

Do you really want to grow your business? How will you do it?

The third panel of the Hubbis Independent Wealth Management Forum of March 8 focused in on how independent firms can grow their businesses. Growth for growth's sake is seldom a success but resting on one's laurels is also risky.

These were the topics discussed:

- Why are you growing your platform? What motivates you to do it?
- What's the alignment of interest?
- Who owns it? Is it the same as working for private bank if you don't own it?
- Let's imagine you want to add just two RMs to your platform this year - what are the challenges? Is it difficult to find someone to join you that shares your value system and embraces the unique culture?
- Can you improve processes? And can you make the connection between this and increased revenue?
- Is critical mass an issue? When do economies of scale kick in?
- When a company grows you face ballooning costs. Can you travel the road from 'small' to 'medium sized' without dying on the journey?
- If you diversify, will you damage the existing value proposition?
- How can you best deal with your practice management, governance and controls?
- Digital marketing and prospecting - sharing success stories

THE PANEL OF EXPERTS HUBBIS ASSEMBLED have broad experience in growing their businesses, some at a more sedate pace, some on a faster track. Ultimately, no one model suits all. The audience was all ears for the panellists' collective wisdom.

0-90 in 10 years

"When I joined our independent firm around a decade ago we were just a handful of people, and

PANEL SPEAKERS

- **Steve Knabl**, Chief Operating Officer & Managing Partner, Swiss-Asia Financial Services
- **Philipp Piaz**, Partner, Finaport
- **Chiara Bartoletti**, Chief Operating Officer, Oclaner Asset Management
- **Simon Lints**, Chief Executive Officer - Singapore, Schroders Wealth Management

"BEING SELECTIVE IN PUTTING TOGETHER WEALTH MANAGEMENT TEAMS IS OF THE UTMOST IMPORTANCE, AS WELL AS ENSURING THAT MANAGERS HAVE SPECIFIC TRAINING IN THEIR AREA OF EXPERTISE, WHICH RESULTS IN LOW ATTRITION RATES."





PHILIPP PIAZ
Finaport

today we have 90 staff,” reported one panellist. “The assets under management have grown, we have a special business model, and yes we believe we have a unique proposition. But where we are the same as our competitors is that we are all serving our end clients as best we can.”

He recalled that as a small business owner most elements of the business are manageable. “But when your firm starts growing apace, there are limits to how much a specific person can do. However, one cannot just keep adding people as the economies of scale deteriorate, so it is vital to incorporate systems, automating certain things, outsource and so forth, but always with an eye on the bottom line.”

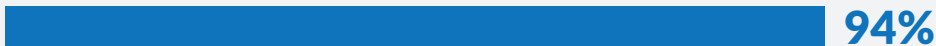
Leveraging your skills with external expertise

He added that it is essential to focus on expertise. “We are not a technology company or software developer; we are wealth managers. We need to stay nimble and also know your limitations. For example, going from 10 to 300 clients, along the way we learned that we need systems to handle risk management, that costs money, so that must be incorporated into budgets.”

Another expert explained that being affiliated with a larger financial group, they can leverage those other skills, for example, compliance, IT and different facets. “We remain a very niche entity, and with our emphasis on discretionary asset management, the returns

DO YOU INTEND TO GROW YOUR PLATFORM OVER THE COURSE OF THE NEXT 2 YEARS?

Yes



No



Source: Hubbis Independent Wealth Management Forum 2018

are solid. Our time is best spent building the business and meeting new clients.”

Growth for risk diversification

Another panellist set up in Singapore in 2009 and offers mainly discretionary asset management and a multifamily office advisory arm. “We want to grow, it is important to diversify from reliance on certain clients, and it is vital to stay relevant. Moreover, the larger the firm is, the more bargaining power you achieve and the better fees you can obtain for your clients. And growth also helps with opening up different strategies for asset allocation.”

The moderator pointed to an event audience poll, which pointed out that 94% plan to expand their businesses. The question then was what the motivation for growth is? “We are all entrepreneurs,” said one expert. “Growth is natural to us unless we are thinking about retirement.”

Finding like-minded team members

But all panellists agreed that finding the right people to help achieve that growth is always problematic. “We do not use headhunters, we find team members by direct connections, getting our name into the marketplace. We offer a different proposition; we do not focus on the quarter by quarter, we try to focus on the longer-term view of building client relationships. We also take a fuller view on discretionary; we are not focused on selling products and trading. So we attract a certain type of person; they are more mature, they have a broad experience of life and can engage with the clients on many levels, being



STEVE KNABL
Swiss-Asia Financial Services

DO YOU THINK THAT MARKETS ARE GOING TO GO DOWN IN THE NEXT 6 MONTHS?

Yes



No



Source: Hubbis Independent Wealth Management Forum 2018

well-travelled, articulate, interesting people. We also see a lot of people coming with bloated opinions of their capabilities and unrealistic expectations.”

Another added that the mature private bankers that have been in the industry for 15-20 years sometimes feel capable of becoming entrepreneurs. “With long relationships with their clients, it is only natural for them to be able to become independent. Some can even consider creating their firms as they have enough clients and can bring team members with them.”

Clients of the leading private banks often get the full treatment of golf days and a variety of other perks. “We have also arranged golf weekends for our clients with great success, building relationships between them and us also build relationships with their peers,” noted one IAM leader. “This is great for internal and external relationship building.”

Tech solutions to oil the wheels of growth

Technology is an excellent enabler for growth. “Risk management when one has a larger number of client portfolios is essential,” said one expert. “Electronic data and information tracking and delivery are vital for us to control risk parameters on each one of our portfolios on a daily basis.”

Open architecture is also valuable to ensure the most transparent fund and asset selection process as possible for clients. This is the case even for smaller EAM arms of larger financial institutions. “We are completely open architecture, we speak to all fund houses, we run our direct equity mandates, but we are under no pressure to select in-house funds, we choose them only when appropriate. We hope we are very transparent in terms of how we report and how we run our relationships, it would be short-lived to do anything other than that.”

Concluding the discussion, one IAM leader explained that nine years after setting up his firm he has no regrets. “It is all about stepping out of your comfort zone but for a greater good, more freedom, better quality of life I believe we might as well make sure that our work is enjoyable and with people we like to work



CHIARA BARTOLETTI
Oclaner Asset Management



SIMON LINTS
Schroders Wealth Management

alongside. Then it is building a team. We hope we can select the right people, but it is up to them to then build their happiness at work in a way that helps build the firm as well. When we achieve that we feel we are doing pretty well.” ■