

SUSTAINABILITY



Sustainability pillar #3: Delivering client satisfaction

Sustainability pillars 1 & 2 have focused on the importance of having a manageable number of clients and enterprise risk. This pillar focuses on **delivering client satisfaction**.

Broadly speaking, a financial adviser's value to their clients' rests on two key components: the *portfolio* and the *relationship*. Successful advisers have typically demonstrated flawless execution of both components. Going forward, we believe that relationship depth will become even more important as robo-advisers absorb the traditional elements of "value," **forcing traditional advisers to move up the value spectrum** to maintain their competitive position. Advisers will find they need to:

1. **Know** the client. (No, *really* know the client.)
2. **Deliver** value through the lens of #1.

How do you achieve this with ALL your clients? Where will you find the time to deliver the client experience they are expecting?

Client experience benchmark

Within the financial services industry, the term "**benchmark**" is typically associated with investment performance measurement. While benchmarks can be helpful in evaluating portfolio performance, many advisers anchor their value proposition and client experience on them. For instance, these advisers typically start meetings with a conversation about the client's statement or portfolio.

However, as the industry evolves and financial advisers competitively shift their value proposition away from portfolio construction toward client goals and relationships, the key question becomes: **what is the "benchmark" for the client experience?**

"The Journey"

The ideal journey is the lifecycle advancement of prospect to client and then client into an advocate. In an industry that relies on trust, **advocacy serves as the ultimate indication that the adviser is executing on the critical metric** of client satisfaction. After all, satisfied clients send referrals.

"What drives client satisfaction?"

In our experience, the two critical drivers of client satisfaction are client experience and client portfolio.

Client Satisfaction =
Client Experience + Client Portfolio



Creating a winning client experience

There are several steps advisers can take to create a winning client experience:

- > **High quality client discovery** – which delves into the emotional aspects of the client’s money, motivations and goals;
- > **Quarterly wealth management reviews** – which centres around a customised client engagement roadmap and progress towards the goals the client defined; rather than focusing on a performance report and market commentary
- > **WOW impressions and events** – which are designed to demonstrate to the client the depth of your relationship and appreciation for it

The first of these components is where most of your time would be spent with the client and is highly personal. The second and third components may seem personalised to the individual client however the underlying plan and execution could be within a one to many service model. Meaning, you have created a scaled service model overlaid with personal aspects of the client. Creating capacity and efficiency in your business without compromising client satisfaction.

The power of these three components of the client experience are amplified when they are intertwined and inform one another. For instance, compare these two scenarios:



SCENARIO #1

An adviser identifies that the client wants to buy a second home. The adviser proceeds to **create an appropriate financial plan** to help the client achieve that goal.



SCENARIO #2

An adviser identifies that the client wants to buy a second home on the coast of NSW, because two of the client’s grandchildren, Charlie (age 9) and Teresa (age 5), live in the area. The adviser proceeds to create an appropriate financial plan to help the client achieve that goal – and subsequently uses the **additional details** uncovered in the discovery conversation to continually deepen the relationship with the client. For instance, in the quarterly reviews, the adviser discusses the portfolio’s performance in the context of progress toward the client’s goal of “buying a second home on the coast to be closer to your grandchildren, Charlie and Teresa.”

What distinguishes the two scenarios?

The **depth of the client discovery** and how the information was captured and used subsequently. In the first scenario, the adviser simply noted the elements of the discovery conversation that were relevant to create an appropriate portfolio. In the second scenario, the adviser captured the information *in the client’s words* (rather than in financial jargon) to inform not only the financial planning and portfolio selection.

The bottom line

Advisers who adopt an intentional focus on client satisfaction should be well positioned to successfully navigate the changing landscape of advice. As clients, advisers, and regulations evolve, a dedicated eye toward delivering an optimised client experience and portfolio can benefit advisers who execute at the highest levels.

Russell Investments is a global leader in investment portfolios, managing money and retirement assets for some of the world’s largest brands. Our portfolios combine some of the best managers across different asset classes to help give your clients the best chance of reaching your long-term goals.

Russell Investments has been recognised as the best Multi-Asset Manager by *Money* magazine consistently for the past 5 years.

Russell Investments Wealth and Super Series is backed by one of the leading technology providers - Netwealth. Netwealth has been recognised as the best in their field, winning the 2018 Investment Trends 'Best Platform award'.

We believe this series can provide you with the platform you need to alleviate administration pressures and give you back time and resources to focus on delivering the best possible client experience to your clients.

Important Information

Issued by Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence 247185 (RIM). This document provides general information only and has not been prepared having regard to your objectives, financial situation or needs. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation or needs. This information has been compiled from sources considered to be reliable, but is not guaranteed. This document is not intended to be a complete statement or summary.

Copyright © 2018 Russell Investments. All rights reserved. This material is proprietary and may not be reproduced, transferred, or distributed in any form without prior written permission from Russell Investments.

About Russell Investments

Russell Investments is a global asset manager and one of only a few firms that offers actively managed multi-asset portfolios and services, which include advice, investments and implementation. Russell Investments stands with institutional investors, financial advisers and individuals working with their advisers—using our core capabilities that extend across capital market insights, manager research, asset allocation, portfolio implementation and factor exposures to help investors achieve their desired investment outcomes.

For more information

Please contact your Russell Investments' representative:

Sydney 02 9229 5111

Melbourne 03 9270 8111

Russellinvestments.com.au

