




**LEVERAGING VALUES IN PRACTICE MANAGEMENT**

**A new path to growth.**



An aerial photograph of a dense forest with trees in various shades of green, yellow, orange, and red, indicating autumn. A dark, calm body of water is visible in the center-right of the image. The text is overlaid on the left side of the image.

**In an age when the mechanics of investing can largely be accomplished with digital platforms and tools, investors look to financial advisors for personalized, expert guidance. And advisors strive to keep their clients' best interests at heart.**

**But is that enough?**



# Shifting market dynamics

Competition for clients and advisors is heating up in the wealth management space as the industry grows and demographic shifts reshape the market. At the same time, more conversations in recent years have centered on changes in consumer behaviors and values—conversations that are changing the way people and businesses live, work, and relate to each other.

In this new normal, more firms are reconsidering the notion of values, from defining and refining them to evaluating the role values have in their business. For wealth management firms, it comes down to two pillars of your business: empowering employees to succeed and earning client loyalty.

In this ebook, we'll look at how integrating values into your goals, strategies, and day-to-day operations can drive growth for your business and greater satisfaction for your clients and employees.





An aerial photograph of a river flowing through a dense forest. The river is dark blue and rocky, with white rapids. A long wooden bridge spans the river. The surrounding forest is lush with green and yellow trees, indicating autumn. The text "Why you need a values-driven approach." is overlaid on the left side of the image in white, bold font, with a red dot at the end of the sentence.

**Why you need a  
values-driven approach.**



## WHY YOU NEED A VALUES-DRIVEN APPROACH

# Four trends are set to impact the wealth management industry in the coming decade

Advisors are exiting faster than firms can replace them

We're on the cusp of a massive generational wealth transfer

Demand for purpose-driven investing is growing

The wealth management space is increasingly competitive

Underlying all of this is a growing alignment between individuals' behavior as both consumers and investors, with a greater focus on values changing the conversations around the role of business in society. Today, a values-forward approach can help propel your firm's success—if you channel these changes into opportunities.

WHY YOU NEED A VALUES-DRIVEN APPROACH

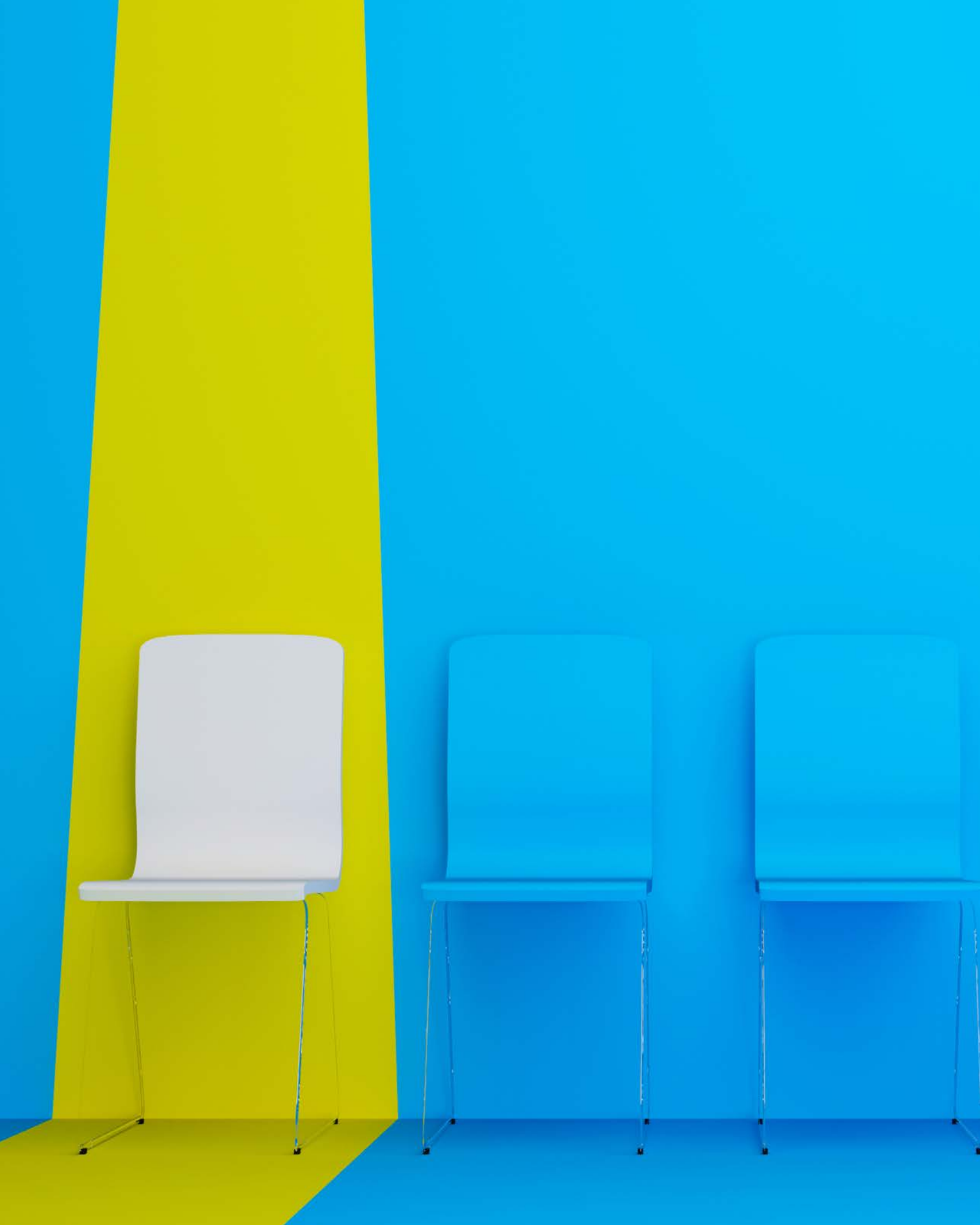
# Winning the war for talent

More than 40% of U.S. financial advisors are now over age 55, and roughly one-third of the current workforce is expected to retire within 10 years.<sup>1</sup> Advisors are leaving the industry faster than firms are replacing them.

Whether you're churning through employees or losing advisors through attrition, your business will erode without fresh talent. Simply filling seats isn't the answer; the key to long-term success is to attract and retain the right people. And there are ways to accomplish this beyond compensation.

A recent McKinsey report placed values, culture, and contributions to society among the elements of a business that top performers value most.<sup>2</sup> In addition, a Glassdoor survey found that 73% of adults would not apply to a company unless its values aligned with their own.<sup>3</sup> When it comes to millennials, research from LinkedIn found that 86% would take a pay cut to work at a company that holds the same values they do, compared with 9% of baby boomers.<sup>4</sup>





Culture is the assimilation of your company's values, reflecting not just how your team members interact with each other, but how they treat all the constituents in your ecosystem: co-workers, vendors, clients, and the communities you operate in. Proactively defining and acting on the values within your organizational culture can bring three key benefits to your hiring:

1

**It positions your firm to attract and retain the next generation of financial advisors.**

2

**It creates a team of like-minded people to lead the company, today, and in the future.**

3

**Over the next decade, firms that willingly invest in their people and culture will be the ones winning the war for talent.**



WHY YOU NEED A VALUES-DRIVEN APPROACH

# Are you ready for the great wealth transfer?

Between 2007 and 2061, more than \$58 trillion is expected to transfer from one adult population to the next. Historically, generational wealth transfers have resulted in 90% of heirs changing advisors—presenting both a threat and an opportunity for wealth management firms.<sup>5</sup>

Firms must work toward building multigenerational relationships with clients and better serving the next generation of wealth holders, not only to retain existing beneficiaries, but also to gain the trust and business of their friends and peers. Yet the generational gap between many advisors and next-gen investors makes it difficult for some advisors to adjust to the needs of a younger generation.

To bridge that gap, advisors must take a deliberate and proactive approach to understanding what's important to clients and their families—i.e., their values. How can you help preserve a legacy of shared family values? Where might the goals of younger family stakeholders diverge?







More than previous generations, millennials show a preference for investing in alignment with their personal values, in part because they strongly believe their investment decisions can impact the issues they care about. According to a recent survey involving millennials:<sup>6</sup>

**90%**

**want the ability to tailor their investments to their values.**

**91%**

**want to track the social and environmental impact of their investments.**

**67%**

**have taken part in at least one sustainable investing activity, compared with 52% of all investors.**

Advisors must be trained and equipped to understand and serve millennials' needs while embodying the values-driven culture that millennials seek. And, as we'll discuss next, values-driven investing is not just for younger generations.



WHY YOU NEED A VALUES-DRIVEN APPROACH

# The demand for transparency

Now is the time to think systematically about values—both yours and your clients’—in the context of your culture and operations, your investment strategies, and your partners. Your relationships with employees, vendors, clients, and communities all play a part in the criteria against which your business is judged.

Amid a global shift from shareholder to stakeholder capitalism, many individual and institutional investors now recognize a responsibility to do more than maximize profits—to “do well by doing good.” This is coupled with a growing belief among investors that their actions as both investors and consumers can have substantive social and environmental impact.

The US SIF Foundation’s 2020 trends report reveals that sustainable investing assets account for \$17.1 trillion, or 1 in 3 dollars, of total U.S. assets under administration, representing an increase of 42% from 2018.<sup>7</sup> Worldwide, 78% of wealth clients now have goals related to sustainability in their lives, rising to 81% and 93% for very-high- and ultra-high-net-worth individuals, respectively.<sup>8</sup>







In addition, Morgan Stanley's biennial sustainability survey shows a growing connection between consumer behavior and investor action, with more respondents making buying decisions based on sustainability and screening their investments according to their values.<sup>9</sup>

At the same time, investors are putting more pressure on businesses to disclose the impact of their ESG-related activities, from carbon emissions to diversity in senior management. As sustainable investing grows, so too will the demand for greater transparency around who benefits and who is harmed across a company's value chain.

By delivering and communicating impact beyond financial performance, advisors can leverage new opportunities to strengthen client relationships based on shared values.

**"...many individual and institutional investors now recognize a responsibility to do more than maximize profits — *to do well by doing good.*"**



**The differentiation  
dilemma.**



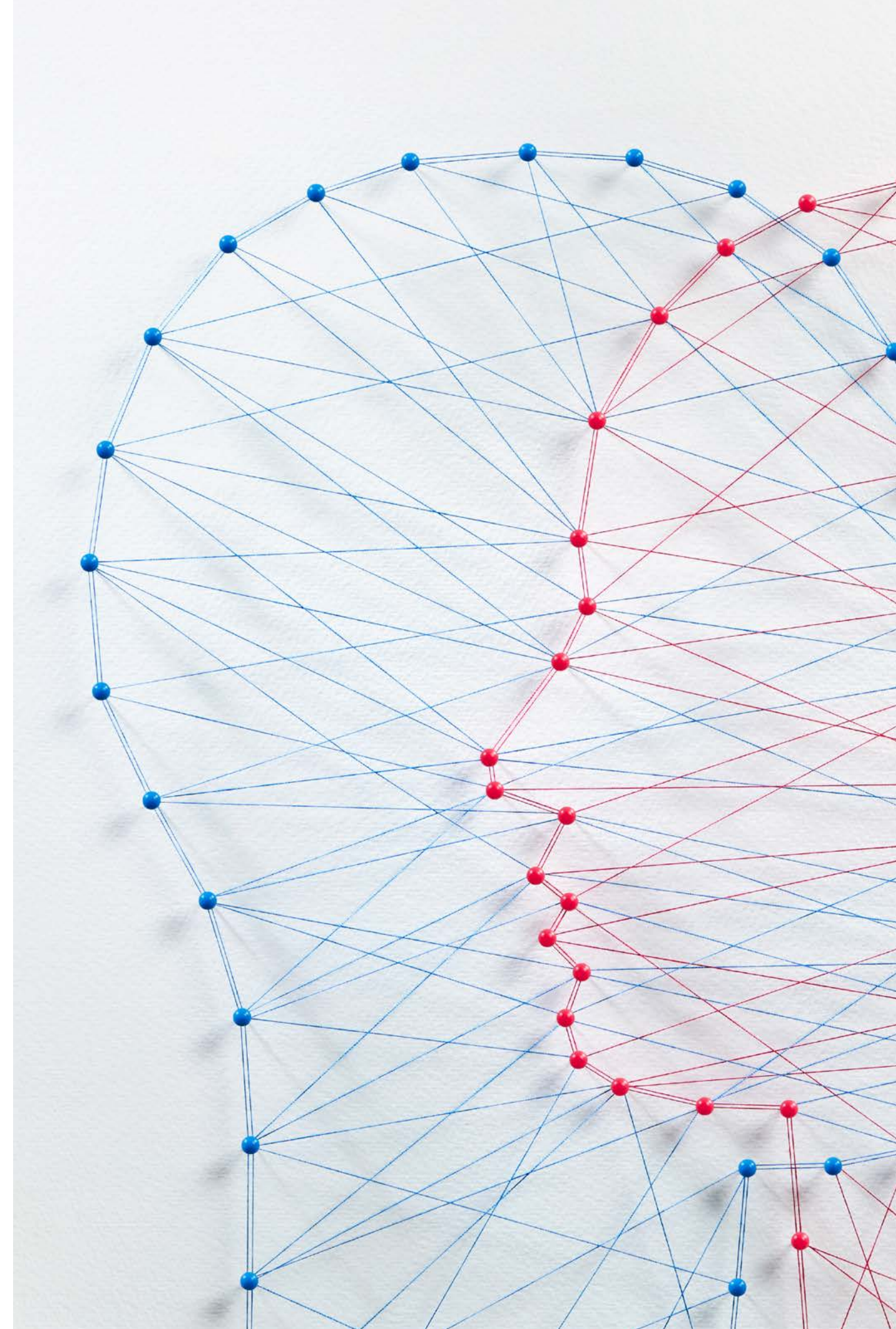


# The differentiation dilemma

The wealth management industry is growing and converging at a rapid pace in a space increasingly crowded with new firms, blended business models, and digital platforms. With most advisors or digital platforms offering similar suites of investment products and comparable performance, advisors are primarily competing on relationships, trust, and company culture.

To wit, clients are moving assets between financial institutions at an unprecedented rate. In North America, nearly \$2 trillion in investable assets were moved from one institution to another in the first six months of the pandemic, 3.5 times the rate observed in the prior three years.<sup>10</sup> In addition, a 2021 EY study reports that 20% of North American clients plan to switch wealth managers over the next three years, with the number rising above 30% for ultra-high-net-worth individuals.<sup>11</sup>

Now more than ever, advisors need to build stronger, stickier connections with clients. Advisor-client relationships must deliver additional value—value that a client is willing to pay for. This is where a values-forward approach can provide a competitive advantage.





THE DIFFERENTIATION DILEMMA

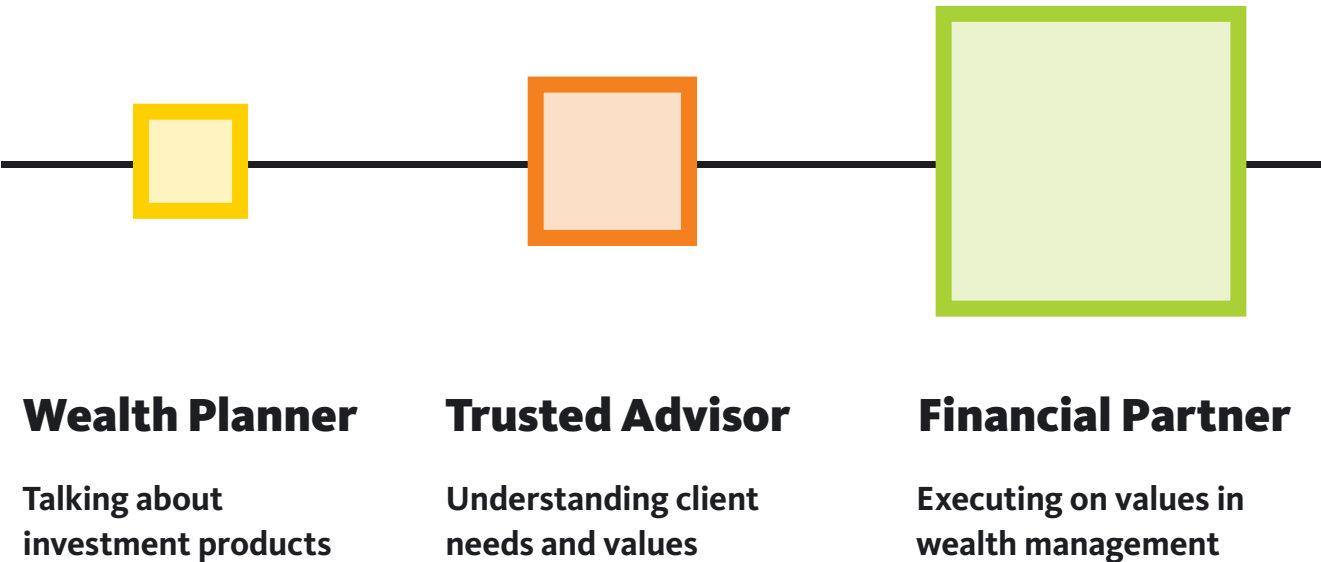
# Become an expert on your clients

Advisors must be able to go beyond talking about investment products to having meaningful conversations about what’s important to clients. The more advisors understand the full spectrum of their clients’ goals and values, the easier it is to personalize offerings, strengthen relationships, and drive greater financial and nonfinancial benefits.

Clients want someone who feels like an expert on them, someone who takes the time to understand them, translates their values into goals for their wealth, and then executes against those goals in their financial plan.

You want a client to feel like you know them so well that they can’t imagine going to anyone else for financial guidance.

Levels of execution: From planner to partner



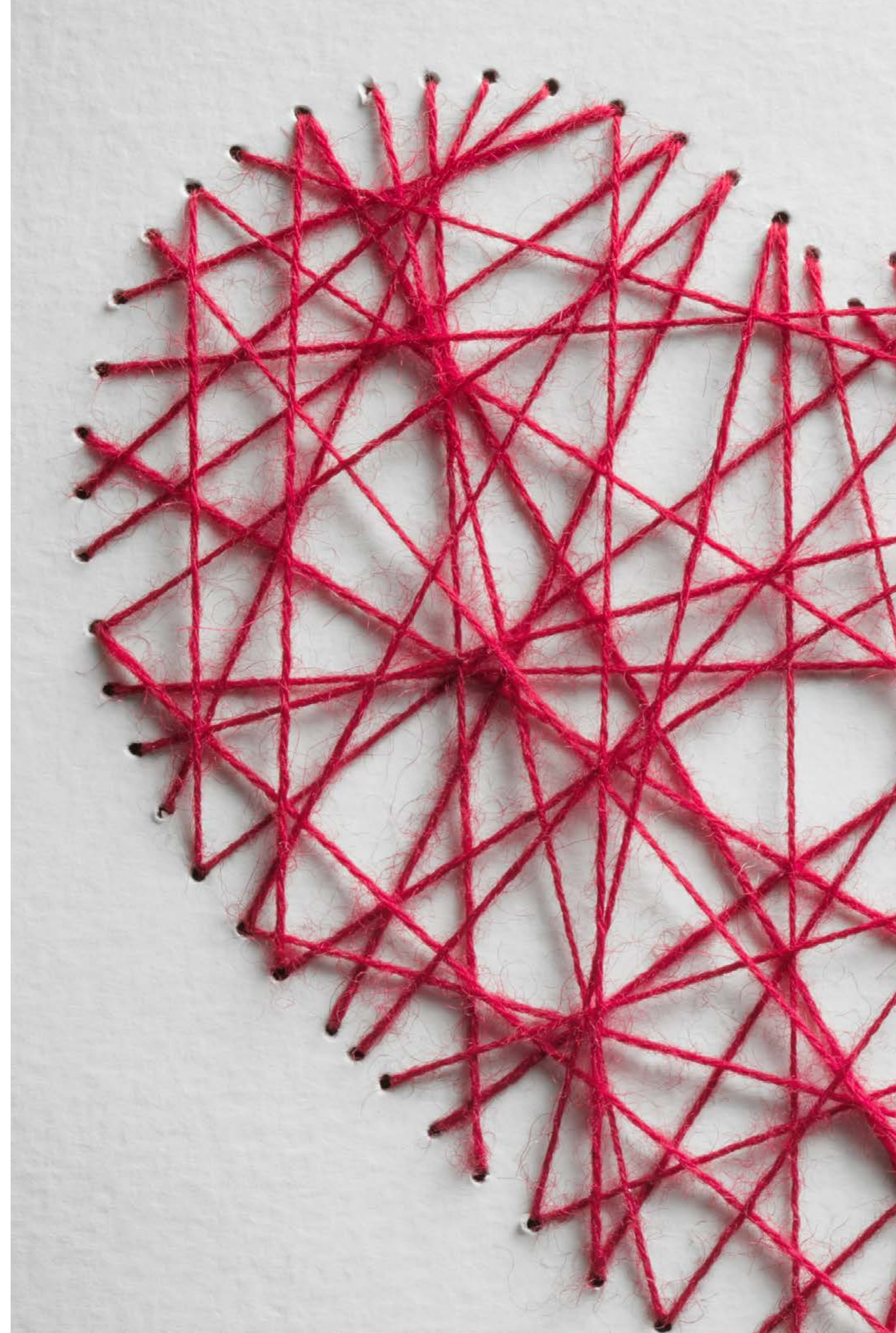


## THE DIFFERENTIATION DILEMMA

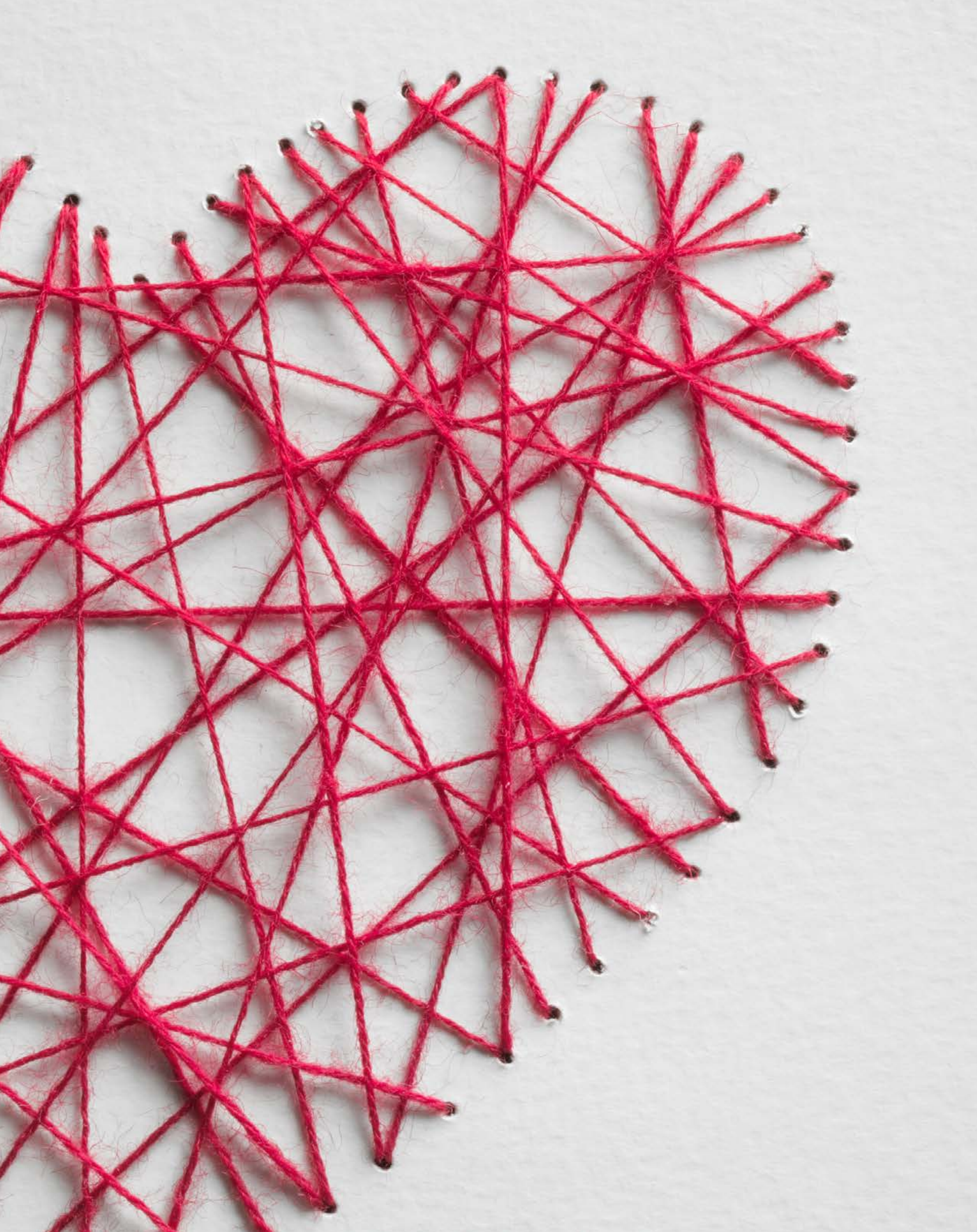
# Deepen relationships in multiple ways

In addition to engaging with clients at a higher level, advisors can better execute on clients' values by expanding their range of financial products and services. This can both grow wallet share and protect client relationships, as in recent years, more and more clients have shown a preference for consolidating assets with fewer providers.

A McKinsey study found that between 2014 and 2018, the proportion of consumers with only one wealth management relationship rose by 20% percent (from 43% to 52%).<sup>12</sup> The trend accelerated in 2020, when 75% of those who moved money during the pandemic moved it to an institution in which they already had a relationship.







Adopting new tools and technologies that provide more integrated services or holistic reporting capabilities can help elevate advisors to the role of financial life coach, supporting stickier relationships. However, firms must go beyond investing in new solutions to investing in culture as well. Advisors should be trained and equipped to engage with clients from understanding values to executing on them.

Ultimately, advisors who can serve as true financial partners across multiple generations of clients will build the strongest relationships. And advisors who operate at that level are likely looking to join firms that offer the same depth of personal connection and financial expertise.

**52%**

**of wealth  
management  
clients had only  
one institutional  
relationship  
in 2018**

**75%**

**of those who  
moved money in  
2020 moved it  
to an institution  
where they  
already had  
a relationship**



**Build your business  
to last.**





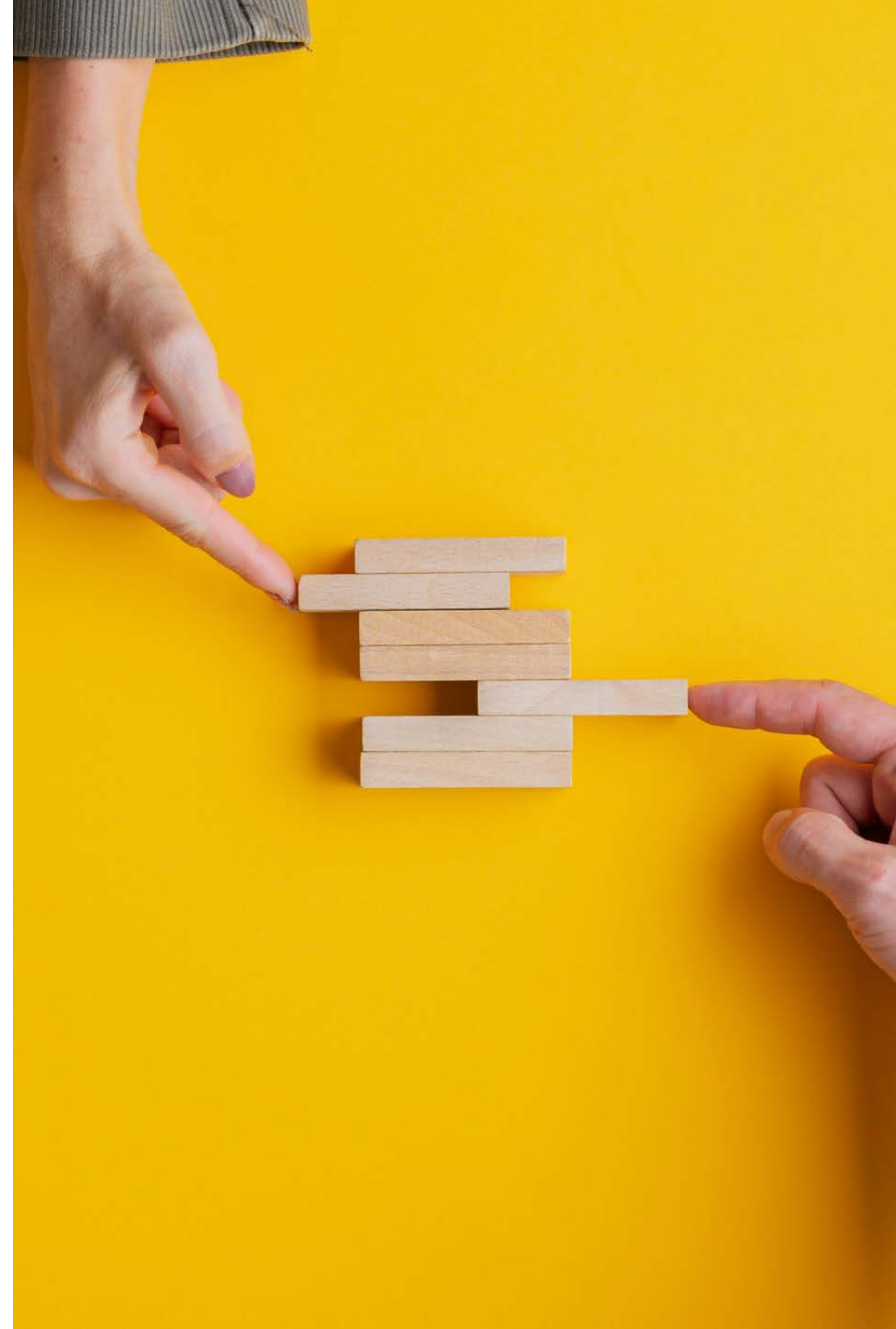
# Build your business to last

As competition for both employees and clients increases, values-forward wealth management organizations have a solid foundation for long-term success. But leveraging values within your practice requires more than a set of tools and processes. It takes a fundamental cultural shift and a shared vision for building a sustainable business.

Creating differentiated, values-focused experiences earns the loyalty of both clients and employees. Driving alignment and accountability across your entire value chain builds trust. From attracting and retaining top talent to capturing the next generation of wealth, firms that live by their values are the firms that last.

At SEI, we've seen firsthand that a values-forward approach has an incredible impact on company culture, with a follow-through impact on client service. It's how we've lasted more than five decades in the wealth management industry. Our core values have provided an enduring foundation for our strategic partnerships and a clear path forward for each generation of leaders.

We're here to expand what's possible for your people, and we'd love to share our learnings about building a sustainable business with you. Contact one of the leaders listed at the end of this document to talk about how we can help.





# Sources

<sup>1</sup>Deloitte, “10 Disruptive Trends in Wealth Management,” 2015, pg. 12.

<sup>2</sup>Scott Keller, Mary Meaney, “Attracting and retaining the right talent,” McKinsey Insights, Nov. 24, 2017.

<sup>3</sup>Glassdoor, Mission & Culture Survey, 2019.

<sup>4</sup>Nina McQueen, “Workplace Culture Trends: The Key to Hiring (and Keeping) Top Talent in 2018,” LinkedIn Official Blog, June 26, 2018.

<sup>5</sup>Deloitte, 2105, pg. 12.

<sup>6</sup>Morgan Stanley Institute for Sustainable Investing. “Sustainable Signals: Individual Investor Interest Driven by Impact, Conviction and Choice,” 2019, pg. 2.

<sup>7</sup>US SIF The Forum for Sustainable and Responsible Investment, “2020 Report on US Sustainable, Responsible and Impact Investing Trends,” 2020.

<sup>8</sup>EY, “2021 EY Global Wealth Research Report,” 2021, pg. 33.

<sup>9</sup>Morgan Stanley, “Sustainable Signals,” pg. 5.

<sup>10</sup>Pooneh Baghai, et al. “North American wealth management: Money in motion, but not always to the bottom line,” McKinsey & Company, 2020, pg. 3.

<sup>11</sup>EY, “2021 EY Global Wealth Research Report, pg. 8.

<sup>12</sup>Pooneh Baghai, North American wealth management, 2020, pg. 9.



# Connect with SEI.

Let us help you find a new path to growth by leveraging a values-driven approach and a shared purpose to build an attractive and thriving business culture.

Contact us to learn how we can help by emailing [SEIWealthPlatform@seic.com](mailto:SEIWealthPlatform@seic.com).



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