets" is a target, but too broad to qualify as a niche. Middle-aged HNW investors with special needs children in your geographic area is a niche. That kind of focus enables you to specialize your expertise, your vocabulary and your relatability. More important, it brings what HNW investors want and what you know together in a credible and sincere way.
- › Our research reveals that only about a third (31%) of the advisors who participated in our survey service a niche. That means the other nearly 70% is scrambling to define their value proposition as a generalist.
- › Those survey participants who do serve a niche offered up a broad range of examples, such as police officers, employees of major companies in their area, investors interested in biblical responsible investing, and the military.

### **Mitch Martin weighs in**

We are a referral-only, holistic, goals-based wealth management firm. We serve the unique needs of high-profile clients in the arts, entertainment and professional sports, bridging career, financial and lifestyle objectives by helping them achieve their greatest potential artistically, creatively or athletically and enjoy the benefits and the opportunities of exceptional wealth. One of the things you'll learn about working with high-net-worth investors is that the client demands are unlike anything in the retail environment. Our business was built specifically to serve the center-of-influence community, including business managers, agents and entertainment lawyers and their high-profile celebrity clients. This wasn't a secondary consideration. Goals-based planning at the crossroads of fame and fortune is central to what we do; it is our value proposition.

### **Tyler Martin weighs in**

There's a high barrier to entry to serve our niche. In addition to earning the trust of the client, we first must earn the trust of their business managers, agents and entertainment lawyers. Our clients have assets that most financial advisors never experience, such as music catalogs, trademarks, royalties, participation arrangements and copyrights. We need the flexibility to be able to address those and account for them. If you're not differentiating yourself by providing a comprehensive solution to HNW clients, you're going to lose them. No longer is it just investment management; you won't get by on that alone.

## **Segment your clients**

- › Almost two-thirds (64%) of advisors who participated in our survey segment their clients. The criteria they use aren't surprising. Account size and willingness to refer like-minded investors are clearly chosen for the expediency of advisors—not their clients. Our 2018 advisor survey respondents rank the top three criteria for segmenting clients as: by AUM, by AUM plus past referrals and by revenue.
- › Traditional segmentation among advisors follows the alphabet—your A/B/C/D clients. But that approach won't advance your success with HNW clients, because it's not client-focused, it's advisor-based.
- › Fewer than 10% of advisors segment their clients by service offering, despite the findings of our investor research that show HNW clients want a different/higher level of service from their advisors. Segmentation by service also gives staff the ability to have more tailored and personal interactions with clients. It also gives them the opportunity to better anticipate client needs.

- › Our advisor survey finds that most (56%) do not distinguish service or communications across their customer base—a significant opportunity for advisors to better tailor their services for HNW investors.
- › Consider segmenting your clients by life stage or persona

## Diahann Lassus weighs in

We segment clients based on the services they need; in reality we deliver a high level of personal service to everyone. That's part of the challenge in this business—you become very connected to your clients. Our target clients are corporate executives and men and women with inherited wealth and net assets of \$2 million to \$20 million. Women entrepreneurs and single women compose a large percentage of our clients. We offer the full range of wealth management services—financial planning, investment management, tax, trust services and family office services. We launched our “Wealth Builder” program to attract younger clients who have high incomes but fewer assets to help them get started. The Wealth Builder services are not as complex as our wealth management program, but it has become a really fun and growing segment of our business. We look at those folks and we say, one, they need advice and guidance, and two, they're going to be the millionaires of the future. As planners, you need to plan for your business, too.

## Persona workbook

### How to Build Your Investor Personas: Workbook

A persona is a representation of your ideal client, and is invaluable in targeting segments and can use the persona to service your clients' personal needs, or market to investors who could benefit from your products and services. Use this template to create investor personas using the data from your bank. The list of demographics and psychographics in the left-hand column will get you started. You may want to add unique to your firm. Use the fields on the right to target identifying what your ideal client looks like. Once you've built the persona, give them a name and summarize their characteristics in the chart provided. A clear, memory-driven persona will become a valuable feature in your marketing toolbox.

#### 1. Let's start with the basics – Demographics

Age	
Gender	
Marital status	
Education level	
Occupation	
Estimated assets	

#### 2. Motivations

What are their primary challenges (e.g., getting into management college, saving for an aging parent, underfunded for retirement)?	
What does financial security look like to them?	
Is it easy for them to make decisions?	
Are they interested in details or just broad goals?	

## Start by crafting personas

- › Don't assume that all HNW clients are alike, or that they want to be serviced in the same manner. Personas are created through research, surveys and interviews of your target audience. That includes a mix of customers, prospects and those outside of your contact database who might align with your target audience.
- › These three hypothetical composite clients, or personas, help illustrate how you might develop a service model that meets the particular needs of very different high-net-worth clients. Each individual brings a distinct set of experience, goals, needs and expectations to your table.



**Dennis**  
an established investor

**Age:** 57

#### Observations:

- › Prefers mobile technology, but enjoys annual in-person meetings
- › When it comes to performance reporting, he wants as much detail as possible



**Dennis, Sr.**  
a retired entrepreneur and investor

**Age:** 78

#### Observations:

- › In the documentation phase
- › Favors more frequent contact
- › Prefers personal phone calls and in-person meetings



**Denise**  
a relatively new investor on the fast track

**Age:** 28

#### Observations:

- › Dependent on mobile technology
- › Runs a sales operation and travels extensively
- › Prefers meetings conducted virtually

## 2. Carefully craft your value proposition

We often write about the importance of a strong and clearly articulated value proposition. A value proposition is not a tagline or slogan, but it may inspire one. It is the essence of your value and should permeate your business and service model. It helps you articulate what that value is.

Your value proposition is about your client, not you. It should identify the clients you service, their obstacles, and what you do to serve them.

- The best value propositions are clear and concise. Try to condense your message into two sentences. They also should be:
  - **Distinctive** – They distinguish the value you offer vs. the value your client can't get elsewhere. Emphasize benefits, not features. Don't explain your investment process, explain what outcomes your client/prospect can expect—such as reduced costs and expenses, greater control of their financial life, greater convenience.
  - **Targeted** – Your value proposition should address the needs of your target market. What problems do they need to solve? What's not working for them?
  - **Measurable** – They deliver quantifiable outcomes and benefits and provide a reason for your prospect to take action now.
  - **Defendable** – They provide evidence to support your claims and help reduce your client's risk.
  - **Sustainable** – They stand the test of time and can be delivered consistently.
- Spend the necessary time and effort to craft a compelling value proposition, because it informs your firm's service, sales and marketing efforts. If you don't have the skillset, or if you don't have someone on staff to help you, get help from an experienced marketing professional. Your business partners, local chamber of commerce or business department of a local university also may be good sources.
- Use plain, simple language. There is no advantage to using industry-speak when you're talking to clients; keep your target client in mind and express your value proposition in terms and the emotional tone they can relate to.

### The value proposition formula

I/We specialize in [solution you deliver] for [ideal customer] who [needs help with the pressing problem you address.]

### 3. Assess and fine-tune your service model


Now that you know your niche/segments, persona and your value prop, you're primed to design a service model that will ultimately deliver your client experience. A part of that service model will be your communication strategy. Personalized communications are paramount.

Our research underscores the desire among high-net-worth clients that their financial advisor provide greater, deeper levels of personal service. Great service isn't what you think about your performance; it's about what your customer thinks about every interaction—with you and your team.

#### Specifically, HNW investors want their advisors to:

- › Provide a consistent service
- › Understand their financial needs and goals
- › Understand them and their family's situation
- › Collaborate on solutions to meet their needs
- › Propose customized solutions
- › Look at their entire financial situation
- › Provide clear meeting agendas and goals
- › Maintain the right amount of contact

#### Diahann Lassus weighs in



Technology has allowed us to elevate what we do for clients and to add value. When you can do things with technology at the basic level, your client-facing teams who are more highly trained add value at a whole different level. Our rebalancing systems let us sit down with clients and show them exactly what's happening. We also have software that allows us to generate reports or do cash flow analysis at a speed and accuracy level that wasn't possible 10 years ago. It has impacted our communications too, like texting and email. Video conferencing is also really good these days, and it makes it so easy to have a face-to-face conversation with a client across the country, because you have that connection that you don't really have over the telephone. Technology helps us communicate in a way that is tailored to each client's communication preference.

- › **Model your service processes as you do your investment process.** Firms that want to establish and nurture trust should focus on improving transparency. Just as you have painstakingly described and illustrated your investment process, commit the time to help HNW clients understand how your firm is organized to serve their needs.
- › **Be disciplined.** Outline all the steps—everything from how you greet customers when they visit your office, to how you answer the phone and record messages, to how you plan and prepare for meetings. **Build workflows** for these key steps to help ensure consistency across each experience. Share these steps/processes with your client so they know what to expect when interacting with your or your team.
- › Whom do I go to with a question? Who does what? It can sometimes feel like a black hole. **Those investors who are satisfied with their advisor are serviced by a fairly even distribution of servicing approaches.** The team approach among high-net-worth investors may not always be the way to manage HNW accounts. Our research shows that slightly more of the satisfied accountholders are serviced with the help of a junior advisor or a staff member (44%) versus the lone advisor (39%).
- › **Set expectations.** Let's face it, our industry is intimidating to many people. You have the opportunity to put clients at ease by setting expectations and clearly explaining how you'll make their financial life easier.



- › Transparency provides the opportunity to build deep trust between you and your client. It can alleviate anxiety for your client, for your team and ultimately for you. An established service model helps eliminate the need for them to worry or wonder. **Think of transparency as another service you can offer.** Pulling back the proverbial curtain can help you set expectations, reduce questions and build trust. If you provide transparency, your client will be more willing to be transparent with you.
- › Promote **transparency** between employees. Foster collaboration and teamwork.

## Richard Busillo weighs in

We have built a client service culture that replicates the best service role models—like Nordstrom, Four Seasons and the Ritz Carlton. In fact, many of our teams have been through the Ritz Carlton training program. We learn everything about our clients' preferences. Whether it's a deliverable or a communication preference; that they prefer to meet on Thursdays in the afternoon; that they prefer to meet at our New Jersey office; do they ask for tea with milk or decaf coffee with sugar on their first visit—we literally go that far. We populate our CRM with every possible thing we can put in there that is personalized to that client. We do our utmost to exceed our clients' service expectations day in and day out. Our motto at RTD, and it's central to all our firm meetings, is "Wow." We live for and strive for "Wow."

Achieving that level of service requires an investment in technology. It's really a game changer in two respects. From an internal perspective, our technology efficiencies make servicing our high-net-worth clients a lot more effective. From the outside, mobile technology, apps and portals are essential. High-net-worth clients really appreciate being able to see everything, like the last plan we ran for them, current values or specific reports. The dashboard makes it easy to navigate, but it's also mobile. Clients can sign in on their phone, tablet and computer. It's a big investment. But as CEO and someone very involved in the budgeting of the firm, I realize that it's a commitment you have to make. My other shareholders agree. We're making an investment in the business. It's mandatory in today's world.



## Key takeaways

The combination of our research, our 20

of insights from our investor  
18 SEI advisor survey and the best  
successful advisors have shared with  
guide for financial advisors who  
high-net-worth clients.

## 1. Create client journey maps for your client experience.

- › Understand the areas that can build trust in the client relationship
- › Look for bottlenecks and challenges from the client's point of view (using personas)
- › Review the map for opportunities to add “wow” service

## 2. Consider adding strategic partnerships

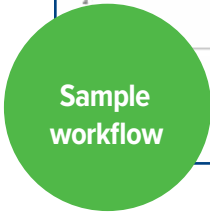
- › Clients perceive risk in DIY approach
- › Smaller firms may not be perceived as sufficiently capable of servicing larger clients
- › Strategists and centers-of-influence bring depth and diversification to your offering

### 3. Integrate systems for scale and accuracy

- › Building trust means doing things (including the little things) right every time
- › Workflows built into your CRM can provide consistency and avoid “dropped ball” syndrome
- › Integration allows for scale while still delivering customized advice

#### 4. Review personas, journey maps and workflows often

- › Help ensure consistent growth and attention to the client needs
- › Evolving clients may change, so keep up with them
- › Use surveys, focus groups, firm case studies to keep on top



## Wealth creates opportunity and complexity. Serving high-net-worth clients can be both challenging and rewarding. Their demands are taxing, their preferences varied and competition for their business is fierce.

Today's HNW clients want their financial lives to be understood deeply and managed holistically. Beyond mere asset selection or allocation, they want you to understand all their assets and their liabilities, their cash flow and spending habits, their tax situation, and their fears and aspirations. They want you to work with their accountant and estate planning attorney; they want to co-plan with you. **More than anything, they want to be able to trust you.** They want you to listen and be flexible and relevant; they want transparency and simplicity. High-net-worth clients want and need your guidance—they “expect a new breed of support, which is advisory rather than product-driven.” That means you need to ask deeper, better questions. You also need to clearly articulate your value proposition and define how you deliver comprehensive wealth management services that are highly personal, consistent and “wow-worthy.”

### About SEI

Now in its 50th year of business, SEI (NASDAQ:SEIC) is a leading global provider of investment processing, investment management, and investment operations solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of Sept. 30, 2018, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages, advises or administers \$920 billion in hedge, private equity, mutual fund and pooled or separately managed assets, including \$339 billion in assets under management and \$576 billion in client assets under administration. For more information, visit [seic.com](http://seic.com).

### About The SEI Advisor Network

The SEI Advisor Network, now Independent Advisor Solutions by SEI, provides independent financial advisors with wealth management services through outsourced investment strategies, administration and technology services, and practice management programs. It is through these services that SEI helps advisors save time, grow revenues, and differentiate themselves in the market. With a history of financial strength, stability, and transparency, the SEI Advisor Network has been serving the independent financial advisor market for more than 25 years, has 7,500 advisors who work with SEI, and \$67.1 billion in advisors' assets under management (as of Sept. 30, 2018). The SEI Advisor Network is a strategic business unit of SEI. For more information, visit [seic.com/advisors](http://seic.com/advisors).

### About John Anderson

John Anderson is the managing director of Practice Management Solutions for Independent Advisor Solutions by SEI. He is responsible for all programs focused on helping financial advisors grow their businesses, create efficiencies in their operations and differentiate their practices. John is frequently quoted in publications, such as *Investment News*, *Financial Planning* magazine and *The Wall Street Journal*, and is a frequent speaker at broker-dealer conferences, client seminars and other industry forums. He is also the lead author of SEI's practice management blog, Practically Speaking, found at [seic.com/practicallyspeaking](http://seic.com/practicallyspeaking). Alongside his practice management responsibilities, he also manages a team that provides investment research, case support and analysis to bolster the efforts of SEI's advisors.

### About Allie Carey

Allie Carey serves as the Director of Client Experience for Independent Advisor Solutions by SEI. She works closely with product managers to ensure the client is the center of each product design. She also leads new technology initiatives focused on enhancing the experience for the advisor and their client.

Contact an SEI representative for more information,  
insight and guidance about building trust and delighting  
existing and prospective high-net-worth clients.

**Visit [seic.com/advisors](https://seic.com/advisors)  
or call 888-734-2679.**

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<sup>1</sup>The Ritz Carlton Leadership Center, "Gold Standards" <http://ritzcarltonleadershipcenter.com/about-us/gold-standards/>. Accessed 10/9/18.

<sup>2</sup>EY Wealth Management Outlook 2018, page 3.

<sup>3</sup>American Express 2017 Customer Service Barometer Research; Consumer Cards & Services, U.S. December 15, 2017 ; #WellActually, Americans Say Customer Service is Better Than Ever <https://about.americanexpress.com/press-release/wellactually-americans-say-customer-service-better-ever>

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<sup>5</sup>"Three Reasons Customer Satisfaction is Not Enough," Albatross CX, 2014. <https://www.albatrosscx.com/en/three-reasons-customer-satisfaction-is-not-enough>.

<sup>6</sup>CEB The State of the High-Net-Worth Client in 2018, page 9.

<sup>7</sup>CEB 2018 Client Experience Survey, page 11.

<sup>8</sup>Oechsli, Matt. "What Triggers the Affluent to Replace Their Advisor," *WealthManagement.com*, May 03, 2018 <https://www.wealthmanagement.com/prospecting/what-triggers-affluent-replace-their-advisor>.

<sup>9</sup>2018 LiquidHub Study on Client Experience – exclusive for SEI

<sup>10</sup>"2018 Edelman Trust Barometer Reveals Record-Breaking Drop in Trust in the U.S." <https://www.edelman.com/news-awards/2018-edelman-trust-barometer-reveals-record-breaking-drop-trust-in-the-us>. Accessed 10/9/18.

*SEI Survey, HNW Service, July 2018, n=375*

*SEI Consumer research, in partnership with Phoenix Marketing International, May 2018, n=347 HNW Investors*

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*The types of investors have been categorized by SEI based on shared demographics we found meaningful to distinguish between from our study responses and are for illustration only.*

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