Engaging Millennials in Wealth Management

Leonard D. Uller

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Reviewer: Dr. James Loughran

Author Note

Leonard D. Uller, Central Michigan University.

Leonard Uller is a graduate student pursuing a Master of Science in Administration at Central Michigan University

Contact: uller1ld@cmich.edu
Executive Summary

The millennial generation has distinct cultural requirements that differ from previous generations based on the simple fact that this generation was the first to be born and raised in the internet age. In 2018, this generation was estimated to be over 73 million and earn an estimated annual salary of $35,592 (Fry, 2018). This generation will also be predominately dependent on robust savings and retirement strategies in order to sustain their lifestyle throughout their lifespan. The wealth management industry can capitalize on this need and change the culture of their organizations to embrace the millennial client. This can be accomplished by instituting aggressive recruiting, training, and retention programs that promote the cultural changes required in the industry. The wealth management industry must identify the needs to determine which cultural shifts need to occur. Once the cultural requirements are identified the implementation of the recruiting, training, and retention programs can be successfully implemented. The millennial client has the potential to generate commissions which equate to over $1 billion annually. The sooner the organization changes are identified the sooner the industry can begin generating income from this very lucrative up and coming client.
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Introduction

The Millennials, born after 1980, are estimated to be over 73 million in 2018 and earn an average annual salary of $35,592 (Fry, 2018; Havens, 2015, pp. 23-24). The problem is that the millennial generation will not receive a traditional pension upon retirement and will require life-long savings and investment strategies to sustain them throughout their life. In addition, the millennial generation has unique cultural requirements based on the fact that this generation was the first to be born and raised in the internet age (Havens, 2015, p. 24). This problem can be solved by altering the culture of the wealth management organization by recruiting, training, and retaining individuals who share the strategic goal of embracing the Millennials and have the capacity to attract and retain the Millennials as life-long clients (Guillaume, Dawson, Otaye-Ebede, Woods, & West, 2017). This paper will examine the results of the research conducted on engaging the millennial generation in wealth management in order to obtain the strategic organizational objective of attracting and maintaining the Millennials as a lifetime client.

The author is a student at Central Michigan University pursuing a graduate degree in Administration with a concentration in leadership.
Research Findings

**MSA 601: Organizational Dynamics and Human Behavior**

The research in this paper examined the organizational structure of wealth management organizations and the techniques which can be implemented to maximize the organizational effectiveness. Wealth management organizations typically are organized in a divisional organizational structure and have the advantage to quickly adapt and implement new strategies to transform the focus and culture of an organization (Robbins & Judge, 2017, pp. 502-503).

The research disclosed that wealth management organizations can transform the culture and focus of the organization by hiring Millennials, reverse mentoring (Marcinkus, 2012) and customer prototyping (Bentley, 2015). The hiring of Millennials will positively affect both customer prototyping and reverse mentoring. Millennial wealth management advisors know and understand the needs of the millennial client and can reverse mentor the aging Baby Boomer advisor currently in the workforce. The millennial workforce will increase the knowledge of the needs of the millennial client while the aging Baby Boomer wealth management advisor will enhance the millennial workforce’s knowledge of being a credible adviser to the millennial client (Marcinkus, 2012).

**MSA 602: Financial Analysis, Planning and Control**

This paper dealt with conducting a cost-benefit analysis relating to implementing organizational changes within the wealth management industry to attract and maintain the millennial client. The organizational changes within the wealth management organization are focused on increasing diversity within the organization in order to ensure the needs of the Millennials are met. The analysis examined the recruiting of millennial wealth management
advisors, training the current workforce, and retaining seasoned wealth management advisors.

The cost-benefit analysis disclosed a potential of earning over $1 billion per year in commissions implementing the strategies of recruiting, training, and retention.

**MSA 603: Strategic Planning for the Administrator**

This paper examined the strengths, weaknesses, opportunities, and threats (SWOT) within the wealth management industry. The research disclosed that two of the main weaknesses that the wealth management industry encounters are a limited diverse workforce and understanding of the Millennial’s financial requirements (Hunt, Layton, & Prince, 2015; Horan, 2015).

Research disclosed that overcoming these weaknesses are critical to organizational change and success within the industry. The strength portion of the SWOT analysis disclosed that the wealth management organization can utilize its divisional organization structure to implement changes quickly based on the changing cultural environment of the millennial client. Once the needs of the clients are understood the strengths of the organization can be utilized to overcome the weaknesses to meet the strategic goals of the wealth management organization (Robbins & Judge, 2017, pp. 502-503).

**MSA 604: Administration, Globalization and Multiculturalism**

This paper examined the dimensions of diversity (race and gender) within the millennial generation. The research disclosed that in order for organizations to be effective, competitive, and lucrative they must recruit and maintain employees which are diversity conscious and reflect the strategic objectives of the organization (Bucher, 2015, pp. 220-222).
The diversity conscious workforce will increase the capability to understand the Millennials and the dimensions of diversity within this culture. This understanding will increase profits within the organization by enabling the wealth management advisor to attract and maintain this very lucrative client (Hunt, Layton, & Prince, 2015).

**Leadership**

Leadership is critical to a successful organization. To effectively change the culture of an organization it must change from the senior leadership to the followers. The most effective means to change the culture is to focus on recruiting and retaining those leaders which either demonstrate or have the potential to be diverse-conscious. A diverse-conscious leadership cadre will ensure the strategic goals of attracting and maintaining the millennial client are recognized, understood, and adjusted appropriately to stay on course (Guillaume, Dawson, Otaye-Ebede, Woods, & West, 2017; Bucher, 2015, pp. 220-222).

The leadership theories that are most successful in achieving organizational objectives are path-goal theory, leader-member exchange, and skills approach. The senior leadership establishes the strategic objective of the organization by utilizing the techniques within the path-goal theory (Northouse, 2016, pp. 115-132). The mid-level management utilizes leader-member exchange (Northouse, 2016, pp. 137-158). The workforce will benefit the most by utilizing the skills approach (Northouse, 2016, pp. 44-47).

**Ethics**

Ethical individual and corporate behavior are critical for success within this very competitive environment. Ethics is required to maintain a license and wealth management advisors must recognize that the ethical work practices will build and sustain a loyal lifelong

Conclusion/Recommendation

The Millennials have unique cultural requisites compared to any other previous generation by the simple fact they were the first generation born and raised in the internet age. In addition, the millennial generation is estimated to generate over $200 billion annually and will require their savings and retirement strategies to be effective in order to have enough funds for the duration of their lives. The wealth management industry can capitalize on the millennial generation’s need for credible savings and investment strategies.

The research throughout this project led to a simple conclusion that cultural change must occur within the wealth management industry that steers the strategic planning and organizational objectives for attracting and maintaining the Millennials as lifelong clients.

What type of culture is required? Based on the research the recommendation is to implement an effective customer prototyping system. Customer prototyping involves the identification of the specific requirements of the client and will provide concrete data and guide the strategic plan of the organization.

How does an organization change attitudes based on the needs of the targeted culture? Based on the research the recommendation to positively affect cultural change are increasing emotional intelligence, embracing a diverse-conscious environment, and implementing a reverse mentoring program.
Based on the research once the cultural changes are identified and programs are implemented the organization requires personnel that share the vision of changing the corporate cultural environment. The recommendation is to recruit, train, and retain personnel that will contribute to the vision of the organization to attract and maintain Millennials as life-long clients.

Following the simple formula presented above and exploiting the strengths of the divisional organizational structure, the wealth management industry has a high probability to attract and maintain the millennial client and generate an estimated annual income of $1 billion per year.
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