

INVESTMENTS & WEALTH MONITOR

A reprinted article from March/April 2022

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By Kim M. Sharan



INVESTMENTS & WEALTH INSTITUTE®

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Wealth managers will be able to succeed in the years ahead only if they know how to effectively serve female clients. Up to now, understanding the needs of female clients has not been quite as critical for advisors—the majority of whom are men. With older generations of clients, men were often the primary breadwinners and main financial decision-makers in families. That is rapidly changing, though. Over the next three to five years, \$11 trillion will transfer to women. By 2030, U.S. women will control \$30 trillion, according to the consulting firm McKinsey & Company.¹

This shift is occurring partly because of the demographics of the baby boom generation. Today, in the United States, 70 percent of the investable assets held by affluent households are controlled by boomers. Two-thirds of those assets are held in joint accounts, where the wife is present for, but not actively involved in, financial decision-making.² Given that women typically outlive men by five years and heterosexual women typically marry partners who are two years older, the odds continue to be high that women will be the surviving spouse and become the manager of a family's wealth.

It's not only demographics that are driving this change. Women also are choosing to take a more active role in managing their finances. A McKinsey survey of affluent consumers shows that 30 percent more married women are involved in making financial and investment decisions today relative to five

years ago.³ A contributing factor is that younger women also feel more empowered to make financial decisions.

RECOGNIZING HOW FEMALE CLIENTS ARE DIFFERENT

Skeptics sometimes suggest that any discussion of “women and investing” is overplayed because, at the end of the day, the investment needs of achieving a mix of long-term growth and principal stability are common to everyone, regardless of gender. But in surveys women make clear that they often bring a different mindset to investing. McKinsey found several different attributes that distinguish female investors, in general, from men.⁴

They're more open to expert advice—and more willing to pay more for it.

Older affluent women are twice as likely as men to pay a 1-percent annual fee for an account managed by a financial advisor versus paying just 0.10 percent for a digital-only service.

Their investment self-confidence is lower. Only a quarter of affluent women said they were comfortable making investment and savings-related decisions on their own—15 percentage points lower than their male counterparts. Half of women who are making financial decisions said they feel unprepared for their financial goals, even when they work with an advisor.

They're less tolerant of risk. Women are about 10 percentage points less likely than men to say they are willing to

take big investment risks in exchange for the promise of higher returns. However, advisors must be careful not to make assumptions about the preferences of any client—female or male.

They're more focused on life goals than investment performance.

Outperforming the stock market is not the average woman's top investment goal. Retirement and health are top-of-mind concerns. Women also are 10 percentage points more likely to worry about not having enough money saved and outliving their assets in retirement.

They want a trusting relationship and personal fit with their advisors.

About a third of affluent women said they would only work with an investment professional they trust—that is 10 percentage points more than men. More than half also said the same about a good personality fit. When women do not feel that personal connection, they are more likely than men to find a new financial advisor.

THE IMPORTANCE OF RECOGNIZING—AND AVOIDING—NEGATIVE STEREOTYPES

An oft-quoted study by Fidelity investments noted that 70 percent of widows leave their financial advisors within a year of their partners' death.⁵ The usual reason they leave is the advisor never cultivated a deep, trusting relationship with them. The advisors were too focused on the husband, whom they viewed as the primary client and the one most involved in financial decision-making.

A recent study by Merrill, though, revealed that more than inattention may be at play when advisors lose women as clients. Eight percent of women reported that their advisors operated with assumptions based on gender stereotypes. Only 3 percent of men reported having that experience.⁶ The typical miscalculations advisors made with women were assuming that the man was the primary decision-maker, that a woman wanted more direction than men typically do, that a husband and wife's finances were fully merged, that the woman was more risk averse, and that she was less knowledgeable about investing.

It can be difficult for advisors to know when clients feel like they have been subjected to a gender stereotype. Although many clients, of either gender, will not say or do anything, women are still less likely than men to raise the issue with their advisors. According to the Merrill study, only 12 percent of women would confront the advisor, but 18 percent of men would. Women also are more likely to act with their feet: 35 percent of them would switch advisors after being subjected to a negative, gender-based stereotype, but only 30 percent of men would.

As a further complication for male advisors, female clients also often have a better experience when they work with female advisors. The Merrill study found that women were far more likely to feel confident as investors when working with a female advisor versus a male advisor (30 percent versus 15 percent), more comfortable with discussing financial topics (44 percent versus 35 percent), and more comfortable with making decisions (35 percent versus 16 percent). It should be noted that a similar disparity occurred with men feeling more confident and comfortable when working with a male advisor versus a female advisor.

Advisors must be especially careful not to make gender-based assumptions with younger women because they so often

defy the stereotypes. Only 55 percent of women older than age 55 manage their own finances, but 75 percent of those younger than age 45 do.⁷ The younger group also is twice as likely to be the primary breadwinner for their families.

SIX TIPS TO GAIN FEMALE CLIENTS' TRUST

I have spent my career at leading global financial services firms, devising strategies to help wealth managers have successful relationships with clients and thriving businesses. Now I am at a point in my life where I spend more time on the other side of the table, working with wealth managers to discuss how to handle my personal assets. I know firsthand that there are many smart, talented, and dedicated people in this field, but I am still surprised at how often advisors and wealth managers overlook some of the basic steps for maintaining good client relationships.

The McKinsey and Merrill studies offer compelling evidence that all wealth managers should carefully consider how effectively they are addressing the needs and goals of female clients. Looking at your firm's mission statement is a good place to start. Your firm's mission may be something such as, "We help clients achieve all of their most important goals and fulfill their most deeply held values." You and your team should ask: "How effectively are we serving that mission for our female clients? What could we be doing better to serve them and ensure they want to keep working with us?"

Beyond this important first step, I think there are six key goals advisors and their teams can strive to achieve so that they remain valued partners to all their clients—male and female.

Be patient and listen carefully. It always helps to work at the speed with which each person takes in and processes information. When a client does take longer to digest what you are saying, it doesn't mean they do not "get it." It may just be that they are assessing

and deciding what to do about each bit of information they receive along the way. Women, in general, do not like to make snap decisions and want to take in a lot of information en route to the choices they make. For advisors, it may be natural to interject once you get the gist of an objection or concern from a client. With all clients, and perhaps even more so with women, it will help if you can bite your tongue until they fully express themselves. Whether it is because of natural instincts or socialization, women also are less likely than men to object when they are being interrupted. That can make it more difficult for you to judge when you did not give someone a full hearing. You do not ever want to have clients leaving any interaction with you with the feeling that they were not heard.

Don't ever assume ignorance and be careful not to lecture. Even if you are introducing a sophisticated strategy or an investment that the average investor might not be aware of, it is important not to assume—or make evident through your tone—that the person knows nothing about that topic. There may be a nuance that the individual does know or has an opinion about and not taking a moment to recognize that could make you seem dismissive. Even when the subject is entirely new to a client, it is important to avoid getting so excited that you sound like you are lecturing. The worst, for a male wealth advisor especially, is to let even the mildest tone of condescension or superiority creep into your voice. Today, perhaps more than ever, women do not want to have to tolerate mansplaining.

Take every opportunity to understand what makes each client tick. The more you get to know each client, the better you can calibrate how to interact with them. In the getting-to-know-you process, there often are multiple opportunities to learn more. If you are meeting in a client's house or on a video conference, take note of how the home is decorated, what art is on the wall, and

which books and magazines might be on display on shelves and tables. All these clues can provide insights into clients' interests and tastes and may provide fodder for conversations that offer important glimpses into their personal priorities.

Fully commit to the relationship from the start. Whenever a relationship with a female investor begins, even if it's with a spouse who is not the primary breadwinner and is not initially involved in financial decisions, a wealth manager needs to demonstrate how important that person is to them and how eager they are to learn about their opinions, needs, and interests. When working with couples, whatever the family dynamic may be, advisors need to remind themselves they have two clients. Fostering a strong relationship with both partners from the get-go will help ensure that your advisory connection to each partner will last. You want to make sure the relationship endures through all the changes and milestone events, such as births, divorces, and deaths, that inevitably will come to your clients' lives.

Always strive to exceed client expectations. It has been said that the best way to succeed in business is to underpromise and overdeliver. Marketing consultant and author Rick Barrera

turned that observation on its head by emphasizing that it is far better to overpromise and overdeliver.⁸ You want to tell clients they can turn to you for anything, and then you need to always demonstrate that. That generally means providing services they might not initially think you could deliver. If you know a client wants a new car for themselves, a spouse, or a child, offer to do the research on whether buying or leasing will be better for them. If your clients want suggestions on worthy charities, help them develop and define a larger purpose for their wealth so they can bring a new mission to their philanthropic giving. As the surveys show, women especially will value the effort you put into making a personal connection that goes beyond being the expert who recommends investments.

Deliver a superlative client experience. Today, there is an increased focus by businesses on understanding the customer experience, which is critical to attracting and maintaining loyal customers. Being mindful of all the ways your customers experience your business takes some time and effort but making that commitment can transform your business. COVID-19 made this even more important. New demands raised by the pandemic—everything from addressing health issues to managing

family responsibilities while everyone was working and going to school at home—made everyone's life more challenging. We are all still sorting through what our lives will look like in a post-pandemic world.

ACCEPTING—AND ACTING ON—FEEDBACK

In this environment, people want things to work faster, better, and smarter. Enough companies are getting this right, and they are setting customer expectations higher for every other service-related business. Today, wealth management practices need to make interacting with them as easy, efficient, and, frankly, as pleasant as possible.

It's important that you understand how your customers feel about their interactions with you—whether that is in person, online, or in print. Your clients can give you valuable insights about the customer experience with your firm. Their answers will reveal what you and your team must do to improve. So, don't be afraid to ask your clients questions such as:

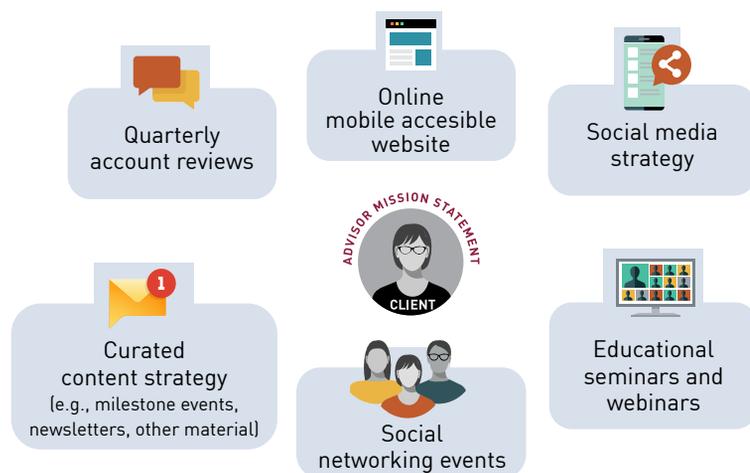
- Am I responsive to your needs?
- Do I communicate clearly and transparently?
- Do you feel that I always advocate for your interests?
- How do you feel going into our interactions, and how do you feel after them?

Although your clients' answers to your questions will provide specifics on how you can improve, I think there are several key things every wealth manager must do today to deliver exceptional service.

Make it a surround-sound experience.

Every client touchpoint should exemplify the lofty aims of your mission statement. During my years at financial services firms, my colleagues and I always encouraged advisors to create a "surround-sound experience" for clients that was turnkey and effortless (see figure 1). That means every

Figure 1 A SURROUND-SOUND CLIENT EXPERIENCE



interaction—including client meetings, emails, seminars, your website, and social media postings—exemplifies the lofty goals your mission outlines for delivering superior customer experiences.

Make it a luxury experience. To truly stand out from all the options clients have today to obtain financial advice, wealth managers need to make dealing with them feel like a luxury experience. When engaging with your firm, clients should feel as catered to as they do when they enter a luxury boutique or a five-star hotel. Do you know how your clients, men and women, define what luxury means to them? It may be different from how you define it.

Create a unique content strategy for each client. To strengthen relationships and demonstrate your commitment to delivering a truly personalized approach, you can develop a separate content strategy for each client. First off, be sure to acknowledge milestone events, like birthdays, anniversaries, and the births of children or grandchildren. Through your conversations with clients, you also know what issues matter most to each of them and what their personal values are. If someone is interested in helping to address climate change by investing in clean energy companies, for example, you can regularly serve up articles and information that nurture and support that interest. Always be mindful of how current news affects your clients and what the milestone events in their lives are. Your content strategy should be expansive enough to address what clients are experiencing in the moment. Tools such as Hearsay Social can help you send a regular stream of compliance-approved communications on their topics of interest.⁹

Embrace the digital revolution. The landscape of wealth management always has evolved, but the rise of fintech has greatly accelerated the pace of change. Now, new competitors and digital

players are disrupting all the conventional ways high-net-worth clients have thought about and managed their wealth. For advisors, digital tools have become paramount to delivering a satisfying and memorable experience for clients. These tools enable clients to act in a much more frictionless way because they do not have to deal with complex paperwork, frustrating interactive voice response systems, and long hold times.

We are past the days when a beautifully designed website is enough for a wealth management firm. People want to be able to access all their information on the go. To meet that expectation, advisors must allow clients to manage as much of their finances as they can on a mobile device. Every day, advances with artificial intelligence and machine learning bring more capabilities to the digital experience. A *WealthBriefing* report put it best: “The wealth management sector is digitizing at a breakneck speed as firms simultaneously target improvements across client experience, operational efficiency, and regulatory compliance.”¹⁰ Although it would be difficult and very expensive for advisors to try to always remain at the front of that curve, they also cannot afford to fall too far behind it.

DON'T OVERLOOK OPPORTUNITIES TO LEVERAGE YOUR PERSONAL INTERESTS

Finally, I think it's important to emphasize that with all the work you and your firm may do to increase your awareness of, and sensitivity to, female clients, you do not have to lose yourself. I have worked with many advisors who have established strong connections to clients by following their own passions and interests. One advisor, for example, is an oenophile. He hosts regular wine-tastings for clients who are wine-lovers and those who want to learn more about fine wines. Another advisor loves reading mysteries. She established a mystery book club that became popular with her clients. Not much, if any, financial business gets discussed at these gatherings,

but they greatly strengthen the bond between advisors and clients.

Each of these advisors built a business niche that enabled them to attract like-minded investors. People often bring friends to these events, so these social events became valuable referral networks, too.

The advantage of following your own interests is that it helps your authenticity shine. That is a virtue that makes a highly favorable impression on all clients. Again, though, acting in ways that reveal who you are and what you really care about can have a particularly profound impact on female clients. Working with an advisor that they trust and feel a kinship with is especially important to them.

TRUSTWORTHINESS IS A TRAIT YOU MUST CONSTANTLY DEMONSTRATE

You may take great pride in personal integrity, but building clients' trust takes so much more than assuring them with statements such as, “You can trust me.” You must demonstrate you are worthy of that trust with every one of your actions. Having sat on both sides of the table now, I know as an investment client and as a woman that seeing these actions and degrees of attentiveness from a wealth manager fosters my trust. ●

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ENDNOTES

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