Norman Alex
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About us

Norman Alex is an international consulting boutique providing executive search and corporate development services. Established in 1997 in Monaco, we have offices in Geneva, London, Luxembourg, Miami, Montevideo and Paris as well as partners in Dubai and Singapore. We have the experience and global reach to help our clients develop their activities in most major markets.

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Norman Alex Podcast

We are delighted to welcome you to the Norman Alex podcast, where successful business professionals share valuable insights into current topics and trends in the financial services industry.

Our first episode Private Banks vs. Private Bankers - Cutting the Gordian knot deals with the problems and opportunities around hiring top flight Private Bankers.

What are the frustrations, concerns and difficulties private banks face when hiring new bankers? What are the real motivations for successful bankers to consider a move? Is it possible to de-risk the hiring process for both sides? And if so, how?

In this podcast we interview the highly regarded sales coach for private bankers, Frederick Kermisch, and we discuss the challenges wealth managers face when attempting to hire the world's best private bankers - and how to avoid unnecessary hiring mistakes.

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PRIVATE BANKS VS. PRIVATE BANKERS - CUTTING THE GORDIAN KNOT

Chris Manfield
Director, Norman Alex

Frederick Kermisch
Sales Coach For Private Bankers

The podcast is also available on Youtube, Spotify, and Apple Podcasts. Click the button below to follow us on each platform.

Articles

Please read the following article by Frederick Kermisch explaining how private bankers can reach their full potential:

Four steps for bankers to stop leaving serious money on the table - and why they should care.

For many bankers, compensation is directly tied to the assets they manage. Despite their incentive to manage as many assets as possible, few actually manage 100% of the assets available. Though this might amount to a more or less modest loss over one year, it might add up to significant losses over the course of a career. So how can bankers stop “leaving money on the table”? Before we mention the four steps, here is why bankers should care.

Simply put, the more assets a banker manages, the better their position is for negotiating with the current employer or with potential new employers. This means better compensation, but also more support and delivering better services for their clients. Furthermore, this improves their credibility and therefore their ability to win new, ideal clients – and replace suboptimal clients (too small, too time-consuming, too annoying) – with better, more profitable clients. In short, with more assets, bankers earn more, are happier, more successful and their clients are more satisfied.

These are the four steps I follow with my clients to help them:

Step 1: figure out how much money is being lost
Bankers focus on their current level of assets and their compensation. Are they at breakeven? Are they earning enough? Whilst these are relevant questions, the most important ones might be "how much money could they be managing?" and "how can they bridge this gap?"

By figuring out how much money is being lost, it becomes easier to motivate oneself to take the steps to bridge the gap. So how to do this?

First, decide how many clients can be managed without compromising quality. If you are not yet at full capacity, you are losing money. Think of unrented rooms in a hotel, this is not that different. How much is being lost? As a rule of thumb, take the average account size and multiply. This is probably a low estimate of the losses.

A more accurate estimate requires some book analysis, but it could be a banker has 10 vacancies and chooses to populate them with only very large profitable accounts. This strategy has seen AUM figures double rapidly with only a few choice signings.

Even if a banker has no vacancies, a book analysis will identify "weaker" clients: those whose assets are too low, who waste time, energy, or all three. Most bankers benefit from having a strategy to replace these clients with better ones. Either they benefit from the change, or they renegotiate the relationship with these clients and often get more assets.

A further benefit of the Book Analysis is that the data will be used when considering whether moving to a new bank makes sense for the banker and the clients.

Step 2: Identify sources of AUM
Bankers can increase their AUM by either onboarding new clients and filling one of the available vacancies, or by increasing the Share of Wallet of existing clients. Onboarding new clients takes more time and uses up a vacancy, but can seem less risky. Discussing Share of Wallet could backfire and cost the banker that relationship.

Regarding filling vacancies, bankers sometimes forget the value of each vacancy. Sure, a client brings more money than no client, but chasing smaller fish takes sometimes more time than large fish and creates different headaches. Being strategic with the target saves time and keeps the banker focused on the value of each vacancy.

Regarding discussing Share of Wallet, indeed it is a bit of a minefield. But by using the right negotiation tools and psychological model, risk becomes negligible and easier to navigate successfully. As few bankers know how to have an optimal conversation about Share of Wallet, it is easy to stand out compared to competition and use this conversation as proof that "this banker is the right banker to manage more assets". Increasing Share of Wallet is my preferred method for AUM growth: low downside (with the right method), highly differentiating and it keeps vacancies available for bigger fish.

Step 3: Create a credible strategy for growing AUM

By credible, I don't mean "a strategy that seems ok and your manager will believe". I mean "a strategy that you'd be willing to bet your career on". Yes, this does mean truly embracing the "entrepreneur mindset" – after all, a banker is the CEO of their career. This involves establishing scenarios, variables, testing the credibility and, most importantly, identifying and addressing the blind spots.

The most common blind spot I see with bankers is focusing their efforts on their technical knowledge but neglecting to improve their ability to share that information in a way that clients and prospects actually understand (and identify specifically what is not being understood). The good news for bankers is that, since this is widespread in the industry, it is actually quite easy to stand out from the competition.

This strategy should be specific in terms of goals and vacancies to populate and be credible in terms of "how the process is managed and blind spots are addressed". In short, bankers benefit from having crystal clear visibility so then can focus on implementing the strategy.

Step 4: Negotiate

Whether or not a banker's compensation is directly tied to their assets, a banker is always in a better position if managing more assets, be it with their current employer or a potential new employer.

Although many bankers are reluctant to grow their books if they are considering a change, they are in a better position to negotiate when they can show recent inflows and a system that generated these inflows. Banks sometimes view bankers as "movers" who might be able to bring assets with them, but are realistic that few bankers are capable of systematically generating inflows and rebuilding books from scratch. However, when a banker does have a system, a strategy and results to back it up, they can start healthy discussions with their current employer – or a new employer – about how to make the relationship work out for their clients, for the bank and their professional satisfaction.

Frederick Kermisch, (Sales Coach for Private Bankers).

Please have a look at the following article from Forbes stressing the importance of ESG in your corporate strategy:

The cost of ignoring ESG

Environmental accountability has exploded in recent years. Climate change has been a dominant driver of this growth. There is broad agreement among nations that rising global carbon dioxide emissions must be addressed.

This growing awareness has resulted in tremendous pressure on the energy sector to adapt to a new reality. Clean energy, decarbonization, and distributed power have become drivers of investment in the energy industry.

A new paradigm: ESG - Environmental, Social, and Governance.

According to the US SIF Foundation's 2020 Report on US Sustainable and Impact Investing Trends, as of year-end 2019, one out of every three dollars under professional management in the United States—$17.1 trillion—was managed in accordance with sustainability metrics.

In response to this growing trend, most companies have developed policies on Environmental, Social, and Corporate Governance (ESG).

Businesses that fail to consider such metrics can experience a significant financial impact. MSCI Inc. MSCI +0.2%, a global provider of financial and portfolio analysis tools, conducted a four-year study on this issue. The study found that companies with high ESG scores experienced lower costs of capital, lower equity costs, and lower debt costs compared to companies with poor ESG scores.

Experts at McKinsey sound an even more clarion tone. They cite more than 2,000 academic studies that concluded better ESG scores translate to about a 10% lower cost of capital. This correlates to lower regulatory, environmental, and litigation risks associated with high ESG-scoring companies. ESG is far more than mere window dressing—it is a strategic imperative.

ESG policies discourage businesses from relying solely on financial metrics and encourage broader environmental metrics in their decision-making. ESG programs, particularly among the largest companies, are generally well-defined and measurable. A common theme is a "path to zero", which defines how, and how quickly, a company will reach net zero carbon emissions. This means either that the company has taken steps to ensure that carbon emitted while doing business is eliminated or offset through projects that sequester carbon.

Sustainability accountability is growing rapidly. In 2020, the KPMG Survey of Sustainability Reporting found that there was a sustainability reporting rate of 96% for G250 companies — the world's largest 250 companies. Within the oil and gas sector, the rate was 100% for G250 companies.

Whether viewed as an opportunity to be seized or a problem to be solved, the energy sector is squarely focused on achieving measurable ESG results. And most of those results will come from reductions in emissions, particularly carbon dioxide.

Conclusions:

Companies are going to be forced to confront ESG as a requirement of doing business. Leading companies have already embraced it and are reaping the benefits. Numerous studies have shown that companies with high ESG scores experience lower debt and capital costs.

ESG is a financial issue, and one that will particularly challenge the energy sector. In the next article, I will highlight how some companies in the energy sector are improving their ESG scores.

(Robert Rapier, Forbes).