



How to integrate values to elevate the client experience.

Amid increasing competition in the wealth management space, rapidly shifting investor expectations, and a generational sea change, advisors face unprecedented challenges in attracting and retaining clients.

Yet many advisors, viewing wealth management solely in terms of delivering investment returns, are missing a key piece of what today's investors are looking for:

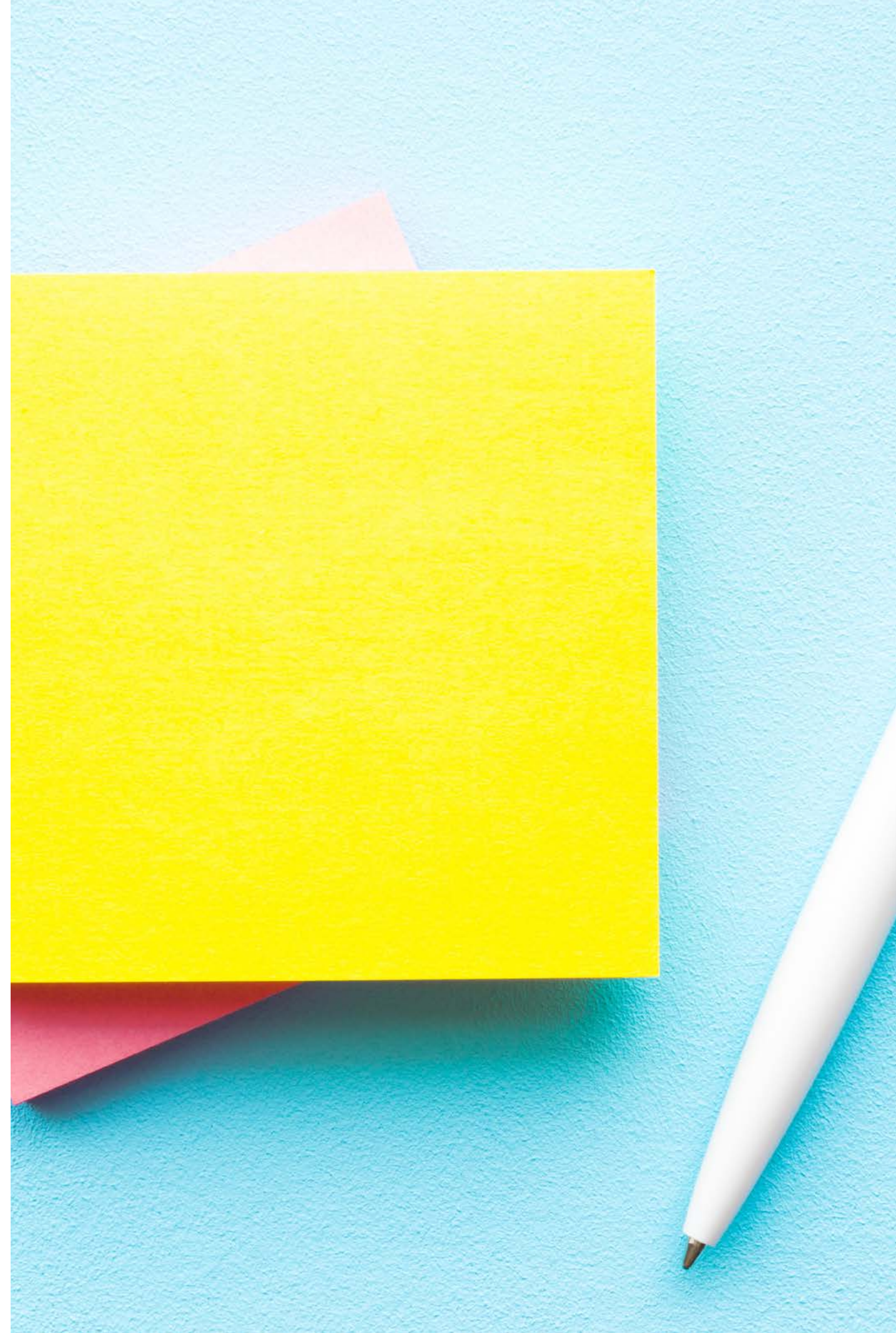


A greater focus on values is redefining the client experience.

In the wake of a global pandemic and a growing movement towards social and economic equity, many clients are re-evaluating what's important to them and what they want to achieve with their wealth. At the same time, wealth management is evolving from a product-focused business to an advice-focused one, with savvy advisors elevating their role from service provider to trusted advisor for investors and families.

Clients are looking less at advisors' financial track records and more at their capacity to provide personalized options and guidance. In the end, advisors that deliver tailored services and experiences aligned with clients' personal values build stronger, stickier client relationships.

In this ebook, we'll cover how to leverage a values-driven approach to more effectively attract and serve today's clients and the next generation of investors.



An emerging opportunity

The last few years have seen growing alignment between individuals' behaviors as consumers and investors, with a strong focus on supporting businesses and organizations that share their personal values.

Morgan Stanley's biennial sustainability survey found that more consumers are not only making buying decisions based on sustainability, but also screening their investments according to their values.¹ And a recent survey of investment professionals found that 80% expect to see increased demand for products that incorporate personal values.²

Additional research indicates that investors are looking beyond financial outcomes to build purposeful investment portfolios. A CFA investor survey found that, among those with values-driven objectives, 73% of institutional investors and 67% of retail investors would be willing to give up some return in exchange for meeting their objectives.³

The key takeaway:

Values-driven investors are not focused solely on financial performance. They're looking for something deeper.

What advisors are missing

Even as personal values increasingly shape the preferences and behaviors of investors, many advisors are missing the boat in serving this emerging demand.

A recent survey found a 64% gap between what advisors thought they were addressing as clients' top concerns, versus what clients perceived.⁴ Those advisors not only lacked a clear understanding of clients' top issues, but also failed to take the lead in addressing those concerns.⁵

This disconnect happens when advisors don't take the time to understand—or make incorrect assumptions about—a client's goals and interests. One example is how advisors view demand for environmental, social, and governance (ESG) investment strategies.

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A Cerulli report contrasted a widely held belief among advisors that there is little client demand for ESG investing, with the finding that nearly half of households would prefer to invest in an environmentally or socially responsible way.⁶ The authors speculated that when clients don't actively approach advisors about ESG investing, advisors assume no such interest exists—suggesting that advisors must proactively raise the topic themselves.⁷

Further evidence of the knowledge gap: EY's 2021 global wealth research found that 78% of wealth clients worldwide have sustainability goals, rising to 81–93% among very and ultra-high-net-worth households. Yet only about half of those clients believe their wealth manager fully understands those goals.⁸

The missing link

All of this raises the question: How well do you really know your clients? And how much better could you fulfill the role of trusted advisor? Understanding a clients' full set of needs and values not only helps you provide more meaningful financial advice, but also expands the number of practical, purposeful things you can do in service to your clients.

Above all, the better you understand a client's goals and beliefs, the easier it becomes to personalize your advice and offerings and strengthen the relationship. A recent Accenture study of wealth management clients highlights why personalization matters:

- 91% said having an advisor who “gets” them as a person was the most important factor in their interactions⁹
- 71% prioritized having an advisor whose values and political leanings are aligned with their own¹⁰
- Nearly 90% of high-net-worth investors said the advice provided by their advisor was too generic¹¹

If you're not talking about values yet, it's time you incorporated those conversations into your client experience. In the next sections, we'll look at how to generate conversations around values with clients and what to do with the information you get.

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Incorporating values.

INCORPORATING VALUES

1. Where to start

A values-focused approach to investing begins with helping clients and their families articulate what matters to them and why. You can then use that information to guide and execute on their wealth management planning and investment strategies.

The first step is to reframe your conversations, making them less transactional and more relational. This means moving from talking about investment performance to having conversations around what clients want for themselves, their families, and others in their local or global communities.

We know personal values and goals aren't easy topics for every advisor to broach. Here are a few ways to kick off those conversations.



2. Ease into it

To be fair, not every client will be interested in talking about their values. But if you never raise the subject, you'll never know.

Understandably, many advisors have reported treading carefully around topics like ESG and values-based investing to avoid potential political landmines.¹² One way to mitigate the risk of alienating your client is to show interest in understanding their values, not asking for their opinion on a specific issue. For example: “You have a great focus on philanthropy, Mr. Smith. Tell me why that's important to you.”

Tim Partridge of Altera Advisors recommends starting with simple questions to learn if there are current issues that your clients feel strongly about. These soft questions can be an on-ramp to a deeper conversation around values and how to build a values-based portfolio.¹³

If the initial questions don't elicit much response, Partridge suggests broaching the topic of values by sharing “new” research on the performance and impact of values-based investing techniques. The key is to provide opportunities to talk about values without pushing beyond your client's level of interest or comfort.



3. Offer talking points

When working directly with wealthy families, the advice process should be centered on learning about clients' needs and goals. While not every advisor will become an expert personal facilitator, you can give them the tools to help clients articulate what's important to them.

Talking about larger life goals is a good way to touch on values and motivations with clients. It also gives advisors a greater sense of the full balance sheet (financial, personal, and professional) for each client.

By asking clients to prioritize their goals with prompts like “help someone in need,” “spend more time with my family,” and “start a new career,” you can help clients unpack what matters to them. For instance, if someone identifies maintaining their lifestyle as a priority, ask them to clarify what that means in terms of desirable outcomes. One reason this technique works well, especially for couples and families, is that they have to agree on core elements of their belief systems.

The key takeaway:

This kind of discovery process tends to elicit a lot of values, including ones that clients may not have clearly articulated before. The upshot is that it's easier for advisors to ground their advice in things that truly matter to clients, and it's easier for clients to align their wealth management decisions with their values and goals.

INCORPORATING VALUES

4. Make it a family affair

In the wake of the pandemic, many investors are more focused on the well-being of their families and communities, seeking to create a positive, purposeful legacy.¹⁴ By offering financial literacy and mentoring opportunities for heirs, advisors can help parents prepare their children to be responsible owners and stewards of the family wealth—and initiate conversations around family values.

The first step in talking to families is to explore commonalities among parents and children to see where they agree and where they differ. Discussions about things like philanthropy or inheritance are generally grounded in family values, as parents explain the reasoning behind financial decisions. This conversation then becomes the basis for financial literacy and education for the next generation.

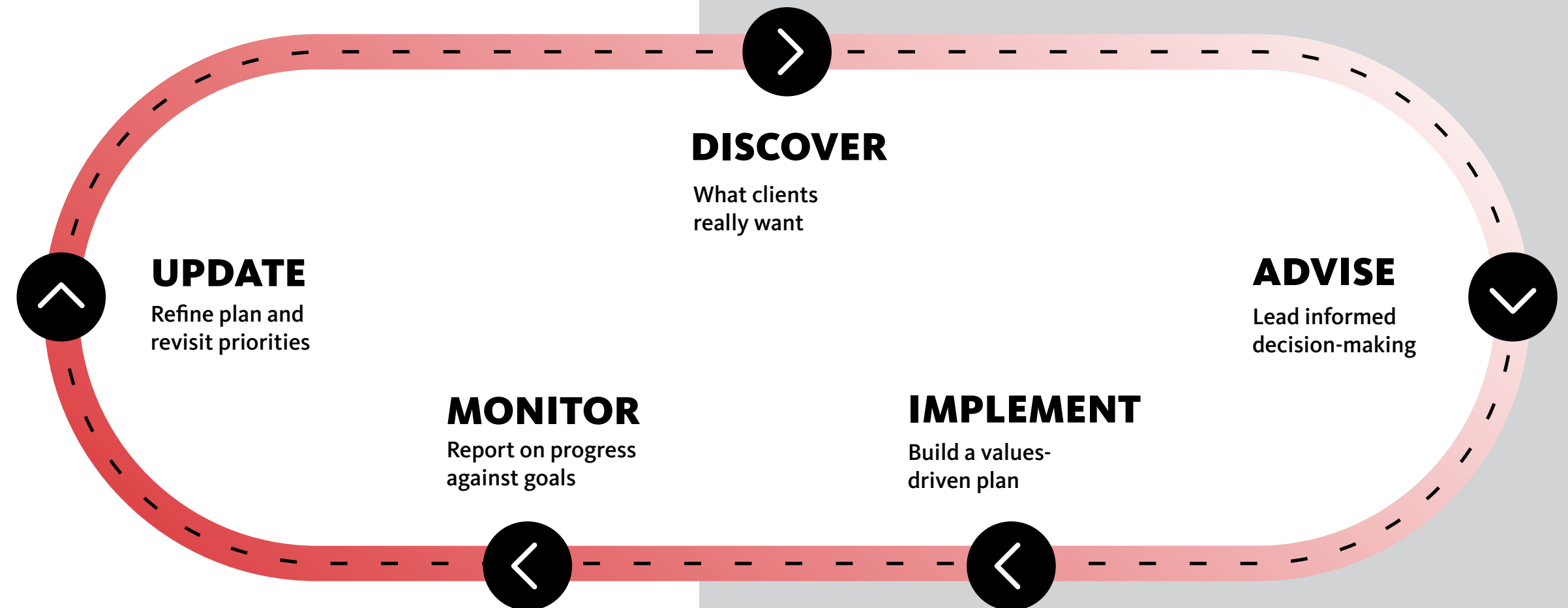
An added benefit of this approach: Taking the time to understand and connect with younger stakeholders can help advisors reduce the likelihood of client attrition as wealth passes across generations.





**Turning conversation
into action.**

Now that you've had values-oriented conversations, you've gained valuable knowledge about your client. But taking on what matters to someone raises their expectations. You just told the client you care; now it's time to turn words into action. Let's look at how to use this values-driven discovery to energize the rest of the advising process.



Planning

When you're talking about values with a client, one or two values will often stand out as an impetus for action. Let's say your client cares a lot about water quality, and that's where she wants to have an impact. The next steps are to examine what she's currently doing to act on those intentions and then advise her on possible options. You're looking to bridge the gap between what she says is important to her and what she's doing about it.

There are a number of ways your client could act on her values: sponsor waterway cleanups, start a foundation, invest directly, create a donor-advised fund, etc. The key is to identify values-driven investments that can support her financial goals. If her portfolio was previously delivering 5-7% returns so she can retire at 65, then aim to add things that are important to her but also aligned with her target.



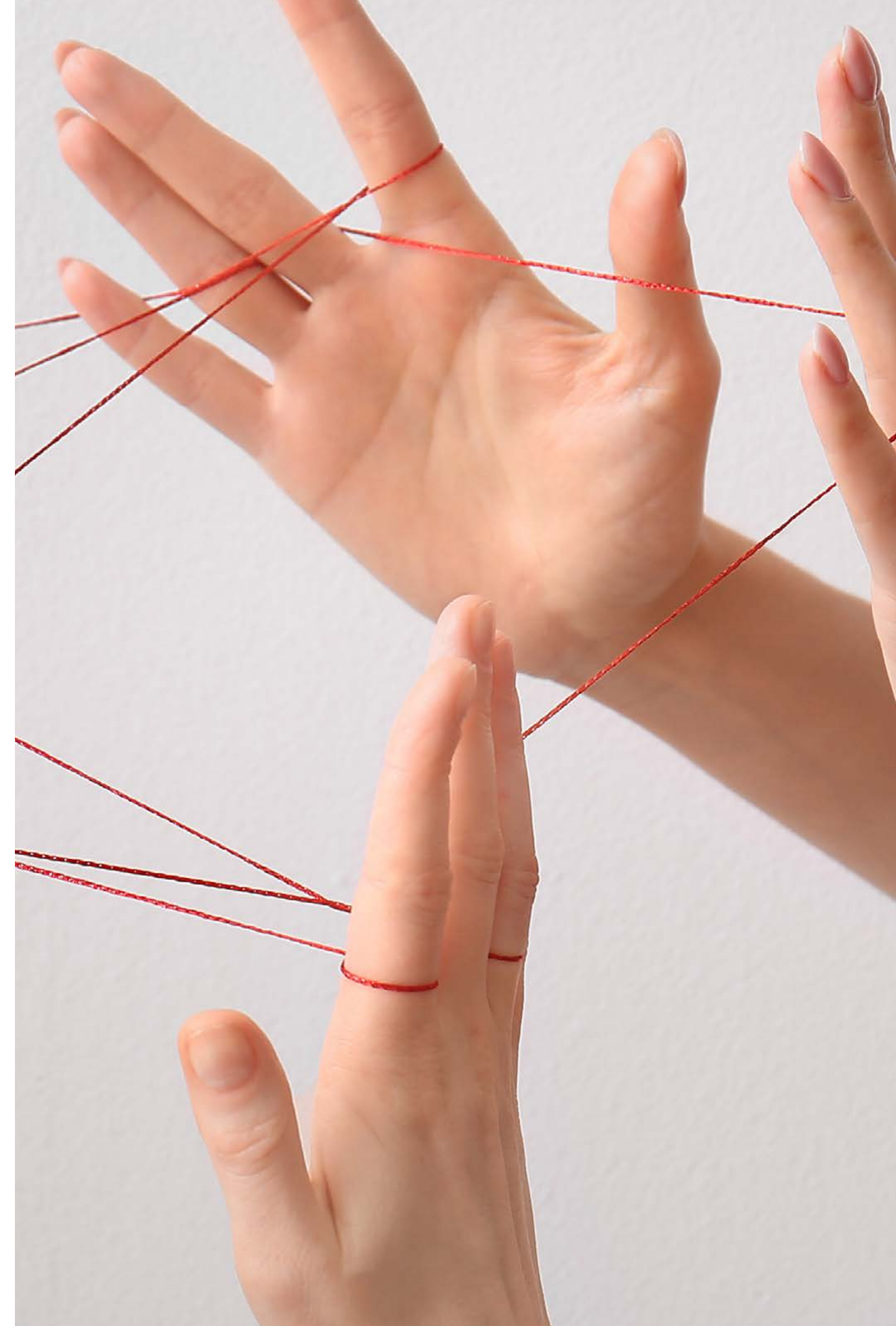
TURNING CONVERSATION INTO ACTION

Implementation

Turning ideas into action is where the best intentions often fall apart—and it's where advisors have a chance to go above and beyond for clients.

You've identified investment opportunities and weighed them against your client's goals, risks, and fears. Now, by executing on the most appropriate options, you're creating a real pathway to activate her values.

Imagine the excitement for your client of knowing that while she was getting a 6.5% return before, she's now getting that and investing in things she cares about.



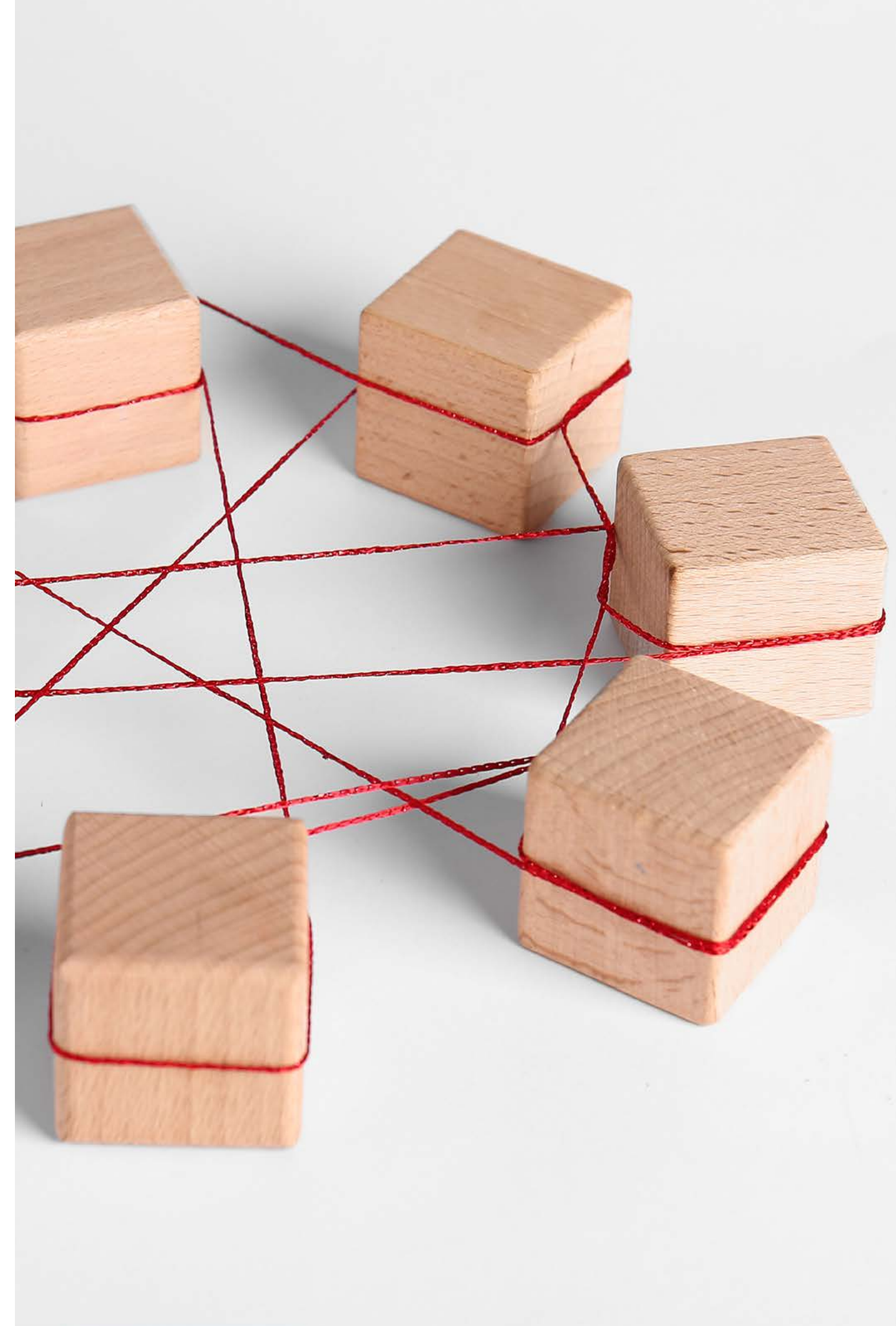
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Reporting and feedback

With a values-driven investment strategy, you're going to come back to one thing repeatedly: Ensuring alignment between what your client says and what she does. Monitoring and reporting must go beyond financial returns to encompass any values-related impact your client intended.

Your conversations should also include a review of your client's stated values and priorities, i.e., "Here's what you said was important to you before. Have those things changed?" In this context, financial advising is elevated from transactional to relational, where the ongoing circle of planning, execution, and evaluation, grounded in personal connection, drives recurring value for the client.

In the end, this is a lifetime of work—and the foundation for lasting client relationships.



Where are you now?

Principal advisors spend about only 20% of their work week meeting with clients, according to a recent Kitces study.¹⁵

If that's all the time you have, how do you spend it? Do you talk about things like portfolio construction and risk-adjusted rates of return, or do you use that time to understand what's important to your clients and their families?

If 20% of your week isn't enough time to have meaningful discussions around values and goals, maybe it's time to ask a different question: What if your firm could double the amount of time advisors spend with clients?

Consider how much time is spent on manual tasks. Are advisors devoting too many hours extracting and analyzing data? How often do you rekey the same information as clients move to each stage of the journey? Administrative tasks put a burden on advisors and support staff, using up time that could be better spent building stronger client relationships.

If you're looking to spend less time on manual and administrative tasks and more time on meaningful client interactions, we'd love to help. Contact us for a complimentary assessment of your client experience, to learn whether it enables high-quality conversations and whether you have the processes and systems to follow through on what you learn.



Sources

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⁶ Cerulli Associates, “The Cerulli Edge—U.S. Advisor Edition, 2Q 2021,” issue #71, 2021, pg. 9.

⁷ Cerulli Associates, 2021, pg. 10.

⁸ EY, “2021 EY Global Wealth Research Report,” 2021, pg. 33.

⁹ Accenture, “Wealth Management Consumer Report: The New State of Advice,” 2021, pg. 21.

¹⁰ Accenture, “Wealth Management Consumer Report: The New State of Advice,” 2021, pg. 21.

¹¹ Accenture, “Wealth Management Consumer Report: The New State of Advice,” 2021, pg. 6.

¹² Cerulli Associates, 2021, pg. 10.

¹³ Partridge, T. “Advice to the Advisor – How to Talk to Your Clients About Values and Impact Investing,” 2020.

¹⁴ EY, 2021, pg. 40.

¹⁵ Kitces, M. “How Do Financial Advisors Actually Spend Their Time And The Limitations Of Productivity?,” 2019.

Connect with SEI.

Are you making resource decisions that allow you to invest in and enhance highly personalized client experiences? If not, why?

Imagine if every advisor could gain an additional 12 hours per month—a full workday and a half—to spend with clients. That's what the wealth management team at Washington Trust reported after implementing the SEI Wealth PlatformSM.

If you're ready to elevate your client servicing with more time spent on values-focused conversations, we can provide the resources you need.

Contact us to learn how we can help by emailing SEIWealthPlatform@seic.com.



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