

WHY ENGAGE IN CORPORATE SOCIAL RESPONSIBILITY (FOR WEALTH MANAGEMENT FIRMS)

This means companies that make up these audiences' brand maps - companies they regularly engage with (and spend money on) - are being put to the test as far as how they can make a contribution and appeal to their audiences on a new level; the Corporate Social Responsibility level.

For wealth management firms, one of a new sea of target audiences are young people across the country. Millennials and the generation before them have particular expectations that companies they are associated with will engage in CSR. The importance of this age group is that they will make a big impact when it comes to client acquisition and retention for wealth management firms now and into the coming decades.

In fact, the two most important things to millennials when it comes to selecting an advisor to work with are a successful track record and social responsibility ([Qualtrics](#)). This trend is only continuing to grow and wealth management firms should be looking for ways to incorporate the community, social responsibility, and sustainable choices into their business. This can be done in the aspect of the office's carbon footprint, workplace environment, and companies speaking up for the issues and causes that they support.

So What is Corporate Social Responsibility?

Corporate social responsibility (CSR) is a business model that allows companies to actively regulate themselves and to hold a socially accountable standard. Often times, this includes becoming involved with the community and practicing sustainability on a voluntary basis. As McKinsey & Company stated, "Corporate social responsibility encompasses dual objectives—pursuing benefits for the business and for society" ([McKinsey](#)). CSR means something different to every business; it's a matter of finding what works best for your wealth management firm to achieve both of those things.

Why Does It Matter?

In light of today's socio-economic issues, it is not surprising that some people have little confidence that organizations and companies are doing all that they can to drive positive change. There is hope that those organizations and companies can create an impact, however, and 8 in 10 Americans expect businesses to continue improving their CSR efforts while nearly two-thirds believe that the business industry will take the lead to move social and environmental change forward ([2017 Cone Communications CSR Study](#)).

The main objective of incorporating CSR into a wealth management firm is not to increase profit, but to build a relationship with the public and to increase visibility within the community. Often, practicing CSR as a wealth management firm does lead to an increase in business as the firm gains more traction when it is visible to the public and known for doing good things. So as a positive public opinion develops for your wealth management firm, an increase in business may follow.

Do good things and gain business - this sounds great and simple, right? Well the question becomes, how do wealth management firms use CSR to appeal as a socially active and sustainable company?

Ways to Implement CSR Into Wealth Management Firms

1. Define messaging and communicate clearly

Like all brands, each wealth management firm has its own style of business and voice. Being open and transparent about the causes that you support is a great way to show the public what your firm believes in. Some ways to do this are to be active on social media, share thoughts in a monthly newsletter, and to make sure that all of the messaging on your website aligns with your company's goals and beliefs. Customers will appreciate your company's ethical mindset and it will make them feel good about working with your firm.

2. Support socially responsible investors

Wealth management firms should be prepared to provide their information on responsible investing and be able to help similarly-minded investors make sound decisions. Socially responsible investors are looking to make a financial return on investment and also to bring about positive change for social and environmental causes. The US Forum of Sustainable and Responsible Investing (US SIF) tracks sustainable, responsible and impact investment and has seen a 33% growth in assets under management since 2014 ([IFD FSI](#)). This type of investing is growing in popularity and there are many different end goals that investors are looking to meet, so it is important to be prepared to guide your client through this decision.

3. Play an active role in the community

Engaging with the surrounding community of your office is a great way to increase your firm's visibility. Supporting local charities, sponsoring events, and creating partnerships with other businesses in the area will show that your company is socially involved and may also increase business for your firm as these things create brand awareness.

Another way to stand out in your community is to reward your own staff or clients who are actively participating in the betterment of the community through volunteer service or charitable giving. Highlight these local heroes in your communications and social media, and participate in their efforts by supporting or sponsoring them.

4. Make sustainable purchasing decisions

Consumers who care about CSR are very concerned with ethical decision making of brands and now that a company's reputation can go viral in minutes, they are paying even more attention to what brands are doing. Mintel reveals research that shows that 56% of US consumers stop buying from brands that they believe are unethical ([Mintel](#)). Swapping out traditional computer paper for eco-friendly recyclable paper or buying fair-trade coffee products for the firm can go a long way. These simple changes only increase cost by a couple of dollars per order and they significantly decrease the firm's carbon footprint and contribute to the sustainability of the office.

5. Always be innovating

To embrace and keep up with an ever-changing world, wealth management firms should be open to new ideas and continue to look for ways to become socially and sustainably active. Offices that often revise processes and consistently look for new ways to cut back on waste have the most success with sustainability. Tuning into local trends in the CSR world will help your firm to know where they can look for improvement and new ideas to implement into their own business. Some examples are to be speaking openly about diversity and inclusion, workplace equality, and sexual harassment awareness. Finding what issues your clients are most concerned about is a great place to start for your firm.

Advisors can also make a large impact in their firms' CSR efforts by building trust in individual client relationships. Learn more about gaining a new client's trust [in this article](#).