What Wealthy Prospects Want Now
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Boutique firms that fall back on familiar tactics to lure business are likely to miss vital aspects of managing wealth in a post-crisis world.

Besides having to respond to harder, more specific questions from potential clients, wealth managers are up against more competition.

“A high-net-worth family in search of a wealth manager used to interview two or three firms,” says Richard Weylman, a marketing coach. “Now they're talking to eight or 10.” In response, some firms have become “a lot more open to revealing how they would invest a prospect's money,” he says.

This sort of transparency is precisely what wealthy prospects want–especially when it comes with a little chutzpah. “One adviser in this situation outlined a complete plan for the family,” Weylman says. The adviser told the family he didn't know if they would pick him or not, but he proceeded to outline a plan. “They looked at him and said, “We pick you.'”

Firms “can't just do the product-and-investment thing anymore,” Weylman says. “Investors want engagement, and firms that don't get that have sales forces that are all trained up on products but have no real idea where to go.”

Uncertainty is the new normal, according to Michael Zeuner, a senior partner of GenSpring Family Offices. That means uncertainty about the strength of an economic recovery and the direction and relative volatility of financial markets. Other variables such as taxes and inflation also have a bearing on a rich family's ability to stay rich.

GenSpring manages more than $20 billion for about 700 families. Much of its business before the crisis came from newly wealthy families–perhaps flush from having just sold a business — who were looking for help in understanding and managing their fortunes. Now the firm is as apt to hear from old-money families looking for concrete ideas on issues like cash flow and leadership-succession plans.

This new breed of prospective client is putting wealth advisers through their paces.

Attitudes are definitely different among prospects, says Moffett Cochran, chairman and chief executive of Silvercrest Asset Management Group LLC, a firm that caters to individuals and families with at least $10 million. “But then nothing sharpens the senses like losing 40% or 50% of your money,” he adds, referring to the portfolio carnage that hit some ultra-wealthy families in 2008.

U.S. millionaires shed 30% of their wealth in 2008, according to an early-2009 study by Spectrem Group. Though some have recouped losses, they still find little reason for optimism. After bank failures, bailouts and investment scandals like Bernard Madoff's $65 billion hedge-fund swindle, many wealth-management clients wonder if financial-service providers can be trusted at all.