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MoneyVoices: How to Improve Client Reporting

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Increased regulatory scrutiny, heightened client sophistication and their even higher expectations make client reporting critical for investment managers. As open architecture blurs distinctions between separate account managers, strong reporting can often help a firm stand out. Still, very few managers have clear and repeatable processes for evaluating investment results and delivering consistent compelling reports to clients.

Many of the firms I work with know that their reporting needs improvement, but the scope of such a project seems overwhelming. Where do you begin? The following framework is based on components that are common and critical to every reporting initiative. It helps firms establish whether their reporting needs improvement and breaks down the elements so they can make it happen.

1. Data and Content – An effective framework makes it easy to troubleshoot quality-control issues from the underlying data. This is critical because the data is plentiful, including anything from portfolio accounting information to performance measurement information. Each of those might be providing faulty data – and firms must clearly identify any such issues or it will flow into their current reports.

2. User Functionality and Analytics – Reporting tools often are not fully functional and do not have analytical capabilities. However, firms must identify those deficiencies before they can fix them. Benchmarking, attribution, risk analysis, performance measurement and analysis are some good areas to look at first. Analyze your current reports in order to identify the functionality and analytics that are missing. Then prioritize those gaps based on need, identify solutions and put in place implementation timelines.

3. Client-Facing Output – If perception is reality, the image you portray to clients with every report is critical. Firms must take a closer look at the quality of their output, considering everything from branding to the ability to customize based upon client needs and timeliness. Often, this requires a report design process by which the layout, branding and overall look and feel of report package are re-designed and developed for a streamlined, professional feel.

4. Systems and Integration – Sometimes, it is not the quality of the reporting that is a problem, but the arduous process to get that quality. Firms must ask themselves whether the platform has the necessary functionality and integration. If not, look at the integration between functions. How do you get data from the portfolio accounting or performance measurement tools to the report packaging tool? Good reporting does not need to be a drag on your resources.

5. Workflow and Business Process Management – Team structure is just as important as technology organization. That's why reporting teams must be structured in a way that maximizes efficacy and effectiveness throughout the reporting process. Whether you run a centralized reporting group or decentralized teams, who is ultimately responsible? Is the process documented?

Not everyone will use these exact five components in strengthening their reporting, but they must use a systematic approach. Attacking reporting initiatives with a framework like this should lead to reporting that is profitable, scalable, and repeatable. And that outcome should be amenable to any firm.