

# Increase AUM, Wallet Share and Loyalty with Strategic Outsourcing

Take Back Time and Supercharge Growth by Turning Outsourcing Options into a Competitive Advantage

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# Introduction

In a recent research study conducted by Orion,<sup>1</sup> financial advisors reported that the **two places they spend the most time are on financial planning (15.3 hours/week) and investment management and execution (12.2 hours/week).**

**Client meetings and relationship building came in third at only 9.6 hours a week** — tied with cash flow and budgeting and with prospecting new clients.

With relationship building and prospecting playing third fiddle to planning and investment management, it's no wonder advisors struggle to achieve the growth they want while balancing the burdens of actually running a firm.

In fact, Invesco research indicates that **72.2% of financial professionals lose one top client annually**, a problem 32.4% consider severe.<sup>2</sup>

The good news is that four personal contacts a year have shown to be enough to stop these client losses; however, personal means personal, not an email blast to your entire client list. And 4x your full book of business still requires a large time commitment.

Compounding this ongoing retention and prospecting challenge for advisors is the increasing expectation of personalization from investors, particularly sought-after high-net-worth individuals.

So how do advisors mitigate the disconnect between what their clients are looking for and where they're spending the most time?

“ ———

**After everything the industry has been through, if you aren't delegating, you're probably running on fumes.**

— Wealth Advisor<sup>3</sup>

Delegating could mean hiring in-house employees to manage administrative, operational and other time-consuming tasks. But increasingly, advisors are turning to outsourcing as a way to free up the time they need to spend with clients.

LET'S DIVE IN 

# The Evolving Perception of Outsourcing

Recent ThinkAdvisor research,<sup>4</sup> which analyzed how advisors decided whether and how to leverage external support to grow their firms, found that the percentage of advisors who consider investment management their primary value proposition has been steadily declining, from 54% in 2012 to just 33% in 2020.

This change in perception aligns with the overall industry shift from investment management to a more holistic financial planning approach, particularly as a result of the worldwide disruption caused by COVID-19.

According to ThinkAdvisor, the key driving forces behind advisors' growing comfort with outsourced investment management are:

- **Affordability;** nearly half of those advisors who didn't currently outsource said they would reconsider their decisions if more cost-effective investment management solutions were available.
- **User-friendly technology**
- **Broader investment management options**

And increased positive sentiment toward outsourcing isn't just an advisor trend. Orion research<sup>1</sup> found that 79% of high-net-worth clients think more highly of advisors using an institutional investment management approach. What's more, 83% of investors agree that an advisor using investments from third-party experts would have more time to understand their needs, and 90% of investors across all generations agree that advisors should leverage the resources, knowledge and support of external experts to help with research, strategy, investment planning and management.

Investment management as a unique value proposition for advisors, even those who work with the wealthiest individuals, has fallen by the wayside as client expectations that their advisor serve as planner, wealth manager, guidance counselor, therapist and coach continue to grow.

For advisors, that presents a tremendous opportunity to leverage available outsourcing options to reduce operational burdens and free up their time to deliver the personalized, high-touch services their clients want.

## KEY STATS

# 9.6

hours per week spent on client meetings and relationship building.

# 79%

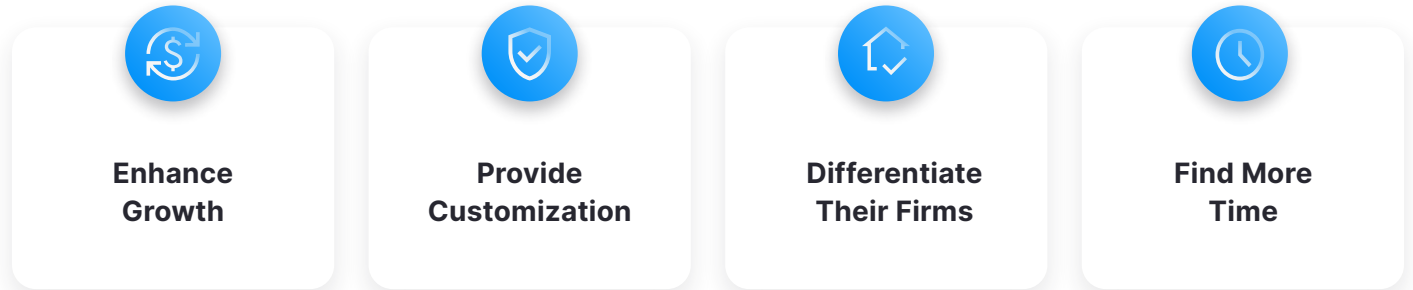
of HNW clients think more highly of advisors using an institutional level investment approach.

# 83%

of investors agreed that an advisor using investments from third-party experts would have more time to understand their needs.

# The Outsourcing Spectrum

Almost 80% of advisors<sup>1</sup> agree that outsourced services will help them:



But there's no one-size-fits-all approach to outsourcing investment management; doing so is dependent on each advisor's unique needs and goals, the clients they serve, and the best fit for their business model.

Orion's suite of wealth management products and services encompasses a wide range of advisor and end-investor needs

## Turnkey Asset Management Platform (TAMP)

Orion Portfolio Solutions, recently topping the list of America's Best TAMPs,<sup>5</sup> brings together powerful technology, investment options and third-party support all in one place to help advisors grow, deepen relationships and improve efficiencies. This fully supported investment experience includes:

### BENEFITS

- Portfolio and investment management technology with leading-edge UMA capabilities and the ability to streamline portfolio accounting and back office obligations in one platform
- Access to well-vetted asset managers and diversified investment selections, including a unique investment process that simplifies portfolio diversification
- Ongoing concierge implementation and execution support

# Wealth Advisory

Designed to help advisors more effectively attract, serve and retain high-net-worth and institutional investors with more than \$1 million of investable assets, our Wealth Advisory offers personalized wealth solutions backed by a proven investment approach and high-touch service.

Advisors leveraging Orion's Wealth Advisory can access the following support, competencies and services for their firms and their HNW clients:

## BENEFITS

- Wealth experiences that include institutional-quality SMAs and strategies for customizing portfolios, deep investment expertise, and wealth planning services like banking and lending, trust services, business valuation, and charitable solutions
- High-touch service and support from dedicated client portfolio managers, as well as CFA and CFP professionals
- Multi-layered tax management solutions, including direct indexing, tax transition capabilities and ongoing proactive tax oversight

Advisors facing today's competitive landscape, as well as increasing client expectations, can't afford to shoulder the operational burden of investment management — particularly if they're looking to move up market and serve higher-net-worth individuals with more sophisticated investment needs.

Outsourcing investment management empowers advisors to focus on delivering exceptional client service while meeting the highly personalized requirements of today's investors.

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- 1 Orion Research, July 2021. Orion's Research Initiative maintained a +/- 2.9% margin of error among consumer investors across generations and a +/- 3.8% error rate among Financial Advisors. A mixed methodology was applied that included a robust base of more than 2000 constituents in the online surveys and dozens of in-depth interviews on the topic.
  - 2 "The Golden Hour - Invesco." <https://www.invesco.com/us-rest/contentdetail?contentId=9a854572fc2cc510VgnVCM100000c2f1bf0aRCRD&dnsName=us&title=the-golden-hour-fact-card-public>. Accessed 17 Jan. 2023.
  - 3 "The Voice of the Financial Advisor Community - Wealth Advisor." [https://www.thewealthadvisor.com/?attachment\\_id=7595&page=0%2C77](https://www.thewealthadvisor.com/?attachment_id=7595&page=0%2C77). Accessed 17 Jan. 2023
  - 4 "Why More Advisors Are Open to Outsourcing Investment Management." 4 Feb. 2021, <https://www.thinkadvisor.com/2021/02/04/landscape-change-for-investment-outsourcing/>. Accessed 17 Jan. 2023.
  - 5 Orion Portfolio Solutions ("OPS") was selected as a winner for America's Best TAMPs 2023 in the categories of Best Technology and Best Model Marketplace. Each TAMP ("Provider") included in America's Best TAMPs 2023 is based on the results presented of an independent survey of all Wealth Advisor subscribers. The methodology used for this independent survey of The Wealth Advisor's registered subscribers was deployed on December 26th and closed on December 29, 2022. The survey uncovered advisor familiarity and overall satisfaction covering three categories set forth for the 27 of the TAMP solution providers nominated. The winners and full survey results were published in the 2023 edition of America's Best TAMPs and released on January 3, 2023. Each TAMP provider paid the same sponsorship fee to be listed in America's Best TAMPs. Sponsorship fee has no tie-in or connection to survey results. The fee entitles providers to also receive marketing services from The Wealth Advisor. Providers have no affiliation with The Wealth Advisor.

# About Orion

Orion Advisor Services, LLC (Orion) is the premier portfolio accounting service provider for advisors. Our firm has unique insights into the advisory profession because it was founded for investment advisors by an investment advisor in 1999. Orion frees advisors from back-office tedium so they can enjoy their business again by devoting their time and energy to better serving clients. Orion provides the integrated and fully customizable technology solutions that advisors need to help grow their businesses over the long term. The firm's technology solutions empower more than 1,300 firms, have \$600+ billion in AUA and over 2 million accounts.

Want to Learn More?  
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