

# What Are the Future Talent Needs of Wealth Management Firms?

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*A recent McLagan Wealth Management study, Future Talent Needs (December 2017), indicated a number of significant shifts to the type of talent and desirable skills that firms will be hiring over the next five years. These new, in-demand skill sets will evolve to become the standard advisor profile, given today's technological advancements, automation, and current changes to advisor role responsibilities.*

We highlight some key conclusions and implications for wealth management firms below:

## The Role of the Advisor is Changing

Approximately one-third of firms that McLagan surveyed indicated that the role of the advisor is changing and demand for investment analysis skills is dampening due to automation. Another third indicated that demand for these skills will generally or marginally decrease.

### ***What are the implications for wealth management firms?***

Firms should rethink their client team structures and go-to-market approach to account for the changes that are occurring in talent. Also, this may require firms to revisit their performance management programs and incentive plans to ensure that they are rewarding each distinct role within the client team appropriately, relative to performance, firm strategy, and market standards.

## Relationship Management and Soft Skills will be Top Priority

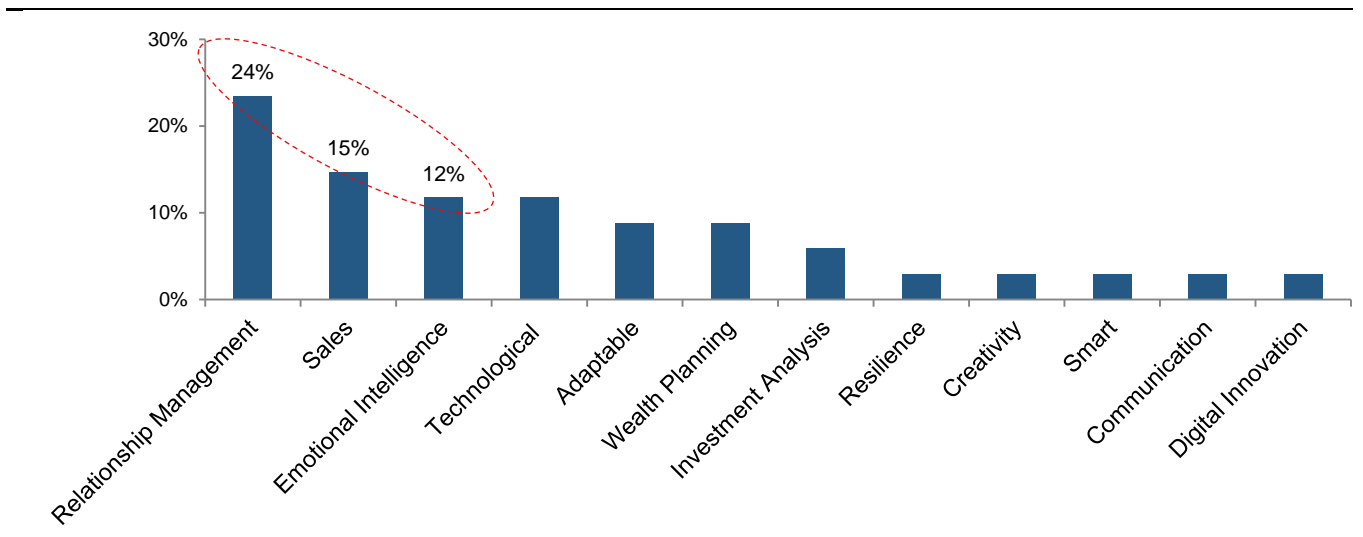
More and more, firms will prioritize client relationship management and soft skills – it's not just about financial qualifications when recruiting and developing wealth advisors. A sound financial knowledge base will always be necessary, but there will be lower emphasis on advanced investment qualifications for relationship management (RM) roles and greater emphasis on developing collaboration, communication, and counseling skills.

The majority of survey responses (65%) indicated that firms either do not view financial qualifications as a priority or do not require them for RM roles. Instead, they value soft skills, such as interpersonal and people skills.

## ***What should we be doing differently?***

A critical challenge for firms is to more specifically understand which characteristics are most important for team performance and how to measure them for development and recruitment. Firms must also improve alignment of their role success profiles with these characteristics to reflect changed requirements in all recruitment and development plans.

### **Skill Sets Expected to be Most Important Over Next 5 Years (Firm Responses by Percentage)**



Source: McLagan Wealth Management Future Talent Needs Study (December 2017)

## **Financial Qualifications Are Not All Equal**

Financial qualifications are not all equal and do not necessarily result in desirable character traits. It's now apparent that a successful wealth manager must not only be the client's investment and technical expert, but also a counselor, life architect, navigator, and educator – the wearer of many hats for each situation that arises.

### ***So, what do you recommend?***

Firms should research the predictive value of various financial qualifications as they relate to performance. Firms should also determine how they correlate with sought after, non-financial / soft skills.

## **Collaboration and Teamwork Are Key**

Collaboration and teamwork are the most desired behavioral traits across wealth advisor roles. Our study results indicate that the role of the advisor will transform from "We need a financial analyst" to "We need a driven team player who is sales-oriented and financially savvy". Finding advisors with the ability to collaborate with clients and integrate them into their decision making framework will become a key priority for wealth management firms.

### ***What should we do about this?***

Firms should ensure they are using the most advanced screening tools at scale to support their hiring decisions and optimize their chances of employing top performers. Additionally, components of team-based pay in compensation plans can also encourage collaboration. Firms should revisit the structure of their performance management programs and incentive plans to confirm that they encourage and reward teamwork and collaboration appropriately in order to optimize their client team performance.

The industry is clearly at an inflection point. Through our close engagement with market participants, we continue to perceive that better business performance is driven by better people performance. It remains true that people are not only a firm's biggest cost, but also their greatest asset.

The McLagan Wealth Management Future Talent Needs Study solicited feedback and responses from a range of National and Regional Private Banks and Wealth Managers. Our brief questionnaire addressed current market practices relating to Advisor Recruitment and front office Client Team member deal structures in the Wealth Management industry. To learn more about this survey or how we can help your firm address these opportunities, please contact Solomon Cohen at [solomon.cohen@mclagan.com](mailto:solomon.cohen@mclagan.com).

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