Engaging Clients in the ‘New Normal’

By April J. Rudin
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Ever since the economist Mohamed El-Erian used the phrase “new normal” in 2010, we’ve seen the world change a hundredfold. He was discussing the financial world in the aftermath of the Global Financial Crisis. We were facing slower growth and an altered global economy.

But El-Erian’s new normal has morphed in the past decade. We’ve used the phrase to describe rapidly developing market changes amid a technology boom and global financial recovery. Now we are staring at a pandemic–ridden globe and preparing for another new normal. But what does that mean? Are pandemics the new normal, with their restricted travel and limited social interactions? Is ambiguity and the need to adapt rapidly the new normal? What was the normal we had before this pandemic started anyway?

Meeting clients’ needs and keeping businesses running smoothly should be our primary goal. That in itself can feel easier said than done in a market where businesses seem to be closing left and right. Yelp reported in September 2020 that, as of August 31, 2020, 163,735 U.S. businesses on its platform had closed since March 1, 2020.

Waves of COVID-19 cases have created an increase in permanent closures, and businesses undoubtedly will continue to be affected through 2021, if not longer.

Part of meeting clients’ basic needs includes assessing their portfolios and reassuring them through bouts of volatility. But advisors also should spend time improving the brand identity of their firms and connecting with clients as individuals. Clients are people facing risks to their health, concerns about the future of their livelihoods, and the stress of wading through an incredibly difficult time period in history. The new normal is increasingly competitive because investors don’t have the time and energy to deal with multiple ineffective or mediocre advisors. Advisors who want to survive must stand out.

UNDERSTANDING CLIENT RELATIONSHIPS IN 2021

People will come out of the pandemic asking themselves whether they are working with the right financial advisors. The past year has shown investors a different side of their advisors, the human side that is also grappling with a changing world, working from home, and battling new stressors. In many ways, 2020 was a make-or-break year for investor relationships.

The new year, and the post–pandemic world, is an opportunity for advisors to solidify their positions as leaders and the best options for their clients, as well as the best competitive option for new clients who were disappointed by their advisors’ performances in 2020. Advisors who fell short of expectations were ones who did not have the technology in place to adapt quickly to working from home, did not communicate well with clients, and failed to answer clients’ needs adequately.

Communication is important in the best of times, but it becomes essential in times of volatility and uncertainty. Advisors need to stop and take stock of what their clients want. A firm should review its website, social media posts, and client communications, carefully considering whether content aligns with strategy and goals. Google Analytics and other data can show the types of posts or emails that people are engaging with the most. Are clients reading emails? Do people visit a firm’s website and click on thought leadership articles?

Wealth managers should demonstrate awareness of what their clients want. TIAA is an excellent example. The firm rebranded its website to reflect the uncertainty that its clients are facing, presenting a banner on its homepage that reads, “Guiding you through turbulent times.” The website has actionable guides for managing personal finance, with subtopics including “How to weather market volatility” and “How to cope when adult kids or parents move in.” Through this clear, helpful approach TIAA is being sensitive to the pressing issues that its clients have had to deal with in the past year.

If advisors are unsure about where to begin adjusting their strategies or communication styles, all they need to do is ask their clients. Investors should be ready and willing to tell advisors what they want and how they want it. Asking additional, focused questions at the end of a planned client conversation can provide insight for an advisor.
seeking to best serve clients and will show investors that an advisor cares and wants to get it right.

**THE NEW NORMAL OF COMMUNICATION**

Modern day wealth management necessitates a proactive approach. Wealth management, at its core, always has been a relationship business. Technology allows advisors to build and nurture relationships easily. Clients are engaging with digital platforms every day, so it makes sense for advisors to use those platforms to communicate.

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**Why should high-net-worth investors settle for old, stale reports when other parts of their lives can offer them engaging, efficient options?**

Client reporting has been evolving in recent years, with some firms starting to develop interactive reports to sort through complex portfolios. BNP Paribas Securities Services has a data visualization tool through which clients can access reports in the format, frequency, and device they choose. HSBC’s Wealth Portfolio Intelligence Service, powered by BlackRock’s Aladdin Wealth platform, has capabilities that include portfolio analysis and construction, as well as risk management.

Industries outside of wealth management can provide even better examples of how to cater to user needs through modern options. Mercedes, for example, switched its owner’s manuals to an app. Shopping malls allow users to interact with brands through augmented reality and virtual reality technology. Dior has skin scanners that can recommend products based on a person’s skin. Why should high-net-worth investors settle for old, stale reports when other parts of their lives can offer them engaging, efficient options?

One way wealth managers can communicate easily with clients better is through social media. Advisors should think of social media less as a way to acquire clients and more as a way of building relationships and keeping the lines of communication open during this tumultuous period. Social media platforms, including Twitter, LinkedIn, Facebook, and others, are excellent ways of sharing reports, blogs, and articles. Graphics and bite-size information can be distributed quickly, allowing for easy reading. Videos, not that far off from the TikToks that your children are loving, create another layer of engaging interaction. Beyond that, social media allows users to show a human side and connect with clients in more personal ways.

Take, for example, political scientist Ian Bremmer, who is the founder of Eurasia Group, a consulting and research firm that specializes in political risk. Bremmer deals with heavy, complicated topics. He’s often called upon to break down the troubles of the world for everyone from the average news consumer to financial professionals at global conferences. But he also has turned his Twitter into a hub for insights, news, and humor.

Bremmer’s tweets demonstrate the reasons people seek him out for information. Recently he has shared maps tracking capital punishment around the globe, colorful graphs about tourism-reliant economies during the pandemic, and a breakdown of the COVID-19 vaccine rollout. Bremmer engages followers with a variety of mediums, including videos and even the use of puppets. Some of the data and articles are his own; others come from trusted sources and are given the Bremmer stamp of approval for accuracy and unique insights. Bremmer’s followers know they can depend on his tweets for reliable information about the world.

Just as importantly, Bremmer is anything but dry. His tweets are not just lists of facts or numbers. He has a quick wit, and he’s unafraid to show his personal side. He throws in occasional dog photos, cartoons, or other interesting visuals such as TikToks.

Bremmer’s Twitter account is a good reminder that people like to see our human sides. Clients want to know that their advisors understand them as people and can relate to putting kids through college, caring for older family members, or finding the money to support hobbies. They will read posts their advisors share about markets, investment portfolios, and the economy, but they are just as likely to appreciate photos of their advisors taking their dogs to the park, tips about gardening, or cooking videos. It’s these posts that have a better chance of grabbing attention of current and potential clients and maybe even going viral.

Part of the personal approach should include some vulnerability. Advisors should be open with clients and colleagues about the challenges they have faced adapting to the COVID-19 world. Everything is not wonderful and it’s not business as usual for anyone, so do not pretend like it is. Clients want transparency and honesty. They want advisors who can identify with their fears and the challenges they are facing.

**USING A DIGITAL APPROACH**

Investors want more digital interactions with their advisors. Some 64 percent of high-net-worth individuals expect their future advisor relationships to be digital. The pandemic probably has increased that number, because everyone has had to incorporate more digital options into their lives. Two years ago, no one thought we’d be having FaceTime game nights and Zoom happy hours, but 2020 proved it could be done.

Younger investors in particular will come out of the pandemic with expectations about how their advisor relationships will look for them in the future. For many, their advisor relationships will resemble that of partners, or a captain.
and a co-pilot, rather than a traditional advisor-client relationship.

It may seem counterintuitive to utilize technology to show your human side, but technology allows advisors to connect with clients in ways that are easy, comfortable, and ultimately more human. David Durlacher, chief executive of private banking firm Julius Baer’s U.K. arm, told the Financial Times about a May 2020 video call with a wealthy client to discuss portfolio strategy where he found himself involved in the client’s family debate about how to make an omelet. “The advantage of being on a video conference was that I was able to help them by demonstrating,” Durlacher said.

Not every financial advisor will find themselves giving cooking advice, but savvy advisors will connect with clients in other personal ways. Who among us has not had a pet or family member interrupt a video call in the past few months? We’ve been given a unique opportunity to peer into each other’s lives. Those moments should not be ignored or uncomfortable. Advisors should use them to connect with clients, discuss shared interests such as cooking, or check-in on the entire family, perhaps commiserating about having children home from school for weeks at a time.

Clients want a personal approach and recognition that they are individuals. These types of interactions can increase investor retention and help with referrals. “There is a chance of a seismic change for wealth management,” Durlacher told the Financial Times. “Now is not the time for the industry to be complacent.”

If there is any lesson to be learned from the pandemic, it is how important technology is for work. “To enjoy a competitive advantage in a ‘next normal,’ a more enabled front office will be a key requirement,” Deloitte wrote in a 2020 report.

The future of work has been evolving for some time, as technology has come to permeate more and more of our daily lives. At this point much of our workday is conducted virtually. Even before the onset of COVID-19, financial advisors had communicated with clients remotely through digital methods. Investment decisions do not need to be made with in-person meetings. Especially in cases where family members are spread out geographically, remote access, calls, and video meetings ease business practices. This is particularly relevant to high-net-worth individuals who, before travel drew to a halt last year, are often on the move.

Companies that have not kept up with their technology digitally will fall behind quickly. Wealth managers need to make sure that their employees have up-to-date technology so they can access client information remotely. Automation, a technology that is rapidly developing, will ease the workload of financial advisors. This should free them from some of the burdensome work and allow more time to focus on clients on a personal level. This development is beneficial for clients and an opportunity for advisors to differentiate themselves. As the Deloitte report states, “In the long run, wealth managers will benefit significantly from efficiencies from increased digitalization—contributing to a much needed increase in profitability.”

Capgemini has reported on the demand of wealthy individuals for more personalization from their advisors in its recent World Wealth Reports. Last year, the French corporation pointed to examples of how wealth management firms can use new technology to meet high-net-worth investors’ needs and deliver personalized insights and reporting. One size does not fit all,” the Capgemini report noted. “In an increasingly volatile environment that is rewriting the rules of interaction and success, hyper-personalization can enhance the client experience through data-driven advice and reporting.”

The Capgemini report went so far as to call the lack of personalized information and service the Achilles’ heel of wealth management. Before the pandemic broke out, the firm conducted a survey of high-net-worth individuals and found that investors are least satisfied with the touchpoints related to the firm’s personalized information or services. More than 60 percent of those surveyed reported unsatisfactory experiences in their attempts to get information and personalized updates. The report added that, given the pandemic, the dissatisfaction likely has increased.

The Capgemini report also states that these satisfaction ratings will continue to be vulnerable because they are the parts of the wealth management world most threatened by large technology companies. Big tech firms such as Amazon or Google are the outstanding leaders in creating easy, personalized platforms where users get information and services. The increasingly digital-savvy investors are seeking information online, and if a wealth manager can offer them something as easy to understand and use as Amazon’s suggested products, cutting down on time and energy to research, they will snap it up. In fact, Capgemini reported that 74 percent of high-net-worth individuals surveyed said they would be willing to consider big tech wealth management offerings. That percentage jumps to a shocking 94 percent among those who said they may switch their primary wealth managers in the next 12 months.

**WORKING FROM HOME**

These digital approaches, of course, lend themselves well because so many advisors and clients are working from home.

“The population has had a massive crash course in modern technology, so I think that these new skills and experiences will be the true engine of change,” Jay Van Bavel, associate professor of psychology and neural science at New York University, told the BBC. “For instance, now that companies have been forced to try telecommuting, I bet that many will decide it’s less expensive and
more efficient to allow people to work from home.”

Working from home certainly seems like it is here to stay in some form or another. In an October 2020 survey of more than 2,000 office workers in 10 countries, the commercial real estate firm Jones Lang LaSalle found that only 24 percent of employees want to work exclusively in the office. Going forward, a hybrid approach will be favored. About 72 percent of employees said they want to work from home post-crisis, and the majority said they want to do so two days a week. Some 57 percent said they want a wider choice of workspaces in the office, and 43 percent said they would like to work from a co-working facility on occasion. Employees expect to have more work-life balance as well, with 71 percent saying that they expect to have more flexible work schedules.

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This means changes for both advisors and clients.

John Trougakos, associate professor of organizational behavior and human resources management at the University of Toronto, told the BBC that traditional office work has changed forever. “The pandemic forced millions of employees to work remotely, and numerous companies have elected to make this move a permanent feature of their business models,” he said. “Companies need to look at the pandemic as an opportunity to modernise how people work. … Proactive and progressive companies will take this opportunity to embrace this new normal and turn it into a competitive advantage while simultaneously improving the lives of their workers.”

With work from home, advisors can be accessible to clients in different times and ways. The pandemic should have been an opportunity for advisors to reach out to clients and provide interactions and conversations beyond a once-a-year phone call. Advisors should have been looking for new ways to speak with their clients and keep them as comfortable as possible amid the uncertainty.

COVID-19 forced a stress test for digital adoption. As Deloitte found in its 2020 survey, wealth managers had a range of approaches to the pandemic and related lockdowns. Some firms have kept people in the office, some have retrofitted their digital capabilities, some have been reluctant to rely on digital options to encourage work from home, and others have embraced the new work style. “The most digitally mature players acted as digital champions, whereby staff were fully empowered and encouraged to work remotely,” the Deloitte report states. “These firms had the technological capabilities and readiness to provide their staff with highly efficient and secure access to all relevant systems.”

Unfortunately, the Deloitte survey also found that the wealth management industry largely has kept to more conservative approaches, with few fully embracing their full digital potential. “The crisis may well have served as a wake-up call for many wealth managers, providing a lesson that continuous and often major investments, not only in IT infrastructure but also in digital operating models and client propositions, have become a prerequisite for thriving in today’s competitive markets,” the report states.

CONCLUSION

Many questions still exist in 2021 about the post-pandemic new normal we’ll face in the next decade, but the past year has offered us a crash course in the importance of technology and communication. Wealth managers who felt themselves fall behind in 2020 should take a critical look at their businesses in 2021, work to invest the most they can into digital, and be proactive about client communication. They should ignore the awkwardness of a virtual handshake and get used to regularly speaking with people online and through videos. Opportunities to succeed and stand out in the wealth management industry still exist.

ENDNOTES

3. See https://www.tiia.org/public/.
5. See https://twitter.com/ianbremmer.
12. See endnote 10.
13. See endnote 8.