Reaching HNW clients in the pandemic era: Cerulli

By Editorial Staff *Wed, Mar 10, 2021*

'Many asset managers have shifted to a channel-agnostic approach distribution model from a channel-specific model,' said Cerulli analyst Asher Cheses.

In light of COVID-19, providers of services to high-net-worth (HNW) families are relying on asset management partners more heavily for strategic solutions and capital markets guidance.

Since the pandemic began, however, HNW advisors and home offices have been working with an even tighter circle of asset managers, according to the latest *Cerulli Edge—US Asset and Wealth Management Edition*.

Firms who want to grow their business therefore "need to understand that every engagement with a HNW practice is critical and requires distribution efforts to be more intentional and strategic," Cerulli said.

According to surveyed HNW practices, access to portfolio managers/product specialists (57%), economic/market commentary (46%), and portfolio construction tools (44%) rank among the most valuable resources that asset managers provide. Firms that effectively serve HNW channels should continue to gain momentum. HNW advisors are proactively approaching asset managers for capital markets insights, innovative products, and portfolio construction support.

Many asset managers have shifted to a channel-agnostic approach distribution model from a channel-specific model. Sales coverage has become a function of how practices are structured and their level of investment complexity, instead of structuring sales teams solely on location and firm.

The pandemic has further accelerated this team-based approach. "Sales teams do not always need to be an expert on every strategy the firm offers, but they should be able to bring all the pieces together by navigating the firm to bring in the right person or specialist when necessary," said Asher Cheses, senior analyst Cerulli.

Ultimately, the right distribution strategy will depend on a range of factors, but the most critical aspect for asset managers is to ensure they bring the right resources to the right advisor or firm, he added.

The virtual model will likely have a lasting impact on the way business is conducted for asset managers. Coverage models have become more dependent on technology and virtual engagements. More firms will implement virtual engagement on a wider scale to increase efficiencies.

“Personal engagement and technology can be a powerful combination for distribution teams to enhance efficiency and build scale, although success truly comes down to providing access, differentiated product, and intellectual capital when working with these key HNW relationships,” Cheses said.

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