

Managing Wealth Through Networks



How did the banks and service providers function in the past when faced with issues such as service delivery? How were they organized?

Bankers, like family lawyers, basically functioned like the family doctor: They knew it all. Gradually, bankers developed into banks and lawyers into law firms. Banks started using counsel and tax advisors to provide additional specialized services to clients. Lawyers started hiring tax consulting experts. Then followed the international expansion leading to globally active banks and international law firms. Finally, a different kind of animal appeared on the scene. I am speaking about the big global accounting and consulting firms.

Service delivery: Where do we stand today?

Banks face the issue “make or buy”: On the one hand, they often have internal domestic financial planning resources (tax and legal) but are forced to purchase know-how to resolve complex domestic problems or international issues. Often available at banks are internal standardized offshore solutions to structure simple assets, but

they have to purchase know-how for complex solutions.

On the other hand, a multi-disciplinary firm like KPMG *private* offers comprehensive international financial planning and wealth management (excluding portfolio management) with a truly global network.

Why a global network? What are the driving forces shaping the way we do business and organize ourselves today?

Due to increased mobility we are confronted with an increased internationalization of circumstances, multi-jurisdictional situations, multiple nationalities, assets in different locations. When we talk about a more complex environment in which you would like to get solutions – not only wonderful analyses – we need specialization of disciplines. We need specialized know-how. However, the solution needs to follow an integrated approach. And finally, speed: Whatever the products provided and services might be, speed more and more becomes a crucial success factor. Speed means availability of advisors and experts, when and wherever a problem has to be solved.

Managing a network

I have the privilege of managing our global network “Legal Services for High Net Worth Individuals”. I can tell you that the fun of managing an international network of consultants is like conducting Swan Lake to music by AC/DC with 50 prima ballerinas.

A crucial success factor is maintaining a sufficient level of coordination. Leadership has to be exercised, not so much by formal authority but rather by conviction and personality. On the other hand, professionals seem to like being part of the solution of particularly difficult cases.

Another important issue is maintaining confidentiality across borders in different regulatory environments. Due to common standards and policies enforced, e.g. in the case of KPMG by

the International Headquarters, it is possible to maintain the strictest level of client confidentiality, comparable to banking secrecy.

Assuring quality control in a domestic and in-house environment is relatively simple. But let me tell you, it is a whole different ball game when you are not only confronted with top professionals outside your own field of expertise but also outside your own jurisdiction. Just imagine the difficulties for a Swiss lawyer of ensuring quality control of legal advice in France or tax advice in Italy! It all hinges on a good selection of the network members. Obviously the old Swiss army leadership role applies here. The famous three Ks in German, which are the three Cs in English: Command, Control, Correct. And correct in the case of a network leader can mean the exclusion of non-performers.

Critical size and functioning networks

Whereas usually small is beautiful, I have to add at the same time that critical size matters! If you want to keep up a high level of quality, you also need a substantial number of advisors in a specific field.

These challenges must be solved because wealth management requires more and more the solving of complex international issues. One of the most important instruments in order to find optimal solutions are functioning networks.

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