WHITEPAPER

ESSENTIALS OF CRM FOR WEALTH MANAGEMENT

Empower Advisors with Client-Centric Tools

ABOUT

Every company aspires to connect the dots in its processes to grow and be profitable. Because sales is the most direct line to revenue, a great deal of the burden to perform rests on the shoulders of the reps in the field to close more deals, faster.

No matter what steps your company is taking to energize your sales team, they probably map to the following key sales objectives:

1. Focus on your customers.
2. Grow your organization to keep pace with the changing marketplace.
3. Align your organization to be an efficient selling machine.

Now, you're probably thinking, 'Tell me something I don't already know.' Your highest-level corporate objectives can often seem so ideal, so all-encompassing that they can lose meaning in the day-to-day operation of your company. It can be a challenge to deconstruct them in order to identify a sensible, measurable plan of action.

The goal of this guide is to deconstruct the key objectives of sales today. There are practical CRM tools out there that can help to introduce repeatable, proven process to your sales team. So you can help them figure out what works best—and do it more often.

THE CHANGING FACE OF WEALTH MANAGEMENT

The wealth management industry is undergoing change on multiple fronts. Many of the forces of change in the industry are overwhelmingly favorable. Both the number of wealthy individuals worldwide and the value of their financial assets are increasing: in 2006, 9.5 million people globally held more than US$1 million in assets—an 8.3% increase over the previous year—and the wealth of high-net-worth individuals (HNWI), which totaled US$37.2 trillion in 2006, is expected to balloon to $51.6 trillion by 2011. Part of this growth comes from emerging markets, but it is supported by healthy growth in developed economies; in the US, for example, the HNWI population expanded by 9.4% in 2006.[1]

> "As the percentage of client assets in fee-based accounts continues to grow, the wealth management business is becoming more product-agnostic and relationship-based."

The potential client base for wealth managers, therefore, is expanding. At the same time, its attributes and needs are changing. As the baby boom generation retires, their focus is shifting to managing their finances in retirement and the eventual transfer of wealth. Meanwhile, the wealth of a new generation of tech-savvy "millennials" is growing—there are now more people under 35 than over 54 making a six-digit household income,[2] and the collective income of "Generation Y" is expected to surpass that of baby boomers by more than $500 billion within 10 years.[3]

Age and life stage are not the only client attributes that are in transition: clients are also becoming more sophisticated and demanding investors, with escalating expectations of their wealth managers in terms of both service level and product range. Investors have more wealth, but also more choice, and the increasing ease with which they can move their business to other firms presents new challenges for wealth managers.

Concurrent with these changes in client base size and attributes, there have been internal changes within the wealth management industry. The move to a fee-based business model is fundamentally changing the dynamics of wealth management. As the percentage of client assets in fee-based accounts steadily grows,[4] the wealth management business is becoming more productagnostic and relationship-based.

This combination of changes is transforming the industry. The transition brings with it a wealth of opportunity, but it also necessitates some fundamental rethinking of the way wealth managers do business. The changing market demands a shift in focus to relationship-building, client retention, growth in share of wallet, and more "advisory" interactions and positioning, but this is not a transformation that can occur successfully without considered intervention and support. In effect, it amounts to a whole new service model, and one that most wealth management firms don't currently have the technology or process infrastructure to support.

A recent report from Capgemini and Merrill Lynch put the problem thus:

> As the needs of HNWIs become increasingly complex, and the choice of providers grows, wealth management firms are realizing that the quality of their service models is closely tied to their continued success. The relationship between an advisor and client is built on trust, integrity and results. But that is only part of the equation. For that relationship to work effectively, it must be backed by a quality service model. Leading firms understand this and are investing in platforms that give their advisors the best tools to serve the interests of their clients and allow them to adjust to the ever-changing marketplace.[5]

In other words, it is time for wealth management firms to embrace the new service model and ensure they have the tools to support it.

EMBRACE THE NEW MODEL

The new model for wealth management is client-centric and service-oriented. It is founded on a strategic approach to extending the duration and value of the client relationship. It is a transition from transactional engagements to advisory ones, driven by client needs.[6]

If this does not sound new, it is because wealth management firms have over the past several years begun positioning themselves as client-centric and their employees as "trusted advisors," recognizing the transition that is underway. Unfortunately, this transformation has in many firms been in name and marketing only, as studies indicate the underlying changes required to support such assertions have simply not taken place.

Not surprisingly, however, lip service alone is not succeeding in delivering the results wealth management firms are seeking, and market research suggests that at last, leading firms are beginning to put in place the processes and systems required to effectively internalize and execute on a client-centric strategy.

So what does this new model look like? It begins with a commitment to getting to know and understand the client and his or her needs, beginning at the point of prospecting, before the individual even becomes a client. It is about gathering comprehensive information about the prospective client and using this information to more effectively engage them from the outset, winning their business through demonstrated relevance, understanding, and affinity. Once the business is won, it is about developing a thorough understanding of client needs and interests and using this knowledge to develop their portfolio—an approach that stands in marked contrast to the traditional approach of assigning clients to pre-determined investment strategies and products based on static one-dimensional classes depending on AUM or risk profile alone. Most importantly, a clientcentric engagement model involves a commitment to building and managing a strong client relationship over the long term, deepening and expanding the relationship rather than assigning an investment strategy and then stepping back.

The technological framework for achieving this new model is customer relationship management (CRM). As a wealth management firm's core client-facing front-office system, the right CRM system and configuration is integral to collecting the prospect and client intelligence that drives this more personalized engagement, implementing the processes that ensure effective relationship management, and leveraging this knowledge and these processes to maximize client value and loyalty. Consequently, CRM constitutes much more than just a software purchase to a wealth management firm—it is the foundation of their move to a client-centric, advisory business strategy.

> “As wealth managers look to embrace a client-driven business model, they must consider whether their CRM systems are up to the task.”

While many wealth management firms already have some form of CRM system in place, most of these were implemented when the firm was operating under what is rapidly becoming an obsolete service model. It is therefore essential that as wealth managers look to embrace the new model, they consider whether their CRM systems are up to the task, and at a minimum consider how their systems will need to be adapted to fit the new business reality. Just as the wealth management industry has undergone rapid change in recent years, the CRM landscape has also evolved, and today's CRM systems are better equipped to support the wealth management industry's specific needs under this new business model.

Whether your firm is searching for its first CRM system or is looking to better support a client-centric business model with a new or existing CRM solution, this white paper will help you understand what wealth management firms can achieve today using the right CRM system to support a customer-centric strategy.

REALLY KNOW YOUR CLIENT

All wealth managers are familiar with "Know Your Customer" (KYC) forms and regulations, but it is perhaps indicative of their weak familiarity with their clients that collection of such information has to be mandated by regulators.

Research indicates that client relationship managers at wealth management firms have quite high opinions of their customer intimacy, with 80% asserting that they have achieved the coveted status of "trusted advisor" with their clients. Yet other data doesn't appear to support this confidence. Almost 50% of the same group regards their knowledge of clients' extended family issues as limited to moderate, and only 41% of wealth management business managers feel their advisors have good knowledge in this area. In fact, an alarming 25% of advisors acknowledge that they are not even familiar with their clients' overall financial goals. As PricewaterhouseCoopers notes in its summary of these survey results, "Very substantial progress needs to be made before [advisors] can truthfully claim the attributes of being trusted advisors."[7]

> "Advisors need a deep, holistic view of clients and their overall value to the firm."

As with any relationship, trust begins with getting to know each other. Sadly, far too many wealth management firms limit this knowledge to a basic understanding of assets and stated risk tolerance. This information is simply not enough to engage the client in a compelling advisory capacity.

Using a CRM system, wealth management firms can ensure that collection of client intelligence is a systematic process woven into every interaction, even before the individual becomes a client. Beginning with the prospect database, the CRM system can be used to collect and build out meaningful prospect records. While at first only limited details about a prospect may be available, recording them within the system enables the firm to take action on building out the profile, researching prospects and aggregating information about them to create a more useful picture—one that will help win their business. Further research on specific prospects can even be assigned as a task within some CRM systems.

Marketing-list contacts can also be entered into the system to create a single, integrated database of targets and prospects. Advanced CRM querying tools can then be used by the marketing or business development team to segment the database into meaningful groups, allowing highly personalized and relevant messaging to be delivered to them. For example, the firm might segment its prospect database by asset size, but also by geography, profession, source of wealth, interest areas, or other factors. Many CRM systems include marketing automation components that allow such campaigns to be created or sent directly within the CRM system, personalizing content such as name and address using the CRM profile. More advanced systems will allow for sophisticated conditional content, replacing subject lines and entire graphics or paragraphs of text, for example, based on the recipient profile.

As each interaction with a prospect occurs—whether it's a phone call, e-mail, marketing campaign, online enquiry, or in-person interaction, and whether initiated by the prospect or the firm—it can be documented within the CRM system, creating a comprehensive record of the prospect's history with the firm and response to various approaches. In addition to tracking the effectiveness of different marketing and sales techniques, this allows the wealth management firm to build out the prospect profile further with each interaction and gradually develop more advanced segmentation and behavioral targeting. When a new or existing prospect becomes a lead through a marketing-campaign response or other expression of interest, many CRM systems allow firms to pre-qualify the lead according to custom criteria and automatically route qualified leads to the appropriate employee for follow-up according to territory, product, AUM, specialization, or an advanced combination of factors. This ensures that skilled advisors' time is not wasted on the wrong prospects and that hot leads don't go cold while waiting to be sent to the right person, helping ensure the firm doesn't lose business to faster-acting competitors. Furthermore, it ensures wealth managers are kept focused on the right accounts. This increases overall productivity and reduces the cost and length of the sales cycle.

Developing rich prospect profiles gives advisors an advantage from the very first interaction with a prospect, enabling them to tailor and personalize their approach and inspire trust and confidence from the outset. When the prospect becomes a client, the advisor is also in a good position to engage the client and flesh out their profile to create a more comprehensive view. Unlike traditional "wealth band"–based approaches, this enables the advisor to take a truly informed and considered approach and propose an investment strategy that is driven by unique client needs, not predetermined categories. The result is a more satisfying and personalized experience for the client that positions the firm in a much more "advisory" capacity.

A good CRM system will enable a wealth management firm to create a truly deep, holistic view of the client. This view should include not just demographic and risktolerance information, but a complete view of the client's household and extended family relationships, as well as connections to other relevant parties, such as custodians, lawyers, trustees, CPAs, and other clients. The profile should make it easy to record and understand client objectives, life stage, and positions, as well as interests both personal and financial. On the financial front, the profile should offer both at-a-glance and in-depth views of client accounts and holdings, incorporating both internal and external data to allow a comprehensive view of the firm's share of wallet. This perspective should also convey the full extent of the client's relationship with the rest of the firm—for example, the wealth management unit should be aware that the client's business has a loan with the firm's commercial lending arm. Furthermore, the profile should indicate the client's influence over other accounts and should track any referrals attributable to the client. All of this information, when brought together, paints a truer picture of the client's overall value to the firm.

As important as building out the client profile is, it is equally important to recognize that client information and relationships aren't static. Client profiles should never be viewed as "completed," because there is always more to learn, and client priorities and interests shift over time. CRM must be integrated into the company culture and interactions to the extent that each interaction is seen as a new opportunity to learn more about the client or to validate and update the information already in the system. A vast database of stale information can be as injurious to the relationship as too little information, so efforts must be continually made to keep this valuable data fresh and accurate. With a good CRM system, prompts and reminders to obtain or update various pieces of data can be woven into the automated workflows and interactions, making data collection and hygiene an integrated part of your client-centric processes.

Even if all this client information exists in your firm today, it is worth considering where it resides. A staggering amount of this information may rest with individual advisors—whether in their printed or electronic files, written notes, or heads. This generates risk for the firm: should the files be lost or the advisor leave the firm, the client knowledge—in fact, the entire relationship—can be jeopardized. Storing all client data centrally not only creates a form of "corporate memory" that persists over time; it also helps the client relationship transcend individuals and accrue to the firm more broadly, as any employee in any location can give the client equally informed and consistent service.

Of utmost importance is how easy a wealth management firm's client data is to access and use. If client data is dispersed across multiple files and systems, it can be virtually impossible for an advisor to get a comprehensive picture without hours of research and reporting—let alone to use it in responding to a client or management inquiry on the spot. Without a 360-degree client view, risk and opportunity may be equally difficult to identify. That's why as many wealth management firms work to implement a client-centric business model, their key area of focus is on the advisor workstation.

MAKE THE ADVISOR DESKTOP A RELATIONSHIP HUB

Advisors are at the front lines of client-relationship building, and their ability to cultivate these relationships and make them more profitable is increasingly dictated by the information and tools at their disposal. The faster they can access and understand the data they need, the better—and more efficiently— they can serve clients. This translates not only into higher client satisfaction and more client confidence; it also directly affects an advisor's productivity and ability to manage their book of business. An efficient advisor can manage more assets and more clients, and as the number of new clients and size of their wealth is growing faster than the pool of available skilled financial advisors, the resulting resource crunch is going to increasingly affect wealth management firms' ability to take advantage of growth opportunities.[8] The situation is already shockingly dire: one-third of advisors feel that they do not get enough time to service clients, and advisors on average report that contact with existing clients is limited to 30% of their overall time.[9] As their workloads increase, one can only imagine what the impact could be on the level of service advisors are able to deliver to clients.

> "CRM systems are the most natural solutions to use as unifying hubs for advisor desktops."

Equipping financial advisors to be as effective and productive as possible is therefore of paramount importance to wealth management firms. By bringing the best tools and information possible to the advisor desktop, they empower advisors to perform at a higher level, delivering better service levels while managing a larger book of business.

One concern in furnishing advisors with a wide range of tools and information sources, however, is ensuring that they are usable, not overwhelming. No matter how great the tools and data, switching between multiple systems to accomplish a task or checking multiple data sources to get a comprehensive picture is sure to slow down even the most nimble and tech-proficient advisor. And when productivity is critical, this simply isn't acceptable.

To solve this problem, many wealth management firms are looking to integrate as many systems and information sources as possible into a single intuitive interface for their advisors. This gives them the best of both worlds: the "best of breed" tools and information from the best internal and third-party sources, all with a single access point.

The most natural system to use as a unifying hub in this capacity is the CRM system. CRM systems are designed to be the single source of aggregated client information, and they make excellent portals for integrating clientfacing tools and data. Wealth management firms should first and foremost look for CRM systems that incorporate the broadest set of strong features—encompassing marketing, sales, and service—to eliminate unnecessary point systems, but they should also seek systems with high flexibility to allow for integration of additional systems and incorporation of data from third parties or other specialized internal systems. Some CRM systems fill this role particularly well, incorporating external applications or links in context—for example, one-click access to a map program or ticker information within the client file to display client-related directions or stock information. Again, flexibility is vital here, to allow the wealth management firm to deliver a system that best fits its advisors' work styles and confers a competitive advantage. Systems the firm might wish to integrate into the CRM hub could include portfolio accounting systems, analytics programs, and trade execution platforms, for example, and external data types to incorporate might include custodial data, market data, financial headlines, ticker information, and more.

Given the ubiquity of Microsoft Office and Outlook and the important roles these programs play in advisors' daily activities, CRM systems that offer pre-built integration between the CRM system and these programs can be of immense value to wealth management firms and can really cut down on the number of different applications firms need to integrate and advisors need to open. CRM systems offering Microsoft Outlook integration, for example, may allow e-mails to be seamlessly created and sent to clients or colleagues directly within the system, automatically appending them to the client record for clear communication tracking. Similarly, Microsoft Office integration can, for example, allow letters to be drafted using Microsoft Word and mail-merged with CRM contact data, all without leaving the CRM system. Another Microsoft application that is growing in importance and utility for financial services firms is Microsoft SharePoint; built-in integration between it and the CRM system allows a broad range of files and documents to be stored in an organized fashion along with client records. For example, a scan of a hand-written KYC form or signed Investment Policy Statement could be easily stored in a SharePoint library associated with a specific client and available right there in the CRM system. Pre-built integrations with these intuitive and familiar tools cut down on training time and dramatically limit the need to switch between programs, saving time and increasing efficiency.

> “Service–not investment performance–is the top reason clients cite for switching wealth management firms.”

As clients' product interests have expanded and wealth management firms have moved to more product-agnostic fee-based models, the complex range of products with which advisors deal has expanded exponentially, making it hard for advisors to hold in-depth knowledge of all available product options. Integrating product information into the CRM system is thus a great way to provide advisors with easy access to rich product information when and where they need it: in the context of client interactions. By storing product information within the CRM system, advisors can instantly call up the facts and features they need to position offerings to clients and prospects. Some of the more advanced systems will allow flexible product components and features to be dynamically combined to fit client needs. Some CRM solutions also allow competitive intelligence to be stored within the system so that it is easily accessible at the point of sale. This enables the advisor to proactively compare proposed products with competitive offerings the client might be considering or overcome any objections, highlighting their product's differentiators and comparative advantages. In some cases this could rule out the competition right from the outset, dramatically shortening sales cycles. Some CRM systems also allow for automated literature fulfillment, accelerating follow-up to clients with product documentation and materials.

In addition to integrating internal and external systems and data sources, the CRM system should give advisors a rich assortment of productivity tools, including personalized dashboards, lists of daily scheduled tasks, links to clients they need to call that day, alerts, and reporting tools. The system should also enable advisors to quickly find any information they need, such as a list of all clients with a certain product interest or hobby, using sophisticated built-in querying tools.

What should always be kept in mind in configuring the "turbo-charged" advisor desktop, of course, is the end goal of making advisors more effective, informed, and efficient in serving clients. Integration of client-centric tools and data into a centralized CRM hub helps advisors cut down on time spent hunting for information, entering duplicate data into multiple systems, switching between programs, or completing laborious administrative tasks, ultimately increasing the percentage of time they can spend on high-value client-facing activities. Furthermore, by bringing all these tools and details together in the context of the client relationship management system, the firm establishes a client-centric infrastructure that always keeps the client front of mind.

BECOME A TRUSTED ADVISOR

As noted earlier, troubling discrepancies exist between advisors' perceptions of themselves as trusted advisors and their actual client relationships. Gaps in client knowledge are part of the problem, but wealth management firms also need to do a better job of ensuring client intelligence is used to its full advantage and relationships are nurtured in a systematic and consistent manner. When it comes to precious client relationships, nothing should be left to chance. By using their CRM system strategically, wealth management firms can go from reactive to proactive, ensuring that client information is leveraged to the firm's advantage at every turn and that the client relationship continues to evolve and deepen over time.

> "Complex multi-stakeholder processes such as client onboarding can be significantly accelerated by workflows."

It may surprise some to learn that service—not investment performance—is the top reason clients cite for switching wealth management firms.10 Some firms may never learn that this is the reason for a client's departure, or may only learn it too late, because they do not engage with their clients unless something goes wrong, assuming that if a client's assets are performing within an acceptable range, all is well. In fact, many firms' approach seems to condone this kind of "hands-off" client relationship management: almost 50% of wealth management firms do not conduct annual independent reviews of advisors' client relationships.[11]

A good CRM system enables advisors to implement a solid relationship plan composed of frequent goal-based touch-points throughout the year. This can be as simple as an informal check-in call or as complex as a multistakeholder strategy meeting. Life isn't static and neither are clients: by tracking evolving goals, interests, and life stages, the advisor can ensure that client information doesn't grow stale and that any new developments and opportunities are recognized as early as possible. The overarching goal is to ensure the advisor understands the client's evolving wealth management goals and priorities and is in the right place at the right time to position the firm's financial expertise, products, and services, systematically growing share of wallet. Not only will this enable the wealth management firm to effectively and seamlessly up-sell and cross-sell products and services in response to new client interests and life events, but it will continue to deepen the relationship cumulatively over time and enhance the perception of the firm as a trusted business advisor. Research indicates that there is ample opportunity for wealth management firms to increase their effectiveness here—only 50% of firms hold more than 40% of their clients' investable assets under management. Analyst firm TowerGroup also notes that since investors "on average maintain more than 2.5 brokerage relationships and place less than 65% of their investable assets with their primary broker, firms have some significant opportunities to increase their share of wallet with customers."[12]

After each call or meeting, the CRM system should make it easy to enter notes that clearly flag all products and services discussed and the client's reaction, preventing the client from being offered the same items multiple times from multiple sources. Any follow-up tasks, whether for the advisor or other colleagues, should be easy to assign within the system for guaranteed follow-though, even if they are scheduled for six months or two years down the road. Any new referrals generated through the interaction should be easy to enter as leads for guaranteed follow-up and should clearly note the source.

Similarly, the system should enable the firm to get proactive about client retention. Shockingly, a full 50% of wealth management firms don't have a defined retention process.[13] A CRM relationship plan is the first step to correcting this, as regular client interactions can help identify and remedy client dissatisfaction before it becomes severe.

The CRM system can also be used to increase retention rates in other ways. For example, the system should be capable of issuing advisor alerts when major changes occur in client accounts, ensuring the advisor can act immediately. In addition, workflow functionality should enable the firm to implement a consistent retention strategy whereby a defined team and set of steps are set in motion the moment an account is identified as being at risk, rather than leaving retention to ad-hoc individual efforts. This can significantly increase the chance of retaining client business.

Relationship plans embedded in the CRM system ensure that as with the initial client acquisition process, the steps to build and maintain the client relationship and derive value from it through ongoing revenue-generation are consistent, methodical, and strategic, taking relationship management from reactive to proactive. Up-selling and cross-selling to existing clients can then be pursued with the same discipline as new clients. What differentiates this kind of sale, however, is that is enriched by the deep knowledge of the client that has been built up over time, allowing the advisor to time and match pitches to client needs, increasing receptivity and conversion rates by being more customer-centric.

COLLABORATE FOR SUCCESS

CRM systems aren't just data sources; they're collaboration platforms. Today's clients want immediate service and faster results, and having a single person servicing a client can create a bottleneck and slow down response. Similarly, within the average wealth management firm, there are many different skill-sets and areas of specialization, such as retirement planning or tax planning, all of which may be of benefit to the client. It is not always most efficient or in the best interests of the client to have a single staff member attempt to meet all of a client's needs, and it can ultimately limit the products and services offered to a client.

CRM systems should facilitate a team-based advisory approach. The relationship can still be headed up by a lead advisor or customer relationship manager—in fact, the client need only ever deal with this one person, if appropriate—but it should allow the strategic involvement of specialist consultants and support staff wherever they can provide value or make the process more efficient. The goal is to allow efficient behind-the-scenes collaboration between different area specialists to help move intricate processes forward faster, while also providing the pooled intelligence to allow every team member to benefit from the information gathered by the others. Where multiple team members engage directly with the account, this empowers all team members to serve clients in an equally informed and professional manner, helping build the relationship while also allowing seamless continuity of service in the event of employee illness, vacation, or departure. This also assists in elevating the client relationship to the firm level, not just the individual advisor.

Collaboration is facilitated by CRM workflows and action plans that allow complex processes to be broken down into defined tasks that can be assigned through the system to the appropriate individual and performed either sequentially or concurrently, as appropriate. This streamlines activities and drives them forward faster, ultimately increasing overall productivity and lowering overhead. Complex multi-stakeholder processes such as client on-boarding, for example, can be significantly accelerated by using workflows to immediately route documents for approvals and drive each step forward efficiently.

> “A good CRM system allows executives to perform more proactive sales management.”

Another dimension of collaboration that is often underdeveloped in wealth management firms is that of collaboration between the wealth management division and other lines of business within a broader financial services firm. As TowerGroup notes:

> The broker workstation is becoming the hub from which a financial services enterprise can represent all of its business lines and from which brokers can become trusted advisors representing the entire financial institution rather than just a single business line. At a minimum these increasingly complex enterprises want to be able to represent the client relationship in a holistic fashion so that the true value of both the client and the enterprise can be represented regardless of whether the advisor has business responsibility across the enterprise.[14]

CRM systems should provide this holistic client view and make it easy for leads that come in to one area of the firm to be assigned to another area of the firm, such as from wealth management to commercial lending, for follow-up or pursuit—without the risk of having the client fall through the cracks or be treated like a stranger by another unit. This highlights the value of having a shared CRM system across different areas of the firm. The idea of a global, cross-business CRM system is prohibitive to some wealth management firms because they recognize that there are significant differences in the kinds of data and processes used in different geographies and business lines within financial services firms. However, some flexible CRM solutions now allow uniquely tailored CRM systems—complete with their own workflows, data views, and processes—to coexist on a unified platform. This kind of system can accommodate process differences among discrete wealth management units such as private banking and retail brokerage, but also among completely different lines of business, such as investment banking and mutual fund wholesaling. Such systems allow wealth management firms and other financial units to maintain their unique processes and implementations while opening up a whole realm of possibility for collaboration across geographies and business lines—for example, a wealth management division may learn in the course of relationship calls that an HNWI client who is a CEO is seeking to take her company public and could refer the client to the firm's investment banking arm as a lead. Such collaboration serves to further deepen the client's relationship with the firm and the wealth management firm's advisory value to the client.

COMPLY WITH CLIENT AND REGULATOR EXPECTATIONS

Regulatory compliance is an ever-evolving challenge for all financial services businesses, and client expectations for data security and privacy are continually mounting. A CRM system can help wealth management firms meet the demands of both regulators and clients by providing sound security controls and thorough records.

A good CRM system will allow wealth management firms to control access to sensitive client data by restricting it on a "need-to-know" basis to those employees with appropriate authorization. This balances the desire to share client information for better-informed service with the need to adequately protect client privacy. The firm should be able to restrict access to sensitive information while still allowing access to non-sensitive information that helps employees help clients. Some systems will also allow wealth management firms to create personalized privacy statements for clients, helping reassure them that their privacy expectations are being met.

While CRM systems don't replace the need for other compliance standards and solutions, they can assist in compliance on a variety of levels. A good CRM system will allow wealth management firms to manage mandatory and optional disclosures for client accounts and should help automate the completion of key documents such as KYC forms and Investment Policy Statements. It will also provide a comprehensive audit trail for all information entered, accessed, and changed within the system. CRM records can also be very useful as documentation of client interactions and communications, especially if e-mails are stored within the system through Outlook integration.

As TowerGroup notes, regulatory compliance and clientcentric initiatives often overlap: "Implementing real-time workflow and rules engines coupled with business analytics will offer an unparalleled ability to improve business process and meet regulatory obligations at the same time."15 CRM workflow automation and audit trails can ensure both consistent protection of client data and effective supervision of the sales process to identify potential areas of risk and fraud—as well as conformity with best practices and a consistent client experience. Since new regulations are a continual concern, the greatest advantage a CRM system can provide to a wealth management firm is the flexibility to adapt to change and accommodate new processes and data collection needs easily and cost-effectively.

INCREASE MANAGEMENT INSIGHT

With all marketing, sales, and service activity being tracked and managed within the CRM system, wealth management executives have the perfect management platform. At any time, they can see in the CRM system exactly what stage a given client opportunity is at, without having to hunt down advisors for status updates. This allows management to precisely calculate the sales pipeline for revenue forecasting. They can also see which clients are happy, which ones have issues, and which ones are growing or contracting in profitability.

A good CRM system allows executives to perform more proactive sales management. They can identify which advisors are responsible for bringing in the most revenues and which are possibly in need of more training or support. They can see where share of wallet is growing—and where it is shrinking. They can see which deals or clients are at risk or and take action to ameliorate the situation before it is too late. They can also see which clients are most profitable or present the greatest growth opportunities and ensure advisors are focusing adequate efforts on developing deeper relationships with them.

CRM systems can also present an invaluable source of decision support. With good reporting features, a CRM system should allow an executive to report on almost any facet of sales performance, client-base composition, and return on investment. They can use CRM data to perform win/loss analysis to see which clients are being won and what their common attributes are, using this to refine the firm's processes and segmentation as well as to spot new opportunities and trends. They can also use CRM data to realign teams and territories to play on individual strengths and to allocate budgets and other resources—essential at a time when many firms lack a sufficient number of highly experienced advisors.

A good CRM system gives managers and executives the opportunity to closely monitor what is going on within the firm without overloading employees with requests for updates and reports. It also provides a valuable record of employee actions and client communications that helps avoid reliance on subjective reports and interpretations, providing more concrete evidence of employee interaction with clients and prospects. With real-time insight into business performance, executives can make real-time adjustments to business strategy, becoming more agile and precise.

GO MOBILE: PRODUCTIVITY ANYTIME, ANYWHERE

Wealth management firms' clients are increasingly mobile, and more and more, they expect advisors to match their mobility, doing business anywhere from on-site at their home or workplace to the coffee shop on the corner. Wealth management professionals can no longer afford to be chained to their desks, especially as their competitors go mobile.

Mobile and wireless capabilities are thus important CRMsystem considerations for wealth management firms. Employees need to be able to access and contribute to CRM data from laptops and handheld devices, anytime, anywhere—whether they are referring to portfolio details before an on-site meeting or entering call reports while on a plane. Luckily, many CRM systems offer mobile and wireless features that allow users to access or add CRM data from the device of their choice. With access to a broadband Internet connection sometimes uncertain, another feature offered by some CRM systems that is of significant value to wealth management users is the ability to operate with complete CRM functionality and data while in a fully disconnected mode, synchronizing with the main system when reconnected—ensuring optimal productivity and performance at all times, regardless of connectivity.

Keeping Pace with Change: The Need for Flexibility
As we all know, the only constant is change. With market-structure shifts, regulatory changes, competitive pressures, and other forces continuously reshaping the wealth management landscape, you can count on the fact that your firm will need to adapt in order to deal with the plethora of changes in your business environment. To continue to be effective high performers in today's business climate, wealth management firms have to be agile and adaptive. Supporting your business processes with technology can make your company faster and more productive today—but you must also ensure it won't hinder you when you need to respond rapidly to tomorrow's changes in the market and regulatory environment.

Whatever CRM system you choose, you should ensure it is capable not only of molding to the way you currently do business, but also of adapting to change—quickly and cost-effectively. No matter how robust or powerful your CRM system, it is useless if it ties you to outdated processes and impedes your business agility. Be sure to select a flexible, easily customizable CRM system that can keep pace with your business in a dynamic business environment.

CONCLUSION: A WEALTH OF OPPORTUNITY

With expanding worldwide wealth and a growing potential client base, wealth management firms are fortunate to have exciting growth opportunities today and in the years ahead. But as this growth begins to slow, especially in developed countries, firms are going to be looking to their competitors' client bases to acquire new business, which means competition is going to be fierce. Even in today's climate, the push to expand share of wallet of existing clients—a top priority for most wealth management CEOs16—implies that there will be winners and losers: for each percentage gained by one firm, another is losing ground. Similarly, as the market expands, wealth management firms are under pressure to grow at the same rate as the market or better if they are to retain market share, which is placing increasing strain on their systems and resources. As competing wealth management firms vie for high-value clients, the choice offered to clients is going to be unprecedented, and the barriers to switching will keep getting lower.

Since wealth management clients cite satisfaction with service as their top reason for staying with—or leaving—their financial advisors, it is no surprise that strategicthinking wealth management firms are embracing a new client-centric service model and seeking to implement more rigorous processes for building and retaining client relationships. To really put this idea into play and move it beyond lip service, making it consistent and scalable across the firm, wealth managers need to embed these processes within a robust, flexible CRM system.

Fortunately, today's CRM systems have much to offer wealth management firms. There are now CRM systems designed specifically for financial services—even expressly for wealth management—offering a better fit for the industry without complex or costly customization. There are also CRM options on the market that are more flexible and adaptable than ever before, allowing firms to model their unique processes rather than try to fit a pre-programmed mold that may not work for their firm or advisors. Now more than ever, it is possible to situate CRM as the hub of an advanced and empowering advisor desktop that provides all the tools and information an advisor needs to efficiently and effectively initiate, nurture, and grow loyal, profitable client relationships. As wealth management firms seek to compete and capitalize on the opportunities presented by the changing face of global wealth, their ability to leverage CRM technology to execute on client-centric strategies will be a key differentiator.

PIVOTAL CRM FOR WEALTH MANAGEMENT

Pivotal CRM for Wealth Management is a complete, end-to-end client relationship management suite that offers exceptional functionality tailored to the needs of wealth management firms. Pivotal CRM for Wealth Management was designed to help wealth management firms embrace dynamic client relationship models while capitalizing on the efficiencies of automation and centralized client information and opportunity management.

Pivotal CRM for Wealth Management mirrors the business processes and data models commonly used by private banks, retail brokers, mass-affluent firms, and other wealth management organizations. Its flexible platform allows it to be seamlessly connected to the entire firm, including back-office financial systems. With an industryspecific client relationship management system, wealth management firms can accelerate the return on their CRM investment and lower their total cost of ownership.

Pivotal CRM for Wealth Management enables financial advisors to develop deep insight into their clients' needs and preferences, accompanied by tools that help them automate multi-step processes, track performance, and collaborate better as a team.

Using Pivotal CRM, wealth management firms can fully integrate marketing, sales, and service functions for increased efficiency and effectiveness, obtaining a complete view of the client so users from all areas of the company can offer informed, personalized client interactions. Pivotal CRM saves time and increases productivity by automating and facilitating workflows for important multi-stakeholder processes such as client on-boarding and KYC completion. It also provides visibility into complex networks of affiliation and influence, allowing wealth management firms to more successfully track referrals, measure full client value, and identify new opportunities.

Pivotal CRM for Wealth Management is complemented by the full Pivotal CRM for Financial Services suite, which also includes solutions for investment banking and institutional brokerage, commercial banking, institutional asset management, and mutual fund wholesaling, allowing diversified firms to easily accommodate the unique processes and information needs of their different lines of business while maintaining an integrated platform.

With wealth management firms around the world using Pivotal CRM solutions, Aptean has proven time and time again its ability to meet the needs of the industry. The Pivotal CRM approach ensures a faster implementation with a lower total cost of ownership by delivering financial services solutions on the scalable and flexible Microsoft® platform, which supports easy customization, integration, and deployment. Wealth management firms can rapidly and cost-effectively adapt Pivotal CRM to meet changing compliance and operational demands and grow with their business—meeting their business needs today, tomorrow, and in the future.

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