Client-centricity rule #2: be transparent

Wealth managers who are comfortable and confident enough to be totally transparent, about their intentions as well as their income, can without doubt add the most value as a client-centric professional.

Wealth management practitioners who are unconvinced or lack the confidence about their ability to add real value to the lives of their clients – or simply don't have the competency to do so – will struggle with this question: how can I make sure that I last in this job?

One survival strategy that has been common among individuals who are unsure of the answer has been to create a facade of high-end client service. They have sought to, conscientiously, cloud their true intention – which is to generate as much revenue as practically possible from their clients.

These wealth managers might tell their clients things like: "I only charge you a transaction fee of 1% if you invest in fund ABC." They conveniently avoid discussing the additional retrocession fee of 1% they receive from the respective fund manager.

Or, they might say to their clients: "We don't sell life insurance, so all I can do is refer you to a life insurance company." They omit to mention the USD100,000 they will receive from that insurer if the client buys the proposed policy.

You get the picture, but there are (unfortunately) many more examples of such sales-pitches where the focus of the wealth manager is to generate revenue, not to actually help the client.

TRANSPARENCY SELLS

There seems to be a clear correlation between hiding one's true intentions to generate income from the client and being unable to add value to their lives.

The problem with a limited ability to add real value is that secondary interests outweigh primary ones.

So instead of focusing all energy on the principal, stated purpose of the profession to help HNW clients get peace of mind, the secondary interests of financial gain, career development and improved status quickly rise to the surface.

While there is nothing wrong as such as with these three goals, they must remain secondary. Yet how can wealth managers keep them in their rightful place, especially if as advisers they cannot deliver on what's really important to the client?

The most frequently-cited excuse in Asia for reverting secondary interests is that clients don't like to pay for advice. So what is the point of trying to provide a quality service if there is no way to make money out of it?

Frankly, most proponents of this perspective are, in fact, those same practitioners who lack the experience in giving real value-added, life-improving advice.

After all, HNW individuals are happy to pay for advice from their lawyers, tax consultants, doctors and accountants – mainly because they perceive what they get as 'advice'.

The fact is, the more successful wealth managers charge a fee for advice. They are convinced and confident that they add value – read 'peace of mind' – to their clients, in turn enabling them to feel financially secure.

For those professionals, being 'transparent' is not a threat to the way they operate – just a logical consequence.

But we must be careful here to clarify a critical point: being transparent won't help a wealth manager become more client-centric. It's the other way around: the more client-centric someone is, the more transparent they can afford to be.

These types of individuals are not at all bothered by the question about how to survive in this profession. ■

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