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How to Choose the Best Technology for Your Investment Advisory Firm

By Claire Akin



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How to Choose the Best Technology for Your Financial Advisory Firm

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In the information age, the technologies we use on a daily basis provide fuel to grow our businesses. They can make our work lives easy and efficient or frustrating and tedious.

Financial advisors often feel isolated when it comes to selecting technologies for their firms, with the added complication of compliance restrictions. What technologies should you use for your advisory firm? And how will they save you time and enhance the client experience?

Technology can be overwhelming to evaluate and expensive to change if you choose the wrong option. Use these tips to choose the best technology for your firm—and get the inside scoop on which technologies advisors are using to grow their businesses in 2021 and in the future.

FIVE TIPS FOR CHOOSING THE RIGHT TECHNOLOGY FOR YOUR FIRM

If you ask 10 different advisors which of these technologies they use, you'll get five to seven different answers. I know from my experience working with hundreds of top advisors that mistakes in choosing technologies can waste hours of productivity each week and cause incredible headwinds to growth. At

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worst, they could disrupt your client experience and frustrate your team.

But choosing new technologies for your firm doesn't have to be risky. If you take your time selecting your new tools, you can be confident in your decision and fully invest in learning how to use them, and you'll need to change systems less frequently.

Ask advisors with similar business models. Some advisors query the top producing advisors about which systems they are using, which may or may not apply to the size and complexity of their firms. Top advisors may use technologies that are more complex and expensive than an advisor with fewer clients might need. Seek out a few firms that you admire that are the same size or slightly larger than your firm. Chances are, technologies those firms recommend will be a smart fit for you.

Make a short list, then do a demo. Get together a list of three to five highly recommended providers for the system you are looking for, then do a one-on-one demo if possible, so you can ask questions and see the tools in action. Take

notes on anything you think is lacking or a deal-breaker. Compare the notes on your short list and you should have a clear winner.

Call customer service before you purchase. I see advisors leave technology providers most often because of service-related problems. Call the customer service department before you purchase to check the wait time as well as the friendliness and capability of the people who answer. Ask a few questions to kick the tires.

Check out the available ongoing education. Make sure the technical support and resources fit your needs. If you are the type of person who prefers to watch how-to videos, make sure the technology provider you select offers a video library. If you need to pick up the phone and speak with a person, be sure that option is available.

Think about the future. We all plan to grow our businesses. But if you're serious about growing in the double digits each year, make sure your technology can scale with your firm. Be sure to evaluate pricing that will serve your needs now and at double the size to be sure the price increases won't become prohibitive.

THE BEST TECHNOLOGIES FOR CLIENT EXPERIENCE

The financial advisor technology tools you choose for your firm can make or break the client experience. A clumsy

client portal, complicated financial planning software, or irrelevant marketing emails all can leave a sour taste in your clients' mouths and lead them to search for someone else.

But the right technology has the opposite effect. The right technology empowers your clients to take control of their financial lives, makes them excited to get in touch with you, and keeps a steady stream of relevant content in their inboxes so you always stay top-of-mind.

Here are five technology tools for financial advisors that you should be using to create the best client experience imaginable.

CLIENT RELATIONSHIP MANAGEMENT (CRM)

CRMs for financial advisors have come a long way in the past five years, so if you aren't using one now, it may be time for another look. My clients who do use CRMs tend to feel more confident in the growth of their businesses, less stressed, and more organized. Because today's CRMs are so easy to use, even those who have trouble logging into Facebook can operate a CRM like a pro.

What is the best CRM for advisors?

The most popular CRMs for advisors include RedTail, Salesforce Financial Services, WealthBox, and AdvisorEngine. However, many of these CRMs are notoriously clunky and difficult to use.

My favorite CRM for advisors is WealthBox, which was created and designed specifically for our industry and with the average advisor's technology proficiency in mind. Serial wealth management entrepreneur Steven Lockshin and top advisor Michael Kitces worked together to help develop WealthBox. The company's tagline is "A CRM you'll actually enjoy using," which I find to be true for my clients.

FINANCIAL PLANNING SOFTWARE

Offering financial planning software is key for client retention and can help

save you time because clients can better access and manage their own accounts. These tools help you offer more than investment management and focus on comprehensive financial planning by allowing clients access to the following:

- Budgeting tools
- Spending analysis
- Goal-based savings plans
- Secure document storage
- Scenario planning and decision-making tools

What is the best financial planning software for advisors?

About two-thirds of advisors use financial planning software.¹ Of those advisors, 36 percent use MoneyGuidePro and 29 percent use eMoney.² Both are excellent choices. The key here is to use something you're comfortable with that supports your financial planning process.

eMoney is one of the coolest financial planning software packages I've seen. It has eye-catching illustrations that help you communicate about complex financial topics with your clients. You can run what-if scenarios to see how certain financial decisions may impact clients down the road. Plus, it has a secure vault that lets your clients upload and store sensitive documents.

MoneyGuidePro is not quite as intuitive as eMoney in my opinion, but I know many advisors who use it and love it.

RISK ANALYSIS SOFTWARE

Risk analysis software allows you to dive deep into clients' portfolio risk, stress-test their portfolios, and show concrete models of how those portfolios may perform in different markets. It can be a great visualization tool for clients who don't quite understand their risk tolerance and how it may play out over time.

What is the best risk analysis software for advisors?

Riskalyze is the technology I wish I had built. It offers a clear and quantifiable way to communicate with clients about risk.

For example, let's say your client is extremely risk averse and insists on being invested ultra-conservatively. When her brother looks at her portfolio, he tells her that she hasn't earned enough over the past year and she ought to fire her financial advisor. Using her Riskalyze questionnaire, you can gently remind her that her risk score is a 22 and that to have gotten an 11-percent return last year, she would have needed to invest like an 84. The tool provides a framework for managing expectations and understanding your clients' risk profiles.

Another good option is HiddenLevers. It is a risk-modeling and stress-testing technology, but it's actually a bit more than that. It combines a proprietary risk tolerance survey with basic portfolio stress testing and a cool scenario planning tool that can help clients understand how specific events (such as a trade war with China) can impact their portfolios.

ONLINE APPOINTMENT SCHEDULER

Do you make it easy for referrals who are browsing your website at 8 p.m. to take the next step while they're feeling a sense of urgency? Most advisors don't. Adding a calendar scheduler to your site allows prospects to take the next step immediately, at any time of the day or night. Calendar schedulers are especially helpful in the age of coronavirus, where face-to-face meetings are completely off the table for most advisors.

An added bonus is that a calendar scheduler will save you time scheduling phone calls and appointments with existing clients because you don't have to go back and forth to find a time that's right for you both. Instead, they can automatically see your availability and choose a time slot that works for them.

What is the best online appointment scheduler for advisors?

There are three popular software providers: ScheduleOnce, TimeTrade, and Calendly. All three are good options, but

I recommend Calendly for one very important reason: I think it's the most fun to use. The big three offer similar features, including the following:

- Setting busy or available hours
- Offering various meeting lengths
- Adding a time buffer between appointments
- Allowing you to confirm a meeting before it's scheduled
- Time delays to receive advance notice for new meetings

I've tried all three systems and I recommend the free version of Calendly, which provides unlimited meetings and syncs with Outlook, Office, and Google Calendar.

How can you maintain trusted relationships with your clients at a distance? How can you work remotely with the same level of efficiency and connection?

VIRTUAL MEETING SOFTWARE

The year 2020 has been incredibly stressful for most advisors and their clients. You have been putting out fires, worrying about the markets, and having the same conversations over and over. But what comes next? How can you maintain trusted relationships with your clients at a distance? How can you work remotely with the same level of efficiency and connection?

That's where virtual meetings come in. If you can't meet in person, it's critically important to use video and share your screen to:

- increase trust and improve communication;
- share charts, graphs, and financial information; and
- show clients how to access their accounts and other information online.

For many advisors who are not tech-savvy, adapting to working virtually can be painful and frustrating. Here are my recommendations for working with clients virtually in a hurry, even if you are not tech-savvy.

What is the best virtual meeting software for advisors?

Many virtual meeting software solutions are available, including Zoom, Skype, Join.Me, GoToMeeting, and more.

It's important to choose one that is approved by your compliance department and easy to use.

I recommend GoToMeeting for several reasons. First, I think it is the easiest software system to use for advisors who are not tech-savvy. Second, it makes it easy for your clients because they don't have to download any software to join a call.

THE BEST TECHNOLOGIES FOR GROWING YOUR BUSINESS

Now that we've covered the best financial advisor technologies for client experience, let's talk about the ones you should be using to grow your business. As a marketing professional, I firmly believe that all advisors need these six items in their digital marketing toolbelts in order to reach their ideal clients and grow their assets under management (AUM).

WEBSITE

Your website is at the core of your business, your branding, and your marketing strategy. Having a fast, secure, and mobile-responsive website that clearly displays who you are and what you do best is essential for growing your firm. There are a handful of popular website options for financial advisors, so it all boils down to your personal preference.

What website platform should advisors use?

If I were an advisor, I would build my site in WordPress. It's one of the best technology platforms out there and gives you complete control over your

site. Instead of being limited by a company's website templates and its customer service department, you have free rein to build your site exactly how you want. Plus, you only pay for your hosting each month (which is usually \$10 to \$15 a month).

On the downside, WordPress isn't intuitive and you have to work with your own website developer to update your site.

If that sounds like too much trouble, two other good options are FMG Suite and Twenty Over Ten. Both companies serve financial advisors exclusively and come with content for your site that's been reviewed by the Financial Industry Regulatory Authority.

GOOGLE ANALYTICS

Google Analytics is the world's most widely used tool for analyzing the traffic coming to a website. It's free to use and works as a portfolio-analysis software for your website.

Most advisors have a strong aversion to trying to understand their website metrics through Google Analytics. Why is this, when we know advisors tend to be numbers-driven and analytical in nature? My best guess is that it's because Google Analytics can be jargon-rich, confusing, and overwhelming. Because Google Analytics tries to provide users with all the data they'll ever need, it can be difficult to sift through the platform and find meaning in the numbers.

However, you may be more inclined to use it when you realize tracking your analytics will answer these questions:

- How much traffic did your website get last month?
- Which pages received the most traffic?
- Which of your blog posts was the most popular?
- How much of your traffic came from social media?
- Where should you spend more marketing dollars?

UPGRADED SEARCH ENGINE OPTIMIZATION (SEO)

The best website in the world can't perform well if people aren't finding you easily online. What's the difference between good and bad search engine optimization? With bad SEO, your website won't come up in the top three search results for the keywords you'd like to target (for example, financial advisor plus your city). With good SEO, you will come up in the top three search results for your chosen keywords and you'll be featured in the sidebar of the search results with photos, contact information, and a map.

How do I incorporate SEO into my marketing?

Establishing solid SEO for financial advisors doesn't have to be too expensive or time-consuming. By properly registering your business with search engines and local websites such as the Chamber of Commerce and the Better Business Bureau, you can get 90 percent of the benefit of SEO for a low one-time investment.

EMAIL MARKETING SOFTWARE

Although the under-30 crowd favors instant messaging, texts, and social media, email remains the most important channel for marketing efforts. A McKinsey article shows that email is 40 times more effective than Facebook and Twitter combined in generating new clients.³ In my work with advisors, I see roughly 70 percent of leads come from email, and about 30 percent come from social media and organic search.

What email marketing software is best for advisors?

Choosing the right email marketing software is essential. The most commonly used among advisors are Constant Contact and MailChimp. I favor MailChimp based on its ease of use, system speed, deliverability, reporting, customer support, and price. MailChimp is free for up to 2,000 subscribers, but Constant Contact charges begin at \$20 per month.

SOCIAL MEDIA

You probably hear all the time that it's important for advisors to be active on social media—but are advisors actually using social media to get new clients? The answer is yes. We've just seen an important shift in marketing for financial advisors. For some top advisors, more leads are now coming from their social media channels than their websites alone.

What social media platforms should advisors use?

Social media and its terminology can be confusing, overwhelming, and downright annoying, but you need to have and maintain a few simple platforms. I recommend every advisor be on LinkedIn and Facebook with YouTube as a bonus.

The key to using social media is to practice consistency above all else, which helps ensure your followers see your most recent posts when they log into their social media accounts. Plus, social media isn't a disruptive event like an email, so you can post more often without worrying about bothering people.

WEBINARS

Most of the advisors I work with have rock-solid value propositions that convert at 70-90 percent when they actually get a chance to sit down with a prospect. The problem is that value propositions tend to be complex and tough to explain through text on a website.

That's where webinars can revolutionize a financial advisor's marketing. Webinars can quadruple your conversion rate when compared to email marketing. And today, new technologies make webinars easier than ever to create.

What tools should you use to create your webinar?

At my firm, we create fully customized webinars for advisors. But for those who prefer the do-it-yourself approach, you can create a sleek webinar using these services:

- PowerPoint to create your presentation
- Upwork.com to have it designed
- GoToMeeting or Zoom to record
- EasyWebinar to automate

HOW MUCH OF YOUR BUDGET SHOULD GO TOWARD DIGITAL MARKETING?

In working with various diverse groups of advisors, I have found that all advisors who are growing their businesses invest significantly in technology and marketing. Of advisors who are increasing AUM, more than half use RedTail CRM, eMoney, and FMG Suite. The correlation makes me wonder about causation. Did they grow their businesses because of their technology? Or are they able to invest because their revenue is consistently climbing?

You would never attempt to run a marathon without food and water, and if you did, you'd be guaranteed a painful experience and destined to fail. Trying to grow your business without fueling your technology and marketing engines will have the same result.

I suspect their business growth is because they have a systematic and disciplined approach to investing in technology and marketing. Some cite numbers, such as 3 percent of revenue earmarked for marketing efforts. These investments result in more efficient and productive business models and make finding new clients easy. You would never attempt to run a marathon without food and water, and if you did, you'd be guaranteed a painful experience and destined to fail. Trying to grow your business without fueling your technology and marketing engines will have the same result.

If you would like to grow your AUM by 15 percent next year, I recommend investing at least 5–7 percent of your revenue in your marketing budget. If your goal is to help support your referral process and double your referrals next year, putting in 2–3 percent of your revenue likely will suffice.

SHOULD YOU OUTSOURCE YOUR DIGITAL MARKETING?

Most advisors are stretched to the limits when it comes to managing clients, improving business profitability, and addressing compliance. Today's top advisors focus on the best use of their time, meeting with clients, and creating financial plans.

It's impossible to do all that well and manage your website analytics, email marketing, SEO, advertising, and social media. Partnering with an experienced marketing professional is a critical investment for advisors who want to grow their firms.

When outsourcing marketing, be sure to specify which key performance indicators are most important to you and require reporting on a weekly or monthly basis. Are you trying to increase the traffic to your website or

referrals from existing clients? Are you trying to build your credibility by growing your network or publishing a book that ranks in the top 25 on Amazon? Whichever performance indicators you choose, watch them closely to be sure you're getting your money's worth.

TAKE THE FIRST STEP

Your technology choices may be the most important investments you make in the future of your firm. But don't get paralyzed when making technology decisions. Remind yourself that the biggest risk is falling behind and not embracing technology at all.

My advice when choosing technologies for your firm is to keep it simple. By using one of the most popular, proven tools, you're more likely to have a positive experience. You'll be able to use the tool for a long time without worrying about the company going out of business or suspending updates to its platform (which happens more often than you think).

Remember, technology is supposed to make your life easier, not harder. Resist the urge to choose a tool with more capabilities than you'll ever use. It will

only overwhelm you as you struggle to learn how to use it.

If you feel comfortable using a software to its fullest potential, you'll be happier, more confident, and more apt to use it on a regular basis. ●

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ENDNOTES

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