

## Providing Superior Client Service Requires a “Team of Advisors” Approach

2015 Greenwich Leaders: U.S. Institutional Investment Management Service

Q1 2016

U.K.-based partnership Baillie Gifford and U.S. liability-driven investment (LDI) specialist NISA Investment Advisors are the Greenwich Associates 2015 Quality Leaders in U.S. Institutional Investment Management Service.

Every year, Greenwich Associates interviews over 1,000 U.S. institutional investors about the asset managers they employ. Greenwich asks study participants to rate their managers in a series of investment and service categories, and then uses the results to compile Greenwich Quality Index (GQI) scores for each manager. Firms with Service GQI scores that top those of competitors by a statistically significant margin are named Greenwich Quality Leaders.

NISA Investment Advisors and Baillie Gifford claim the title of Greenwich Quality Leader at a time when client service is taking on an increasingly important role in the investment management industry. A string of challenges including funding shortfalls, an extended period of historically low interest rates and yields, and increasing market complexity have placed institutional investors under significant pressure. As they contend with these challenges, investors are looking to investment managers for help. “In the not too distant past, managers were expected to do one thing: deliver on the mandate, which

### Greenwich Quality Leaders — 2015



#### Overall U.S. Institutional Investment Management Service Quality

##### Investment Manager

Baillie Gifford  
NISA Investment Advisors

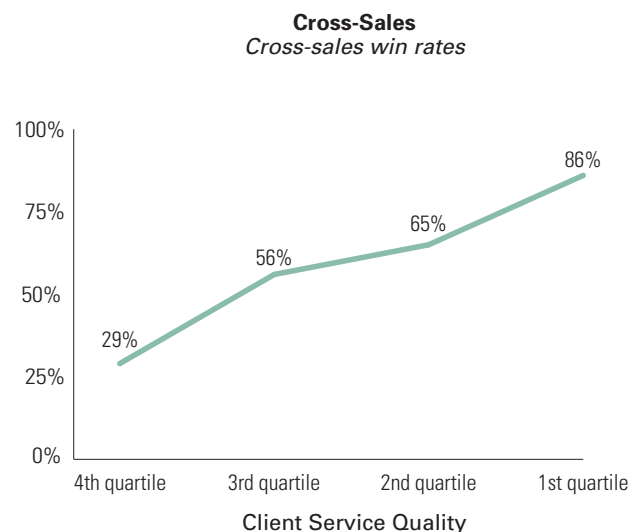
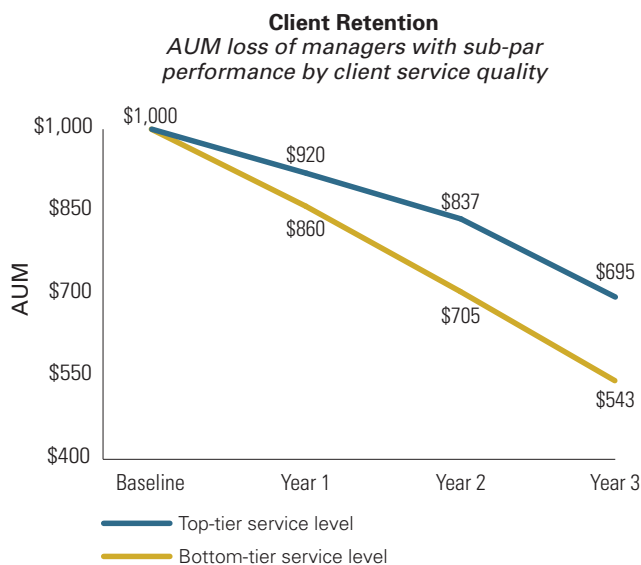
Note: Based on interviews with 1,341 institutional investors. Quality leaders are listed in alphabetical order.

Source: Greenwich Associates 2015 U.S. Institutional Investors Study

for active managers usually meant delivering alpha,” says Greenwich Associates consultant Andrew McCollum. “But today, investors want ideas, advice and solutions that can help them meet their organizational and investment needs.”

Delivering that kind of advisory service requires investment managers to develop a deep understanding of their clients’ situations and needs and to tap into their own expertise and capabilities to provide solutions. That type of client service effort goes far beyond a single relation-

### Importance of High-Quality Relationship Management



Note: Good service is defined as the top one-third of managers in terms of the Greenwich Quality Index (GQI) for Client Service. Poor Service is defined as the bottom one-third of managers in terms of Client Service GQI. Managers had below benchmark performance for five straight years.

Source: Greenwich Associates 2014 Competitive Challenges Study

ship manager. Developing true counseling relationships with clients requires consistent input from portfolio managers, product specialists, sales and client relations professionals. “Client service at this level requires a true ‘team of advisors’ approach that represents a major change in thinking and structure for many managers,” says Greenwich Associates consultant Davis Walmsley.

That is not to suggest that relationship managers are losing importance. To the contrary, as client service expectations are raised, the role of the relationship manager (RM) is becoming even more critical. As firms try to meet clients’ new demands for advice and solutions, they are recruiting RMs with new and upgraded skill sets. RMs today must possess both analytical and technical skills. RM hires are increasingly CFA charterholders, and investment managers are targeting experienced professionals from investment consultants and elsewhere in the investment community.

### **Client Service Quality Has a Direct Impact on Asset Retention and Cross-Sales**

The quality of an investment manager’s client service and its performance can have a direct bearing on business outcomes. Research from Greenwich Associates Competitive Challenges shows that during times of sub-par investment performance, asset managers with top-rated client service lose far fewer assets than firms with client service rated in the bottom-tier. In these situations, top-rated firms retain an average 22% more assets than bottom-rated managers.

Highly rated client service functions also give investment managers a huge advantage when it comes to cross sales. Greenwich Associates data shows a strong and consistent correlation between GQI scores and cross-selling win rates. Firms with top quartile GQI scores achieve an average cross-sales win rate of 86%, versus the 29% win rate among firms in the fourth quartile.

“Client service’s influence on critical outcomes in asset retention and cross-selling will only become stronger as investors seek out managers capable of delivering ideas, advice and other forms of value beyond the constraints of traditional investment mandates,” says Andrew McCollum.

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*Greenwich Associates consultants Andrew McCollum and Davis Walmsley advise on the investment management market in the United States.*

### **Methodology**

*Between July and October 2015, Greenwich Associates conducted 1,341 interviews with senior professionals at corporate and union funds, public funds, endowments and foundations, insurance general accounts, and healthcare organizations with either pension or investment pool assets greater than \$250 million. Study participants were asked to provide quantitative and qualitative evaluations of their investment managers, qualitative assessments of those managers soliciting their business, and detailed information on important market trends.*

*The findings reported in this document reflect solely the views reported to Greenwich Associates by the research participants. They do not represent opinions or endorsements by Greenwich Associates or its staff. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Greenwich Associates compiles the data received, conducts statistical analysis and reviews for presentation purposes in order to produce the final results.*

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The Greenwich Quality Leader<sup>SM</sup> designation is determined entirely by the results of the interviews described above and do not represent opinions or endorsements by Greenwich Associates or its staff. Such designations are a product of numerical scores in Greenwich Associates’ proprietary studies that are generated from the study interviews and are based on a statistical significance confidence level of at least 80%. No advertising, promotional or other commercial use can be made of any name, mark or logo of Greenwich Associates without the express prior written consent of Greenwich Associates.



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