



High-End Wealth Advisors Short on Soft Skills

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Relationship managers at private banks, multi-family offices, and other high-end wealth shops need to demonstrate the interpersonal skill set that many ultra-wealthy investors seek, say several industry watchers.

Many relationship managers lack the “soft skills” that would allow them to deliver more personalized, less sales-oriented service because firms are not focused on nurturing those capabilities, says Beverly Flaxington, co-founder and principal of The [Collaborative](#). Her firm, based in Medfield, Mass., consults on business development issues for wealth management firms.

Nevertheless, many wealthy investors make clear their desire to have investment advisors with such skills, Flaxington says.

“I think [wealth managers] need to start doing something right now,” she adds. “We’re very big on information push in this industry – just think about the volume of stuff you get in terms of investor information. It’s information overload, but the wealthy investor is saying, ‘You’re not finding a way to engage me.’ We have a little bit of the blinders going on and it’s going to come back and bite a number of these firms.”

Top-notch relationship managers are already in short supply in the multi-family office market, says Robert Casey, senior managing director for research for the [Family Wealth Alliance](#) of Wheaton, Ill., a consultant for wealthy families and family offices.

“At the senior level, they’re very difficult to find,” he adds. “A lot of firms define the job differently, but in most cases, it’s a demanding job in terms of the capabilities. In some ways it’s as difficult to find as a chief investment officer.”

The shortage looms large particularly because the soft skills are hard to find in a business that had been dominated for years by product-oriented wealth advisors, says James McLaughlin, managing director in New York for [Convergent Wealth Advisors](#). Convergent, an ultra-wealthy advisory known previously as Lydian Wealth Management, is based in Rockville, Md., and has \$8.6 billion in assets under management.

“I don’t think that the position that clients are demanding now and in the future is a sales position,” he says. “They’re looking for a client experience. They’re looking for another type of person who is a problem solver, a solution provider. I call the position an ‘ombudsman,’ but the point is it’s not sales.”

Flaxington says data from an [Institute for Private Investors](#) study of investors with more than \$50 million in assets shows that 75% of the respondents want advisors who listen attentively, use less sales talk, and act honestly.

“It’s all about communication, and how do I make the person on the other side of the table feel that it’s about [him or her], not about [the advisor],” she adds. “Of course, if you’re losing money, then you’re in trouble, but when you ask them what’s important, it’s not the performance. They’re talking about soft skills. As an industry, we don’t query on this a lot.”

Those trends also appear in formal and informal surveys that IPI has conducted of its wealthy investor membership, says Kristi Kuechler, director of the organization in San Francisco. It also has New York offices.

Kuechler says “[Bridging the Trust Divide](#),” a study issued in June by [State Street Global Advisors](#) and the University of Pennsylvania’s Wharton School, succinctly captures what she has heard from many investors. It says they want advisors who are not only competent in terms of investments but also who they can trust in terms of ethical conduct and character and in terms of their discretion, sensitivity, and emotional maturity.

“All three of those types of trusts have to be in one person,” she says. “When you put seven people across the table, it’s not as effective. The team approach is good for the firm but not always for the client.” She adds that while the team approach might appeal to savvier investors who are interested in getting information about new products from various specialists, many ultra-wealthy investors simply want to be able to confide in a financial advisor with their personal goals and concerns.

The Trust Divide study also found that 69% of clients ranked trustworthiness as the most important advisor attribute, compared to 10% for performance.

A big part of the hurdle for ultra-wealthy advisory firms is identifying the soft skill set. At one level, it is finding advisors who have a combination of “the service gene” and the ability to understand and explain highly technical financial matters, says Neil Kreuzberger, president of [Kreuzberger Associates](#), a recruiting firm in San Rafael, Calif.

The advisors then have to know how to listen carefully to their clients and modulate their skills for the different audiences, Kreuzberger adds.

The mix of necessary skills only gets more complicated when the relationship manager needs to also have business development capabilities, Flaxington says.

Filling these positions is one of the primary challenges facing the ultra-wealthy advisory sector, McLaughlin says.

“That is the real test for the market,” he says.

Firms can choose several paths, whether it is a fine-tuned search for the candidate with the exact mix of skills in demand; taking experienced professionals with either soft skills or investment knowledge and trying to teach them the other; or hiring new talent and teaching them both skill sets from scratch.