The Rise of Automated Workflows in Financial Advisory Practices

The following is a recently released industry white paper authored by Fox Financial Planning Network entitled *The Rise of Automated Workflows in Financial Advisory Practices: Why Developing a “Starbucks” Client Experience is the Key to Sustainability, Profitability and Growth.*

The industry report highlights the urgency facing advisors to systematize their practices through automated workflows to create a consistent and outstanding client experience.

The AICPA has partnered with FFPN to provide specific training and resources to systematize your financial advisory practice, work efficiently, increase revenues, and provide dozens of ideas on how to enhance the PFP services you provide to your clients. AICPA members have access to Fox Financial Planning Network (FFPN) at a preferred price that includes customized practice management resources designed specifically for the CPA financial advisor.

To learn more and to get started, visit [www.aicpa.org/PFP/FFPN](http://www.aicpa.org/PFP/FFPN).
The Rise of Automated Workflows in Financial Advisory Practices:

Why Developing a “Starbucks” Client Experience is the Key to Sustainability, Profitability and Growth
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Introduction

As part of our ongoing commitment to provide the financial services industry with innovative educational content, Fox Financial Planning Network is pleased to introduce the first in a series of industry white papers that have been specifically developed for financial advisors.

This report provides a detailed analysis of why now is the time for advisors to focus on systematizing their practices through automated client service workflows to create a consistent and outstanding client experience.

Developed in partnership with Nexus Strategy, LLC, a leading consulting firm to the wealth management industry, this report will highlight the current industry issues facing advisors, provide insight to designing work flows as a strategic approach to systematizing their business, ultimately enabling their firms to provide a “Starbucks-like” client experience.

By doing so, independent advisors will benefit from operational efficiencies, allowing them to spend more time focusing on creating a repeatable, high value client service process that can result in a profitable and sustainable business that is well positioned for future growth.

We invite you to learn more about the industry’s latest practice management issues by logging on to our web site at www.FoxFinancialPlanningNetwork.com.
Executive Summary

- Due to the evolution of the independent advisor industry, many firms have not invested in developing core systems, workflows and infrastructure needed to efficiently provide a consistent level of service.

- As a result, advisors are suffering capacity constraints exactly at the same time that macro forces, such as baby-boomer retirement, are driving a growth curve their way.

- The solution to this conundrum is to adopt systematized workflows for providing a high-level of service, similar to how industry leaders, such as Starbucks Coffee Company has done.

- Through the automation of client service workflows, advisors can build an efficient foundation that will enable them to scale their businesses for growth, no longer be dependent on a key employee, who if that employee left would leave the firm in a difficult situation, all while building business value that can be monetized upon transition of their firms at retirement.

- The challenge for many firms that is preventing them from systematizing their workflows is that they typically don’t know where to start or feel that they are already at capacity and don’t have the time or expertise.

- However, when breaking the project down into smaller, manageable steps, advisors can begin the process to systematizing client service workflows, leverage CRM technology and adopt the best practices of industry consultants and experts.

- These steps and sample workflows are illustrated in this paper and can be utilized by advisors to get started in building that efficient, scalable, profitable and sustainable practice that can help withstand volatile markets.

- Firms who do adopt this approach can be richly rewarded from the opportunities coming their way. For those who don’t, industry experts predict they may very well be pressed to maintain profitability and long-term sustainability.
In today’s more volatile and challenging business environment, many independent advisory firms are feeling pressure on their capacity to profitably operate, making this a truly interesting time in the history of the industry.

Ironically, just as market forces such as baby boomer retirement, the public’s distaste for Wall Street and the steady decline of wirehouse brokers are driving new business their way, independent advisors’ inefficient operations and lack of systems are creating a challenge for them just to maintain the status quo in managing their firms and keeping up with client demands, let alone to be able to handle the new business waiting around the corner.

However, when examining the evolution of the independent advisor industry, it shouldn’t come as too much of a surprise. The majority of independent advisors did not arrive on the scene well capitalized enough to be able to invest in the infrastructure and systems needed to build an efficient business. Rather, they typically were breaking away from another institution or starting their firm from scratch and had a strong need to acquire clients for start up cash flow to fund their existence.

As a result, many practices were developed “upside down” in that advisors started with a reactive service model as the foundation of how they operated, and then layered on other aspects of the practice to create their firms. Those other critical pieces of the business were then developed in reverse priority of what they should have been, leaving systems and operations (what industry experts all agree to be the most important part of a sustainable business) as an after thought.

(See Diagram 1 - Pyramids.)
The upshot of this approach is that many established firms are now wrestling with how to profitably serve their existing client base that now require more firm bandwidth and also grow and scale their firms to take advantage of the many opportunities facing them. On top of these structural issues, advisors are also dealing with a more complex and changing regulatory environment that are increasing their compliance costs and require more focus and effort just to keep up.

Adding to these management challenges, is the rise of Internet resources with much more freely available financial information, making clients more informed and asking more sophisticated questions. Particularly in these post-financial crisis times, clients are requiring more handholding, education and TLC than ever before, further pushing the limits of independent firms to meet these needs.

Additionally, many advisors are also in the baby boomer demographic themselves and will be facing their own retirement in the next 5-10 years, making the ability to monetize and transition their firms to the next generation more and more urgent.

Thus, it is under this perfect storm of both challenges and opportunities that is driving the need, now more than ever, for operational efficiencies.

But where do you start? How can you create a consistent client experience that can be replicated and automated so client needs are not just minimally met, but instead your level of service fosters clients to become loyal, raving fans? As an independent advisor with limited resources, how can you develop a systematized, efficient business that can not only weather the storm, but also scale with growth?

Industry experts all agree that the secret lies in standardizing and systematizing operations to create a consistent, proactive and outstanding client service experience – what many in the service industry call the “Starbucks” experience.
Everything that a customer experiences at a Starbucks coffee shop from the moment they walk in the front door is thought through and meticulously planned, from how the shop is physically set up, the décor on the walls, what music is playing, the shape and feel of the paper cup in your hand – to how the baristas make your coffee facing the door, so their backs aren’t turned to their customers.

Thus, while you are really just accessing a retail outlet to acquire a cup of coffee, Starbucks has turned that process into a consistent experience they can charge a premium for, while developing customer loyalty. And when you drill down on how they have done that, what you will find is at the heart of that service experience is a detailed set of workflows and checklists that are consistently executed upon.

Independent advisors can achieve the same results by examining the various workflows that exist in their firms, based on their client service model, and building systematized processes and checklists that can be automated. By doing so, gaps in service delivery don’t occur, things don’t fall through the cracks, compliance is automated, problems can be averted and an efficient infrastructure is created, enabling staff to work proactively, not reactively and focus on higher value tasks.

Furthermore, systematized workflows create capacity for firms to focus on strategic planning to evolve the firm, spend more time with clients, documenting next steps and providing the necessary additional client touches to keep them on track and feeling highly satisfied. Otherwise, clients in these more volatile times will continue to ask more questions, need more reassurance, sometimes doubling the amount of work it takes to keep them happy than in the past.
Without systematized operations in place that standardize the delivery of their client services, advisors will not be able to escape the never-ending loop of having to address the daily barrage of reactive tasks which prevents them from focusing on various proactive tasks that are the foundation of healthy, growing firms.

By systematizing operations, firms receive an additional benefit of no longer being dependent on a key employee, who if that person left, would leave the firm in a tight spot. And when combined with the increase in business value that a more efficient, turn-key business commands, advisors concerned with the transferability of their businesses to the next generation can accrue significant financial rewards.

So, while all of this sounds great, why haven’t most firms gone down this path? The answer oftentimes is that advisors either don’t know where to start or feel the task is too overwhelming to take on since they feel their time is already at capacity now. However, when broken down into smaller steps, starting the process of systematizing your firm can be more than achievable.
The key to designing and automating workflows resides in keeping them logical and simple. If there is too much complexity, implementation becomes challenging and staff tends to resist adopting a dramatic change in how they are used to working.

In order to get started, industry experts recommend breaking the project into a series of smaller steps and implementing it over time. This will allow firms to focus on building and implementing the workflow process for specific areas of the practice at any given time, without completely disrupting the day-to-day operations of your practice.

Another key to success is to make sure everyone on staff is committed to doing their part to create the system envisioned, no matter how long it takes. Don’t begin with unrealistic expectations that can cause everyone to become frustrated or impatient along the way. To provide a blueprint for designing and automating workflows, consider the following sequential steps:

• **Create the vision of your “perfect practice.”** In order to design and develop a fully documented, systematized practice you need to have a clear picture of what you are trying to create. Decide which components of your current practice you want to keep and which ones you want to eliminate, replace or add. Include your staff in building your vision. They can provide additional ideas and perspectives, and they will be more willing to assist in setting up the workflow system if their input has been recognized and valued. It is important to have everyone on your staff “buy in” to the project, since each is responsible for different tasks and their input is vital to creating the most effective workflow system.

• **Develop an online area available as a storage place for those who will use the workflow system.** Create a central online area for easy access to the workflow system. Make sure to only create one master copy of the system (with regular backup) to ensure staff members are always working off the most current version of the workflow procedures.
Your storage place can be an internal Virtual Private Network (VPN) you maintain, or you can subscribe to a secure third-party web-based solution that enables multiple people to work on the same documents. The enterprise version of Google Drive (formerly Google Docs), SugarSync, ShareFile, Box or DropBox are all potential service providers that could work.

- **Create your workflow system framework.** The framework is comprised of all the areas of your practice that should be included in your system. This includes areas such as how prospects or newly engaged clients are handled, processes for opening new accounts, managing office inventories, investment management or various other areas of financial planning. To identify these areas, gather your staff for a collaborative meeting where they will identify and list each area of the business and the tasks for which each person is responsible.

  One “low tech” and user-friendly way of doing this is to use sheets of sticky notes to write down all the tasks for which someone is responsible. As each person documents their particular tasks, they stick their individual stickies on a white board or the wall. Then, move each sticky on the board so the tasks are in order. In as little as 20 minutes you can have an initial framework built.

  Once you have an organized list of the procedures that need to be developed, you can assign each procedure to the person who is responsible for writing the specific steps.

- **Set a project schedule.** Block off at least a couple of hours of time on specific days each month to focus on the workflow process. Prioritize the procedures each staff member is to work on to identify the areas of the practice that needed the most attention first. This will also allow you to break down a large project into manageable, bite-size pieces and prevent the projects from becoming overwhelming. By beginning with, for instance, the top three areas of your practice that are in the most disarray, you can immediately experience significant improvements in firm productivity and efficiency that will not only free up more time to for you and your staff to work on getting the rest of your practice systematized, it will also inspire you to continue your efforts.
• **Document your workflows and procedures.** Prep before the writing begins. The overall goal for any workflow or corresponding procedure document is to design it to be written clearly, easy to follow and user friendly. There also should be a consistent format between documents. Templates and writing methodologies should be developed before anyone begins writing procedures. Create a sample workflow procedure document in the desired format for everyone to use as an example. The actual writing of the workflow system can be a bit intimidating at first, especially to those who have never documented a procedure. Recognize that the first drafts will not be perfect. Let your staff know that you don’t expect them to create the perfect document at first crack.

• **Test and adjust your documented workflows and procedures.** Once a specific procedure is written, it needs to be tested to make sure all the steps have been documented and that the process is as effective and efficient as possible. It is not unusual to have to edit a process a number of times until it is deemed to be satisfactory. Have more than one staff member test each procedure before it is given a stamp of approval.

• **Update your workflow system.** A workflow system should always be a work in progress. Your practice will evolve and grow, technology will change, employees will leave and new ones will be hired, and regulations and compliance of the profession will change. Accordingly, your workflow system will need to continually evolve and be updated. Review your system at least a couple times each year to determine if amendments need to be made to any of the components. Have staff members do the same to keep the procedures for the tasks they each perform current. Make sure you come up with a specific process and schedule to ensure this happens. All users should be encouraged to try to come up with new ideas on how the existing system can be improved. (See Diagram 2 for an example of a workflow and a corresponding procedure.)
Below is a simplified example, in flowchart form, of both a workflow and a corresponding procedure to one step of the workflow. A workflow is the high level view of a task. A procedure is the detailed, step-by-step explanation of the task. Flowcharts work nicely to provide a visual view of a workflow, but your firm should have sets of full written procedures that document all tasks for each staff member that relates to the delivery of your services.

“Prospective Client” Workflow Example

“Complete New Client Paperwork” Procedure Example
With the rise in advisor-focused technology, Customer Relationship Management (CRM) systems are becoming more and more powerful, with advanced features and functionality that make the process of automating client service workflows even easier and more streamlined. However, industry research shows that the vast majority of firms are severely underutilizing a CRM’s capabilities.

When systematizing your practice by incorporating automated workflows, documented processes can be integrated into the powerful features of many advisor-focused CRMs so that tasks can be sequentially assigned, email alerts can be generated and management reports can be run to ensure accountability, track workflow progress and even business metrics.

A CRM system should also serve as the hub for all the rest of your technology solutions to be able to integrate, so all data is consistent and manual data-entry is minimized. This would include technology for client profiling, financial planning, data downloads, risk tolerance assessment, asset allocation, model portfolio construction, portfolio management and reconciliation, client communication and calendar events. At its core, a CRM is the primary place where client data is stored, but its primary use should be to provide better-than-expected service to your clients.

A CRM can be used to provide services tailored to clients with specific planning needs. For example, to help a client decide where funds in a maturing CD should be invested, you can set a reminder in your CRM for two weeks before the CD maturity date to proactively contact the client to discuss their options.
Your CRM should also be used to generate lists of clients with certain common characteristics. For example, you can run a report to identify clients who are eligible to sign up for, or need to change their option during the current Medicare open enrollment period and then contact each to assist them through the process (for which you would have already developed a checklist as part of your workflow system).

These simple, yet powerful, applications of CRM capabilities provide an advanced level of service to clients that they will truly appreciate and which will also differentiate your firm from others, leading to client loyalty and referrals, similar to how Starbucks, Nordstrom’s and other service leaders are driving growth. The CRM at the hub of your practice enables you to increase and concentrate on daily activities that are proactive, which in turn, minimizing those that are reactive and less productive.

A CRM with embedded workflow capabilities can be utilized to automate workflow in your office and ensure all processes are delivered consistently to each client each every time. An added benefit is that you automatically become more compliant in the delivery of your services because all steps are well thought out, documented and repeated for each client. If you are audited, for example, you can instantaneously demonstrate to an auditor how your services are systematized with all steps and communications tracked and documented.
The financial advice industry is at a clear inflection point, with many converging macro-trends combining to either make or break industry players. How well firms, both large and small, respond to the massive demographic, technology and regulatory changes coming their way will be the key differentiator for success over the next decade and beyond.

Industry experts all agree that developing an efficient, agile and scalable operating infrastructure provides the best approach to responding to change and efficiently capitalizing on the opportunities that are being created. Advisors that ignore these trends and don’t adapt to the changing environment are likely to be left behind. For firms to be healthy and be positioned for growth, it is no longer possible to just “muddle through” by reactively dealing with whatever comes their way each day – often the results of operating in a state of chaos.

By following the steps above to begin automating and systematizing your client service delivery, you will be well on your way to incorporating a workflow system that can transform your firm into one of the elite in the profession. Creating and utilizing a fully documented and systematized practice can eliminate the inefficiencies in your firm, create a harmonious working environment in your office and not only make it possible, but highly likely that your vision of a perfect practice becomes a reality.
FFPN is transforming the way advisors operate by providing the tools, templates, workflows and consulting to systematize the delivery of their client services in the quickest, most cost-effective way. Based on the experiences of Deborah Fox, a 28-year veteran financial advisor, FFPN provides a comprehensive set of resources enabling advisors to increase efficiency, profitability, automate the delivery of services and compliance procedures, scale their practices, while growing their firms.

FFPN is a network of financial advisors and best-in-class technology providers, consultants and other financial industry resource providers that together, are improving the lives of financial advisors, their staff and their clients by helping them evolve their financial advisory businesses.

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