

## Why Hire an OCIO

### Enhanced Insights, Integrated Solutions & Expanded Opportunities: The Competitive Advantage of Outsourcing Investment Research

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As wealth management organizations grow, business owners are regularly required to make critical decisions that will dictate the trajectory of the firm for years to come. The evolving landscape of today's financial industry often makes these decisions more arduous, requiring a sophisticated understanding of current market trends, adept risk management and prudent allocation of the firm's financial and human resources.

Strengthening and expanding internal investment research resources is frequently a top priority for the fastest growing firms. While building organically (by hiring the first, second or third analyst) is generally the first option, more firms are engaging the services of an outsourced investment research provider as they recognize the advantages of hiring an existing team of specialists to effectively synergize and enhance the efforts of their internal team.

By outsourcing their investment research resources, firms may benefit from:

- Access to a diversified skill set
- A high degree of flexibility and adaptability
- Potential for substantial cost savings
- A culture of continuous improvement
- Enhanced risk management and compliance efforts
- Broadened firm perspectives
- Greater opportunities for innovation
- Improved overall productivity

### Why Partner with an Outsourced Research Provider?

#### Expanded Access

One of the most notable advantages of outsourcing investment research is access to a diversified skill set and subject matter expertise. External research providers typically house specialized teams with varied backgrounds, extensive industry knowledge and analytical skills. In most scenarios, this collective pool of talent significantly broadens the scope and depth of research already being conducted by the internal team. This leads to a more comprehensive grasp of market dynamics and investment opportunities that ultimately benefit the end client. The combined efforts of internal and external expertise create a collaborative environment where the external provider complements internal capabilities by offering valuable insights that may not be readily available within the confines of the company.

#### Adaptability

Outsourcing research also allows wealth management firms to maintain a high degree of flexibility and adaptability in a rapidly evolving financial landscape. External providers can dynamically scale resources based on the partner firm's specific requirements. Often, this means shifting between a proactive and responsive approach to navigating changing market and/or firm conditions. This flexibility proves especially advantageous for growing wealth management firms that may experience fluctuations in workloads or require specialized expertise for specific projects. By leveraging external resources, companies can optimize their research capabilities without the burden of the fixed overhead costs associated with maintaining a large internal team.

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### **Cost Savings**

Another significant advantage that often motivates companies to consider outsourcing is the potential for substantial cost savings. Establishing and sustaining a highly skilled internal research team involves considerable expenses related to recruitment, training, benefits, salaries and ongoing career development. By outsourcing investment research, companies may have access top-tier talent without the long-term financial commitments associated with a full-time internal team. With this approach, wealth management firms can allocate internal resources more efficiently, directing funds and efforts towards areas that further contribute to the company's growth and competitiveness.

### **Improved Outcomes**

The collaboration between internal and external teams not only enhances the speed and efficiency of the research process, but also fosters a culture of continuous improvement. External teams often possess resources and advanced technologies dedicated to streamlining activities such as data collection, portfolio or investment analysis and reporting. As such, wealth management companies can respond swiftly to market changes, capitalize on emerging opportunities, and make well-informed investment decisions in a timely manner. The seamless integration of external expertise with internal processes creates a smooth workflow, ensuring research output aligns with the company's strategic objectives.

### **Risk Management Benefits**

Organization risk management and compliance efforts are another area positively impacted by the introduction of an outsourced investment research provider. The regulatory landscape in the financial industry is dynamic and complex. It requires constant vigilance to stay abreast of changes. External providers typically adhere to robust processes to ensure compliance with regulatory requirements and industry standards. Leveraging external risk assessment and compliance expertise can strengthen a company's overall governance framework to help reduce the likelihood of regulatory issues while enhancing trust among clients and stakeholders.

### **Broadened Perspective**

Procuring an investment research provider can also contribute to a broader firm perspective. For example, an external research team covers a broader, more diverse and comprehensive set of subjects – perhaps not something as achievable by one or two individuals. This expanded outlook is invaluable for those wealth management firms looking to effectively diversify their portfolios and, at the same time, capitalize on timely strategic investment opportunities. By leveraging an external provider's expertise and insights in areas such as international markets, geopolitical events and macroeconomic trends, the company can make better, more informed decisions in a globally interconnected financial landscape.

### **Facilitates Innovation**

Outsourcing investment research can facilitate innovation within a wealth management company. External providers often bring fresh perspectives and novel approaches to research methodologies. This sparks creativity within the internal team and encourages a productive, consultative exchange of ideas and best practices between internal and external researchers. As such, the company is more likely to adopt efficient processes, generate cutting-edge ideas and leverage enhanced investment opportunities to remain at the forefront of industry trends.

### **Maximized Productivity**

By outsourcing routine and time-consuming research tasks, the internal team can focus on high-value activities such as client relationship management, business development and long-term strategic planning. This not only enhances the overall productivity of the internal team but also allows them to allocate more time to activities that directly contribute to the company's growth and client satisfaction.

### **The Verdict Is In**

Integrating an outsourced investment research provider into the operations of a growing wealth management company offers a multifaceted strategic advantage. The collaboration between internal and external teams creates a dynamic research environment so the company can stay ahead of market trends, manage risks more effectively and seek to deliver strong investment strategies to clients. Outsourcing investment research has the potential to elevate the overall performance and competitiveness of a wealth management firm in today's dynamic financial landscape. This can be accomplished through access to a

diverse skill set, cost-effective solutions, increased efficiencies, a broadened perspective, enhanced risk management and compliance and greater opportunities for innovation.

Fiducient Advisors can help you explore outsourced investment research provider services and how your firm could benefit from outsourcing. With our firm on your side, you will have the insights, resources and potential cost savings to help your clients prosper.

[Click here](#) for additional information on our Financial Institution OCIO services.

## About the Author

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David provides investment consulting services to high-net worth families, corporate executives, nonprofit organizations and financial advisory firms. David services clients by providing advice and expertise in asset allocation, portfolio design and manager selection. He also guides clients through a comprehensive wealth planning process to ensure coordination of investment objectives with their financial planning, estate planning, tax and lending strategies. Prior to joining the firm, David was Director of Wealth Management at ORION Investment Advisors. He holds a BBA from James Madison University and is a Certified Financial Planner (CFP®). In his free time, David enjoys staying active, traveling, volunteering and entertaining family and friends over good food and a craft beer.

