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# CUSTOMER ACUMEN

INSIGHTS TO BUILD CLIENTS FOR LIFE



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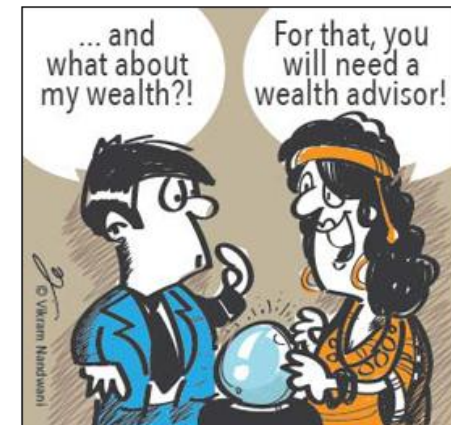
Dear Reader,

In an era where High Net Worth Individuals (HNIs) and millionaires are becoming common place, (*a recent report indicated that India saw a 20% increase in both the number of Dollar millionaires and their wealth in 2017*), all of us are confronted by the question as to how to manage one's hard earned money and make it grow. There are dedicated finance professionals - Financial Advisors, Wealth Managers, Single-Family Office, Multiple Family Office, among others - who are more than just specialist custodians of wealth. This group of professionals not only offer advice but is also well connected to various stakeholders who offer a plethora of investment options for your wealth.

Given the sensitivity surrounding the subject of money, demanding clients today can shift to other Advisors with ease. Wealth creation is a slow process which is why it becomes imperative for Wealth Advisors and professionals to build trust along the way so as to maintain a long term relationship with their clients.

**Customer Acumen**, this quarter, examines what it takes to **Become a Trusted Wealth Advisor**. **George Mitra**, CEO at Aventus Wealth Management, eloquently explains how a Wealth Manager generates trust among their customers and the challenges ahead. Should your relationship loses traction, **Jay's** article takes a good look at the simple ways of winning back a client. **Prasad Deshpande** reviews Helen Czerski's engaging debut book, **Storm in a Teacup**, which seeks to capture your senses and the magic behind how physics works in our day to day activities. In-house Cartoonist, **Vikram Nandwani** shows us his rendition of a 'fortune' planner!

As always, we value your continued support, and look forward to hear from you on what else you would like us to feature in the upcoming issues.





# MUSINGS



## Never Say Never - Winning Them Back After Estrangement

- Jay

Even the best laid out client retention strategies come a cropper at times. It is not unknown to find that after having done your best to woo them over, and after the initial round of excitement in each other's company, the client may begin to drift away from you. This is the acid test of client relationship: somewhere along the way, the client has begun to feel that you are no longer the preferred partner to him. Now, the challenge for you is how do you convince the client that you are still the best option for them? Here are 5 ways that you could employ to win them back.

**1. Take a good look at yourself first:** Before you begin to doubt the client or suspect nefarious tactics of the competition, examine your own hand. A self-diagnosis is a good way to begin the scrutiny on lost customer relationship. What have you done - wittingly or unwittingly - that could have led to the estrangement? Are there instances of not meeting client commitments that were made? Or, have you been negligent and taken the relationship for granted and failed to keep adding value to the relationship? Remember, a blase attitude in client servicing is fatal not just for this relationship but this lack of passion infects other relationships too rapidly. Additionally, ask yourself, what could you have done to strengthen the relationship that was existing? Keeping relationships evergreen requires creative ideas and an investment in time and effort. Work on this constantly to avoid a stale and standard interaction that is a ticket to an imminent break-up.

**2. What's new with the client?** Yes, you hit a road-block and things are headed downwards. But, it may not be all over yet. It is time to step-up the game. Take stock of what the client is going through at present. Things to check include, their internal conditions (for instance, has something changed: Financially? Is there a new Business Leader who is setting a new

agenda? etc.). Or, have the dynamics of the industry modified and caused destabilization (oil prices, war, new regulations at the national or international level, etc.). A very common element in recent times has been Technological factors as a disruptive force (think Drones, the Cloud, AI, etc.). In short, the reason for the strains in your relationship with the client may not be you at all - but that the client is undergoing business re-calibration, as it were, due to forces that are significant to them. This could be an excellent opportunity for you to introspect: in what way can you offer value to the client when they are faced with non-linear challenges? Solve this puzzle, and you are back in the game!

**3. Learning from others:** Tunnel vision affects us all. The longer we are in a field, and the more successful we are, arrogance creeps into our mind, like a stealthy thief at night. One hint of the problem, and we jump to judgement! We begin to believe that not only do we know the problem, we have a ready solution that will be the panacea to this (and to future) organizational ailments. Yes, sir, we are experts with vast experience! But hang on, what if we misread the situation, or worse, our prescription is not working? This could well be the reason why the client has been giving you the cold shoulder of late. While firms tend to believe that their problems or situations are unique, it might surprise you that many issues cut across industry boundaries. Knowing how similar situations have been handled in other sectors or by other professionals could provide a clue to rebuilding a strained relationship for your situation. Instead of being stuck in your own paradigm, being alive to different possibilities can enable you to shift from the tried and tested options of the past to experiment with a new approach. This could be the spark that reignites your frozen situation and create the thaw for you to build further on with your client.

**4. Listen to internal sponsors:** Sometimes in a successful long-term relationship with a client we tend to second-guess the client's needs and we offer solutions that have worked well in the past. However, small internal changes inside the firm - unknown to us and away from our gaze - could have created new considerations that are of greater significance than before. Failure to appreciate these yardsticks might create sullen acceptance of your old solutions at the client's end. However, if you fail to pick-up these weak signals emitted from the client's organization, it could potentially lead to a rupture of your future relationship. The answer lies in on-going and constant communication not just with your immediate client connections but also with other managers inside the firm who are 'Influencers' or 'Coaches' for you. These could be managers who have found value in their past interactions with you and who have genuine goodwill for your firm. It would be wise to turn to them for their counsel when your current client relationships have soured or is visibly going downhill. Perhaps they can intercede and help prevent total derailment. Alternatively, they may connect you with other more

powerful personalities in the hierarchy who may offer you a second chance to win your credibility back with superior delivery in a new assignment. I have also seen many instances when these interlocutors may even provide wise counsel to you by asking you to lay low for some time before emerging again with your offering. The point to note is that such sponsors have deep belief in your firm's offerings and are convinced that their organization would get the best value from a service provider like you, and therefore, bat for you within their firm. There is no better testimony for your firm than having a 'raving fan', as it were, inside the client's enterprise!

**5. Change the client service partner:** From a firm's perspective, a common method of providing freshness to servicing a client relationship is to change the client facing person. Willy-nilly a pattern forms in any client relationship particularly when the relationship manager lacks imagination. The infusion of a new relationship manager often provides fresh impetus by breaking the 'boredom' mold that has created exhaustion in the client relationship. The trick is in transitioning correctly so as not to create a disruption or gap in the service delivery chain. A proactive measure for such cases is to involve more than one person from the beginning in the client service process. Besides reducing the strain in servicing the client on a continuous basis, it also could be a good way of enhancing value due to the variety offered by different delivery partners. Of course, this presumes excellent collaboration and teamwork between those serving the client, as failure in communication or a hint of conflict between them would be a recipe for greater customer disenchantment with your firm.

The above methods are practical steps to halt a downward slide in a client relationship. The importance of retaining a client after a pitched battle to win an account cannot be understated. It is easy to throw in the towel and presume that an account is lost and blame the competition for playing it dirty but smart business development professionals take a good hard look at their own situation before calling it quits. And, employing some of the above methods could still enable you to win the day.

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# SPOTLIGHT



## George Mitra

### Chief Executive Officer, Avendus Wealth Management



*George plays a pivotal role in growing Avendus Wealth Management with his out of the box ideas and innovative wealth solutions. He has an overall combined experience of twenty years in Corporate Finance and Wealth Management, George has worked with Deutsche Bank Private Wealth Management where he headed the North India business, prior to joining Avendus. George has an MBA from the Faculty of Management Studies (FMS) and a BE in Instrumentation and Electronics from Jadavpur University.*

**CA:** Could you please explain to us what Wealth Management is all about and what does a Wealth Manager do?

**GM:** In a nutshell, we are in the business of formulating and implementing effective strategies to safeguard as well as grow our clients' wealth. This entails a wide range of activities - including, but not limited to - estate planning, tax planning, portfolio management, retirement planning, succession, strategic buyouts, etc.

Wealth Managers have a fiduciary responsibility to their clients, which means they must always act in the best interests of their clients. We have to constantly stay ahead of the curve in terms of what our clients need and deliver that seamlessly. While we do this, we must also ensure that clients are staying true to their stated financial objectives and risk appetites.

Trust becomes key here. Also, execution of the investment strategies and their impact on the clients' net worth areas important as the advice itself.

**CA: Customers are very sensitive when it comes to money matters. How does a Wealth Manager generate trust and ensure that customers' needs are satisfied?**

**GM:** First of all, a Wealth Manager needs to be a client's best friend, and a personal touch is extremely important. Clients need to feel comfortable sharing their financial information, objectives and pain points - all of these being very sensitive subjects - with their advisors. One of the key things we do when we engage with clients, is to completely understand what they want in terms of financial goals, risk-taking ability and willingness. Understanding the client's expectations and needs is very important if we want to get the advice part of our job right. Let's imagine a client who asks your opinion on an investment opportunity that provides great returns, but is ill-suited to his risk profile and financial circumstances. A good Wealth Manager will make sure the client is educated about this gap, instead of pushing a product for mere commercial reasons. Or take the case of a client who is being too risk-averse or under-diversified or investing in sub-par products. Wealth Managers can help these clients optimize their portfolios by suggesting better alternatives. For this to happen, advisors will need to have the ability to spot great investment opportunities that can help clients construct optimal portfolios. Advice that is perfectly tailored to the interests of clients will help maximize wealth, garnering client trust, the ultimate "stickiness" factor in this business. Wealth Managers will need to make sure their offerings are superior, execution is seamless and that the whole package - from advice to execution - moves their clients closer to their financial goals.

**CA: Innovation in Wealth Management plays a pivotal role in retaining customers for the long run. Please share your views on this.**

**GM:** Like in any industry, you are unlikely to thrive if you fail to change with the changing industry dynamics. The Wealth Management industry too is constantly evolving. One innovation we have seen is the way clients are being serviced today. Wealth Management outfits are increasingly presenting the entire firm's strength and expertise to their clients and prospects. While earlier most client pitches were driven mainly by Relationship Managers (RMs), today Wealth Managers are creating expert teams comprising RMs, product specialists, and dedicated investment advisors to serve their clients

better.

If we take a step back and try to analyse why this is happening, we realize this is because customers today are more discerning and demand superior, differentiated products and impeccable service. For example, today, investors are showing a lot of interest in private equity funds as well as direct investments in start-ups. As Wealth Managers, we need to release innovative products to ensure we stay relevant.

While we are talking about innovation, we have to talk about digitization (including the likes of robo-advisory and process automation), which has brought about a lot of disruption. Technology has armed us with better analytical capabilities and streamlined processes, helping enhance business decisions as well as customer experience. At the same time, existing business models are being challenged and new revenue streams are being explored. So, while some aspects are helping you retain customers, some other digital disruptions are making you rethink your existing way of working.

**CA: How do you read the future of Wealth Management in India and what is your advice to young professionals who are new to this segment and would want to build a career in the Wealth Management segment?**

**GM:** Wealth Management is likely to remain a trust-based game for the foreseeable future. Building client trust is a slow process, but is sure to deliver results. Relationships with fund manufacturers and product specialists will be also be key, as this will increase your market access.

A good Wealth Manager will need to stay on top of the latest market trends, as well as financial products and solutions, to better engage their clients. Customization and quality are very important aspects of servicing wealthy clients, and those who can deliver these, will get ahead.

For every win, there will be 20 failures, so self-motivation and persistence are extremely important.

**CA: At Avendus Wealth Management, how does your company differentiate itself with the competition in the arena of Financial Advisory and Wealth Management?**



**GM:** We are acutely aware of the fact that one size does not fit all when it comes to investment advice. Our biggest differentiator is that we treat each client as an unique individual. We ensure we understand our clients' needs completely and chart out a financial plan that is customized for them.

Our stringent product curation and due diligence processes ensure that we only market superior, differentiated products that add value to investors. Our private markets capabilities are well established and a clear differentiator for us. Our products and advisory to sales team ratio is 1:1 - currently the highest in the industry today - and this reflects in the high-quality advice we provide our clients.

We also have the advantage of being part of a larger financial services company that offers investment banking, credit solutions and asset management, giving us a clear edge in servicing our clients' varied requirements.

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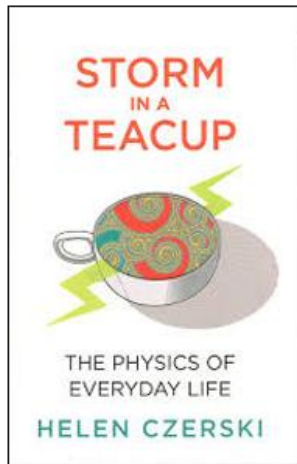
## RESOURCES



### Storm in a Teacup – The Physics of Everyday Life

- Helen Czerski

Reviewed By Prasad Deshpande



We are surrounded by screens of all shapes and sizes - ubiquitous symbols of technology. In the seductive glow of the screens that bathe us, Helen gently reminds in this brilliant book, that it's our understanding of science, physics in particular, that has helped us dominate the world in which we live.

Storm in a teacup opens our eyes to the wonder of the unseen world around us, illuminated through the principles of physics. Helen Czerski explains through day to day examples, how a few fundamental principles govern the world we take so much for granted. Popping popcorns, the perfectly brewed tea, electric toasters that turn beautifully browned toast, refrigerator magnets, coffee stains, and images on TV screens all come alive in her stories as she slowly lifts the veil on the physics behind each phenomenon. More importantly, she explains how the world works visually. You don't have to be a student of physics. Just curious. This is her biggest achievement.

What we consider as life, cells, you, me, plants animals; we all exist in the form that we are because of gravity. We breathe oxygen because each leaf of a plant has layers of chlorophyll cells, each one a molecular factory, turning sunlight and carbon dioxide into sugar and oxygen. The earth is a gigantic dam of energy. Energy from the sun trickles down to the ocean, atmosphere and life and eventually radiates away. This imbalance in the distribution of energy has the potential for change and energy is constantly recycled. Helen helps us view the world at a molecular level. Our bodies are complex cellular structures of over 10 million cells, made up of billions of molecules which in turn is made up of trillions of electrons all happily jostling around and bouncing back and forth from our bodies to the outside and back again. At a molecular level, the space for movement for electrons is huge and that is what is happening incessantly. Static electricity is the shock that we receive when we touch a metal handle. This happens when trillions of accumulated electrons on your shoes, clothes, in dry conditions when the air is too dry for the electrons to attach themselves to obliging water molecules and float away, find a ready passage to move. Metal is a conductor and provides that pathway.

Popcorns pop because of Boyles' law - gas pressure is inversely proportional to volume. The moisture in the kernel expands rapidly, turning the kernel into a mini pressure cooker. As the temperature increases to 180 degree Celsius, the pressure inside increases tenfold and the kernel breaks with a pop. The insides are exposed to atmospheric pressure and there is no volume limit now. The starchy goo inside the kernel is full of hot hammering molecules which expand explosively with no push back and you have your yummy popcorn as the temperature cools.

The book is full of fascinating examples - how whales breathe miles under water and still have the energy to attack giant squids. Whales access oxygen stored in their blood and vast muscles because no organism can breathe at 1 km below. The pressure, which is hundred times the atmospheric pressure, means that the volume of the lungs shrink to one percent of their size. The lungs gradually inflate as the whale reaches the surface.

'Science is always trying to prove itself wrong, because that's the quickest route to finding out what's actually going on'. Helen encourages us to dig deeper and to make the effort to understand the world we live in. To recognize that whichever world we live in, there are basic principles at work. Understanding these principles will make us better critical thinkers and enable us to sense the signal amidst the noise. This is Helen's biggest contribution and why we should all read this book.

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FEEDBACK

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