

Making a client-centric approach pay off

By living up to its stated philosophy of putting clients first, Indian wealth manager Edelweiss was able to double AUM, retain all its advisers and win a string of plaudits from clients in 2016.

The global trend in private banking of running fully transparent and compliant businesses is placing a big burden on many organisations.

Being consistently profitable against such a backdrop is difficult even in many of the most developed wealth management hubs, so finding a way to achieve this in a developing market like India is especially challenging.

Yet some firms are carving out their own paths to success through focused strategies – which often require very deliberate client segmentation. Edelweiss Global Wealth Management is among them.

Its frequent claims to be one of the fastest-growing firms of its type in India were more-than-adequately supported by the results achieved by the business in 2016. From around USD3 billion in AUM at the turn of the year, the figure had jumped to roughly USD6 billion 12

months later, purely for the wealth management unit of this financial services conglomerate.

To put this into perspective, Anshu Kapoor, head of global wealth management at the firm, says that the growth seen in AUM in 2016 was more than the cumulative total of the first five years the firm has been operating in this space.

CLEAR PROPOSITION

Notable in Edelweiss' success has been its productivity per adviser; as of the second half of 2016, its 52-strong team were generating between USD150 million and USD200 million a month in AUM. "The rest of the [wealth management] industry [in India] needs about 200 to 300 advisers to do this [AUM]," says Kapoor.

But what's really worked for the firm is having a defined value proposition. This rests on a focused, three-pronged ap-



ANSHU KAPOOR
Edelweiss

proach to client segmentation: next-generation entrepreneurs; family offices; and what it refers to as institutional clients.

Further helping Edelweiss' case is the fact that it didn't lose a single adviser over the last three years – a feat Kapoor can justifiably be pleased about given the merry-go-round which characterises the industry in India.

Complementing and reinforcing all this, he adds, is the investment that the firm has made in all aspects of the business – ranging from people to product platform to digital capabilities.

The results to date are clear. In the family office business alone in 2016, for example, Edelweiss has raised around USD2 billion in AUM.

PUTTING CLIENTS FIRST

This type of success stems from how Edelweiss defines its engagement of customers: helping them capture the opportunities in the financial markets, while at the same time protecting them from the various risks they face.

As a sign of the firm's focus on quality of service delivery, it closely follows the international practice of net promoter score to assess customer behaviour.

Once a month, a central team calls each customer to ask if they will refer Edelweiss to anyone else, on a scale of 1 to 10. Depending on their answers, customers then get categorised as one of 'passive', 'promoter' or 'retractor'. For each category, a set of questions follows, ranging from engagement to the experience that the respective Edelweiss adviser is creating for the client.

The results of this effort are published to the entire firm to create transparency and accountability.

"Our goal is to achieve 100% client satisfaction score to make sure that no

client is unhappy with our services," explains Kapoor.

To contribute towards this, Kapoor believes that digitising the delivery of products is vital to respond to the client demands in real-time. It is also cost-effective.

For example, the firm is moving its workflow to Salesforce, a digital customer relationship platform. This will mean that if a customer is coded under the risk profile 3, for instance, the system will prevent any product marked with a higher risk profile from being offered to that individual.

"A lot of customer understanding and performance assessment will take place through this core engine," he adds illustrate.

DOING THE BASICS WELL

Part of the Edelweiss success has come from simply being diligent in maintaining long-term, healthy relationships.

"Clients usually do not have grand expectations on portfolio management. But they do expect their advisers to do the basics efficiently," says Kapoor.

The way it remunerates its client-facing staff reinforces this. "Most global wealth management firms have a revenue-based reward structure for their advisers," he explains. "At Edelweiss, the rewards that our advisers receive are significantly impacted by their client satisfaction scores."

Yet this also relies on developing people in the right way. To do this, for its most senior dozen or so advisers, the firm offers a one-on-one coaching track. This involves assigning them a sales coach or an executive coach where very spe-

cific inputs are given on how to scale up their business.

Kapoor is also spearheading a practice management framework for his advisers, looking to implement best practices in the US in the Indian context.

This focuses on a mix of 'book management', in terms of how to acquire, retain and grow customers; on specific wealth management products and services; on the team itself; and on sales.

"There has been a huge investment in development of advisers over the last three years, which is now paying off," says Kapoor.

THE RIGHT SIZE

While he says he would like to have 500 advisers in theory, it's a slow process, plus he knows he must be realistic.

"We have stayed away from hiring teams and moving people en masse for two reasons," he explains. "First, we thought it will be disturb our culture, and secondly, we have not been ready to absorb all these people."

However, Kapoor now feels readier than ever before to scale up the hiring process, given the more robust and refined processes in place to cultivate and develop people.

As he looks to do so, he will ensure every potential hire goes through the firm's rigorous evaluation, which focuses on client orientation.

"It evaluates individuals on ambition, on enterprise and on problem solving, and only when someone passes do they then have a chance to join us. As we can see from our productivity and other parameters, it's really worked for us." ■