



**Asset  
Management**

# Strategic Themes for 2020 Business Practices

A square graphic with a golden-yellow background and a complex, low-poly geometric pattern of triangles. The text "Business Practices Strategic Advisory Solutions" is overlaid in white at the bottom left.

**Business Practices**  
Strategic Advisory Solutions

This material is provided for educational purposes only and should not be construed as investment advice or an offer or solicitation to buy or sell securities. Views and opinions expressed are current opinions as of the date appearing in this material only.

Confidentiality. No part of this material may, without GSAM's prior written consent, be (i) copied, photocopied or duplicated in any form, by any means, or (ii) distributed to any person that is not an employee, officer, director, or authorized agent of the recipient.

© 2019 Goldman Sachs. All rights reserved. 154603-OTU-899423 Date of First Use: 1/16/19

FOR FINANCIAL INTERMEDIARIES USE ONLY - NOT FOR USE AND/OR DISTRIBUTION TO THE GENERAL PUBLIC

## Setting the Stage

---

- The Business Case
- GSAM's Viewpoints

## Best Practices

- Package your message effectively
- Enhance the client experience
- Growth strategies should be multi-faceted
- Ensure portfolio strategies are understandable
- Win the war for talent

## Next Steps

- Summary & Key Takeaways
-

# Setting the stage: The Macro business case

Global view of the marketplace – Challenges advisors face



## Technology

Advances in technology impact delivery of information and digital presence



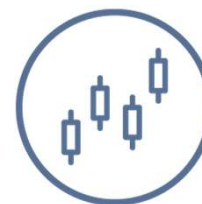
## Portfolio Construction Evolution

Dramatic changes in portfolio construction and asset class adoption



## Demographics & Target Markets

An increased focus on connecting with heirs as assets move across generations



## Products & Preferences

An increased demand around new products and non-investment services



## Regulation

Industry regulation impacts fee structures and disclosure requirements

**Today's top firm address the simultaneous impact of all the forces when designing their business strategies, as opposed to previous approaches to addressing them individually.**

Theme 1:

Package your message to effectively communicate your value

---



**Stand out from your competitors with a clear message.  
Deliver it consistently.**

**Our View**

**Clarity trumps creativity. Package your message so that it can be communicated with clarity and conviction everywhere you would interact with a client, prospect, or center-of-influence.**

Source: Goldman Sachs Asset Management 2017.

---

# Best Practices: Package your message effectively

## 5 mistakes to avoid when developing underlying

1. Overthinking it

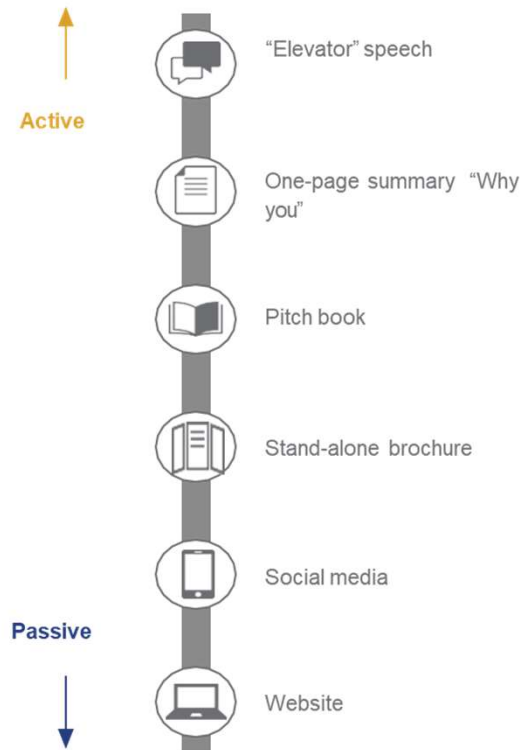
2. Not paying attention to packaging

3. Creating it in a vacuum

4. Believing in perfection

5. Heavy on features, light on benefits

## GSAM Branding Continuum



Source: Goldman Sachs Asset Management 2017.

## Theme 2:

Enhance the client experience, free from old norms of client service



Provide the services that your clients want and that drive desired client behaviors.

### Our View

**Many firms confuse the terms “client service” and the “client experience.” They are not the same! Client service is the cause, and the experience is the effect. The issue is that on the front end, most service models have been built based on the “book” of practice management. Instead, elite firms take a critical look at the activities that actually drive the client behaviors they are looking for and those that include an experience aligned with client desires.**

Source: Goldman Sachs Asset Management 2017.

# Best Practices: Enhance the client experience

## Re-engineering your service model for growth



### Inefficiencies in today's service model

- Most models are built in a vacuum
- Most do not include a strategic view of on-boarding
- Most are activity-based versus outcome based
- Most do not consider the actual capacity of the practice
- Most do not align client desires with activities
- Most advisors do not “put it in writing”

### Action Steps



Source: Goldman Sachs Asset Management 2017.

For Illustrative Purposes Only.

## Theme 3:

Growth strategies should be multi-faceted and aligned to your business realities

---



Nurture and expand existing client relationships while you court new business.

### Our View

**Elite practices think strategically about driving growth beyond a singular focus on new client acquisition. Instead, they take a CEO's perspective and align their growth strategy, resource allocation, and offering with the realities of their business and the marketplace in which they compete.**

Source: Goldman Sachs Asset Management 2017.

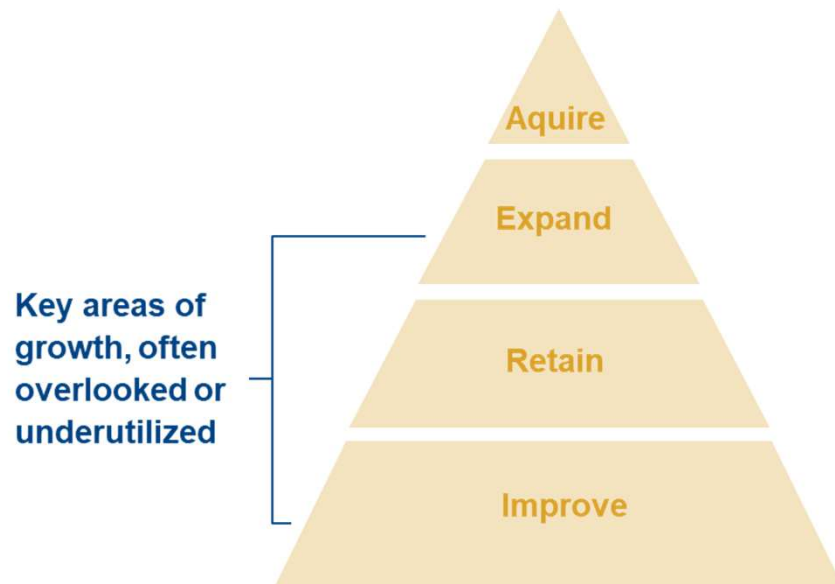
---



# Best Practices: Growth strategies should be multi-faceted

## Re-thinking Growth

### GSAM Growth Levers



### Action Plan



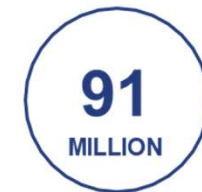
#### Silent Generation

Assets in motion. RETAIN by connecting with the next generation.



#### Baby Boomer & Gen X

Opportunities to RETAIN and EXPAND, including as boomers head into retirement.



#### Millennials

Look to EXPAND and ACQUIRE, by investing in your practice for the future.

Source: Goldman Sachs Asset Management 2017.

## Theme 4:

Ensure portfolio strategies are both rigorous and understandable

---

Investment management must go beyond simply managing money

Review your processes for quality control, and clearly communicate your investment philosophy.

### Our View

**Most practices fail to optimally connect the “front of the house” with “the back of the house,” either because portfolios do not reflect the evolution of investor expectations or through sub-optimal messaging of your philosophy.**

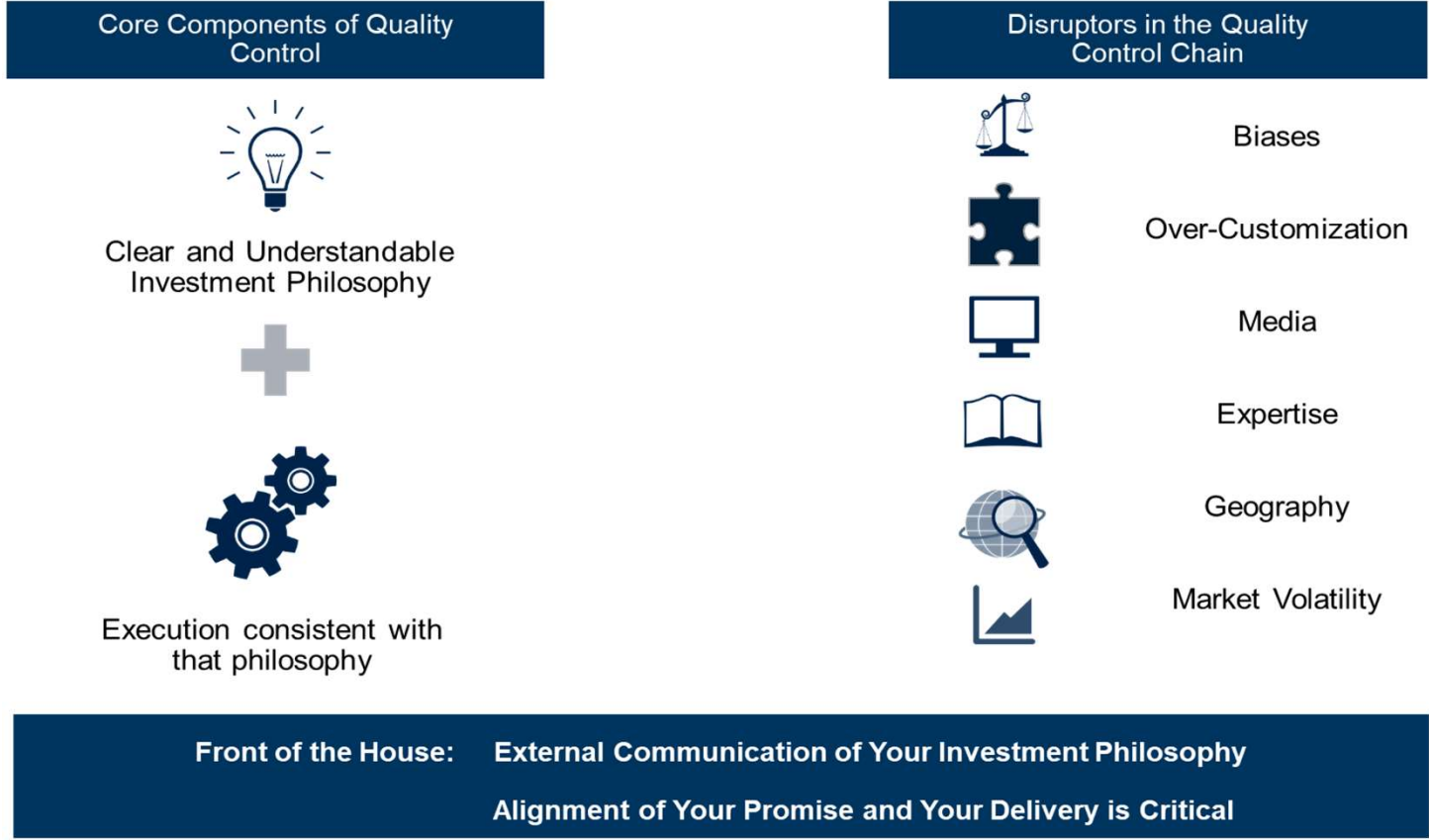
**There exists significant opportunity to create more durable client relationships by communicating a clear and understandable investment philosophy which is intentionally aligned to current expectations around portfolio construction and due diligence.**

Source: Goldman Sachs Asset Management 2017.

---

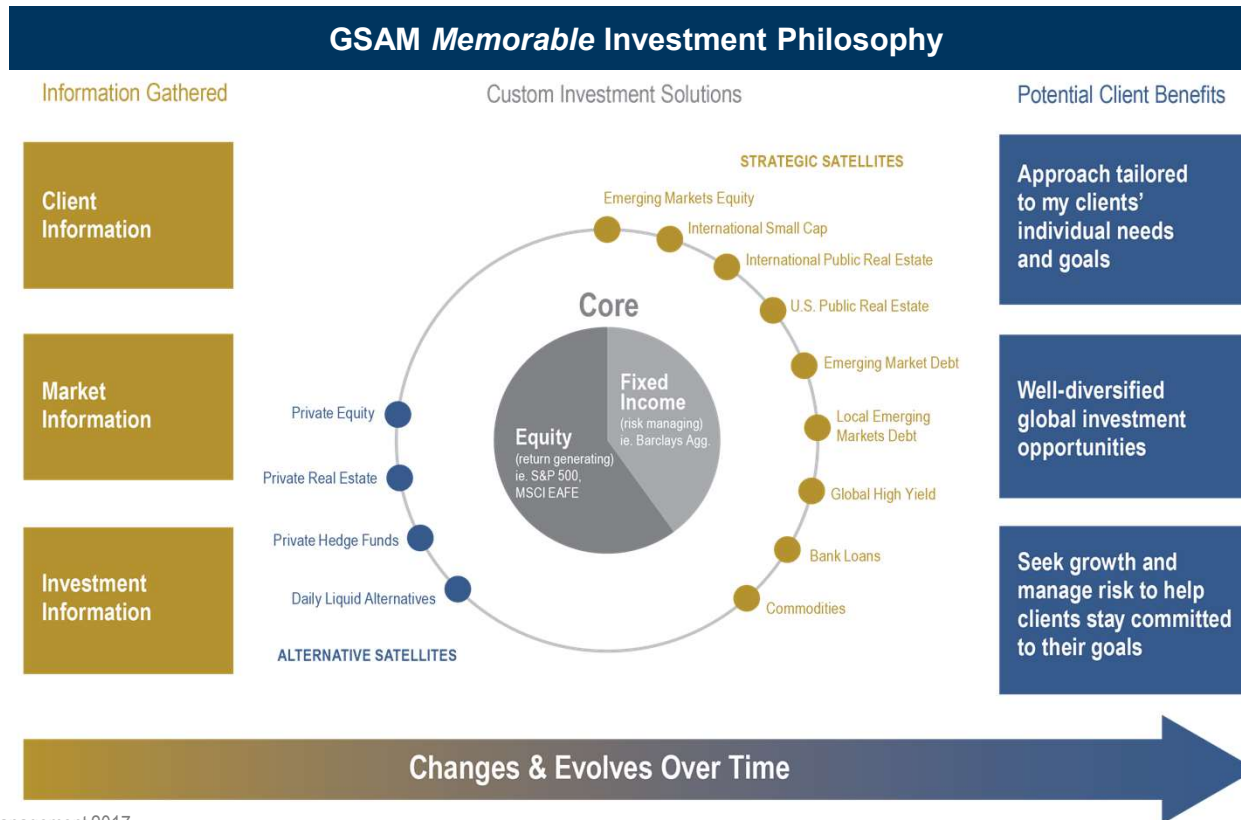
# Best Practices: Ensure portfolio strategies are understandable

## Alignment & Delivery



# Best Practices: Ensure portfolio strategies are understandable

## Sample Investment Philosophy



Source: Goldman Sachs Asset Management 2017.

## Theme 5: Winning the war for talent will be critical to continued success

---

### Winning the war for talent will be critical to continued success

Recruiting, training and retaining the best people is essential for competing in an ever-changing marketplace.

#### Our View

**As the demographic shift accelerates, leaders must break with traditional thinking about the organization in terms of structure, development, and incentives.**

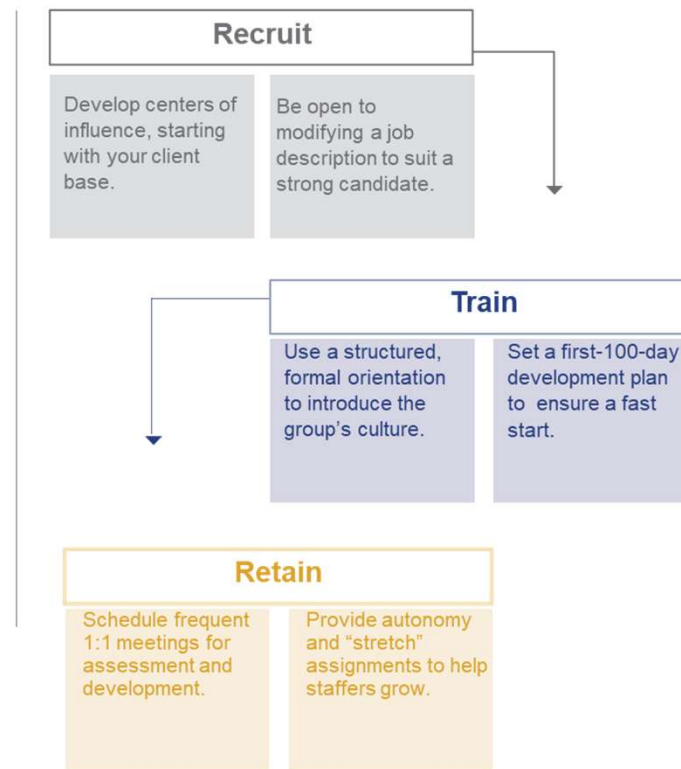
Source: Goldman Sachs Asset Management 2017.

# Best Practices: Win the war for talent

## Generational Differences

	Baby Boomers	Generation X	Millennials
<b>Communications</b>	In person	Direct, immediate	Email, voicemail
<b>Rewards</b>	Money, title, recognition	Freedom is the best reward	Meaningful work
<b>Messages that resonate</b>	You are valued, you are needed	Do it your way, forget the rules	You will work with other bright, creative people

## GSAM Employee Development Model



Source: Goldman Sachs Asset Management 2017.

## The Five Themes for Growth

---

How can wealth managers not only retain assets but grow in a changing marketplace? We believe these five themes are key.

5

- 1 Package your message to effectively communicate your value.
- 2 Enhance the client experience, free from old norms of client service.
- 3 Growth strategies should be multi-faceted and aligned to your business realities.
- 4 Ensure portfolio strategies are both rigorous and understandable.
- 5 Winning the war for talent will be critical to continued success.



**Strategic Advisory Solutions** provides a comprehensive suite of integrated solutions designed to help our clients grow and enhance their businesses. Our global team of experienced strategists aims to deliver in-depth expertise to help clients understand dynamic markets, design well-diversified strategic portfolios, and implement industry best practices through programs tailored to each organization. We partner with our clients to develop actionable solutions to help them achieve their goals.

For more information, contact us at [StrategicAdvisorySolutions@gs.com](mailto:StrategicAdvisorySolutions@gs.com) or visit us on the web at [www.gsamfunds.com](http://www.gsamfunds.com).

This material is provided for educational purposes only and should not be construed as investment advice or an offer or solicitation to buy or sell securities. Although certain information has been obtained from sources believed to be reliable, we do not guarantee its accuracy, completeness or fairness. We have relied upon and assumed without independent verification, the accuracy and completeness of all information available from public sources. Views and opinions expressed are for informational purposes only and do not constitute a recommendation by GSAM to buy, sell, or hold any security. Views and opinions are current as of the date of this presentation and may be subject to change.

**Confidentiality.** No part of this material may, without GSAM's prior written consent, be (i) copied, photocopied or duplicated in any form, by any means, or (ii) distributed to any person that is not an employee, officer, director, or authorized agent of the recipient. Goldman Sachs does not provide accounting, tax or legal advice.

© 2019 Goldman Sachs. All rights reserved. 154603-OTU-899423 Date of First Use: 1/16/19