Finding New Streams When the Inorganic Growth Well Runs Dry

By Jeannette Kuda, President and COO, TIFIN AG

As the wealth management landscape evolves, the paths to growth that have powered many firms may no longer be sufficient. Specifically, inorganic growth strategies, such as mergers and acquisitions, are reaching their limits and not offering the return they once did. So what do you do when one well runs dry?

The clear answer is that firms need to find and navigate different streams for growth. I believe that firms must now pivot to investing in organic growth strategies to sustain and enhance their competitive edge.

Much like planting a tree, building a robust client base takes years of hard work and nurturing. Senior advisors who have made this investment are currently enjoying the benefits of their efforts. But as the saying goes, past performance isn't a guarantee of future growth. Firms need to strategically retain and grow existing clients, identify held-away assets, and target prospects who align with their ideal client profile. This requires new tools and new strategies.

Why is Organic Growth Important to a Firm

Organic growth is crucial for wealth management firms for several reasons. Firstly, it allows firms to expand using their own resources, avoiding the need for external funding or debt, which ensures sustainability. This approach is also more cost-effective compared to acquiring new clients through mergers or acquisitions. Additionally, consistent organic growth strengthens a firm's market position and reputation, leading to increased referrals and a stronger brand presence.

Moreover, firms with strong organic growth are often more attractive to investors, as it indicates a healthy, self-sustaining business model. Maintaining control over operations and decision-making processes helps preserve the firm's core values and culture. Finally, organic growth involves optimizing existing processes, reallocating resources, and introducing new products or services, which increases efficiency and revenue. Together, these factors make organic growth a vital strategy for long-term success in the wealth management industry.

A New Approach to Support the Next Generation of Advisors

This approach is about more than a firm's bottom line. It's also a necessary step to build a robust and resilient team for the future and support the next generation of financial professionals.

Today there is a generational transition happening within advisory teams. As senior advisors retire, firms are bringing in new advisors to take over and expand these practices. These new-to-the-profession advisors often need time to develop the necessary skills for sustained growth. Additionally, despite the increasing demand for financial advice, there is a shortage of advisors, meaning individual advisors will have more clients than ever before.

A Three-Pronged Approach to Organic Growth

To ensure survival and success, firms must assist advisors in achieving scalable growth by having a comprehensive growth strategy, leveraging innovation to amplify the firm's plan, and implementing repeatable processes to create long-term efficiencies and drive asset growth.

- **Have a Focused Plan**
  Hope is not a strategy. Too often, business leaders say the right words but do not take the right actions. A focused plan begins with well-defined objectives. What specific growth targets do you want to achieve? Whether it's increasing wallet share, expanding your client base, or moving assets from brokerage to advisory, clarity on your goals is essential. Break down these objectives into measurable, time-bound milestones.

  Next, assess your firm's internal capabilities (technology, talent, processes) and external factors (regulatory changes, market trends). Identify gaps and opportunities that your plan should address. Having a solid foundation in place is essential for long-term success and everyone in the organization, from the most junior salesperson to the CEO, must buy into the growth strategy approach. The executive management team sets the tone at the top and ensures the internal capacity, funding, and dedication are sufficient to meet these goals.

- **Harness AI for Targeted Growth and Efficiency**
  Firms need incremental insights to compete in today's competitive environment. According to a study by Accenture, 90% of financial advisors believe AI can help grow their book of business organically, but very few are doing anything to make it happen.

  Leveraging new technologies can help wealth managers shift their efforts from a wide lens to a focused one. AI algorithms can identify potential clients based on specific criteria, such as demographics, behavior, or life events. This streamlines prospecting efforts and helps advisors target the right audience. Best of all, AI models learn from an advisor's wins and losses, continuously improving predictions tailored specifically to each advisor.

  And that's just one example. I anticipate that in the next 12 to 24 months, AI will be an integral component to the wealth industry's fabric. Consider where your firm can reasonably develop its capabilities, while also exploring partnerships with experts who can help you innovate rapidly and stay informed as technology undergoes radical changes.

- **Implement Systematic & Repeatable Processes**
  Even with assistance from technology, enterprise wealth executives need to build a repeatable process designed to help the firm grow at scale. To be successful, these processes must be connected to a firmwide organic growth strategy and integrated with the latest capabilities.

A few things to consider:

- **Create standardized processes for critical functions**. Consistent procedures enhance efficiency and minimize errors. Clearly documenting processes including firm best practices, CRM processes, and sales collateral creation, among others, will facilitate seamless adoption by new advisors.
- **Develop a comprehensive training program for advisors.** Cover not only the sales and technical aspects of practice management but also soft skills like communication, empathy, and relationship-building. Encourage knowledge sharing among advisors to foster a culture of learning.
- **Leverage technology to automate repetitive tasks.** For instance, marketing automation technology could be useful in nurturing leads.
- **Continuously gather feedback.** Listening to advisors, clients, and stakeholders will help you identify areas for improvement. Adapt your processes based on real-world experiences.

In the ever-evolving landscape of wealth management, the time to act is now. The pioneers—the firms and advisors who explore AI and innovative technologies today—are laying the groundwork for tomorrow's success. By experimenting, learning, and adapting, they position themselves to harness the full potential of AI-driven organic growth.

For more information about partnering with TIFIN AG, visit tifinag.com or email us at ag@tifinag.com.