



Registered Investment Advisors

Maximizing Effectiveness and Go-To-Market Capabilities

The registered investment advisor (“RIA”) industry is grappling with a complex array of challenges. Economic uncertainties, including recessionary fears, are impacting client behavior and investment strategies. Simultaneously, the industry is experiencing a talent shortage, making it increasingly difficult to attract and retain qualified financial advisors.

This issue is exacerbated by an aging advisor population and competition from investing alternatives. Moreover, rising operational costs, driven by factors such as technology, compliance and employee benefits, are squeezing profit margins and forcing RIAs to become more efficient.

In addition to operational hurdles, RIAs are navigating evolving client expectations. Clients are demanding a more holistic approach to wealth management that encompasses financial planning, tax advice and estate planning beyond traditional investment management. The regulatory landscape is also becoming more complex, requiring substantial resources to ensure compliance. Furthermore, intense competition from both established firms and fintech disruptors is forcing RIAs to differentiate services and offerings to retain and attract clients.

How an RIA Can Be More Effective in This Challenging Environment

Assessing the effectiveness of an RIA requires a comprehensive evaluation of its core competencies. A thorough examination of several key factors is essential to determine if an RIA meets the highest standards of its fiduciary duties, delivers personalized financial planning and provides holistic wealth management. By evaluating these areas, investors can gain confidence in an RIA’s ability to manage their financial well-being.

Fiduciary Duty

The cornerstone of an RIA is its fiduciary duty to clients. This legal and ethical obligation mandates that RIAs act in the best interest of their clients, prioritizing clients’ needs above all other considerations. RIAs should display transparency, commitment to ethical practices and consistency in delivering unbiased advice. Clients should feel confident that their advisor is making decisions solely based on their financial well-being.

Personalized Financial Planning

A top-tier RIA crafts personalized financial roadmaps that align with the client's unique goals and aspirations. The RIA possesses a deep understanding of its client's financial situation, risk tolerance and life objectives, enabling it to create tailored plans that guide the client toward financial success.

Holistic Approach: Tax Planning, Retirement Planning, Etc.

A hallmark of a proficient RIA is its holistic approach to financial planning. This includes not only investment management but also tax planning, retirement planning, estate planning and more. This means evaluating how well the RIA integrates these various aspects into a cohesive strategy that addresses all areas of a client's financial life, providing comprehensive solutions rather than piecemeal advice.

Investment Management: Understanding of the Market and Risk

Investment management is the core function of an RIA. A successful RIA demonstrates a deep understanding of market dynamics, an ability to construct diversified portfolios and a skilled approach to risk management. Success is measured by its track record in achieving client goals, its portfolio construction methodology, and its agility in adapting to market shifts. RIAs should strike a balance between growth and risk mitigation, tailored to each client's unique needs.

Transparent Fee Structure

Transparency in fee structure is crucial for trust and clarity in the advisor-client relationship. An RIA should provide clear, straightforward explanations of its fees and ensure clients understand what they are paying for. This includes a breakdown of advisory fees, transaction fees and any other potential costs. Assessing transparency also involves evaluating how easily clients can access and comprehend this information.

Regulatory Oversight

An RIA is subject to regulatory oversight by entities such as the SEC and state regulators. This includes adherence to reporting requirements, maintaining proper registrations and following ethical guidelines. An RIA's regulatory history can provide insights into its commitment to maintaining high standards of practice and its ability to operate within the legal framework.

Ongoing Support and Management of Clients

An effective RIA is proactive in managing and providing ongoing support to clients' financial plans. This includes regular reviews, updates to financial strategies based on changing circumstances, and continuous communication. Assessing this aspect involves looking at the frequency and quality of client interactions, responsiveness to client inquiries, and the ability to execute financial plans consistently.

How to Expand Go-To-Market ("GTM") Capabilities Of an RIA

Launching and scaling an RIA is a complex endeavor that demands strategic planning. A solid GTM strategy is essential for an RIA in order to understand the target market and their needs, identify strong brand identity and competition in the market, and help the RIA scale operations and expand reach. To overcome these hurdles and achieve growth objectives, a focused and efficient RIA marketing plan can be addressed in the following ways:

Adding Customer, Competition and Market Insights

Building a robust GTM strategy starts with in-depth market research. By analyzing customer behavior, competitor actions and market trends, businesses can identify opportunities, refine their value proposition and optimize their GTM approach. There needs to be a continuous feedback loop to ensure adaptability to evolving market dynamics.

Leveraging Tools and Technology Efficiently

Leveraging tools and technology can significantly enhance GTM effectiveness. The use of advanced analytics, CRM systems and robo-advisors can streamline operations and improve customer engagement. Staying adaptive to regulatory changes and technological advancements ensures that the business can pivot quickly and maintain compliance while offering innovative solutions.

Cross-Sell and Upsell

Cross-selling and upselling are essential strategies for maximizing customer value. An RIA should identify complementary services and products that can enhance a client's portfolio and financial well-being. In order to do so, an RIA will need to have a deep understanding of client needs and preferences, as well as train advisors to recognize and act on opportunities to offer additional services that benefit clients.

Compensation and Incentive Management

Strategic hiring and compensation management are vital for building a motivated and focused sales team. By creating an incentive structure that aligns with business goals and targets specific markets, an RIA can ensure that compensation plans are rewarding both performance and client satisfaction. A focused and well-compensated team is more likely to drive successful GTM initiatives.

Sales Team Training and Enablement

Ongoing training and enablement are crucial for maintaining a high-performing sales team. Regular trainings should include topics covering new products, market trends, regulatory changes and sales techniques. Providing sales teams with the tools and resources they need to succeed ensures they are well-equipped to engage with clients successfully and close deals promptly.

Pipeline Management and Forecasting

Tightening the lead-to-close process is essential for pipeline management and accurate forecasting. An RIA should strongly consider implementing robust CRM systems, set clear metrics for tracking progress, and regularly review pipeline status to ensure that potential opportunities are not lost and resources are allocated efficiently to close deals.

Improved Branch Experience

Enhancing the physical and digital branch experience can significantly impact customer satisfaction and retention. Branches should feel welcoming and professional, and RIAs should ensure that digital platforms are user-friendly, secure and efficient. An improved branch experience fosters trust and loyalty among clients.

Improved Customer Experience

A superior customer experience is a key differentiator in a competitive market. Implementing feedback loops to continually improve service quality and addressing any issues promptly ensures that clients feel valued and satisfied with their advisor. By regularly monitoring key performance indicators (KPIs) such as Customer Satisfaction Score (CSAT), Net Promoter Score (NPS), Customer Effort Score (CES), Customer Loyalty Index (CLI), etc., RIAs can gain valuable insights into customer satisfaction and anticipate potential churn.

Improved Pricing Strategy

To remain profitable and competitive, an RIA should regularly review and adjust pricing models that reflect market conditions, client demands and cost structures. Offering value-based pricing and ensuring transparency in pricing can help attract and retain clients while maintaining a healthy profit margin.

In conclusion, in today's competitive landscape, RIAs should think critically in excelling in areas such as fiduciary duty, personalized financial planning, holistic wealth management, investment management, fee transparency, regulatory compliance, and client support. While transforming your advisory business can be challenging, FTI Consulting offers strategic solutions to help you navigate these challenges and achieve sustainable growth. Let's discuss how our expertise can enhance your firm's effectiveness and accelerate your go-to-market strategies.

DAVE MESSINGER

Senior Managing Director

+1 212.850.5651

dave.messinger@fticonsulting.com

RABAB MOHSIN

Senior Director

+1 240.761.8264

rabab.mohsin@fticonsulting.com

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