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Building client advocacy

New opportunities for
wealth management firms

**Wealth
Management**



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IBM Global Business Services, through the IBM Institute for Business Value, develops fact-based strategic insights for senior executives around critical public and private sector issues. This executive brief is based on an in-depth study by the Institute's research team. It is part of an ongoing commitment by IBM Global Business Services to provide analysis and viewpoints that help companies realize business value. You may contact the authors or send an e-mail to iibv@us.ibm.com for more information.



Building client advocacy

New opportunities for wealth management firms

By Brian Lincoln and Bob Heffernan

Ask a relationship manager or private banker about the importance of being client focused, and they will likely respond that it's in their DNA. Yet according to our new research, three out of five clients (57 percent) are not advocates of their wealth management firms. This finding illuminates a troubling statistic in an industry known for its service excellence. At the same time, we believe there is a tremendous opportunity for wealth management firms to strategically use client attitudinal information to target and improve high-impact service interactions. Firms that get it right can strengthen their ability to improve client loyalty, increase wallet share and refine business performance.

Introduction

The business of wealth management is attractive for financial institutions that can get the formula right. However, recognizing the complex needs of wealth management clients is just the beginning. While product strategies are critical in building a wealth management business, at the end of the day even the most sophisticated wealth management product and service suites are easy to replicate. The battlefield then becomes the attitudes and feelings a client has toward the firm and how well the institution can influence that mindset in concert with its advisors. (A client's perception of a firm is most often dependent on the advisor or private banker who provides critical advice and champions the client's best interests inside the firm and beyond).

Wealth management firms thus find themselves asking tough questions:

- *We know we want to capture a greater share of wallet, so how do we get our wealth management clients to trust us more?*
- *Our wealth management offering is very competitive, but how do we differentiate ourselves in the mind of our clients?*
- *How do we get our clients to recommend us to their high-net-worth peers and colleagues?*
- *How can our firm prioritize all of the projects we've identified to improve the client experience?*

The difficult answers to these questions often reveal shortcomings in terms of how well wealth management firms understand their clients.

A new approach is needed – one that can shed light on why some clients are “advocates” of their wealth managers, while others are not. The potential upside to a firm is compelling: more than half of all advocates concentrate their assets with one provider, they recommend their firm to their friends, families and peers, and they are less likely to move their assets to competing firms. Yet according to our new study based on a survey of over 1300 high-net-worth individuals, the majority (57 percent) of clients are not advocates of their primary wealth management provider (see *About the research*). This presents an enormous opportunity for progressive firms to make significant competitive strides.

Understanding who is an advocate and why or how they become one is the first step. Firms will then need to take that insight and apply it to their client-facing operations, product sets and channel strategies. Key opportunities include:

- Converting clients into advocates by strengthening staff dialogues with clients, increasing collaboration and enhancing staff retention.
- Building a client-experience analytics capability that enables the organization to better understand client attitudes and perspectives regarding key interactions.
- Refining operating models to address service deficiencies and better satisfy target client segments by offering consistent, high-quality experiences across channels.

Most important, firms will need to partner with their advisors to foster advocacy among their clients. Successful firms will enhance their brand proposition and create a distinct and sustainable competitive differentiator in this extremely competitive space – ultimately becoming *customer focused enterprises*.

Building client advocacy

New opportunities for wealth management firms

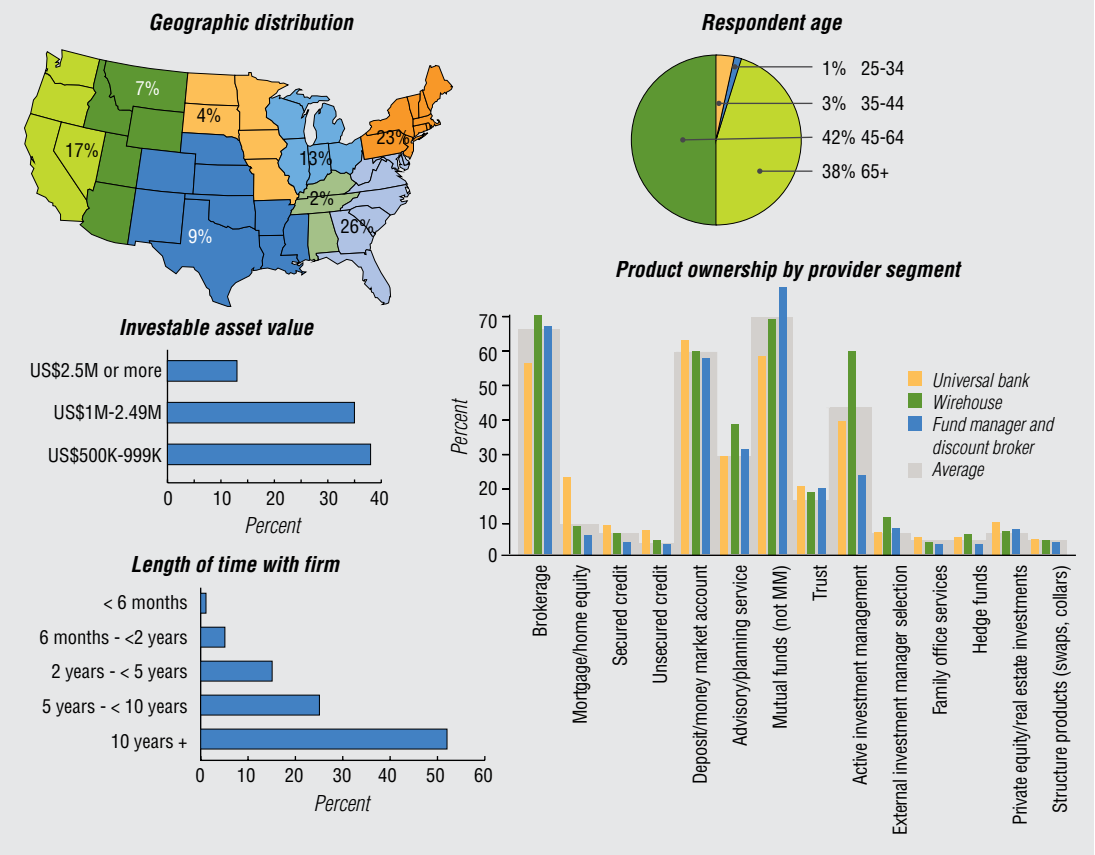
About the research

This paper presents the findings of a research study conducted by the IBM Institute of Business Value in September 2007. Our work focused on client perceptions of key wealth management services. Primary data was collected from 1311 U.S. wealth management clients – each with investable assets of over US\$500,000. Clients were surveyed via a detailed online questionnaire consisting of 38 questions. Twenty questions captured clients' perceptions of front-line service capabilities, eight questions focused on clients' qualitative assessment of the firm, and ten questions were designed to capture demographic and transactional profiling attributes.

The objective of this study was to understand clients' perceptions of their primary wealth management firms, based on respondents' ranking of key service interactions and product attributes (accessible and knowledgeable staff, innovative product offerings, quality of reporting, etc.) and their emotive disposition toward their firm (e.g., view as a trusted advisor, recommend firm to friends and family, etc.).

This quantitative research builds on the IBM customer focused enterprise study, completed in 2006, which defined rational and emotive attributes, and introduced the Customer Focused Enterprise (CFE) framework.¹

A visual representation of key demographics and behavioral attributes is presented below:



More wealthy individuals, a wider playing field, diversified products and services, and technology advances are compelling firms to align their value proposition and operating model.

A call for a new approach ***The evolving marketplace***

The wealth management field is growing by a wide range of measures, including the increasing number of affluent individuals, new entrants to serve the market, assets under management and an explosion of products and services. Even the term “wealth management” has become more ubiquitous as providers seek to deliver holistic offerings and convey their strategies to the marketplace.

The size of the market has grown – not only due to strong asset appreciation, but also as a result of the convergence of traditional private banking businesses and retail brokerage and funds management businesses. In addition, the target market has expanded to include the rapidly growing mass affluent segment – fueled in part by the asset accumulation of the boomer generation and the need to plan for retirement. This market growth has attracted a flood of new entrants, including life insurance companies that have moved beyond their traditional products and distribution channels. Holistic wealth management solutions are now offered by fund managers, retail brokerage firms and universal banks.

The appeal of a growing market is somewhat diminished by the competition to serve it. Participating firms are constantly seeking new talent, which can come at a high price. Product lines, once limited to actively managed, proprietary offerings, now routinely include third-party products that span the spectrum – from passively managed, low-margin funds to alternatives and complex structured products.

Also, wealth management firms continue to invest heavily in technology. Earlier in the decade, regulatory compliance spending was a significant driver of this trend; now, major factors include the development of platforms that provide a holistic view of products and services for clients and front-office staff, support for third-party products and improved reporting. Additionally, advances in technology keep stoking demand for more sophisticated portfolio and risk-management tools for investors and staff. The net result is that firms must continue to spend just to maintain parity.

Clients are more demanding

Today’s clients are more sophisticated and demanding; they cannot be well served by simply presenting a product menu. A recent study by IBM noted that “Although fund performance remains an important factor, retail clients are beginning to place a greater emphasis on trust, reputation and the quality of advice.”² The authors contend that a firm needs to be more client-centric and effectively align its brand proposition with its operating model to deliver on its brand promise. Their recommendations point to improvements to operating models and information management as significant factors in deepening client relationships.

Wealth management firms have attempted to become more client-centric and respond to their clients’ needs and expectations by placing more personnel on the front lines. This strategy has been met with limited success. For many, the addition of highly skilled personnel drove up costs, and didn’t necessarily translate into increased assets under management or profitability. While quality

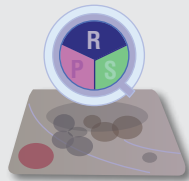
personal contact is critical – from call center to advisor – firms must also offer well developed remote servicing capabilities to provide 24/7/365 service to a diverse population that expects excellence at all net-worth levels.

A new approach is needed

Managers face a complex challenge to succeed in today's market. Regardless of whether success is measured by growth in assets under management, revenue, number of client relationships or share of wallet, it is critical to know how clients perceive the firm. Traditional client satisfaction metrics and segmentations do not sufficiently capture

client perceptions and attitudes in an integrated fashion – compromising a manager's view and effectiveness.

There is an opportunity to utilize a new approach that looks at key client perceptions and organizes them in a manner that captures more than demographic or behavioral data. Using statistical analysis and multiple regression techniques with customer data across multiple industries, we have isolated predictive attributes that are highly correlated with positive commercial behaviors. The result is a metric called the Customer Focused Insight Quotient (CFiq).™



The Customer Focused Insight Quotient applied to the wealth management business

The Customer Focused Insight Quotient is a customer advocacy metric developed by IBM Global Business Services. The CFiq measures the level of advocacy of a customer by analyzing customer responses to three key statements:

1. I would recommend my primary wealth management firm to my friends and family members.
2. If I needed a new financial service or product, I would go to my primary wealth management firm first.
3. If another wealth management firm offered a set of competitive products or services, I would not switch firms.

The resulting scores are used to group customers into three advocacy segments:

- Advocates – Clients who strongly agree with the CFiq statements
- Apathetics – Clients who agree with the CFiq statements
- Antagonists – Clients who disagree with the CFiq statements

The CFiq segments provide the foundation for testing and analyzing wealth management clients' responses to questions regarding key interactions. Firms can use the CFiq to analyze client attitudes and perspectives toward their firm and correlate them with behavioral and demographic attributes. These insights can drive the identification of the strengths and weaknesses among advocacy segments, and serve as the basis for opportunity development, prescriptive recommendations and cost benefit analysis to help improve the client experience.

Clients in the wealth management industry can be classified as advocates, apathetics and antagonists.

The client profiles that result from the CFiq analysis can be classified into three distinct categories: *advocates*, *apathetics* and *antagonists* (see Figure 1). Advocates are loyal clients who refer new business, consolidate more of their portfolios with their primary firm, and resist competitive offers. Antagonists harbor negative opinions about their firm, and potentially will bad-mouth the company. Apathetics could be described as those who show no strong feelings either way, and may be prime candidates to “sweeten” into advocacy. Or, they may leave their firm if a more appealing option comes along.

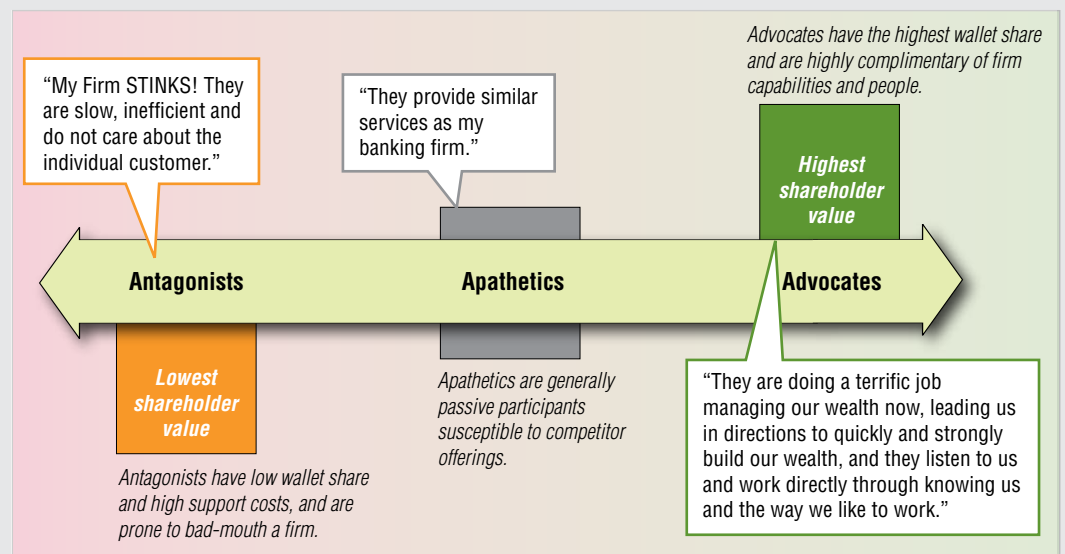
Advocacy in the wealth management industry

Advocacy and apathy among wealth management clients

According to our study, 43 percent of wealth management clients are advocates (see Figure 2). These results should be disap-

pointing to managers in an industry that defines itself by product and service excellence. The scores fall below Property and Casualty insurance (P&C) scores, but are above retail banking scores (51 percent and 24 percent advocates, respectively).^{3,4} One out of every five wealth management clients (19 percent) is an antagonist – meaning they have negative attitudes. Another two of the five (38 percent) are apathetics. Such attitudes may be indicative of a failure on the part of the firm, despite likely investments in better products, improved channel experiences and sophisticated advisor programs. These factors illuminate an opportunity in the experiences, interactions, staff and services wealth management firms offer. Additional insights can be derived from comparing and contrasting the results for various wealth management operating models, which we will explore later.

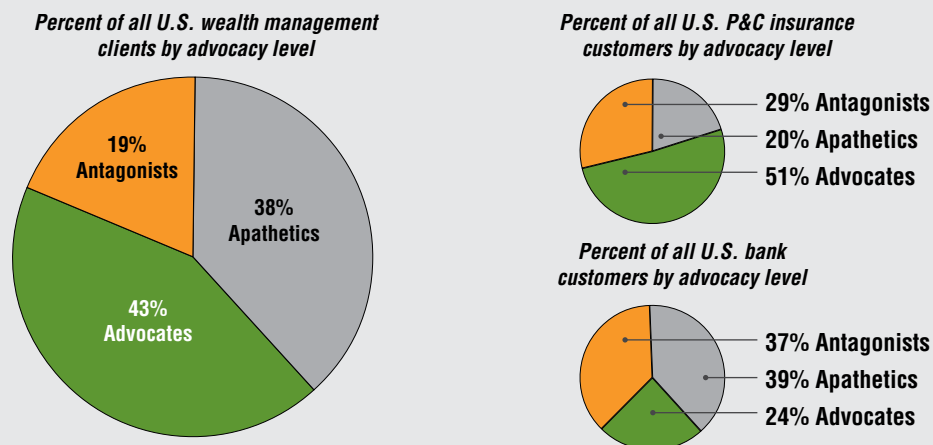
FIGURE 1. An enriched understanding of clients’ attitudes can yield valuable business insights.



Source: Client quotes from the IBM Wealth Management Customer Focused Enterprise Study, September 2007.

FIGURE 2.

Compared to other financial service sectors, wealth management's advocacy scores fall between P&C insurance and retail banking advocacy scores.



*Note: IBM Customer Focused Enterprise Wealth Management Study. n=1311 clients.
Source: IBM Customer Focused Enterprise Retail U.S. Banking Study, 2006. IBM Customer Focused Enterprise Study Property & Casualty Insurance Study, 2007.*

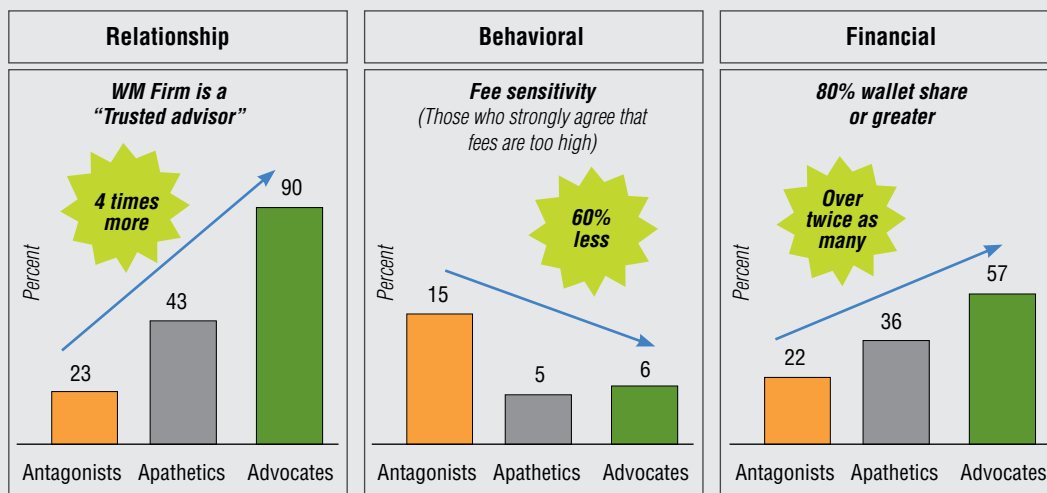
Shining a new light on client value

Loyalty, sales and referrals are clear and attractive benefits of advocacy, but a more direct linkage to financial contribution exists (see Figure 3). According to our research,

client value to a firm is tightly coupled to advocacy ratings, as illustrated by significantly higher share of wallet and higher trust ratings for clients classified as advocates.

FIGURE 3.

Advocates have very positive qualities and place more of their investments in their primary wealth management firm.



Source: IBM Wealth Management Customer Focused Enterprise Study, September 2007.

Advocates are twice as likely to concentrate their assets with one firm.

Advocates are 60 percent less likely to be sensitive to fees – making them *more* likely to place value on other capabilities instead of focusing only on transaction costs. Advocates are also four times as likely to view their wealth management firm as a “trusted advisor,” with 90 percent expressing this viewpoint versus only 23 percent of antagonists. Most impressive is the greater wallet share advocates have over other groups. Advocates are over twice as likely to consolidate 80 percent of their assets with one firm. This is attractive from two perspectives: it helps to optimize the value of the client to the firm, and increases the firm’s ability to understand the full spectrum of the client’s financial needs.

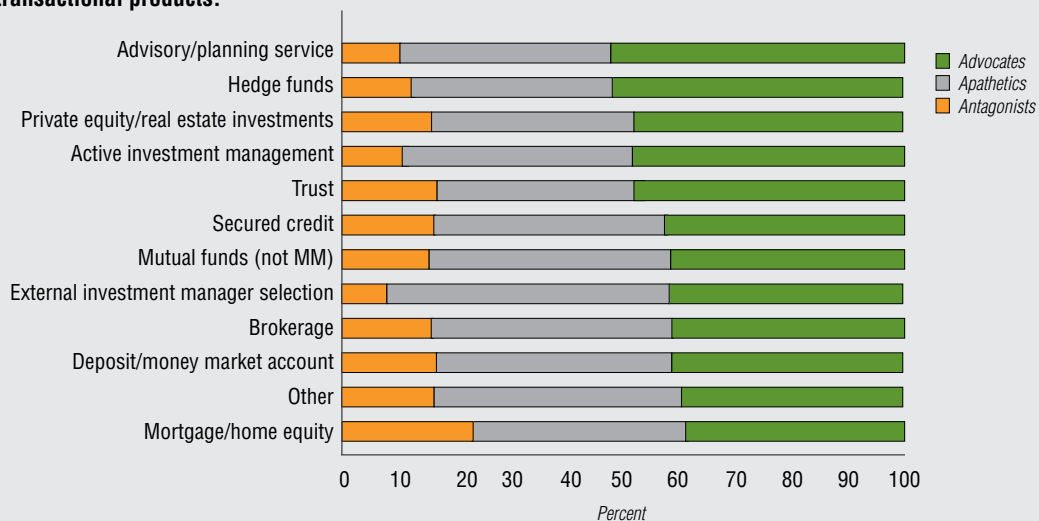
This willingness to consolidate runs counter to a belief within the industry that most wealth management clients use multiple providers to diversify their holdings, achieve optimal product selection (particularly for the alternative asset class) or have providers compete.

However, this situation is more prevalent at higher asset levels. At the lower end of the High Net Worth (HNW) spectrum and into the heart of the mass affluent population, a client’s primary wealth management firm has an opportunity not only to garner a leading share of business, but also to capture a very high portion of investment assets.

Advocacy and products

Firms need to develop a greater understanding of how the product experience affects client advocacy. In general, we found that products and services that entail a high degree of client intimacy are stronger drivers in building advocacy than services that are more transactional in nature (see Figure 4). These offerings are more often the domain of the HNW client; mass-market populations typically find themselves without advisory relationships, and with little need for sophisticated products involving more complex sales processes. Advisory/planning services has the highest

FIGURE 4. **Products that require a high degree of client intimacy are stronger drivers in building advocacy than transactional products.**



Source: IBM Wealth Management Customer Focused Enterprise Study, September 2007.

level of advocacy and one of the lowest levels of antagonists. It is likely that firms will be rewarded over time for their efforts to develop closer client relationships when making more complex sales.

Mortgages have often been thought of as a “wedge” product for wealth management firms – at least until the recent upheaval in the mortgage market. However, considering they had the lowest level of advocates and the highest level of antagonists, firms are not getting value out of what is often a “loss-leader.”

Advocacy and trust

While products may be one of the areas in which an enterprise can exercise the most control, the largest attitudinal gaps between advocates and apathetics lie in factors such

as trust and service attributes (see Figure 5) illustrated by the statement “I trust my wealth management firm to recommend products that meet my needs” having a 49 percent gap. The gap between advocates and antagonists is greater still (a full 67 percent), but it is interesting to consider apathetics, since they theoretically require a smaller transformation effort to become advocates.

The second largest gap and the highest attribute ranked by advocates is “I view my wealth management firm as a trusted advisor,” with advocates agreeing with this statement 90 percent of the time. Again, this reinforces that “trust” is not just a marketing position or hollow brand statement, but a real driving factor in building client advocacy.

FIGURE 5.
Advocates and apathetics have very different opinions on trust, service and products.

	Advocates % agree	Trust questions rankings	Apathetics % agree	Difference in scores
<i>I like and trust my financial advisor. I'd like to see...a closer relationship with their other specialists as a team working on my behalf.*</i>	85%	I trust my wealth management firm to recommend products that meet my needs.	36%	49%
	90%	I view my wealth management firm as a trusted advisor.	43%	47%
Service attribute rankings				
<i>I value people who can step in when my personal manager is not available and are at least knowledgeable and interested.*</i>	82%	My wealth management firm has knowledgeable staff that offer me the best possible advice.	36%	46%
	76%	Employees work effectively as a team to meet my needs.	32%	44%
	83%	Employees listen proactively to better understand my needs.	39%	44%
Product/solutions attribute rankings				
<i>They listen to us and work directly through knowing us and the way we like to work.</i>	69%	My wealth management firm offers me innovative products and solutions.	26%	43%
	72%	My wealth management firm creates customized product bundles or services to fit my financial needs.	30%	42%

Note: *Client quotes from IBM Wealth Management Customer Focused Enterprise Study.
Source: IBM Wealth Management Customer Focused Enterprise Study, September 2007.

Building trust and client advocacy is a multi-faceted, “ground up” proposition involving operations, personalization, products and services.

Advocacy and the human factor

Following trust in both importance and attitude gaps are service attribute rankings, which can also be categorized as the *human and staff* experiences clients have with their firm. A high-quality staff dialogue with clients across a range of measures – including service delivery, advice, listening and effective teaming – was highly correlated to client advocacy.

There is a potent opportunity to increase service delivery based on the needs of apathetic clients. Financial advisor/product specialist service is a key value driver (a capability determined to move clients from apathetics to advocates). However, service excellence ratings for both staff functions averaged only 42 percent. Crucial areas in which apathetic clients scored key staff capabilities very low were:

- *Understanding client needs* – Only 39 percent agreed that employees listen to them and understand their needs.
- *Offering the best advice* – Just 36 percent felt that their wealth management firm has knowledgeable staff that offers good advice.
- *Effective teaming* – Less than 32 percent felt that their wealth management firm’s employees work effectively as a team to meet their needs.

In addition service and human interactions, we found that continuity of staff is also important to overall client relationships.

Advocacy and operating models

Major players in the wealth management industry reflect a variety of heritages. Some develop full-spectrum wealth management offerings from niche private banking businesses in a money-center bank, while others grow from their core brokerage businesses. To address these variations for our advocacy analysis, we divided the industry into three segments based on heritage: *wirehouses*, *discount brokerages and fund managers*, and *universal banks* (see Figure 6). We analyzed how clients select and interact with wealth management firms, as well as rate services, to obtain a view of key attributes associated with each operating model.

We found that operating models, including products and services, are often not structured to optimally develop client advocacy. Not surprisingly, the advisor relationship is most prominent as a selection reason at wirehouses, which also have the highest advocacy rating. Conversely, reputation of firm stood out as the top selection reason for fund managers/ discount brokers and universal banks, and placed third for wirehouses. Fund managers/ discount brokers appear to be more vulnerable to client poaching, with product selection and lowest pricing among the top five reasons (34 percent and 28 percent respectively). However, this was not detected in the measure of switch intent embedded in the advocacy measure, nor in the tenure of relationships.

FIGURE 6.

Key elements of wealth management operating models appeal to client advocates with different needs and service expectations.

Operating model	Definition	Advocacy impressions	Behavioral attributes
Wirehouse	Firms with a brokerage heritage	<p>Reasons for selecting firm</p> <ul style="list-style-type: none"> The top five reasons for advocates: <ul style="list-style-type: none"> - Individual FA relationship (57%) - Advisor understood needs (44%) - Reputation of firm (39%) - Excellent customer service (35%) - Recommendation (32%) <p>Contact point and frequency ratings</p> <ul style="list-style-type: none"> Ninety-six percent of advocates rate quality of service for financial advisors as excellent, compared to 61 percent of apathetics. Sixty percent of all advocates meet their advisor less than quarterly, while 40 percent call or e-mail more than once a month. There is a large gap in usage of the Internet self-service channel, with 20 percent using it less than quarterly, 20 percent over 10 times a month and 30 percent not at all. <p>Reporting and statements</p> <ul style="list-style-type: none"> Just 31 percent of apathetics agree that “quality of reports meets expectations.” 	<ul style="list-style-type: none"> This segment ranks a close second in tenure, with 54 percent having a relationship of 10 years or more. 76 percent of advocates reported having 71-100 percent of their assets managed by their primary firm – over twice as much as apathetics.
Fund manager and discount broker	Firms managing and distributing funds, and with a discount brokerage heritage	<p>Reasons for selecting firm</p> <ul style="list-style-type: none"> The top five reasons for advocates: <ul style="list-style-type: none"> • Reputation of firm (62%) • Customer service (51%) • Convenience (46%) • Product selection (34%) • Lowest pricing (28%) <p>Contact point and frequency ratings</p> <ul style="list-style-type: none"> Thirty-four percent of clients use their firm’s Internet self-service 10+ times per month – far more than do clients of wirehouses and universal banks. The most highly rated channel (per service quality) was Internet self-service, rated excellent by 90 percent of advocates vs. financial advisors – rated as excellent by only 82 percent of advocates. <p>Reporting and statements</p> <ul style="list-style-type: none"> Thirty-six percent of apathetics agree that “quality of reports meets expectations.” 	<ul style="list-style-type: none"> Clients in this group have the longest tenure; 57 percent have a relationship with their firm for 10 years or more. When it comes to wallet share, 73 percent of advocates reported having over 70 percent of their assets managed, compared to 59 percent of apathetics.
Universal bank	Firms with a banking heritage	<p>Reasons for selecting firm</p> <p>The top five reasons for advocates:</p> <ul style="list-style-type: none"> • Reputation of firm (43%) • Customer service (39%) • Convenience (35%) • Advisor understood needs (30%) • Convenient location (28) <p>Contact point and frequency ratings</p> <ul style="list-style-type: none"> Ninety-six percent of advocates rate quality of service for financial advisors as excellent, as compared to apathetics at 54 percent. Fifty-one percent of all advocates meet their advisor less than quarterly, while 47 percent call or email more than once a month. <p>Reporting and statements</p> <ul style="list-style-type: none"> Only 30 percent of apathetics agreed that “quality of reports meets expectations.” 	<ul style="list-style-type: none"> The lowest ranked tenure of all three groups, with only 36 percent of clients with 10 or more years tenure. Eighty-two percent of advocates reported having 71-100 percent of their assets managed by their firm – over twice as much as apathetics.

Source: IBM Wealth Management Customer Focused Enterprise Study, September 2007.

Becoming a client focused enterprise entails both strategic and tactical measures that integrate all interactions – human and technological.

Clients of universal banks and wirehouses view relationship managers (RMs) and financial advisors (FAs) more favorably than other contact points (96 percent of advocates rate as excellent). Frequency of contact is deemed “just about right” by an overwhelming share. While the Internet (to supplement the advisor) is well utilized by clients, quality is not well rated (as is the case with less frequently used call centers). These factors all point to opportunities to fix the wealth management experience beyond the personalities and work habits of the individual FAs/RMs.

Lastly, reports and statements provide another opportunity for building advocacy to supplement client/advisor interactions. Apathetics rarely agreed that the quality of reports meets expectations across all groups. Perhaps the biggest lesson is that there is no single option or no lever that can be pulled to convert clients into trusting advocates. The recurring themes of trust, service and advisor relationships are prominent throughout, and perhaps important enough to provoke a partial shift away from product-focused strategies.

Becoming a customer focused enterprise

Developing a new view of clients and advocacy is an important first step in converting clients into advocates. To make a meaningful change within your enterprise, you must be able to take new insights on client advocacy and turn them into tangible actions focused on key interaction points.

Figure 7 shows our *customer focused enterprise* (CFE) framework, which categorizes key areas of client focus for wealth management

firms. This framework is used in conjunction with our analysis to understand how companies should plan and act on their client-focused initiatives.

At the highest level, wealth management firms must reach out and collaborate with their clients to build compelling and distinct value propositions and become CFEs. A CFE integrates clients’ views and attitudes into the design and execution of core operations. Some of the key actions firms should consider in this endeavor include:

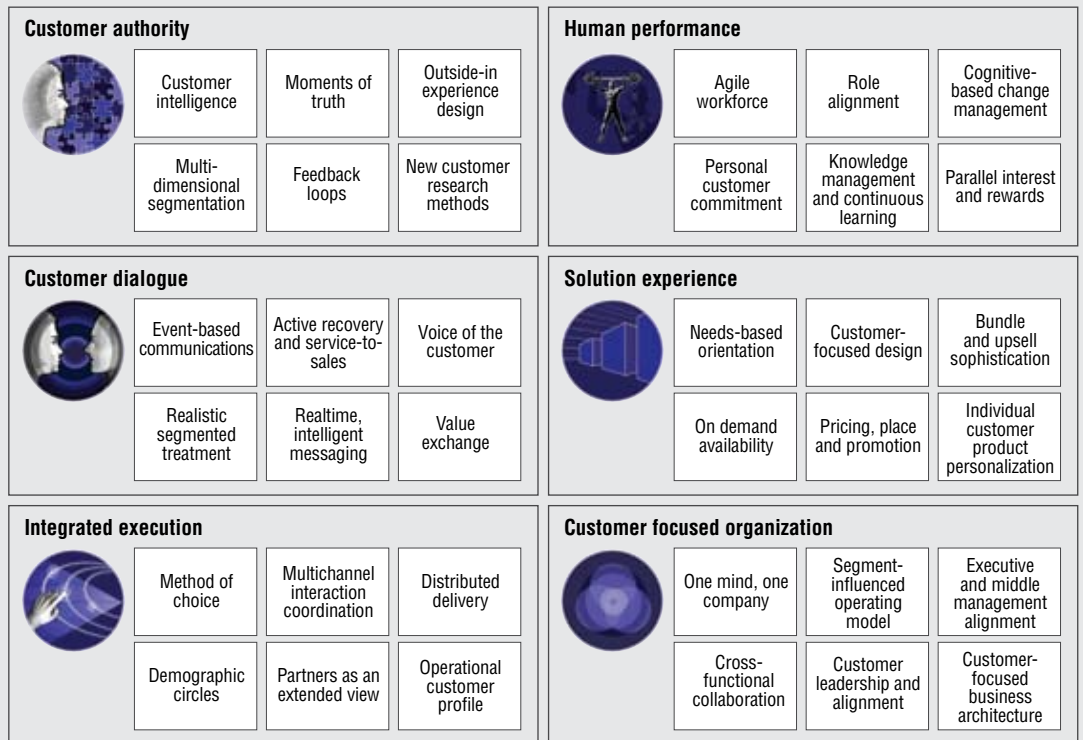
1. Convert apathetics to advocates by strengthening staff dialogues with clients.

Apathetics represent a fertile market to upgrade into advocates. The capabilities apathetics rated consistently low were most evident in staff performance functions, where most capabilities were rated under 40 percent. Firms are apt to be rewarded if a concerted effort to improve staff functions is launched in the following areas:

Enhance staff capabilities. Enhance staff capabilities to provide advice and support increasing use of advisory services by clients. Recruit and train staff in problem-solving methods, as well as assessing client emotive and rational needs.

Motivate and stimulate employees to collaborate. Create a center of excellence to build and harvest best CFE practices, and establish benchmarks to increase process standardization and support training initiatives. Expand staff evaluation processes to include peer reviews and team-based performance metrics to begin to build a more effective, team-based culture and provide incentives linked to client experience metrics.

FIGURE 7.
The characteristics of a customer focused enterprise.



Source: IBM Customer Focused Enterprise Study, "Advocacy in the customer focused enterprise: The next generation of CRM Done Right." May 2006.

Reduce staff turnover: Structure compensation to encourage retention. Include turnover impact analysis when considering internal reorganizations that may disrupt client coverage. Strive for continuity in client coverage when integrating business models following mergers and acquisitions.

2. Build a client experience analytics capability.

As stated earlier, the first important step is to take a new view of client advocacy. The most

critical enabler here is the ability to collect, analyze and act upon new client data that reflects attitudes and dimensions not available through conventional management reporting. Some of the activities in support of this include:

Create a client research function that applies "outside-in" research techniques to capture and analyze client data from key interactions across all contact channels. Build or repurpose client research capabilities to capture

clients' rational and emotive perspectives on key interactions across contact channels. Additionally, look outside of the wealth management industry and assess how other industries or companies are improving the client experience.

Work directly with clients to help articulate client "moments of truth" and use feedback to improve experiences. Use focus groups and surveys to identify key opportunities, as well as issues with products and services, to help clearly identify potential improvements. Work with financial advisors, product specialists and call center representatives to explore and co-design client experience solutions.

Embed client experience metrics into the organization. Create a client advocacy group to baseline the CFiq metric and other key client experience metrics. Enhance current segmentation schemes with CFiq scores to reflect the ongoing client sentiment. Correlate operational and financial performance factors to movement in client advocacy scores.

3. Refine operating models to address service deficiencies and better satisfy target segments.

Operating models combine the resources and expertise of both the firm-wide operations and operations that are delegated and controlled by the individual advisor. The mix of advisor interactions and other channels must be coordinated, along with the product experience, to help optimize the impact the entire experience has on the client. Some key actions wealth management firms can take include:

Offer consistent, high-quality experiences across delivery channels. Even advocates who were highly satisfied with their FA/RM were less pleased with self-service options (Internet, call center, etc.). To the extent that firms offer a call center capability to provide 24/7/365 service, the experience must be improved. Internet usage lags at many firms, and both advocates and apathetics did not rate it as highly as other delivery channels. Work to improve quality of statements and reporting to address client concerns, which were greater among HNW than affluent clients.

Reassess the segment strategy and operating model to help confirm that the firm is well positioned to satisfy target clients. Older clients were generally more satisfied than younger clients – presenting a challenge for firms as clients and FAs/RMs age. Begin with apathetic clients and place specific emphasis on assessing their product and service needs. Review delivery-channel preferences by age group.

Strengthen product and service offerings with greater advisory content. Support staff development of enhanced advisory capabilities with accompanying product and service offerings. Review roles and reliance on transactional products as core sources of client relationships within the overall wealth management offering.

Conclusion

As with all industrywide challenges, each firm must understand, evaluate and act upon its unique client and operational situations. A valuable starting point can be to develop an advocacy metric program that enables the organization to take a new view of client advocacy and use it as a multipurpose tool. The advocacy metric can be used as an indicator of success or failure with clients, and a rallying point for change initiatives. As a window into the client's attitudes, advocacy measurements should be used as design input to recast a firm as a customer focused enterprise. Finally, the measurement can be used to track progress on client initiatives, and to base continuous future improvements on the true state of your clients' hearts and minds. We strongly believe that firms that create a compelling client experience can have a distinct and more sustainable competitive advantage.

Authors

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About IBM Global Business Services

With business experts in more than 160 countries, IBM Global Business Services provides clients with deep business process and industry expertise across 17 industries, using innovation to identify, create and deliver value faster. We draw on the full breadth of IBM capabilities, standing behind our advice to help clients implement solutions designed to deliver business outcomes with far-reaching impact and sustainable results.

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