

Firing On All Cylinders: Repairing the Wealth Management Client Team Engagement Crisis

The wealth management industry looks a lot different today than it did ten, five, or even just two years ago. Disruption has become the norm. Financial advisors and relationship managers are on the front lines of these added pressures, squeezed by new regulations that add work to their desks, and forced by new entrants to reduce costs. Increasingly more advisors are choosing to set out as independents or even leave the industry entirely. Without this critical talent, firms are left with a big gap and risk in effectively meeting and exceeding client and firm needs.

Surviving and thriving in the new environment means firms will need to reassess their approach to managing talent – starting with engaging, motivating, and retaining their employees. To be clear, employee engagement is not about happiness or job satisfaction – it’s about employees’ level of investment in their firms and is simply better for business. In fact, our extensive employee research shows that:



Highly engaged sales forces **exceed sales goals by 4%** on average



Highly engaged employees are **36% more likely to stay** at an organization

So what needs to happen for wealth management firms to engage and retain their key talent? And how can firms paint a compelling picture for critical client facing roles while supporting them with the tools they need to succeed?

Using our proprietary global employee engagement databases, we’ve identified the five key drivers of employee engagement in the financial services industry:

- 1) Employment Brand:** Financial services firms were once on the top of every college graduate’s wish list. The top tier wealth management firms still have strong recruiting cache, but our global economy has made the world a smaller place, connecting talent across geographies and opening up more dispersed job opportunities than ever before. Technology firms have the competitive edge when it comes to persuasive value propositions and work environments. To attract and retain the very best talent, wealth management firms – especially those below the top tier – must step up their efforts around employment branding and more clearly articulate a value proposition that combines technology enablement with personal relationships delivered by real client facing people.
- 2) Enabling Work:** Financial advisors and relationship managers need access to the right tools and resources to do their jobs efficiently and effectively. Enabling effective work by offering those tools is increasingly critical. While historically not a strong driver of engagement, a firm’s ability to enable work for employees, especially the younger advisors and managers, has increased in importance. With new apps, products, and advancements rolling out of Silicon Valley daily, this critical talent is

accustomed to having the latest resources and technologies at their fingertips. Financial services firms have been notoriously outdated in many of these areas and must make sure they keep up with the enabling infrastructure needed to exceed advisor and manager expectations. It's no longer a *nice to have*, it is an expectation.

- 3) **Rewards and Recognition:** Competitive pay is a basic expectation for financial advisors and relationship managers. However, direct compensation is but one of many rewards and recognition levers to pull – especially in this age of cost control. Firms are looking beyond short- and long-term incentive options to new ways of rewarding critical talent, such as recognition programs, mass customization of benefits offerings, and more subtle lifestyle or workplace enhancements. Brokerage firms are masters at this with recognition clubs, events that include spouses, and visible trophies and awards. Private banks can learn from the successes that brokerage firms have had in this space. Competitive pay is the foundation, but firms need to look to more creative options in rewarding and recognizing their talent.
- 4) **Career Opportunities:** Millennials have now become the largest age group in the modern workplace and feel stymied when they look up in a firm and don't see opportunity. And given all of the recent disruption in the wealth management industry, it's now more critical than ever that firm leaders provide a clear vision for how they expect key client facing roles to evolve over time. Young talent need to know they have a place and future in this industry. More than ever, diverse work experience and internal mobility are top of mind for today's junior to mid-level financial advisors and relationship managers. It's not only about job levels and promotions. Thoughtful career pathing, intentional development activities, special projects, and access to senior leaders are all avenues that wealth management firms should pursue to enhance the employee experience and availability of career opportunities.
- 5) **Managing Performance:** Differentiating the best from the rest is critical to engaging a firm's top talent. Nothing is more disengaging for the highest performers than seeing their lower performing peers skate by under the radar. In fact, we find that 80% of new business is generated by just the top 15% of performers. This is an area that some brokerage firms have excelled in by using, for example, leader boards to bring clarity around how talent stacks up. Private banks are more discretionary, making differentiation a real challenge. While brokerage firms use their commission plans to manage performance, this has often created line managers that shy away from being strong goal-setters and coaches. It is critical that firms, especially private banks, learn from their peer's successes and proactively manage performance differentiation based on each employee's achievement against goals and their potential to take on higher levels of leadership. Spreading the peanut butter was never a winning strategy – all the more so when pay is limited.

Wealth management's financial advisors and relationship managers are on the front lines of the disruption hitting the industry. Engaging with this talent is more important than ever before. The most successful wealth management firms know that talent is the most powerful lever that they can use to grab the competitive edge required to get ahead. By linking employee engagement data with competitive performance data, these firms are able to strengthen their knowledge, and business case, of which engagement areas are worthy of investment. The firms that manage to attack these key drivers of engagement successfully will find themselves a step ahead of the competition by identifying and retaining those advisors and managers that are best suited for the future of wealth management.

To learn more about engagement opportunities for wealth management firms, please learn more by [clicking here](#).

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