Using Technology to Personalize the Client Service Experience

The following is a recently released industry white paper authored by Fox Financial Planning Network entitled The ‘Starbucks Experience’ Part 2 – Using Technology to Personalize the Client Service Experience.

The industry report highlights the ability for advisors to systematize the delivery of their client services through automated workflow technology to create a consistent and outstanding client experience that can be personalized to each and every client.

The report builds upon an earlier report authored by FFPN that provides insight into how advisors can flexibly design and automate client service workflows to scale their practices, drive efficiencies and enhance profitability. This second report in the “Starbucks Experience” series extends these concepts to focus on the recent availability of specific “integrative middleware” workflow technology platforms that can bring all front and back office aspects of an advisory firm’s business together.

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.
THE “STARBUCKS EXPERIENCE” PART 2

Using Technology to Personalize the Client Service Experience

Scale your firm, build efficiencies and an exceptional client service experience through standardized, yet customizable workflow automation.
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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 third in a series of industry white papers that have been specifically developed for financial advisors.

This report builds upon the first white paper in our series, “The Rise of Automated Workflows in Financial Advisory Practices: Why Developing a “Starbucks” Client Experience is the Key to Sustainability, Profitability and Growth,” and further develops these concepts to identify and define a technology component that enables advisors to provide a standardized experience, while at the same time providing the ability to customize and personalize that experience for each and every client.

Developed in partnership with Nexus Strategy, LLC, a leading consulting firm to the wealth management industry, this report will highlight the need for firms to deliver an exceptional, consistent client experience by leveraging workflow technology and integrative “middleware” software to drive efficiencies, create scale and enhance firm profitability. Financial institutions can support their affiliated advisors by implementing this new technology to enhance and complement their existing systems and provide a complete front-to-back-office solution.

By doing so, advisors will benefit from operational efficiencies, allowing them to spend more time focusing on managing client relationships to provide an exceptional experience for their clients and gather more assets, all while building a great enterprise that creates business value that can be monetized and transferred upon the sale of the business or the owner’s retirement.

We believe it is time for the industry to not just focus on what functionalities individual technologies can offer, but instead, concentrate on how advisory firms, institutions and technology companies can all work together to improve people’s lives.

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

- **Fox Financial Planning Network research** has revealed that the vast majority of independent advisory firms have not invested in developing the necessary core systems, workflows and infrastructure needed to efficiently provide a consistent level of service and scalable working environment.

- **To address this issue**, most experts agree that standardizing and systematizing operations to create a consistent, proactive and outstanding client service experience—what many in the service industry call “The Starbucks Experience”—is necessary for long-term success.

- **While automating workflows** is a critical step in efficiently delivering client services, an even more important issue to delivering a personalized experience is to put in place workflow architecture that has flexibility.

- **Today’s workflow systems** need to be flexible and customizable to support service pathways that can be modified at various points to be able to bring in additional data, decision trees or implementation steps.

- **To provide sophisticated** integration capabilities necessary to enable the flexibilities and dynamic data access needed to automate client services, while at the same time having the ability to personalize and customize it for each client, an integrative “middleware” application is needed to provide enhanced functionalities not found in other software applications.

- **Advancements in emerging technologies** with an industry-wide focus on enhancing workflow engine capabilities and the multi-directional sharing and processing of data between systems is now available.

- **Genesis Smartware™ is a sophisticated** middleware software application created specifically for the financial services industry by Fox Financial Planning Network.

- **Genesis serves as a data translator** for disparate systems that normally would not be able to communicate with one another so that successful integrations, data sharing and workflow triggers and actions can be initiated and completed.

- **This powerful combination** of technology integration connections and next generation workflow engines will provide the industry with a compelling solution for deploying customizable and personalized client service delivery infrastructure, that can lead to greater efficiency, scalability and profitability for both institutions and advisory firms.
“The Starbucks Client Experience”

The first white paper in our series documented some of the issues inherent in the evolution of the independent advisor industry, the resulting operational inefficiencies and offered a methodology to create a systematized approach to enable scale, overall firm efficiency, a consistent client experience and increased profitability.

Industry research has revealed the vast majority of independent advisory firms have not invested in developing the necessary core systems, workflows and infrastructure needed to efficiently provide a consistent level of service and optimal working environment for firm principals and their staff. 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 create and adopt systematized workflows which define and organize a service pathway for consistently delivering a high-level of service, similar to how service industry leaders, such as Starbucks Coffee Company have done.

Through the creation and automation of client service workflows, advisory firms can:

- Build an efficient foundation that will enable them to scale their businesses for growth
- Work more proactively rather than reactively
- Do more for clients without working harder
- No longer be dependent on a key employee, who if that employee left would leave the firm in a difficult situation
- Build compliance steps into the workflow so they are completed correctly each and every time
The challenge for many firms that is preventing them from documenting and systematizing their daily tasks into workflows is 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 of creating client service workflows, leverage CRM technology to and adopt the best practices advice of industry consultants and experts that can prevent a firm from having to start from scratch.

Most industry experts 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”, as discussed in the book by the same name written by Joseph Michelli.

Everything that customers experience at a Starbucks coffee shop from the moment they walk through the front door is well 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 prepare your drink facing the door, so their backs aren’t turned to their customers.

Thus, while Starbucks customers are really just accessing a retail outlet to acquire a cup of coffee or tea, Starbucks has turned that process into a consistent, feel-good experience they can charge a premium for. Furthermore, that experience leads to strong customer loyalty. When you drill down to look at how Starbucks has accomplished that, you will find at the heart of that service experience is a detailed set of workflows and checklists that are consistently executed upon.

Independent advisory firms can achieve the same efficiencies and client loyalties by examining the various critical daily tasks they perform in their firm based on their client service model, and then transform them into documented, systematized processes to consistently deliver their client service pathways, as well as minimize the steps that must be performed by a human by using technology capabilities to add workflow automation.

By doing so, firms can eliminate gaps in service delivery, ensure that things don’t fall through the cracks, compliance steps can be built in, problems can be averted and an efficient infrastructure can be created, enabling staff to work proactively, not reactively and focus on higher value tasks and client interactions.
Customizing and Personalizing The Starbucks Experience

One of the critical components of delivering
The Starbucks Experience is personalization. Even though Starbucks has systematized every aspect of their services, customers are always provided with the ability to personalize their experience by being able to customize their orders. A standard cappuccino on the menu board can be fully personalized by being ordered, for example, as a “tall (size), non-fat, wet (not so much foam), double (extra shot)” cappuccino to please even the pickiest of coffee drinkers.

So how do firms create efficient, standardized client service pathways that create an exceptional, personalized client experience as well as an enjoyable working environment for advisors and their staff?

Although better than nothing, merely documenting the sequential steps of an office procedure in a generic, linear layout typically won’t lead to the level of efficiency or client experience advisors would hope to achieve. The reason is the process of completing critical daily tasks, especially client service pathways, is not linear. Think about it. Most tasks performed for clients involve concurrent steps and multiple roles in the firm. If we consider the workflow for onboarding a new client, typically an advisor and at least one administrative person are both working on completing necessary tasks.

For example, an associate advisor may begin organizing and reviewing the client’s financial documents in preparation of the first planning meeting and then pass
on certain information for the lead advisor to review and advise on at the same time the administrative person is handling the completion of engagement and account transfer paperwork. Another staff member may be establishing the permissions for the client’s tax and estate planning professionals to share information with the firm for collaboration purposes to reduce the amount of time it takes to collect the client’s documents.

Workflow architecture needs to have flexibility. Multiple tasks need to be able to be assigned, worked on and completed simultaneously for maximum efficiency and delivery of a high-level of service. If workflow steps are instead written linearly, as they typically have been in our industry, tasks will take much longer to complete because the assignment of each individual step of a procedure is contingent upon the completion of the step before it.

It is almost inevitable that a bottleneck will occur at some point in the line. How has this problem been solved? Next generation workflows are now being constructed with multi-directional workflow steps that can be assigned by role in the firm and worked on by multiple people concurrently. The constraints of having to use inflexible workflows constructed with “swim lanes” can now become a thing of the past.

The concept of delivering individualized financial planning and investing advice and guidance, by definition, needs to be highly organized yet have the ability to be personalized for that individual client. Thus, any workflow system needs to be flexible to have service pathways that can be modified at various points to be able to bring in additional data, decision trees or implementation steps that represent sub-processes.

For example, the asset allocation recommendation for a 45 year-old new client who was just gifted a portfolio of a million dollars comprised of low basis equities that have been held by the family for multiple generations will be much different than providing allocation advice for a 65 year-old client who is retiring and needs to rollover funds from his employer’s 401K plan. Various sub-processes and checklists can be linked to a particular workflow step and then utilized to ensure the personalized recommendations are handled in an organized manner.
Using Technology to Personalize the Client Service Experience

Although having a collection of documented procedures and checklists in place can greatly boost a firm’s level of productivity, these alone will not achieve maximum efficiency or enable the firm to deliver the highest level of service to their clients. Two other components are critical for delivering a high-level client experience that is standardized and systematized, yet also personalized.

The two missing links have been 1) the automation of client service workflows and 2) advanced technology integrations among common systems such as CRM, document management, portfolio management, financial planning and corresponding brokerage systems from independent broker/dealers and custodians.

History has shown that big players in the software development industry have not entered the independent wealth management space believing it is too small of a vertical. (That is beginning to change, however, as we are seeing industry heavyweights such as Salesforce.com and Microsoft make inroads.) As a result, mostly mom and pop businesses have developed most of the software solutions available to advisory firms today. This has created a lack of standard protocols to enable the desired ease of communication and connectivity between the various applications.
Institutions have been frustrated by having to create one-off, customized integrations with various industry technology providers for specific projects they are working on.

These projects have been grueling, laborious and very expensive to complete. In the end, the integrations many times leave much to be desired, such as only one-way sharing of limited amounts of data between systems.

Advisory firm principals have been frustrated by the lack of automation and integration capabilities that have created increased workloads for both them and their staff such as having to duplicate data entry, information and file storage, and even having to purchase software that have duplicate functionalities to get access to certain other unique features.

But the good news is that with advancements in emerging technologies with an industry-wide focus on enhancing workflow engine capabilities and the sharing of data between systems, an innovative solution is at hand. Certain industry technology companies on the leading edge are organizing and documenting their data connection points to facilitate integration with other systems and data sharing between them. We expect this trend to accelerate over the coming years, because companies who choose not to do this will be quickly left behind.
Automation and Integration Survey Results

Fox Financial Planning Network conducted a survey of 198 advisory firms in January of 2014 to investigate the level of technology automation and integration capabilities being utilized within firms. First, the results indicate most firms have not organized and documented most of their critical daily tasks. Next, firms either are not currently taking advantage of certain capabilities within their chosen technology solutions or are not currently utilizing many software applications that integrate and share information to gain efficiencies.

It has been widely reported within our industry over the past few years that many firms are not operating day-to-day according to well thought out, standardized and systematized processes. Our survey results underline this fact since 63% of firms indicated they had 0% to 25% of their daily tasks documented and only 7% of firms had documented 76% or more of their tasks.

Q1: What percentage of your critical daily tasks do you have documented with specific written procedures?

<table>
<thead>
<tr>
<th>Percentage Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%–10%</td>
<td>37%</td>
</tr>
<tr>
<td>11%–25%</td>
<td>26%</td>
</tr>
<tr>
<td>26%–50%</td>
<td>22%</td>
</tr>
<tr>
<td>51%–75%</td>
<td>8%</td>
</tr>
<tr>
<td>76%–100%</td>
<td>7%</td>
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</table>
As we have worked with firms over the years, advisors and their staff have communicated to us three main reasons they haven’t yet documented their daily tasks and why the disappointing statistics above exist.

- Principals and their staff are too busy to take the time to document their tasks
- They do not know how to effectively approach this type of project to achieve the desired outcome
- Firms that have attempted to document their daily tasks, came to the realization it was going to take much longer to complete than they originally thought and often times lost motivation and gave up

One solution is to not have to start from scratch by leveraging and utilizing well-written, workflow templates with corresponding checklists in an editable format. These pre-written templates are available within the industry and can be customized and tweaked according to a firm’s business model and how they deliver their services. However, merely having access to good workflow templates will not likely lead to a successful effort in efficiently and effectively documenting daily tasks.

Firms would best be served to receive professional guidance from experts and/or consultants with deep expertise in both workflow construction and technology offerings to assist the firm with thinking through how to best utilize roles in the firm, leverage technology and operational capabilities and fully implement their practice management decisions. It is by taking into consideration all of these components when documenting daily tasks that a firm can achieve maximum firm efficiency, delivery of a consistent client experience, support a great working environment and increase profitability. Once workflow pathways have been created, certain steps that have the ability to be automated can be identified. These steps can then be programmed into the workflow by utilizing available technology integrations and a robust workflow engine.
The second question of the survey measured on a scale of one to five, what level of technology integration the firm currently feels it has. The sentiments seem to point out that there is definitely room for improvement.

**Q2:** On a scale of 1-5, what level of technology integration do you have in your business? (Data is passed automatically between systems.)

<table>
<thead>
<tr>
<th>Level</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>8%</td>
</tr>
<tr>
<td>2</td>
<td>21%</td>
</tr>
<tr>
<td>3</td>
<td>43%</td>
</tr>
<tr>
<td>4</td>
<td>25%</td>
</tr>
<tr>
<td>5</td>
<td>4%</td>
</tr>
</tbody>
</table>

Question number three addressed how many systems are currently integrated within the firm. Integration capabilities can vary widely. In some cases there may only be one-way, limited sharing of information, and in other cases integration may be more complex such as bi-directional across dozens of data points. 67% of firms had two or less integrations and only 13% had four or more.

**Q3:** How many of your software applications are set up and used to pass data automatically?

<table>
<thead>
<tr>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>12%</td>
</tr>
<tr>
<td>1</td>
<td>19%</td>
</tr>
<tr>
<td>2</td>
<td>36%</td>
</tr>
<tr>
<td>3</td>
<td>20%</td>
</tr>
<tr>
<td>4+</td>
<td>13%</td>
</tr>
</tbody>
</table>
The next question measured the interest level of firms for the deployment of a single technology that would have the capability of integrating all of their chosen technology applications. There appears to be strong interest in this potential solution in that eighty-eight percent of respondents indicated they were either somewhat or very interested in this possibility.

**Q4:** If a single technology could integrate all of your chosen software and workflows, would you be interested in deploying it in your practice?

<table>
<thead>
<tr>
<th>Interest Level</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Very Disinterested</td>
<td>0%</td>
</tr>
<tr>
<td>Disinterested</td>
<td>1%</td>
</tr>
<tr>
<td>Neutral</td>
<td>11%</td>
</tr>
<tr>
<td>Somewhat interested</td>
<td>40%</td>
</tr>
<tr>
<td>Very Interested</td>
<td>48%</td>
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</table>

Question five measured how much per year a respondent would be willing to invest to obtain a high-level of technology integration. Seventy-three percent answered they would be willing to invest between $1,000 and $5,000 annually.

**Q5:** What annual budget would you be willing to invest to obtain this high-level of integration?

<table>
<thead>
<tr>
<th>Budget Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>7%</td>
</tr>
<tr>
<td>$1,000—$2,500</td>
<td>41%</td>
</tr>
<tr>
<td>$2,501—$5,000</td>
<td>32%</td>
</tr>
<tr>
<td>$7,501—$10,000</td>
<td>12%</td>
</tr>
<tr>
<td>$10,000+</td>
<td>8%</td>
</tr>
</tbody>
</table>
Utilizing a Business Process Management Technology Platform

To provide the level of integration necessary to provide the flexibilities and dynamic data access needed to automate client service, while at the same time having the ability to personalize and customize it for each client, an integrative “middleware” application can provide advanced functionalities. This would include the ability to integrate a firm’s chosen collection of technology solutions so they could interact together to effortlessly launch and facilitate the completion of specific steps of daily tasks, many of which could be automated.

Middleware is electronic plumbing that connects two or more software applications and processes data to format it so they are able to “speak” to one another and then subsequently pass—and possibly configure—data between them. A common use for middleware is to solve the problems of old legacy systems not being able to communicate with more modern systems and platforms, most prevalent on the institutional side of the industry.

Without needing to modify any systems of record, institutions and advisors can design, process, develop and deploy software applications and workflows—all on a single platform at a significantly lower cost and much more quickly.

For each client, an integrative “middleware” application can provide advanced functionalities.
In this new automated, yet personalized environment of workflows, the integrative middleware sits on top of existing systems such as CRM, document management, portfolio management, financial planning and other industry applications and dynamically passes data back and forth, securely and reliably, to connect systems and add additional high-level functionalities that a single application cannot provide by itself.

For example, in the diagram below, of the twelve steps shown for the process of preparing for a meeting with a new prospect, nine of the twelve steps of the workflow can be totally automated by integrating an email system, CRM, document storage and portfolio management system with middleware technology. It should be noted that in this context, automation means no human is involved with performing the step of the task.

Here are few specific examples of how workflow automation can be added using the prospect meeting workflow example we have provided in the diagram below:

- When an administrative person calls to set an appointment with the prospective client, an automatic trigger can be launched to simultaneously enter the appointment on the calendars of all in the firm who will participate in the meeting and inform the lead advisor that the document gathering process is in motion.

- Once an administrative person completes a workflow step to communicate all of the prospect’s documents have been received, a task can be automatically launched for the advisor to review the prospect’s documents in preparation for the meeting. The advisor would receive the assigned task on whichever dashboard he or she works from (typically within the CRM). The task would have a link to the prospect’s individual document folder so the advisor could easily access the documents without having to login to any additional software applications.
• Once the advisor has reviewed the documents and is prepared for the meeting by completing any analysis and comments that will be presented to the prospect, a task can be automatically routed to the firm’s Compliance Officer (CO) to click on a direct link to the documents that need reviewing. The CO can use a drop down menu within the assigned task that sits on his or her dashboard to approve the materials or, if not approved, write notes as to what changes need to be made. Once this step has been completed, a trigger would then automatically assign a task back to the advisor, which would include the CO’s required changes that need to be made.

• The advisor would then complete the changes, re-route back to Compliance and then once approved, a trigger would automatically be sent to the administrative person that preparations for the meeting are complete.

These types of workflow automation and data sharing/processing capabilities are now available through a middleware platform that takes technology automation and integration capabilities to a whole new level.

Prospect Meeting Workflow Example

Red arrows represent steps that can be fully automated.
Emerging new technology is empowering the financial services industry to be able to create more sophisticated technology integrations and data sharing capabilities than ever before by leveraging advanced workflow and rules-based engines. In addition, business process management can be idealized by incorporating next generation workflow automation.

Financial institutions no longer need to be constrained by outdated legacy systems with the availability of integrative middleware that can solve communication issues between systems. These newly created functionalities can allow institutions to create their own personalized client experience for their affiliated advisors.

According to our survey of financial advisory firms, the vast majority of firms still lack having documented processes in place and are not fully taking advantage of technology integration opportunities that have been made available to them. This is not surprising considering the amount of effort and time that must be devoted for set-up and customization. As such, firms overwhelmingly indicated that they would be interested in a single technology solution that could integrate all their technology choices and would be willing to allocate a portion of their annual budget to get access to it.
Incorporating a business process management middleware platform with pre-built dynamic workflow templates that can be easily customized, can not only greatly reduce the time it takes to document daily tasks, it can also allow a firm to maximize their efficiency in performing various tasks by leveraging advanced automation and integration features that have now become possible between systems.

The current advancements in business process management technology, such as those found in industry middleware, will forever change the way institutions, advisors and technology companies will interact and operate.

Advisors and their affiliated institutions need to explore this new technology paradigm to find ways to leverage middleware applications so they can make the most of their current technology infrastructure and achieve a much higher return on investment.

By doing so, advisors have the opportunity to provide a consistent, exceptional and personalized client service experience, while freeing them up to pursue higher level activities, create an enjoyable working environment for their staff and a scalable and profitable business enterprise.
About Fox Financial Planning Network (FFPN)

FFPN is transforming the way advisors operate by providing the tools, templates, workflows and consulting to systematize the delivery of their client services. Based on the experiences of Deborah Fox, a 29-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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