

# NOW, NEXT, AND BEYOND

## *The Future of Wealth Management*



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Recently, I hosted a roundtable of industry luminaries at INSITE, our company's national conference, to explore four critical drivers of wealth management firms' success now and going forward. The VIPs who joined me on stage were:

- *"The Operator"* — *Rashmi Badwe*, Executive Vice President, Chief Operating Officer, Wealth Management, TIAA
- *"The Dealmaker"* — *Rush Benton*, Senior Director, Strategic Growth, CAPTRUST
- *"The Risk Manager"* — *Brian Hamburger*, Founder, MarketCounsel and Hamburger Law Firm
- *"The Reformed Banker"* — *Liz Nesvold*, President, Cresset Capital
- *"The Coach"* — *Penny Phillips*, Co-Founder and President, Journey Strategic Wealth

*Check out these highlights from our discussion.*

### DRIVER 1.

## GROWTH

RIAs are the fastest growing channel for financial advice, but 70% of growth over the past decade has been from market appreciation — with the largest firms (\$1 billion+ in AUM) gaining the lion's share. What can drive true growth?

- **Invest in talent to organize for growth** — Noted Liz: "You have to give to get. Give of your profitability to start to get scale and to create growth opportunities...you may need to add some infrastructure, maybe hire a chief marketing officer."

- **Engage a strategic partner to unlock new asset pools** — According to Rush: “Growth is one of the key attributes of valuation. We’re more interested in the next 10 years than the last 10 years. [A billion-dollar business we acquired doubled its assets within a year] because a strategic partner gave them the ability to attract larger asset pools.”
- **Give advisors specific roles to enhance effectiveness** — Penny remarked: “At larger firms, advisors don’t have 57 different jobs. They either deliver advice, generate revenue or act as a leader helping others deliver advice or become rainmakers.”
- **Leverage the enterprise to empower advisors** — Rashmi said: “There are three ways large firms can bring the power of the enterprise to bear to help advisors drive organic growth in their practices. One is by investing in lead generation from the self-directed channels. Another is by partnering with retirement, banking or other complementary businesses to introduce wealth services for the right clients. And the third is investing in analytics to help advisors optimize their books.”

## DRIVER 2.

# CLIENT EXPERIENCE AND SCALE

**At a recent think tank with top advisors, we surveyed firms about the “most important contributor” to growth. Their top two responses were “having a defined client experience” and “improved workflows, operations and efficiency.” What drives client experience at scale?**

- **Focus on intellectual property** — Brian pointed out: “In small firms, set-up workflows to get more predictable outcomes over time... Human capital is going to become increasingly fluid, so intellectual property — the knowhow, experience created through workflows and standard operating procedures — will be the strength of an enterprise and define their stability as they move forward.”
- **Scale and customize experience** — Per Penny: “Client experience is absolutely paramount. Firms that can scale and customize and differentiate in unique ways are the ones that will be around for the next hundred years.”
- **Automate workflows to free up advisors** — Rashmi suggested: “Advisors spend far too much time on administrative duties. Large enterprises must completely rethink data and technology to automate workflows to get a better advisor and client experience and to improve scale.”

### DRIVER 3.

## TALENT

**At our most recent Elite Advisor Summit, attending executives told us that hiring advisors is their number-one focus. How are firms approaching the talent challenge?**

- **Talent depth critical for M&A** — Rush revealed: “In an acquisition, we look at talent from top to bottom. The more talent we see that is producing with a growth mindset, the more we like the business. Also, we look closely at management talent: Can they help us get better?”
- **Adapt to meet client preferences** — Rashmi explained: “We’ve learned that 10 percent of clients would prefer to interact with us in Spanish. So, we are hiring advisors and call center reps who can interact in Spanish, and who understand the cultural nuances...not just how to translate terms.”
- **Strive to reflect the clientele you’ll be serving** — Liz declared: “Over the next decade, a lot of the assets will be controlled by women. Consider this in light of talent. It’s not about pinkwashing but rather doing the right thing for your constituents.”
- **Don’t forget to hire producers** — Noted Penny: “We need the in-house advisor who hunts in the zoo and not in the wild. We’re talking about producers who are critical for asset retention and who will become ever harder to come by.”

### DRIVER 4.

## RISK

**Businesses today face a range of macro risks, such as inflation and impacts from the war in Europe. What are businesses doing to manage these and other risks?**

- **Focus on business and client resiliency** — Rashmi emphasized: “There are always risks — it’s just a matter of degree and duration. So, it’s a question of: How do you make your business resilient, and how do you make your clients resilient? Focus on what you can control.”
- **Address succession planning now** — Declared Brian: “A wealth management firm is a quickly perishable asset. Put yourself in the mindset of those you would leave behind if you suddenly died. Family. Stakeholders. Employees. Clients. Establish a succession plan. We can do better.”

# REFLECTING ON THE DISCUSSION

It's clear that when you get several successful people together to talk shop, you'll find a range of opinions about what it takes to win. No matter the path, each of our panelists is optimistic about the future of the wealth management industry. Developing a memorable client experience, building to increase scale, investing in the right talent and finding ways to mitigate risk may be the right formula for growth in today's marketplace.

Contact your relationship manager to discuss how to turn these insights into action.

Missed INSITE? [Watch a replay of our panel.](#)

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