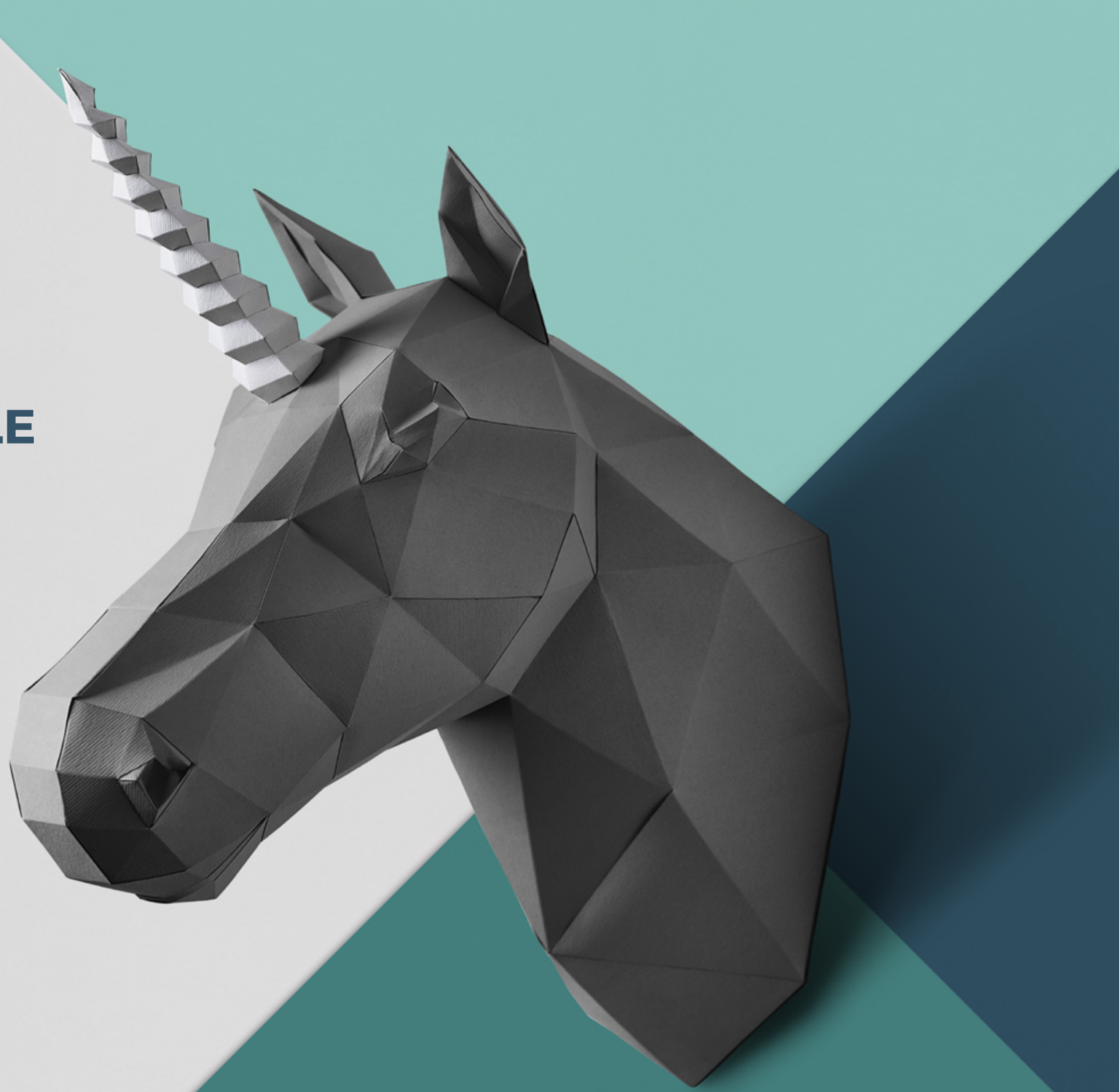
TOP 5 MYTHS
ABOUT CLIENT LIFECYCLE MANAGEMENT (CLM)



WEALTH DYNAMIX

CLIENT LIFECYCLE MANAGEMENT (CLM) MYTHS EXPLAINED

Whether CLM myths are perpetuated through misunderstanding, misinformation or ignorance, they can result in long-lasting harm when they form the basis for technology investment decisions. The problem with myths is that they are often based on plausible half-truths, and it is only with the passage of time that doubts are raised and mistakes realised. By then it is too late.

The phrase “act in haste, repent at leisure” has never been so apt. Technology investments are set to rise and when mistakes are made there is plenty of time to dwell on them post-implementation.

According to a WealthBriefing survey, 75% of wealth managers will increase technology budgets by 2022, from already high levels, in an effort to close the digitalisation gap. 85% of firms are looking to boost advisor productivity and 70% are seeking reductions in their operational costs by 2022 as key moves to boost profit.

So, the stakes have never been higher. Wealth managers who can avoid being fooled by the CLM myths in the first place will go on to make the right technology investment decisions for the business.

The truth behind the myths >

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MYTH 1

ONBOARDING + KYC = CLM

1 | ONBOARDING + KYC = CLM

Investment in onboarding continues to be a top priority. However, many wealth managers believe that onboarding and Know-Your-Client (KYC) processes are synonymous with Client Lifecycle Management (CLM). While onboarding is pivotal to delivering compliance, client experience, cost reduction and AUM growth, it is dangerous to assume that tunnel-vision investments in onboarding and KYC will address broader CLM mandates.

Any effective CLM solution should be able to re-engineer onboarding processes in pursuit of a cost-effective, frictionless experience for both advisors and clients. But CLM has a far broader reach.

The client lifecycle starts long before onboarding. For prospects previously unknown to the firm, their experience begins as soon as they become aware of your brand and they form opinions about the quality of service they could expect as a client. Marketing is responsible for shaping those early impressions, before passing the baton to relationship managers who engage in initial fact-finding conversations. Business is won and lost during this pre-onboarding phase, and enduring client relationships are borne.

Even when a prospect is known to the firm, perhaps a client's family member or friend, their journey will differ based on their preferences and goals. Details of interconnections with other clients must be immediately visible, as this can affect the way a client is approached or the fees agreed, which influences their decision to become a client and progress to onboarding.

Information and data captured during initial engagement should be used to personalise every client's journey and manage the client relationship consistently, across the business. A 'capture once, use many' approach to data should be applied, eliminating the need to capture the same data multiple times. Genuine CLM platforms are underpinned by agile data models that support the single client view, encompassing the intricate web of client connections, relevant regulatory rule sets, cross-border obligations and information security required to safeguard client data.

By gaining insight into the connected value of a prospect – which is not possible through onboarding alone – you will successfully 'Know Your Prospect' and be well-positioned to convert them to a client.

THE RISK OF BELIEVING THE MYTH

Those who believe the 'onboarding + KYC = CLM' myth tend to implement initiatives with narrow scope, which have limited impact on the end-to-end client experience. Why? Because they fail to empower relationship managers with tools to deliver exceptional, personalised service, pre- and post-onboarding.

Projects aimed solely at making onboarding as frictionless as possible are the worst way to approach CLM. Digitising client-facing elements of onboarding can create a veneer of superior servicing, however any enrichment of the client experience is negated by its detrimental impact on back-end processes, which are vital for compliance and cost reduction. A digital front-end that is poorly integrated with back-end processes results in a quagmire of unwieldy manual administration and disjointed technological infrastructure.

From a client's perspective, surface-level digitisation and in-depth data capture can set servicing expectations that are difficult to live up to; as the client relationship evolves, inconsistencies across the lifecycle are revealed.

Onboarding is the middle portion of the client lifecycle, with engagement preceding it and ongoing management following on. Each stage must be underpinned by the same data models, rules and automations, which are tightly integrated with the client relationship toolset. This one-stop-shop is far more likely to be adopted by staff – especially relationship managers – than a multitude of unconnected systems requiring multiple logins.

THE REALITY

CLM is an end-to-end client servicing phenomenon. It represents a wealth manager's desire to gain a deep understanding of every client's goals, preferences and sentiments, at every stage in the lifecycle – before, during and after initial on boarding.

CLICK TO TWEET

Those who believe the '#onboarding + KYC = CLM' myth tend to implement initiatives with narrow scope, which have limited impact on the end-to-end #ClientExperience.
Why? Find out in the new @Wealth_Dynamix 'Top 5 CLM Myths' e-book http://bit.ly/3bU8pz8
#WealthTech #KYC #CLM

MYTH 2

CLM IS JUST THE NEW NAME FOR CRM

2 | CLM IS JUST THE NEW NAME FOR CRM

Coined in 1995, the term CRM (Client Relationship Management) has stood the test of time. Many wealth managers believe that Client Lifecycle Management (CLM) is more of the same, simply with a new name, but this could not be further from the truth.

The idea that CRM and CLM are interchangeable is understandable. Both seem to deliver similar business outcomes and have client centricity at their core. Both involve the capture and retention of data from a multitude of sources, relating to individual clients. And both promise to offer a richer understanding of client and prospect behaviour, supporting client acquisition and AUM growth.

Wealth managers could be forgiven for thinking that the only definable difference is one letter or word… (R)elationship swapped out for (L)ifecycle. Not so!

Both CRM and CLM play critical roles in a firm's digitalisation strategy. The key capability that a CRM solution brings to the table is a single client view – the cornerstone of a digitalisation initiative. In contrast, a CLM solution delivers the ability to reinvent client journeys.

The single view lies at the heart of a firm's ability to identify client needs and detect potential dissatisfaction. Most wealth managers with a broad range of offerings are still struggling to deliver a comprehensive single client view and few firms have provided relationship managers with a single advisor workspace.

This is not a new problem. The term "single view" pre-dates CLM by thirty years and for several decades wealth managers have attempted delivery, with limited success. To date, wealth managers have been hindered by operational and technological silos, with each department having a narrow, incomplete view of the client. These views are rarely synchronised across the organisation, leading to poor and inconsistent client servicing and internal frustrations. But as firms look to adopt CLM and other emerging technologies the single view has become a must win battle, central to any front-office strategy.

So, why is the concept of a client journey so relevant and important now?

While wealth managers have been toiling to achieve the single client view, the world has moved on. The number and frequency of touchpoints has spiralled, the variety of journeys and channels used by clients is diverse, duplication is commonplace and the volume and complexity of regulatory requirements has outpaced the ability of many firms to keep up. The lens is now firmly focused on productivity and how best to meet client expectations; the need for agility has never been greater.

Wealth managers must turn their thinking inside out, adopt a client-oriented mindset and scrutinise the journeys that prospects and clients travel as their engagement deepens. CLM delivers a clear view of clients' goals and their journeys throughout the lifecycle, enabling seamless handoffs, inter-departmental alignment and clearly defined engagement plans. Journey mapping creates a holistic view, bringing together otherwise unconnected internal stakeholders. Wealth managers are able to prioritise technology investments according to their impact on client experience and the lifetime value of each client.

Relationship managers need a single workspace with a 360-degree view of all client data, presented in a meaningful form, with actionable insights. Few have achieved this successfully. Over-reliance on manual CRM administration and inability to automatically track interrelationships and patterns of behaviour are highlighted when relationship managers leave the business. Handovers expose gaping holes in the institutional understanding of a client, and in many cases clients follow the relationship manager who knows them best.

Having a holistic view of the client journey is at the core of CLM, delivering insight into the clients' wants, needs and desires as they arise, and enabling them to detect dissatisfaction or disengagement.

THE RISK OF BELIEVING THE MYTH

Those who continue to believe the myth that CLM is the same as CRM will never gain a single client view or deep insight into how best to influence the outcome of each client's investment decisions. Relationship managers cannot be certain that they are making timely product recommendations that will resonate with a client and the propensity for success is diminished.

THE REALITY

Although there is interplay between CRM and CLM, and both are vital for success, they are very different beasts. Only with CLM can the data captured within a CRM be truly connected across all phases of the client lifecycle, giving relationship managers a holistic view of the next best action that is likely to achieve a profitable outcome.

CLICK TO TWEET

Those who continue to believe the myth that #CLM is the same as #CRM will never gain a single client view or deep insight into how best to influence the outcome of each client's investment decisions.
Learn more in the new @Wealth_Dynamix e-book
http://bit.ly/3bU8pz8 #WealthTech

MYTH 3

INTEGRATION IS AN IT TASK

3 | INTEGRATION IS AN IT TASK

Wealth managers are operating a vast array of disjointed systems, each handling just one small element of a client's account, relationship or experience. Unfortunately, many believe that a unified CLM is achieved when these IT systems are interconnected, but this myth has it's roots in Aristotle's phrase "the whole is greater than the sum of its parts".

Consider the crux of the problem and how myriads of technology silos emerged in the first instance. Wealth management firms are typically organised around vertical pillars, each with a different business owner addressing their own piece of the puzzle in different ways, at different rates, in isolation – from initial prospecting through to onboarding, servicing, ongoing relationship management and re-engagement. Each department implements its own systems, tools and processes, leading to a patchwork of technology. The inflexibility of decades-old disparate systems and lack of standardisation is inhibiting the ability of many wealth managers to innovate at speed.

Attempts to integrate technology in an effort to improve client experience and cut costs have been problematic. According to a WealthBriefing survey, 37% of wealth managers are stalled in the earliest stages of leveraging technology, which will lead to disenchanted clients and AUM attrition. Rather than providing clients with a sense of being more connected, clumsy efforts at integration can leave them feeling as though the left hand doesn't know what the right hand is doing.

Some firms have excelled at digital and mobile onboarding and are delivering exceptional service in that single part of the process. Unfortunately, their efforts to revolutionise client service across the board are still failing because they are funding improvements in just one aspect of the client lifecycle and failing to address others.

So, the solution is not necessarily technical. For the most-part, issues of ignorance and inconsistency are caused by cultural and organisational silos, which must be resolved rather than glossing over the flaws with sparkly new technology.

Wealth managers must adopt a horizontal, end-to-end approach to the lifecycle that is holistic and client-centric, underpinned by interconnected organisational structures and cultural norms that support collaborative client servicing. Departmental teams should work together to form a client-centric view of client journeys spanning the breadth of the lifecycle. With a clear view of where technology supports these journeys, wealth managers can deploy agile technology solutions and avoid silos.

Increasingly, the return-on-investment of digital transformation and CLM hinges on cross-functional cooperation, and the horizontal integration of organisational silos. Allocating budget in line with incohesive organisational structures is fruitless, especially when the ultimate aim is to work more strategically to address CLM and change client journeys, by operating the front, middle and back office as an interconnected whole.

For example, marketing teams and client advisors often work separately, denying the huge opportunity to synchronise brand values and communication strategy. Advisors are often equipped with state-of-the-art mobile devices that capture rich demographic, behavioural and financial data from clients, enabling predictive modelling that indicates propensity to invest in specific products. This data should be fed into integrated marketing campaigns, but this rarely happens in siloed organisational environments.

THE RISK OF BELIEVING THE MYTH

Those who believe that technology is the overriding factor in delivery of CLM tend to overlook organisational barriers to success. Failure to break down these barriers and improve collaboration, where necessary, results in poor returns from technology investments, low user adoption and failure to meet client servicing expectations.

THE REALITY

While technology is a vital CLM enabler, integration and communication between departments and teams adopting a holistic, client-centric view is essential for CLM success. Wealth managers who adopt a horizontally-aligned outlook across the entire client lifecycle and map clients' goals and their journeys onto agile business processes have a winning formula.

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Failure to break down barriers & improve collaboration results in poor ROI from tech investments, low user adoption & failure to meet client servicing expectations.
Learn why integration isn't only an IT task in the new @Wealth_Dynamix e-book http://bit.ly/3bU8pz8
#WealthTech

MYTH 4

CLM SOLUTIONS ARE BEST BUILT IN-HOUSE

4 | CLM SOLUTIONS ARE BEST BUILT IN-HOUSE

Wealth managers undoubtedly recognise the high value of CLM. In their race to be early to market, with a CLM solution that delivers superior client servicing, some are looking to build solutions in-house because they believe that the technology itself creates the differentiation. It doesn't.

There are a number of off-the-shelf CLM solutions on the market, although a thorough comparison soon separates the wheat from the chaff. While wealth managers are often tempted to build CLM platforms internally, in the hope of deploying more tailored solutions at lower cost, this is a futile approach.

Why? Because proven solutions are already available and, in the case of CLM, game-changing differentiation is derived from the effective application of the system aligned to business goals, not the technology itself. So, that is where attention should be focused.

The story of banking mogul Nathan Rothschild is pertinent. Myth has it that Rothschild witnessed the defeat of the French army at the Battle of Waterloo in 1815. Allegedly, word of the victory was sent by carrier pigeon to the bank, long before news officially broke, enabling a stock exchange profit of 20 million francs. While this myth was dispelled in subsequent years, it is widely accepted that the Rothschilds used pigeons in their operation around this time, and use of the pigeon (the technology), expertly trained by fanciers (technology providers) to deliver news (data and insights) faster than others (competitors) was the conduit that empowered the bank to make timely and profitable investment decisions.

The technology alone is not the differentiator. It is the skill of the wealth manager to act quickly and appropriately upon information received, and to deliver client experience that is second to none, that creates differentiation – in combination with technology. It is as much to do with having a well-defined strategy and ability to execute effectively, as it is about technology itself. Firms successfully applying CLM platforms to manage client journeys, increase productivity and cut costs across the client lifecycle will achieve differentiation.

Given Capgemini's finding that 91% of HNWIs consider service quality to be an essential wealth management selection criterion, wealth managers cannot afford to shift focus away from their core business. The window of opportunity for firms to stand apart from their competition is open, and building a new platform in-house could see that opportunity lost. The inherent delay, skills-shortage, risk, opportunity cost and availability of solutions on the market today make in-house builds difficult to justify – especially given the rate of market and regulatory change, and the speed with which specialist providers are able to evolve their solutions. Furthermore, an experienced CLM provider will already know how to tackle legacy, integration and data integrity issues. Finding the right mix of elements required for success, including business, technology and change management, involves finding the right partner, with proven expertise and implementation experience.

THE RISK OF BELIEVING THE MYTH

Those who believe that CLM differentiation lies solely in the technology itself tend to favour in-house builds that lack functionality and resilience. Specialist providers have invested hundreds of man-years developing CLM platforms with best practice built in, based on consultations with multiple wealth managers. Apart from risking time and budget, in-house builds are constrained by the extent of a firm's own know-how and technical proficiency, often resulting in cumbersome solutions that lack innovation and future-proofing, and are poorly maintained. Usually built by a small team, in-house builds are exposed to loss of expertise when developers leave the business.

THE REALITY

Wealth managers should partner with experienced wealth management CLM platform providers to deliver the technology that underpins the end-to-end CLM process. For optimal results, IT should focus on ensuring that the technology is deployed effectively, working on innovative process automations and finding ways to make the best use of your most valuable asset – your data.

CLICK TO TWEET

In the race to be early to market with
a #CLM solution that delivers superior client servicing,
some #WealthManagement firms are looking
to build in-house as they believe the tech itself
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MYTH 5

DATA DRIVES THE QUALITY OF CLIENT RELATIONSHIPS

5 | DATA DRIVES THE QUALITY OF CLIENT RELATIONSHIPS

Barely a day in wealth management goes by without mention of data and the value it is (or is not) delivering. And while data is certainly a prerequisite to effective relationship management, the idea that data can simply be served up and will deliver immediate benefits is unrealistic. No matter how clean or organised it is, provision alone adds little or no value to the CLM process.

It is reasonable to assume that wealth managers deploying technology platforms that collect rich stores of client data are doing so with a purpose and full management buy-in. Day-to-day operations have been reviewed at all levels and modified as needed, and data is being enriched based on a coherent, evolving strategy that is being actioned. Even if this were true, a relationship manager presented with a mass of data will have difficulty extrapolating value from it.

In the high-touchpoint wealth management arena it is the relationship manager's care and understanding of every client that fuels AUM growth. And while the CRM captures an array of socio-demographic and client history data, it is the rich cultivated data generated by CLM platforms that dramatically improves the relationship manager's understanding of a client's goals, desires and sentiment. Better understanding of these critical factors, and the linkages between them, enables advisors to recommend the right products, at the right time, to secure greater share of wallet.

"Cultivated data" we define as data that is pre-existing or captured throughout the client lifecycle, analysed and developed into a more usable form than it originated in and converted into actionable insights that are used by relationship managers to enrich the client experience. This doesn't have to be huge, complex big data sets consuming inordinate amounts of computing power; instead, cultivated data has been enriched to generate output that is relevant and actionable. Examples include predictive modelling and sentiment analysis.

Year-on-year, the Capgemini World Wealth Report highlights the measurable correlation between the personal connections HNW clients enjoy with their advisor and the financial performance of the firm. To enrich client relationships, CLM platforms are used to:

1. Deliver cultivated data, generated by advanced analytics, data modelling, predictive analysis and artificial intelligence.

2. Trigger clear 'next best action' notifications, based on timely analysis of client requirements in light of market or geo-political events.

3. Identify best-fit matches between individual clients and available products, empowering relationship managers to deliver relevant, timely and compliant recommendations.

4. Audit the outcome of actions taken, provide feedback to improve the quality and relevance of future client interactions and enable fully-informed and seamless hand-offs to other teams within the organisation.

To eliminate silos these capabilities must be shared across all departments spanning the entire client lifecycle. Otherwise, one team may have access to a sophisticated data model generating actionable data, but the team responsible for taking action lacks visibility of the output. Automated workflows can be applied to bridge the gap between siloed departments, to ensure end-to-end visibility, process efficiency, front-office productivity and client satisfaction.

THE RISK OF BELIEVING THE MYTH

If relationship managers are simply presented with a mass of standard-form client data, which has not been meaningfully enriched, analysed or embellished with intelligent automated interpretation, its value in terms of enriching the client relationship is limited.

THE REALITY

Data is central to what a CLM solution is all about. When organised and presented effectively, data has the power to put the relationship manager in the driving seat, to make a positive impact on the client's perception of the service they receive. Client service benefits most when data is leveraged to underpin new client journeys, which can be rolled out quickly and easily, bringing together functions in the business and embedding appropriate controls.

CLICK TO TWEET

If RM's are presented with client data that hasn't been meaningfully enriched or analysed with intelligent automated interpretation, its value in terms of improving the client relationship is limited.
Learn why in the new @Wealth_Dynamix e-book http://bit.ly/3bU8pz8 #WealthTech

WEALTH DYNAMIX

WHY WEALTH DYNAMIX?

At Wealth Dynamix we specialise in wealth management Client Relationship Management (CRM) and Client Lifecycle Management (CLM).

Since 2012, we have been partnering with large to mid-sized financial services organisations to help deliver exceptional client servicing quickly, efficiently and cost-effectively.

We have offices and clients in three continents, award-winning implementations, stand-out technology, unrivalled functionality and world-class support services.

Trust Wealth Dynamix to help you manage client servicing more effectively.

ABOUT US

Founded 2012

Privately owned

Headquartered in London, UK

Offices in New York, Zurich, Geneva and Singapore

125+ staff with decades of experience in wealth management

SOME OF OUR LATEST AWARD WINS

2018 - 71st Fastest Growing Companies across Europe and 5th fastest in Fintech industry, Financial Times

2019 - Best CRM System, WealthBriefing European Awards

2019 - Best Technology Provider- Front Office', WealthAdvisor

2019 - Best CRM System and Best Change Management Process/Implementation of a Technology Solution, WealthBriefing Asia Awards

2019 - Outstanding Front Office Digital Solutions Provider, Private Banker International

2019 - Best CRM solution, Goodacre

OUR CLIENTS

Schroders

Rothschild & Co

RUFFER

Rathbones
Look forward

QUILTER CHEVIOT
INVESTMENT MANAGEMENT

CHARLES STANLEY

CONTACT US

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