Malik Sarwar's Five Pointers for Winning and Retaining the Primary Adviser Role

Malik Sarwar, CEO of wealth management firm K2 Leaders, presented an engaging, interactive Workshop at the Hubbis Philippines Wealth Management Forum to explain how wealth management advisers and their firms can fulfil their most important role as primary advisers to their clients, thereby winning at least 50% of their business. He outlined his five levers for growth, and introduced what he sees as the essential habits of effective advisers. Sarwar elaborated on how advisers can differentiate themselves via continuous self-enhancement, how they can engage clients in challenging markets, and how they can offer smart albeit simple solutions for their clients' needs and goals.

SARWAR BEGAN BY ASKING THE AUDIENCE how many people in the room have several accounts, with banks, insurers or asset managers. "Pretty much everybody I see," he observed. "And what I want to do today is explain why it is essential to become the primary adviser in wealth management, and offer some insight into how to achieve that objective and remain in that important position."

He explained that studies done in the US have shown that average people have three or more accounts, with the primary relationship getting 50% to 70% of total client assets, whether those are investments, deposits, borrowing against property or something else. "The multiplier in becoming a primary adviser is two to three times the secondary or tertiary account or adviser," he said. "So today I want to explain my five levers of growth as a guide for winning and retaining that pre-eminent role with the customer."

Five levers for Growth

Sarwar expounded on what he calls the five key levers of wealth management business growth: (1) omnichannel, (2) acquiring,

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deepening, and retaining clients, (3) delighting clients, (4) hunting for returns by following a planning-led process, and (5) empowering talent.

These levers go hand in hand with attributes vital to the success of primary advisers, ranging from continuous self-enhancement to leveraging the power of colleagues. By cultivating these essential attributes and practices, the successful adviser can evolve into a primary adviser—the one whom the client calls first when they have a question, a problem or there is a significant market event.

He added that from a client's perspective, they want to be made to feel important. "It is all about the client," he said, "not the adviser." He suggested that recognising the client's 'worth' as the keystone of the relationship will help the provider become the primary adviser. "The mission," he argued, "is to become the primary adviser, and to target clients by crafting value-added ideas and solutions which help them achieve their dreams and goals."

Omnichannel

Sarwar then went into considerable detail concerning each of these levers of growth. Omnichannel, he proposed, is the touchpoint for a seamless client experience across all channels: digital, call centre, advisers, and specialists.

Clients deserve to be served the way they want and not the way that is convenient for the bank. This necessitates a 24/7 omnichannel that they can tap into at a time and place of their choosing. Clicks are winning over bricks, especially for millennials and the emerging affluent (those entering the HNW segment through work or inheritance).

While digital is fast becoming the preferred mode of engagement by clients, it is during times of personal crises that the client needs a financial doctor, so the adviser must be ready and able to help the client navigate volatile financial markets. "One rule of human psychology from studies conducted in the US," Sarwar pointed out, "is that by adding a second person to a key client relationship, client loyalty to the organisation rises by 70%."

To incorporate an effective human component into the omnichannel, the firm in question must have qualified and inspiring advisers led by effective sales managers and strengthened by a team of seasoned specialists and service staff. Digital connectivity provides the most convenient tool for clients to access their portfolio information, market insights, as well as goal-led ideas on protection, education, retirement, and estate planning.

The primary adviser acts as a holistic wealth manager of the client's assets, liabilities, and the legal architecture of how they are held and transferred. Further, the adviser must be a relentless risk manager of the client's finances and a private investment banker for bespoke opportunities, such as PE deals in a growth sector in ASEAN.

Sarwar believes that an adviser's success in wealth management today requires absolute commitment and a dedication to knowledge—of self, of the client, of competition, of markets, of technologies, and of the team. He also focussed on the importance of self-knowledge for the relationship manager who aims to be a primary adviser.

"Knowing your own style and adapting that to the client at the other end is really important," he clarified. "For instance, if somebody is analytical, give them data. If they are expressive, ask them about their day or their family before jumping into the business discussion. Know your target market and secure your clients early on in your careers so that that they grow with you, and you grow your business with them." Knowing your bank's true values and value-add to the clients (when compared with that of competitors) is crucial to the lasting success of the franchise.

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ADR: Acquire, Deepen and Retain

The ADR mantra always rings true: acquire, deepen and retain clients.

The best acquisition method is to ask for introductions from happy clients, ensuring that TPO is followed: time, place and the occasion for requesting an introduction.

No financial firm quite captures the imagination of Disney, Apple, Amazon or Ritz. Many global and regional banks are vying for a coveted brand position, but the winners will be those that delight their clients.

Sarwar then shared his views on individual client relationships, stressing four essential categories: (a) intimate, (b) warm, (c) acquainted and (d) unknown. The 'intimate' category is composed of those clients with a valid risk profile who conduct transactions with their adviser on a regular basis. This usually follows the 80/20 rule wherein the closest 20% of clients generate 80% of the revenues. The 'warm,' 'acquainted,' and 'unknown' categories must be carefully nurtured to ensure that the firm can acquire those potential

‘gems’ and transition them to the ‘intimate’ category.

Sarwar underscored the concept of a relationship-driven revenue stream, where the primary adviser typically maintains over 50% of a client’s assets, including financing, structuring, investments, banking, foreign exchange, and estate planning.

“Who,” he asked, “does the client think of first when they have a need or something major happens in the market? The answer is the primary adviser, and it is they who generate two to four times more business than the secondary advisers.”

Malik Sarwar & his World of Wealth Management Experience

Malik Sarwar has operated at the leading edge of global wealth management for more than three decades, working across the US, Asia, and MENA. His career successes include Global Head of Sales Management/Wealth Development at HSBC, as well as business leadership at ADIB (Global Head of WM); US Head of UHNW at Permal Group; a period at Citigroup as WM Head, Asia/President CIS, US; a stint at Merrill Lynch as Director/Country Head; and a role as Senior Adviser at Bain & Company.

Currently, Sarwar is CEO of K2 Leaders Inc, a New York-based wealth management advisory firm which provides teaching, coaching, and consulting for wealth management institutes, business schools, and financial industry clients. He is a noted speaker and moderator at industry conferences. Sarwar also finds time to be a Council Member of GLG as well as a Development Partner/Adviser of Acumen, an impact investing firm in NY.

Delighting through Continuous Self-enhancement

Sarwar proceeded to discuss what he sees as the best habits of primary advisers. “Above all, they practise continuous self-enhancement,” he noted. “They prepare their work and diligently execute their plan. They keep the client updated on market views and trends, always linking back to the client’s situation. They strive to anticipate their clients’ needs and recommend appropriate solutions. And they mobilise a team of specialists, aiming to leverage the power of these colleagues to unlock client potential across generations.”

To elucidate the ethical framework of the adviser’s role, he used the acronym ICC: integrity, competence, and compassion. Sarwar maintained that integrity is all about doing the right thing for the client. Competence involves continuous knowledge-building—achieving new certifications, becoming more digitally-enabled, honing more effective communication skills, and taking advantage of a variety of free resources, such as TED Talks, Khan Academy, and Open University courses.

Compassion entails understanding and being mindful of the client’s life goals and mission, anticipating and reacting accordingly, employing good communication, and leveraging information, data, and artificial intelligence adeptly.

The most important imperative in ICC is to be there for your client when there is a significant event in the market or in their life. The primary adviser anticipates what clients really want. They target key markets and demographics, helping clients rebalance and adjust during each market situation, be it up or down, and learning lessons from companies that know how to bring about genuine delight for their clients.

Hunting for Returns

There is an industry-wide fear of talking about products, lest this be construed as product-pushing. The client must see the benefit—and risk—of the product as part of solution fulfilment.

In a low-interest-rate environment, the hunt for returns is on. When Goldman Sachs Marcus offered higher rates on deposits to retail clients in the US, many HNW clients also jumped on the bandwagon. Apparently, some senior executives of competitor banks were pushing their own less attractive offerings and putting their own money in Marcus deposits. These attractive returns must be discussed with conservative investors. Similarly, a high-dividend equity portfolio of blue-chip global stocks can earn a client an income along with potential capital gains in the long term. Structured products, PE and HF products, too, can offer significant returns for illiquid investments by sophisticated investors.

All of these are product solutions furnished after the client conducts a thorough financial planning review to determine their own risk profile and financial objectives.

Talent Empowerment

Treat your employees as key clients and they will take care of the bank's clients. Yet this is easier said than done.

For the frontline, the merry-go-round of hiring experienced advisers and losing them to the next ambitious or desperate bank has yielded no net benefit either to the firms or the clients. The only ones who have benefited are the bankers.

How does one break this vicious cycle of hiring, investing, losing, rehiring, etc.? One way is to match the success of the firm with that of senior advisers by making their compensation more long-term. The other way is to hire people with the right will and values, grooming them to become advisers. This is more sustainable if the firm has the patience to construct the hockey stick growth plan.

Sarwar closed his workshop with the observation that the world is inundated with information and starved for knowledge. "If you give your clients knowledge that is really relevant for them, those clients will feel you have not wasted their time; you will have added value. The essence of this business is raising quality within your organisation and making clients happy." ■