



Who's Your Rainmaker? Some Wealth Managers Use Business Development Teams

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Every wealth management firm needs new business. Conventional wisdom says the most effective way to get new business is referrals from satisfied clients. But some firms, ranging from large national financial service companies to regional boutiques, have lately gone the route of creating a full-time business development department. And they're hiring. Last month, BNY Mellon hired Paul Sari as head of institutional client development and opportunity management for the company's wealth management business. Sari has been charged with overseeing lead-generation efforts nationwide and building a national sales strategy to land high net worth investors within BNY Mellon's institutional client base.

"Now more than ever a company needs to boost its name recognition and public awareness of strengths and capabilities," Sari said. "Clients, prospects and intermediaries need to understand a firm's story and be able to take action."

In the [thriving Los Angeles market](#), Salem Partners, which also has an investment banking operation, brought in Rob Santos as director of business development and client relations for the firm's wealth management group, as well as its SW Contego Fund, a fund of hedge funds.

Santos said he wants to more than double the firm's wealth management clientele from the 20 families and foundations it currently has to 50 in three years. "We believe this growth will mainly come from referrals, both from existing clients as well as from the investment banking division," Santos said. "I'm committed to working more closely with each of our bankers to determine how our two divisions can work together more effectively."

Why Independents Need Business Development

Fortigent, a leading research and reporting platform provider for independent registered investment advisors specializing in clients with over \$5 million in investable assets, strongly believes wealth managers should have a full-time business development position.

"Banks have natural lead generation sources, which independent wealth managers don't, unless it's from clients," said Gary Carrai, senior managing director for Rockville, Md.-based Fortigent, which recently reached \$50 billion in assets on its platform. "In an RIA, it's often the principal who handles business development but often they wear too many hats to do it effectively. What I tell firms is that if you're not one hundred percent in sales, then you're not in sales."

Independent wealth managers too often make the mistake of spending too much time talking about investments or trying to improve their investment performance by a few extra basis points, Carrai said.

"I think there's a law of diminishing marginal returns when it comes to worrying about investment credibility," Carrai said. "You don't need to be Warren Buffet. You need to be credible enough. Wealth managers often spend too much time on investments and not enough time asking for the business."

Salesmanship, he said, is the key to business development. "It's a matter of likability, accessibility and

being able to connect with the client on a personal level,” he explained. ‘The client is buying you, not the firm. If you’re selling to a business, they’re buying your firm. If you’re selling to an individual, they’re buying you. And if they would like to have a beer with you, then you’re succeeding.’”

After the financial crisis and the Madoff scandal, a wealth manager’s ability to do due diligence on outside money managers has also become a critical part of business development, according to Carrai. “Ten years ago, nobody asked. Five years ago, a prospective client might say, ‘You do due diligence, don’t you?’ Now they’re saying ‘Prove to me that you do due diligence!’ It’s become an absolute necessity.”

“Selling is Not A Dirty Word”

Focusing on business development has also been critical in the success of [Avalon Advisors](#), a fast-growing Houston firm that recently received a major investment from powerhouse private equity firm [The Carlyle Group](#).

“They’ve been very aggressive about building up their business development capabilities and have treated it as a separate function,” said **Elizabeth Nesvold**, managing partner for New York-based investment banking firm Silver Lane Advisors, which served as Avalon’s financial advisor on the Carlyle deal. “Selling is not a dirty word for them.”

Kevin Lilly, president of Avalon’s wealth management division, said the firm has showcased its proprietary money management capabilities. “Since the financial crisis we have espoused three principals - accountability, transparency and liquidity - that have resonated very well with clients,” Lilly said. “If your firm presents outsourcing, complexity and illiquidity you may still be able to develop confidence and trust, however in difficult markets clients will seek solace in simpler investments.

“Ultimately,” he concluded, “I believe that it is the personal relationship that one develops with the client that creates the longest bond. In some ways it’s about developing a familial relationship that is more than just one of trusted advisor but also one of confidant and friend.”