

Personalization Is Essential for Managers and Advisors

Intense competition across industries pushes providers to balance tailoring their products and services to the specifications of end consumers while using economies of scale to keep costs down and distribute to wide audiences. This tension is proving to be of increasing importance in a heavily commodified financial services landscape. The *ISS MI Practice Management Pulse Study: March 2024* surveyed 700 financial advisors this past February, serving to shed further light on challenges advisors face in running their practices.

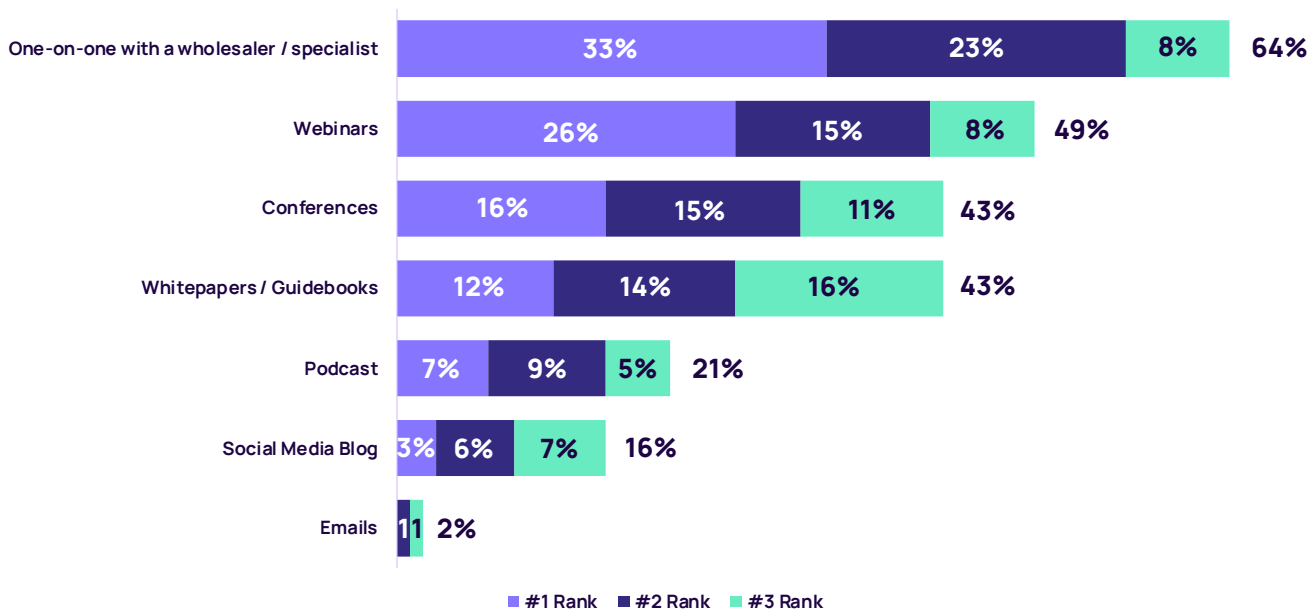
The study found that the most frequently cited challenge for advisors was new client and new business development. 55% of advisors referenced this as one of their top three challenges in managing their practices, with 23% citing it specifically as their highest ranked challenge. The ability to generate that new business appears to be best achieved through keeping current clients satisfied. 80% of advisors said that referrals from existing clients were their primary source of new clients.

As advisors spend less time on the nuances of investment management and more acting as a holistic life coach, they will use that time to try and be more responsive to end-client concerns. Advisors leaned heavily on the level of personalization they offered to individual clients to keep clients satisfied. 28% of advisors listed that as their key way of differentiating their practices, followed by 20% that listed the quality of their service.

In turn, advisors care extensively about personalization in how other parties communicate to them. When asked how they preferred to access practice management and value-add content, they demonstrated the strongest interest in one-on-one meetings. 64% of advisors referenced this as one of their top three preferred ways. While advisors overall displayed a strong preference for individual meetings, RIAs took a sharply different tack. That channel stated that they most preferred to receive value-add content in the form of webinars and whitepapers, with 68% and 48%, respectively, citing those as one of their three most highly ranked options.

Advisors Respond Best to Personalized Approaches When Accessing Practice Management and Value-Add Content

What are the top 3 ways you prefer to access or receive practice management and value-add content and tools?



In working with the specific concerns of their clients, advisors and asset managers must take into account the importance of aging demographics on both clients and advisors. When asked about most important practice management topics, advisors most frequently mentioned “improving prospecting,” tying in with the importance of new business development. However, this topic sees significant competition as advisors age. While younger advisors (i.e., those under 40) most heavily focused on prospecting, advisors over the age of 55 placed greater relative value on Social Security/Medicare and succession planning as topics. Those topics nearly equaled prospecting in their importance to older advisors who are paying greater attention to the needs of elderly clients and the future of their own businesses. Understanding the specific concerns of advisors and their clients is an essential step for asset managers and advisors in working together.