

GETTING – AND STAYING – IN FRONT OF THE CLIENT

By David Maude

In the second of a series of articles adapted from his recent book, *Global Private Banking and Wealth Management: The New Realities*, David Maude looks at a key route to higher relationship manager productivity.

The ongoing ferocious battle for relationship managers is well known, nowhere more so than in Asia. Less well known – but no less important – however, is the pressing need to raise RM productivity. Depending on the underlying drivers of underperformance, there is a variety of different levers that wealth managers can employ here. This article focuses on one of the more effective levers: increasing the amount of time in front of clients.

RM Productivity: Low and Variable

Within most wealth managers there are large differences in the sales productivity of individual RMs. It is not unusual for top RMs to generate ten or more times the revenue of lower performers. That, in turn, creates opportunities.

Building a trust-based relationship with clients is time consuming, but is ultimately the key to success in wealth management. Yet, as the IBM European Wealth Management and Private Banking Industry Survey 2005 – and my own first hand experience – shows, relationship managers devote only around 50%-60% (and in some instances much less) of their time on average to client-facing activity. The remainder of their time is devoted to internal administration and other non-client-related activities. This clearly poses a problem for many wealth managers because, unsurprisingly, there is a strong positive relationship between time spent with clients and growth in AuM.

Where's My RM?

The key starting point in devising a strategy to tackle this problem is to understand its specific root causes. There is a wide range of reasons why relationship managers may not be spending enough time in front of clients. Initial areas to investigate include:

- *Organisational structure and activity* – Relationship managers may be unclear as to their specific role within the team. They may be spending time on compliance, administration and other non-client-facing activities that could, for example, be reallocated, standardised,

automated, centralised or eliminated altogether. It is conceivable that approaches to risk management and compliance may be too ‘belt and braces’. And there may not be a standardised division of duties across the network, contributing to a large variability in performance.

- *Compensation and incentives* – Relationship managers may not do what is required of them because there is poor alignment between the overall business objectives on the one hand, and individuals’ targets, objectives, and compensation on the other. In addition, a value-oriented culture may not be driven throughout the organisation, and poor relationship manager performance may not have traditionally been penalised.
- *Training and development* – Relationship managers may not believe that they can have much influence on client revenue. In particular, they may avoid spending sufficient time with clients because they:
 - Lack sufficient product knowledge
 - Cannot adequately explain poor investment performance
 - Do not delegate client-related tasks to others because they want to protect their client base or worry about the reliability of colleagues
 - Do not feel adequately equipped or supported
 - Do not know what is expected of them (due, for example, to a lack of concrete client-relationship standards)
- *Tools and technology* – Client development processes may be unclear in terms of: existing versus new clients and segments, product and service priorities, prospecting and screening. Relationship managers’ existing tools may not be adequate – or simply may not be being used effectively for client profiling, prompting and review.

Practical Guidance

To help solve this problem, a combination of focus groups, activity value analysis, and internal and external benchmarking has proved very effective. In doing so, it is, of course, essential to secure buy-in from the relationship managers themselves; some can be highly resistant to change. Only once the root causes of the problem have been identified will it be possible to identify quick wins and devise a coordinated plan of longer-term action.

In parallel, wealth managers should also ask clients directly how much ‘face time’ they want – an obvious, but sometimes overlooked, approach.

Of course, freeing up sales capacity is not an end in itself. Having increased the amount of available face time, the key next steps are to (i) allocate that time more effectively across the client base, aiming for closer alignment with clients' needs, attractiveness and potential; and (ii) maximise the effectiveness of time spent with a given client, based, for example, on sales coaching and more rigorous account planning, review and follow up.

Overall, for those willing to put in the necessary effort, the value-creation impact can be dramatic.

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For many wealth managers, boosting relationship manager productivity is often an even bigger opportunity – and challenge – as hiring new ones. Increasing the time spent with clients should be a key component of a typical productivity programme – and, at the same time, should also help raise client satisfaction.

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