

Practice Management—How Are Your Project Management Skills?

Most wealth managers start out as specialists in some aspect of personal financial planning. In many cases they developed expertise as investment advisors, bankers, or insurance brokers early in their careers. Then to provide the holistic services demanded by their more affluent clients and in an effort to grow their businesses, they tend to become generalists.

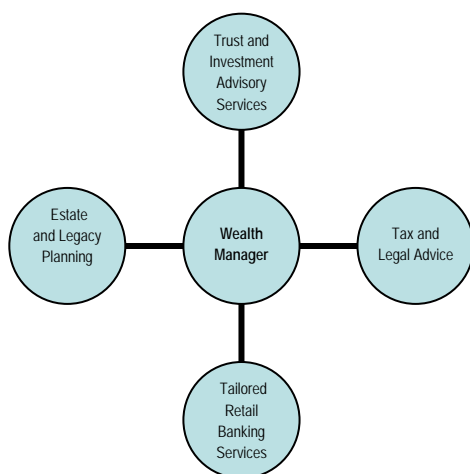
To assure that client needs are fully met, the most successful wealth managers assemble teams of specialists to work with them and supplement their abilities outside of their areas of expertise. This evolutionary process from specialist to generalist and from an individual to team approach is consistent with a widely accepted definition of wealth management.

“Wealth Management is an advanced investment advisory discipline that incorporates financial planning and specialist financial services. The key objectives are to provide high net worth individuals and families with tailored retail banking services, estate planning, legal resources, taxation advice and investment management, with the goal of sustaining and growing long-term wealth. Whereas financial planning can be helpful for individuals who have accumulated wealth or are just starting to accumulate wealth, one must already have accumulated a significant amount of wealth for the wealth management process to be effective.”

Source: “The Wealth Management Opportunity,” Journal of Accountancy, May 2004.

The wealth manager becomes a coordinator for the delivery of client services in a model that is illustrated by Chart 1 below.

Chart 1



Assembling such a team of specialists is by no means an easy task. Even in a mega-bank setting, where wealth management generalists typically have designated specialists in each field assigned to them, finding the right match is often challenging. Depth of expertise, common values, and personal rapport are all considerations in selecting specialists with whom to work.

But the challenge doesn't end there. A major obstacle many wealth managers encounter, even after their team is assembled, is their managing of the team to meet the unique needs and objectives of each individual client.

Some wealth managers fail to recognize the importance and difficulty of managing the process. They tend to believe that what really matters is what they and their experts know about wealth management, and simply assume that if they come up with the right solutions, everything else will work out.

But even wealth managers who recognize and appreciate the importance of managing the process of evaluating, solving, and executing on client needs and wants, often fall short, because they lack the skills to manage the client "project."

All of which raises the question: How good are your project management skills?

Project Management

Since the 1950s, project management has been considered its own discipline. It is broadly and commonly defined as the discipline of planning, organizing, and managing resources to reach certain (client) objectives.

Wealth managers typically don't think of their work for clients as a series of projects to be managed effectively and efficiently given the common constraints of scope, time, and budget. However, if a project is defined as a temporary endeavor, having a defined beginning and end, undertaken to meet unique goals and objectives, with the intent of beneficial change or added value, isn't this exactly what's involved when a wealth manager embarks on creating and implementing an asset allocation model, an estate plan, or a retirement strategy?

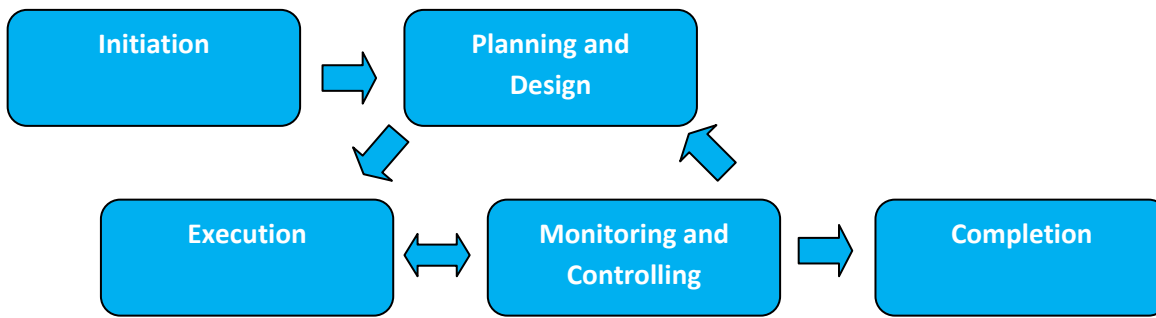
The Process

Although the project management process is often customized for each industry or firm, a traditional approach includes the following stages:

- Project initiation stage;
- Project design stage;
- Project execution or production stage;
- Project monitoring and controlling systems; and
- Project completion

Chart 2 illustrates the process graphically.

Chart 2



With such a process in place, procedures and guidelines can be established for each stage. Roles and responsibilities of the various players can be defined. Time tables, budgets, and measurements for success can be set forth. Consistency leads to efficiency, which increases profitability.

For example, a client might express a wish to engage in charitable giving. One project might be to “Evaluate Charitable Giving Options for John Smith.” The Initiation stage would follow the firm’s procedures for determining whether or not the project is one the firm wishes to undertake, given resource constraints. Assuming the project is a “go,” project planners would design the project within the appropriate time line and monetary budget. Target dates, players, and responsibilities would be assigned. Execution involves determining the options (for example, outright gifts, gifts in trusts, private foundation), and evaluating those against a standard. Experts from several fields might be involved. During the Monitoring and Controlling stage, progress is monitored to determine whether the project is on track, to evaluate risks to the project’s success, and to make refinements to the plan. The project is completed when a recommendation is presented to the client.

Key Skills

Looked at this way, even a simple project involves individuals with a variety of roles including Project Executive, Project Manager, and Team Members. The Project Executive’s role is to make the strategic decisions regarding the feasibility of the project for the firm, the project’s priority, and the project budget. The Project Manager manages the day-to-day activities associated with the project, holds Team Members accountable, and keeps the project on time and within budget.

Wealth managers sometimes take on the role of Project Manager only to find themselves poorly suited for the job. The Project Manager is a hands-on, detail-oriented individual. He or she must be able to manage the moving parts of a project, identify risks, make fixes on the fly, interface with team members and advocate on their behalf, and report back to the Project Executive. Most wealth managers are too caught up in the important functions of new client acquisition and client management to also take on project management.

Wealth managers often play several roles in a project, but the one role they can rarely avoid is that of Project Executive. In this role the wealth manager makes the decisions as to project feasibility, priority, and budget, or advocates the project to his or her partners or superiors. As Project Executive, the wealth manager holds the Project Manager accountable for successful completion of the project and serves as the decision-maker on strategic issues that arise during the project management process. For example, the Project Executive may decide that client John Smith's project must take a back seat to another client project or be placed on hold due to lack of budget. The Project Executive must be able to see the big picture, and make decisions that affect the firm's bottom line.

Wealth managers sometimes take on the role of Project Manager only to find themselves poorly suited for the job. The Project Manager is a hands-on, detail-oriented individual. He or she must be able to manage the moving parts of a project, identify risks, make fixes on the fly, interface with team members and advocate on their behalf, and report back to the Project Executive. Most wealth managers are too caught up in the important functions of new client acquisition and client management to also take on project management. Unless you have the skills, time, and temperament for this challenging role, consider hiring a professional Project Manager.

Team members typically include professional experts (for example, attorneys and accountants), proposal writers, and administrative personnel. In addition to playing the role of Project Executive, it's likely the wealth manager will also be involved as an expert. Wealth managers are often well-suited for this role, so long as they have remained up-to-date in their area of expertise.

Bottom Line

Viewing your work with clients as individual projects that can be managed using time-proven processes and skills, rather than random undertakings with no clear timeline, budget, or agreed-upon accountabilities, enhances advisor profitability and customer satisfaction. Assigning the various project roles to people with the skills necessary to execute those roles is a key to success.

Practice Management and similar topics are covered in great detail in many of Cannon's professional development solutions. To find out more visit: www.cannonfinancial.com.

Copyright ©2010 Cannon Financial Institute - All Rights Reserved

Subscribe to Cannon Insights at <http://www.cannonfinancial.com/newsletter/subscribe>

Disclaimer: The materials and information contained herein are intended for educational purposes, to stimulate thought and discussion so as to provide the reader with useful ideas in the area of wealth management planning. These materials and information do not constitute and should not be considered to be tax, accounting, investment, or legal advice regarding the use of any particular wealth management, estate planning, or other technique, device, or suggestion, nor any of the legal, accounting, tax, or other consequences associated with them.

While the content herein is based upon information believed to be reliable, no representation or warranty is given as to its accuracy or completeness. For this reason, the program of study should not be relied upon as such. Although effort has been made to ensure the accuracy of these materials, you should verify independently all statements made in the materials before applying them to your particular fact pattern with a client. You should also determine independently the legal, investment, accounting, tax, and other consequences of using any particular device, technique, or suggestions, and before using them in your own wealth management planning or with a client or prospect. Information, concepts, and opinions provided herein are subject to change without notice.

The strategies contained within these materials may not be suitable for all clients. For many concepts discussed herein, clients are strongly urged to consult with their own advisors regarding any potential strategy and will need to discuss their particular circumstances with their legal and tax advisors beforehand to determine whether a particular strategy described herein is suitable for their particular circumstances.

Examples, provided throughout these materials, are for illustrative purposes only, and no representation is being made that a client will or is likely to achieve the results shown. The examples shown are purely fictional and are not based upon any particular client's circumstances.