

From Money Manager to Financial Coach: Advisors Pivot in Response to Changing Client Needs

By Steve Leivent

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What do clients want and need from their financial advisor? Much of the investment aspect of the advisory business has become commoditized. Algorithms are making buy-and-sell decisions. Custodial systems and TAMP platforms provide access to turnkey models. Zero-commission trading has become the norm. Investors can even access free financial planning tools. How will advisors continue to differentiate themselves in this ever-changing environment and avoid fee compression?

Successful advisors understand how their role must evolve. It's becoming less about investment decisions and more about life decisions. Clients need someone who will listen and provide objective counsel when faced with decisions that may have financial implications, as well as a trusted source to help keep them on track. In short, they need a financial life coach.

The coaching concept elevates the advisor's role, as one is no longer simply analyzing returns against a benchmark. Instead, you are showing how you are attuned to the behavioral and emotional aspects of a client's finances and how they relate to money. A recent article in U.S. News likened the financial coach to a personal fitness trainer. The trainer creates a diet and exercise plan for a client, then encourages the client to stick with it and not revert to unhealthy habits. Financial coaches do the same for their clients – they help them stay on track and avoid impulsive decisions that could cause setbacks.

Clients review their finances holistically, and they expect their respective advisors to do the same. This means advisors must have expertise beyond stocks and bonds, mutual funds, ETFs, and retirement products. A financial life coach needs to be conversant in life insurance, mortgages, college savings, estate planning, philanthropy, taxes, and other financial vehicles. Does a client have enough supplementary life insurance or excess? Should they borrow money or sell stock to finance a purchase? Is their son or daughter able to attend any college or university, public or private? Should they use inheritance to pay off the house or put it on the market? These can all be emotionally charged issues for clients, and advisors help bring a rational perspective.

The global pandemic started as a crash course in psychological handholding for many advisors, when a sustained bull market suddenly turned volatile and raised the risk of panic selling. Similar to personal fitness trainers, advisors spent a



great deal of time and energy trying to persuade clients to stick to their plans.

At SS&C Advent, the Black Diamond® Wealth Platform team thinks a lot about the advisor-client relationship, recognizing that its technology must be about more than accounting, reporting, and reconciliation. While all extremely important functionalities, the team also provides tools to help advisors reinforce and strengthen client relationships. That mindset has informed product development decisions from the beginning. Features like the mobile-friendly *Client Experience* portal with an interactive *Relationship Timeline* help reinforce an advisor's value in the eyes of their clients. Last year, the *Client View* application launched within Black Diamond, which helps advisors truly understand their clients better by capturing comprehensive relationship information in one intuitive and action-oriented application.

Today, advisors must position themselves at the intersection of their clients' personal and financial lives, and help them make the best of both, with thoughtful, informed, and compassionate coaching. This is something no algorithm can do. ■

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