

EXECUTIVE SUMMARY

Boost Client Acquisition and Retention: Leveraging CRM for Growth

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KEY TAKEAWAYS

- By leveraging data, CRM provides the structure for today's advisors to focus on relationships.
- CRM technology is more accessible than ever, powering tangible and practical data-driven insights.
- Clients rarely leave advisors based on investment-related metrics.
- Advisors can manage costs by shifting time away from non-advisory activities and investing in engagement that matters to clients.
- Advisors can look to technology for efficient lead generation and to address the upcoming generational wealth transfer.
- CRM presents advisors with many practical uses.
- The right technology can enhance an advisor's value proposition.

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Boost Client Acquisition and Retention: Leveraging CRM for Growth

OVERVIEW

Advisors face a critical need to embrace new technology. Even as business growth is largely through referrals, online research and social channels play an important role. Robust CRM systems help advisors connect and leverage data to grow their business. The evidence shows that relationship building is critical for retaining and acquiring clients, and CRM solutions enable advisors to offer a tailored experience to clients and prospects at a cost-effective rate.

In addition, CRM solutions can help advisors shift time away from non-advisory administrative activities to focus on client-serving functions. It is vital for advisors to implement a technology strategy in order to be positioned for the upcoming generational wealth transfer.

CONTEXT

Industry leaders shared insights and practical uses of CRM focused on delivering personalized customer experiences to drive growth.

KEY TAKEAWAYS

By leveraging data, CRM provides the structure for today's advisors to focus on relationships.

Effective CRM relies on data to power its transformational abilities, to serve client retention, and to drive new growth. Through data, CRM enables advisors to target specific client segments and tailor the advisor's value proposition.

"The fundamental principle that has to be in place is that we have to have a lot of data centralized to be able to draw from."

James McClenahan, SS&C Salentica

As with other aspects of business, technology management should start with fundamentals like a market-leading platform. The technology can grow as the firm expands from its current client base.

In the current market, it is important for advisors to focus on relationships, and CRM provides a structure to do so. Wealth platforms serve the changing marketplace and shift the advisor's focus to *people*, providing a place to maintain and access the information that undergirds a great relationship.

Figure 1: Core functions of a CRM



CRM technology is more accessible than ever, powering tangible and practical data-driven insights.

A decade ago, CRM capabilities were limited to those who could invest in proprietary software. In contrast, today's businesses can invest in a platform and add apps to drive insights from structured data.

"The treasure trove of data advisors have is just an immense asset."

Tim Welsh, Nexus Strategy

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Key Data-Driven Insights	
Client preferences	Using data to personalize interactions can range from preferred modes of communication to the optimal personal interaction (e.g., preferred beverage). Client insights extend into the sell cycle and support client retention.
Segmenting and profiling	Different client demographics can materially impact the best way to serve them, such as print vs. digital media. For ultra-high-net-worth clients, it's especially valuable to extend across generations and into different parts of the family unit to manage the generational wealth transfer. Segmentation needs to work with profitability. The service is segmented to scale profitably and efficiently for the class of client.
Tailored experiences	Granular data allows for unique interactions with clients. Knowing what's important to a client means advisors can go from a generic holiday card to a meaningful donation on the client's behalf as a holiday gift, providing a differentiated experience. <i>"A helpful definition of client experience is literally every single touch point that you, your staff, your team, your brand online, and your presence have to that client or that prospect . . . it's all tied together."</i> - Kyle Fleming, SS&C Advent
Compliance monitoring	With the growing number of communications channels that advisors and clients use, compliance becomes more complicated. It's important to adopt a solution that allows for cost-effective compliance in this complex environment.
Improved decision making	Ultimately, having the right data in the right place improves decision making. Time-consuming activities can be automated.

Clients rarely leave advisors based on investment-related metrics.

Market data shows that clients leave advisors primarily because of the service they receive (or don't receive). Of course, it's important to provide sound financial advice, but understanding engagement provides advisors an opening to differentiate from their peers. It's easier than ever for clients to switch advisors.

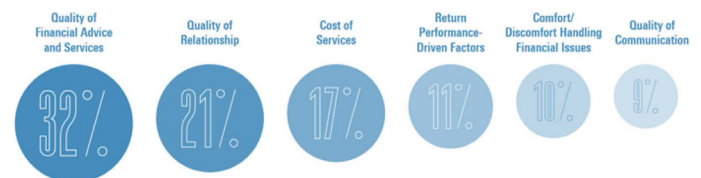
Moreover, when pursuing clients, the competition is no longer limited to a particular local market or region.

"Investment-related metrics are not very relevant to why clients are leaving their advisors on a day-to-day basis."

James McClenahan, SS&C Salentica

Advisors can demonstrate they are credible and professional but also that they communicate well and understand the client's preferences. Wealth management clients are looking for a level of service that is commensurate with what they get from platforms they encounter in other aspects of life. It's important to remember that retention is a crucial strategy for organic, net asset growth.

Figure 2: Engagement improves retention



Source: morningstar.com

Advisors can manage costs by shifting time away from non-advisory activities and investing in engagement that matters to clients.

Advisors tend to spend too much time on non-advisory activities, imposing a significant cost. In fact, relationship managers spend 60% to 70% of their time on non-advisory activities. Using technology and hiring talented people who are fluent in the technology can reduce that cost and deliver proactive service at scale. This can change the proportion of time an advisor devotes to growth by focusing on clients and prospects.

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Figure 3: Rebalancing the cost of advice

Advisory 30-40% Non-advisory 60-70%



Source: McKinsey interviews with private banking RMs, 2021

New competitors that use innovative business models to flip the ratio put a premium on addressing non-advisory time. Every advisor must be bold about their business model.

Spending time on client-impactful opportunities to retain and acquire revenue requires understanding what engagement is essential to the client for the investment in the client relationship to generate ROI.

“You find those areas within your business that make sense and you can be proactive . . . being able to do so at scale is going to require a healthy dose of technology.”

Tim Welsh, Nexus Strategy

Advisors can look to technology for efficient lead generation and to address the upcoming generational wealth transfer.

Wealth management is known as referral-based business, but the data shows a varied set of lead

channels. Centers of influence (COIs), including accountants, estate planning and financial attorneys, and other professionals, play a key role with potential clients.

Figure 4: Efficient lead generation

How Wealth Managers Sourced Their Best Five Clients

Concerns	<\$200K	\$200K-\$500K	>\$500K	Weighted Average
COI Referrals	24.4%	42.5%	86.2%	46.6%
Client Referrals	59.8%	46.7%	11.6%	43.0%
Seminars	9.8%	8.2%	1.1%	7.1%
Events	1.5%	2.1%	1.1%	1.7%

Source: fa-mag.com

Growth does not require a significant spend on digital marketing, but newer clients are likely to be mobile-first, rendering an online presence key to efficient lead generation. Social media can be an important new channel to drive brand COI and can be a cost-effective way to share a firm's value proposition. Continually reassessing channels, measuring ROI, and testing and iterating are all best practices.

The reality is the demographics of wealth are changing, both through generational wealth transfers and through nontraditional industries that generate wealth creation earlier, even as many advisors persist in assuming their clients will always be 65.

- \$84 trillion in assets is set to change hands over the next 20 years.
- 2% of beneficiaries retain their parents' advisor.

Advisors need to upgrade their tech stack to capture younger clients. The upcoming generational wealth transfer presents advisors with an opportunity. Of course, it is important to understand the family dynamics, but the financial planning process itself encourages advisors to understand the whole family and COI circle. Advisors can position themselves by asking current clients if the advisor can begin to establish relationships with the heirs. Differentiated, tailored experiences are necessary, as Gen Z prospects will bring different digital expectations to the relationship.

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“Two percent of beneficiaries retaining their parents’ advisor is brutal. That is just such an alarmingly low percentage.”

Kyle Fleming, SS&C Advent

CRM presents advisors with many practical uses.

Firms use CRM to drive impact with clients beyond managing their assets. For example, a very high-end travel service or other means of capitalizing on the social trend to purchase “experiences” might enhance the experience for high-net-worth individuals.

Operationally, firms use an API suite to automate processes and build data connections. Many administrative activities that would occupy an advisor’s time can be made seamless, such as paperwork or asset transfers. While some hire developers to customize off of the platform and optimize their tech-driven strategy, many benefits do not require a further investment in developers. Integrating with DocuSign, for example, helps to identify and fill gaps in CRM data.

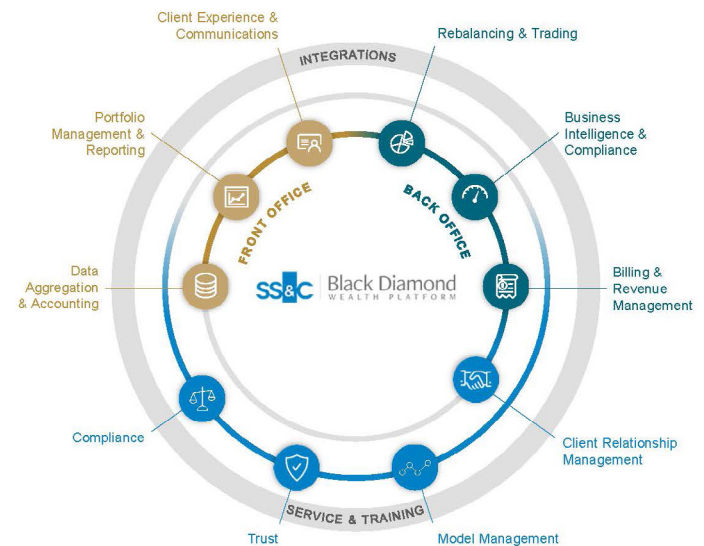
The right technology can enhance an advisor’s value proposition.

Advisors succeed against self-directed and AI services with a bold value proposition for their clients.

The SS&C Black Diamond® Wealth Platform offers a suite of applications to address specific needs and pain points for advisors across the front, middle, and back office. These solutions particularly benefit small firms

wanting to access enterprise applications. In surveys, 70% of advisors say it helps to grow their businesses.

Figure 5: One platform to support each advisor’s unique needs



“It [CRM] allows you to reach younger folks and streamline your processes. It gives you that single source of customer data.”

Kyle Fleming, SS&C Advent

LEARN MORE

To learn more about SS&C Advent, visit advent.com

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BIOGRAPHIES



Kyle Fleming, CFA

Senior Product Manager
SS&C Advent

Kyle Fleming is a Senior Product Manager for SS&C Advent, focused on connecting Advisors and their Clients through technology. He achieves this primarily through his work with the client portal and communication tools within the SS&C Black Diamond® Wealth Platform.

Kyle has worked in the financial technology space for over 11 years and specializes in strengthening digital client engagement. Kyle is a CFA® charter holder and a member of the CFA Institute.



James McClenahen

Director, Product and Development
SS&C Salentica

For over a decade, James McClenahen has been a leader, spearheading digital transformation efforts in the financial services industry. His early work at NASA Ames Research Center ignited a career in data optimization, process automation, and aggregated reporting across heterogeneous systems. Recent industry contributions include predominate technology leadership roles with Independent Registered Investment Advisors and Asset Management Firms on the continental west coast of the United States. Today, he is responsible for Product Management and Development at SS&C Salentica, heavily focused on complex, cross-systems integrations for financial services applications orchestrated through enterprise-level CRM platforms. Jimmy is a CFA® charter holder and a member of the CFA Institute.



Timothy D. Welsh, CFP

President, CEO and Founder
Nexus Strategy, LLC

Timothy D. Welsh, CFP® is President, CEO and founder of Nexus Strategy, LLC, a leading consulting firm to the wealth management industry.

Prior to founding Nexus Strategy, Tim was Director of Business Consulting Services for Schwab Advisor Services where he led the development and marketing of practice management resources for independent advisors. While at Schwab, Tim also held senior roles in Strategy, Marketing, Advertising, PR and Industry Content development.

Prior to joining Schwab, Tim was vice president at Merrill Lynch where he was responsible for marketing, product development and financial advisor training for the financial planning group. Tim is frequently quoted in the wealth management media on a wide range of business management and industry topics. He is the author of a number of industry white papers, a guest columnist for RIABiz, Investment News and wealthmanagement.com, and is a frequent speaker at industry conferences and events. Tim earned a bachelor's degree in Economics from the University of California, Berkeley and an MBA in Finance from the University of Colorado.

Tim holds the Certified Financial Planner, CFP® designation and is an active member of the Financial Planning Association (FPA), serving in a leadership role on a number of task forces, committees and as a past elected member of the National Board of Directors.



Shannon Rosic (Host)

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Shannon Rosic is the Director of WealthStack Content & Solutions at Informa Connect. In this role, Ms. Rosic supports and drives the omni-channel growth and development of WealthStack, the fastest growing and most credible event dedicated to technology in the Wealth Management industry. She also serves as the market-facing representative for the group, and regularly hosts webinars, podcasts, and video series.