

CLIENT REPORTING IN A COMPETITIVE ENVIRONMENT

Why effective presentations and client reports are an integral part of a proactive client service strategy

The Contradiction

Asset management firms understand the importance of image; a prestigious downtown address with artwork, luxurious office furniture, expensive dinners and club memberships to impress your clients and prospects. But what about your presentations and client reports? Are they ever cobbled together at the last minute? Do they occasionally contain errors? Do they lack customization? Are they delivered later than you would like? This seems like a contradiction.

How do you feel when you are the client and a vendor you pay a premium fee sends you material or documentation that contains mistakes, looks average or is late?

Your clients are no different. Silence does not equal acceptance – especially in a market crowded with asset managers and investment advisors. For every client that complains, there are others who feel the same way but may not vocalize their dissatisfaction.

Packaging Matters

Just as a manufacturer produces widgets, your widgets are the investment returns you obtain for your clients. From your client's perspective what does a presentation or client report represent? Simply put, it is the packaging for your widget. The presentation or report is the medium by which your firm conveys the value you provide as an investment manager or advisor. Reports explain qualitatively and quantitatively, what happened in a portfolio during a specific timeframe and why it happened. Logically, reports should be customized per your client's unique requirements. For example, detailed attribution and portfolio characteristics might be necessary for a large institutional investor but only summary portfolio information is needed for the high net worth investor.

Do you know what your clients' reporting preferences are, for example, how many time periods of performance they prefer and which ones? What about top holdings and sector information? What portfolio characteristics do they want to see? Do they prefer a full blown portfolio appraisal? What about transactional activity such as purchases and sales? How about your reasons for buying and selling particular securities? Do they prefer to view this information via tables, charts, or graphs or some combination thereof? What type of qualitative commentary do they want? What about relationship reporting for clients that have multiple accounts?

Unfortunately, your firm is often too busy handling other responsibilities and putting out fires to focus on the reports. The intent is to disseminate timely, accurate, and informative presentations and client reports with a professional look and feel. However, there are too many investment systems from which to consolidate data and not enough staff. Before, the marketplace was less competitive, and performance spoke for itself. Emphasis on client reports was not as necessary.

The Solution

Given the complexity of reporting and the time commitment, is it any surprise that client reporting is not always a key focal point of money managers and investment advisers? However, to have a more proactive sales and client service strategy – especially important considering recent market performance, volatility, and investor anxiety – firms need to implement a platform that produces client reports and presentations that are accurate, timely, comprehensive, customized, and professional. Unbeknownst to many asset management firms, technology is available that makes it easy to create effective and efficient client reports and presentations.

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Here are 10 reasons why asset management firms should adopt technology to improve presentation and client reporting processes.

1. Reduce errors in prospect presentations and client reports that could expose your firm to reputation and regulatory risk.
2. Improve consistency, quality and look-and-feel in your presentations and client reports to convey the right image about your firm.
3. Provide actual, not just representative, portfolio data to your clients.
4. Respond readily to client demand for more robust data and transparency.
5. Make every client feel valuable by providing attribution, characteristics, and other in-depth portfolio data proactively – not just to select clients or those who request it.
6. Customize data to suit the different needs of private and institutional clients.
7. Free up time for portfolio managers to work on improving investment returns instead of reviewing and editing reports.
8. Send reports to clients faster and consistently on time.
9. Allow your firm to dedicate more resources to marketing, sales and client service.
10. Enable your firm to increase clients and assets without adding staff.

Top notch client reporting should be a priority at any asset management firm. Recent studies¹ have shown that those firms that have a proactive client service strategy are far more likely to retain client assets – particularly in down markets or when a firm's performance lags the benchmark. Clients almost always give more time to a firm to turn things around when they feel they are receiving high quality service.

The costs associated with state-of-the-art client reporting applications are certainly reasonable when compared to the expense of other software like portfolio accounting applications. The question is; in today's competitive asset management marketplace, can your firm afford not to provide competitive presentations and client reports?

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¹ Recent studies by McKinsey & Company, Greenwich Associates and Eager Davis & Holmes, LLC

