

Five Keys to Winning the Next Decade in Wealth Management

Eric Robbins, CFA, CFP®

The comments in this article are inspired by the keynote address of Aaron Klein at the recent Fearless Investing Summit in Nashville, TN. For those in the advising community who know Aaron, he is incredibly passionate about the RIA space. He is the co-founder of Riskalyze, which has recently rebranded to Nitrogen. He presented five great ideas to help financial advisors be forward thinking, and they deserve repeating and sharing with a broader audience.

The first key is to know your firm's value drivers. The two core options are products and distribution. Are your products and services truly unique? That is not unique if you offer the same things as 10 other firms in your local area. Financial advice is becoming a commodity, and we need to do more than sell an annuity, mutual fund, or financial plan to stand out. Many advisors' differentiator is their distribution channel (i.e., their relationships). Where are you able to form relationships that someone else is not? Think about your current clients. What are the common traits of your top clients? Step away from asset levels and career paths. Think more deeply. Maybe your top clients are curious people who like intellectual pursuits. Maybe starting a monthly book club helps you reach more of this type of person. The key takeaway is that forming meaningful and genuine relationships will be the way to win moving forward, not just having an array of products to offer.

The second key is to understand the role of scarcity. Knowledge is not scarce. Clients can find all the information they want on the internet 24 hours a day without your involvement. Filtering that information is a different matter. Expertise is not scarce. There are a large number of people offering investment, insurance, estate, and retirement planning advice. Artificial intelligence will also run on the elements that some hold up as a differentiator. What is scarce that can be accessed by advisors? How about attention? Capture attention, and you will stand a chance of winning new clients. You do not need to post silly videos on TikTok (this might be counterproductive) but think about how you can put our free content online. Add to the library of free information on the internet and social media. Create a blog, post on LinkedIn, and develop videos for YouTube or Instagram. Help people with no sales pitch attached, and you might start getting inquiries. Educate people, and you will gain market share based on their limited attention spans.

The third key is filtering the true signals through the noise. There are so many signals. Clients need help filtering the abundance of information, and advisors need help filtering the signals, too. Consider using a free service like JP Morgan's Guide to the Markets to filter through economic information. Use technology to filter through the noise to help find actionable signals. A few ideas are TaxStatus to help identify tax concerns that may need immediate attention or the periodic client check-ins available through Nitrogen. The check-in feature provides an easy way for advisors to ask clients how they feel about the markets periodically. If you see that a client is anxious about the markets, then reach out. If you see that they are uncertain about the markets, but confident about their financial future, then the advisor has done a great job managing the relationship. This type of client is one to which referrals should be solicited.

The fourth key is to be aware of the force multiplier of emotional intelligence. This process involves emotional regulation, a service advisors should regularly provide their clients. It would help to find a way to keep your emotions in check to help your clients. Developing strong listening skills is also an important part of this skill that needs more focus moving forward.

The fifth key is thriving in a world-embracing artificial intelligence (AI). Most advisor software packages will be deploying AI to some degree. They will be automating tasks like sending reminders to clients (Nudge), checking in on their sentiment measures (Nitrogen), watching tax events (TaxStatus), and many others that help with meeting notes. As tasks are automated, the need for differentiation based on relationships will become even more pronounced. Figure out ways to elevate the personalized customer experience. Also, recognize that time is your most scarce commodity. Any technology that can be used to recapture time is a good thing.

Eric Robbins is the Associate Director for Corporate Outreach and Research and Associate Teaching Professor in Finance at Penn State Erie, the Behrend College.