RIA LEVERAGES HUMAN RESOURCES AND TECHNOLOGY TO REVITALIZE EXPERIENCE DELIVERY OF PRACTICE

A DMW Strategic Consulting Case Study

INTRODUCTION

Diverse technologies, market volatility and an abundance of smart practice theories can easily distract advisors from the most important element of their businesses: the client relationship. Even advisors who subscribe to the importance of delivering on the promises made to clients find that the demands of implementing processes and technologies can get in the way. This case study examines how a financial services practice overcame these challenges, harnessing its technology and human resources to incorporate a shift in service positioning so that it was able to deliver to clients a more fluid and enriched service experience.

SITUATION

DMWSC was engaged by an independent advisor for help in reducing increasingly complex operational constraints. This advisor had worked fifteen years in the industry, the first ten with a national brokerage, and for the last five years, he operated as an independent registered investment advisor (RIA). The firm was comprised of the advisor, a junior advisor and two support staff.

Since the end of the RIA set-up phase three years ago, the advisor's enjoyment in his enterprise, however, was being severely compromised by the weight of too many demands on his time. Business and operational practices that had served the advisor adequately during his time at the brokerage had been carried forward to his new business when it was established, but they were inappropriate and insufficient within an independent environment. He now found himself preoccupied with managing his support team, mentoring his junior advisor, reacting to internal constraints, and dealing with disparate technologies, all of which had led to working long hours and which kept him from doing what he enjoyed most: delivering a unique client experience to his most valued clients, many of whom had migrated to his business when he'd started up. Instead of his experience and expertise contributing to a more refined service delivery, the opposite was happening. Frustrated, the advisor felt he had two choices: bring on two new administrative hires to reduce the loads on all team members or seek a business management assessment.

DMWSC met with all personnel, who articulated the following insights:

- Staff felt burdened with activities unrelated to their core business strategy of providing an exceptional client experience.
- Despite their desire to provide client-centered processes, staff lacked clarity as to what those processes were.
- Support staff found that poor internal communication and time spent reacting to tasks that "popped up" often resulted in service duplications and omissions.
- Training of the junior advisor was sporadic and disorganized due to time constraints, with the long-term succession goal of eventually taking over the business not being addressed.
- All staff felt overwhelmed with meeting the needs of their clients, and meeting these needs was inhibiting growth, stability, predictability and client retention.
- Technological compatibility was an issue. In addition, not all staff were adequately skilled in using the various technologies that existed within the practice.

DATA COLLECTION AND FINDINGS

Operational and business structure assessment revealed that the roles of all staff members lacked proper definition and delegation. While the client load for the practice was appropriate, too many clients were being handled by the key advisor instead of his junior counterpart. Both advisors needed to step in to assist support staff on activities that neither addressed business strategy nor generated revenue. This situation inevitably resulted in ineffective multi-tasking and excessive crossover of responsibilities.

Office technology was a significant constraint due to poor integration. The CRM was not aligned with the back office nor with the financial planning software, and the result was that accurate client account data and reports were difficult to generate. In addition, the CRM was not configured to execute desired work flows and client experience processes.

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In terms of marketing efficiency, the firm had not developed a strategic vision or management plan fundamental to a self-sufficient business. As a result, they lacked market differentiation, and their marketing message was inconsistent across all key points of client contact: their website, brochures, verbal and written communications.

These deficits impeded the firm's expressed desire to deliver an exceptional client experience. In fact, client experience deliverables were not pegged to either client valuation or to process. More valuable clients were no more likely to receive a superior experience than those with fewer assets under management, and client onboarding was unpredictable and inconsistent. This inconsistency and failure to accurately document the details of meetings and requests made dealing with clients problematic because it was difficult to determine who had been promised what.

Lack of process carried forward into the client relationship. For example, financial planning delivery was inconsistent: review meetings took place more as a result of client demand than prescribed process, and call rotations did not follow a set schedule. Some efforts had been made to standardize reporting, but with the poor integration of technology, this process was time-consuming and was not valued by clients according to a survey that had been conducted. Similarly, there was no clear way of determining and mining the extended needs of clients, such as estate planning, insurance solutions, mortgage advice or legal needs. This, in turn, impeded the generation of referrals on two fronts: from clients themselves and from an undeveloped network of aligned professionals.

SOLUTIONS AND RESULTS

Providing staff with clarity as to the roles and responsibilities of each team player and devising work flows that reflected this restructuring was the first objective. Simultaneously, clients needed to be segmented according to asset value so that these operational tasks and roles could be aligned to client experiences based on these valuations. Ensuring all of this could take place – and buying all staff members time so that they could settle into these changes – demanded an overhaul and integration of technology to ensure that information was readily available and easy to navigate.

Business Management

Reassigning essential tasks according to redefined roles eliminated significant amounts of wasted time and effort across the board. Not only did this restructuring boost productivity and make it more responsive and immediate to customer needs, but it identified redundancies. Among the team, it allowed for skill specialization, which further freed up time. Support staff had the breathing room to follow prescribed work flows that delivered on an improved client experience. Time saved on the operational tasks meant more time for team meetings and service innovation such as client events.

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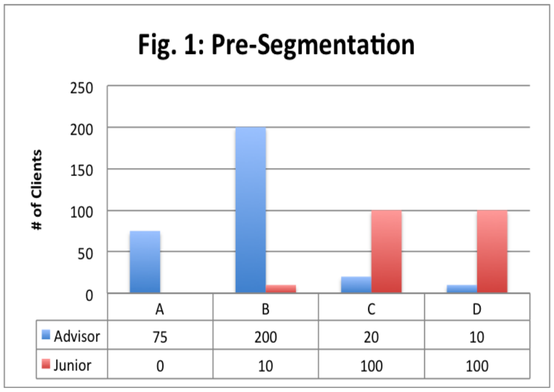
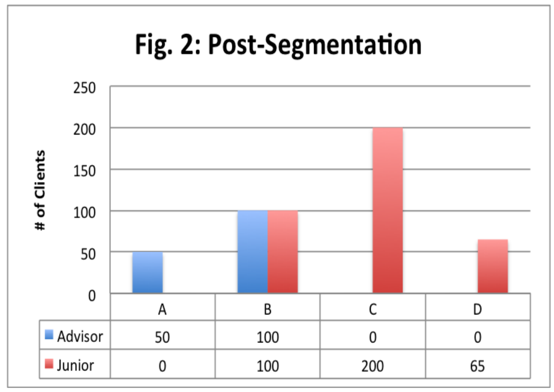
>
> *Tom Frisby,*
> *DMW Strategic Consulting*

Once clients were segmented according to asset value, work flows were implemented that could deliver on improved client experience. Client segmentation showed that there was little need to relocate clients to advisors outside of the practice. In fact, segmentation allowed a better distribution between advisors, with the result that the senior advisor gained more than five hours weekly to devote to other activities, such as supervising and guiding the junior advisor, pursuing external opportunities, and focussing on client desires and authentic experience delivery as a means of competitive differentiation.





Figures 1 & 2 illustrate segmentation of the firm's clientele. The results are based on the same number of client households. A segmentation process/model was implemented to assess broader client value than just assets. This resulted in a more meaningful definition of a 'valuable client'. The results were a reduced number of A clients and a redistribution of relationship responsibility between the senior and junior advisors in the B, C and D groups. This allowed the senior advisor to focus more attention on the firm's best clients with the intent of creating higher loyalty and generating more referrals. It also allowed more time to be spent properly mentoring the junior advisor. The larger client group allowed the junior advisor to gain experience and an opportunity to generate referrals.

The client segmentation was then combined with a very structured service package that was based on the value that each client segment brought to the firm. As a result the junior advisor was able to more effectively service the relationships he was responsible for. This freed more time for the senior advisor to prospect, develop his business and network in the community.

Marketing and Presence

Once the advisor had developed and articulated a clear and accurate value proposition related to experience delivery, he was able to ensure that this message was consistently incorporated into all marketing and client communications. Review meetings with all existing clients were systematically scheduled within the first six months so that these clients could be "rebooted" with key messages, which included redefining the terms of the relationship, reviewing the referral process, updating client profile information and exploring non-financial needs, such as Will and trust preparation. New client onboarding followed a well-documented process observed by all staff that served to align prospective clients according to the firm's value proposition. It also ensured that the key messages delivered to existing clients during their reboot meetings were imparted to prospective clients from the outset.

By improving their experience offerings, a higher level of understanding between the advisor and his clients was achieved. The firm increased its value by focusing on client desires and needs, by increasing client involvement with the advisor and his team, by bringing predictability and consistency to the experience, and by giving clients a greater sense of belonging. All of these efforts resulted in an increased referral activity over the ensuing 18-month period.

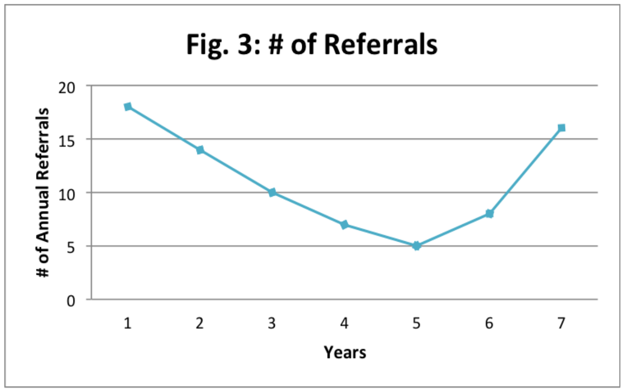


Figure 3 represents the positive increase in referral activity at the end of the 12-month period (year 6 of the business) following DMWSC's work with the firm and at the 24-month mark (year 7 of the business).

Technology
While presented last, the consolidation of the firm's disparate technologies was fundamental in facilitating the preceding implementations. By integrating the CRM with the back office and financial planning software, extensive benefits were realized: work flows were automated; staff were liberated to pursue more experience-driven activities; financial data was linked to respective CRM profiles; staff and clients were provided with quickly accessible and accurate reporting; productivity was boosted; and the long hours that all staff had endured were reduced.

Technology outsourcing was engaged to integrate the CRM with the back office and the financial planning software programs. In addition, one of the support staff was trained to function as team specialist in CRM usage and to train other members of the team when time afforded. The financial planning software was upgraded to one reflective of goal-based client planning, and the junior advisor was fully trained on it so that she could function as a paraplanner within the firm. All of these improvements enabled all staff more rapid and accurate data retrieval and provided a better, client-centered product. Client feedback was highly favorable.

CONCLUSION

At the outset, the most important goal for this financial practice had been to create order out of chaos so that they could provide their existing and dedicated clients the level of service experience they deserved. Towards that end, the restructuring of this business was seen as an overwhelming success by the advisor and his team. They had been able to capitalize on their resources without having to hire additional staff. Next, they were able to direct the money saved by not having to pay wages towards expanding their experience delivery through improved technology and event planning. Perhaps most importantly, they were able to work less and to achieve more. At the end of the day, their clients were happier, and so were they.

Since 1996, Dennis Moseley-Williams Strategic Consulting has become a leader in helping financial advisors transition to the Experience Economy.

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