

Bessemer Tops, Merrill Last in Wealth Ranking

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Bessemer Trust and other elite wealth management shops have cemented their lead in brand reputation over the Wall Street brokerage and big bank titans, such as Merrill Lynch and Smith Barney, thanks in part to the financial services industry's troubles. That's the upshot of this year's brand ranking of top wealth managers by high-net-worth investors who were surveyed in March by the Luxury Institute.

Bessemer topped the newly released list, as it has in years past. The firm is joined by other boutique names such as LaSalle Bank and BB&T Wealth Management, as well as by high-end brokerages and private client units at Deutsche Bank, JPMorgan, Credit Suisse and Northern Trust. LaSalle was acquired in 2007 by Bank of America.

Meanwhile, some of the big names have settled at the bottom, with Merrill taking the last spot in the 35-firm list and players such as Smith Barney, Citigroup Private Bank and Bank of America Private

Bank also in the bottom 10. Firms that had ranked higher in the past but fell this year are Goldman Sachs and Morgan Stanley, says Milton Pedraza, CEO of the Luxury Institute. [See the full 35-firm list at bottom of article].

“We are devoid of conflicts of interest, unlike some of our Wall Street competitors that are in multiple business lines and whose activities [include] selling product that they might be shorting on their balance sheet, or the ‘toxic waste’ or auction rate securities” that plummeted in value, Robert Elliott says. “Those are not parts of our activity.”

“The reputational halo effect of all the bad publicity is extremely negative,” he adds. “A lot of those firms have fallen dramatically.” He also cites the connection of big-name firms to federal bailout funds last year as another strike against their brands.

The online survey of 1,013 wealthy consumers with \$2 million or more in investable assets, not including their residences or retirement savings, provides a “map of the landscape” for firms in broad terms of reputation and brand perception, Pedraza says. The core ranking is the Luxury Brand Status Index that, on a scale of zero to 10, measures each firm by customer ratings of its quality of products and services; exclusivity of products and services; “social status,” or how much the respondents respect and admire the client base; and their perception of the customer experience.

The results suggest some fallout from the harsh markets, says Sean Cunniff, a consultant and research director for the brokerage and wealth management practice at TowerGroup, a consultant in Needham, Mass. “I think that the wirehouse brands have sustained substantial long-term brand damage,” he adds. “I think it’ll take a long time and a lot of effort to

rebuild the trust in those brands. In the past, [advisors] wanted the brand of a Merrill Lynch – [the name itself] used to be a huge asset. It's not anymore.”

Broad surveys about reputation need to be taken with a grain of salt, because they don't dig deeply into customer relationships or quality of client service, Cunniff says.

But in that same broad sense, he says it is interesting to look at the comparison of the reputational rankings against brand awareness, which likely correlates with the amount of money spent on marketing. Many firms with higher name recognition ended up near the bottom of the brand list. “Having a targeted message for these [high-net-worth] clients is very important,” he adds.

The top-rated firms appear to be higher-end shops that have the strongest client relationships in terms of extensive contacts and an advisory-based approach “rather than firms with product- or sales-focused” roots, Cunniff says.

Bessemer was on top of the ratings by a comfortable margin, Pedraza says. It also ranked high in every sub-category, as well as in other

metrics not included in the overall rating, such as “worthiness of paying a significant price premium (fees) for its products and services,” where it was the only firm to top 50% of respondents.

Bessemer attributes its ratings – and relatively positive standing compared to competitors after the financial downturn – to its model, says Robert Elliott, senior managing director at the New York-based firm.

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He says while many investors in the past may have taken the concept of trust for granted in their advisory relationships, the past year has put issues of transparency, honesty and a client-centric focus into sharp relief.

Bessemer didn't make the rankings last year because of a low sample of respondents, but in several previous years had also ranked first, Pedraza says. Firms that do not get at least 30

respondents are not included in the survey, and this year Glenmede Trust, though rating highly, didn't make the list because it missed that cutoff, he adds. Another that didn't have enough results was GenSpring Family Offices, the multi-family office affiliate of SunTrust Banks. Pedraza says that reflects the importance of name recognition.

Pedraza says his survey broke out the names of individual divisions within larger wealth managers, and Bank of America ended up with five branded names on the list. He says the survey purposely kept separate the names of units that had been acquired by others and in some cases no longer exist independently, such as LaSalle or Mellon, in order to highlight the legacy distinction of those brands, if any. While LaSalle polled high, U.S. Trust, another Bank of America acquisition, sank to 22 after having been as high as third in 2006.

Cunniff says the range of the list underscores how hard it is for firms to define who their competitors are because of a “convergence” of upscale and downscale players in the wealth market. “It's a very challenging analysis,” he adds.

Wealth Manager Brand Status

Luxury Institute Survey 2009

Rank	Firm name	Overall rating [^]	Rating – \$5M and up ^{^^}
1	Bessemer Trust	6.54	7.16*
2	LaSalle Bank Private Wealth Management (Bank of America)	5.89	6.11*
3	BB&T Wealth Management	5.86	6.22
3	US Bank Private Client Group	5.86	6.49*
5	Deutsche Bank Private Wealth Management	5.76	6.49
6	JP Morgan Private Client Services	5.73	6.48
7	Boston Private Bank and Trust	5.67	6.27*
8	Credit Suisse Private Client	5.65	6.30
9	Northern Trust	5.63	6.21
10	Wilmington Trust Wealth Advisor Services	5.57	6.43*
11	Bernstein Global Wealth Management	5.53	6.42
11	JP Morgan Private Bank	5.53	6.32
13	Vanguard	5.50	6.10
14	Harris Private Bank	5.47	5.71*
15	Deutsche Bank Alex Brown	5.45	6.45*
16	Goldman Sachs	5.39	6.11
17	HSBC Private Bank	5.32	6.16
17	Bank of New York Private Client Services	5.32	6.17
19	Mellon Private Wealth Management	5.27	5.93
20	PNC Advisors	5.23	5.91*
21	Morgan Stanley Private Wealth Management	5.21	5.65
22	U.S. Trust (Bank of America)	5.20	5.14
23	UBS Wealth Management	5.19	5.53
24	Wells Fargo Private Client Services	5.12	5.76
25	Fidelity Investments	5.10	5.24
26	Charles Schwab	5.08	5.31
26	Fifth Third Private Client	5.08	5.43*
28	Neuberger Berman	5.00	5.33*
29	First Republic Bank (Bank of America)	4.97	6.35*
30	SunTrust Private Wealth Management	4.88	5.62
31	Smith Barney (Citigroup-Morgan Stanley)	4.73	5.09
32	Ameriprise	4.59	5.56
33	Citigroup Private Bank	4.52	4.93
34	Bank of America Private Bank	4.46	4.65
35	Merrill Lynch (Bank of America)	4.24	4.71

[^] Rating for all respondents with \$2 million or more in assets

^{^^} Rating only for respondents with \$5 million or more in assets

* Low sample (less than 30 respondents) for \$5 million and up category

Source: Luxury Institute