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# WHY THE Experience Matters

A look at the ever-growing importance of the **CLIENT EXPERIENCE** on a financial advisor's bottom-line and a review of how your own experience stacks up.

## THE CLIENT EXPERIENCE

# COMETH

From behind their glass walls and open floorplans, the Disruptors rose to the top of their respective industries by using technology to connect with clients in a way that was unheard of ten years ago. And in doing so, they put a premium on what is known as the Client Experience – aka, the unique environment in which customers come to interact with a business and a key metric for success as companies seek to clearly define and differentiate themselves.

Among the Digital Disruptors are such companies as Netflix, which nearly toppled the entire cable and movie industry, and Amazon, which more than 20 years later, still remains ahead of the digital retail industry. In fact, almost every industry has at least one Disruptor. Look at Airbnb in the hospitality industry. Spotify in the recording business. Or Uber, which has led many traditional taxi service drivers to actually riot in the streets even though Uber, interestingly, self-identifies as a technology company and not a transportation company. And the list goes on.

For those still brushing the sand from their heads, you should know there's been a revolution. Over the past ten years a new breed of companies, known menacingly as "Digital Disruptors", have turned the business world on its head.

The experience these Disruptors deliver is one that empowers their customers by providing personalized, data-driven services often at their fingertips, and with a high level of transparency and emphasis on simplicity. They've raised the bar so high that consumer expectations are being forever altered, and innovation and a customercentric approach is now expected from businesses across most sectors.

The advisory industry has not been spared. Clients now expect the same level of transparency, simplicity, and innovation they see elsewhere to be applied to wealth management.

The question is now, how does yours stack up?

Suddenly, this industry is no longer simply about delivering financial services. Rather, it's the business of creating financial experiences.

## CHAPTER ONE

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## WHY EXPERIENCE

# MATTERS

But just what exactly does this mean? More importantly, can the client experience really be used as a metric for business success in the same way as, for example, reducing overhead or selling more products? Should it be?

Some argue that it can't be. Since an individual's "experience" is highly subjective, and most assuredly varies from customer to customer, this camp believes instead that service is the key differentiator and "experience" is little more than a marketing trend.

Yet it's hard to deny that emotions and perceptions have an impact on expectations and levels of satisfaction.

It's the reason why we're willing to pay more for a night at the Ritz-Carlton than a night at a Courtyard Marriott, even though both are Marriott hotels with basically the same components. And it's also why a client could consider one advisor to be better than another, even if they offer similar products and services.

It seems perception informs reality more than reality informs perception.

Before evaluating your client experience, it helps to know what exactly it entails. Strictly defined, the client experience is "Your clients' perceptions – both conscious and subconscious – of their relationship with your service resulting from all their interactions with your business."

## DOES CLIENT EXPERIENCE DRIVE BUSINESS SUCCESS?

The Digital Disruptors attribute much of their success to a client-centric business model that prioritizes the experience. But how much of Amazon's success, for example, is due to a core culture of client happiness and how much is simply due to their achievements in technology and logistics? How much can any company truly influence an "experience" and more importantly, what is the effect of that influence on their bottom line?

In a recent report entitled, Does the Customer Experience Really Drive Business Success? Forrester Research asked this same question. They examined such things as differentiation, freedom of choice, and use of technology to distinguish client experience leaders and laggards across several industries, comparing the levels of success of each.



## CHAPTER TWO

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What the research found was “Companies with customers who have many equally convenient and strongly differentiated choices see major revenue upside from superior customer experience (CX).”<sup>1</sup>

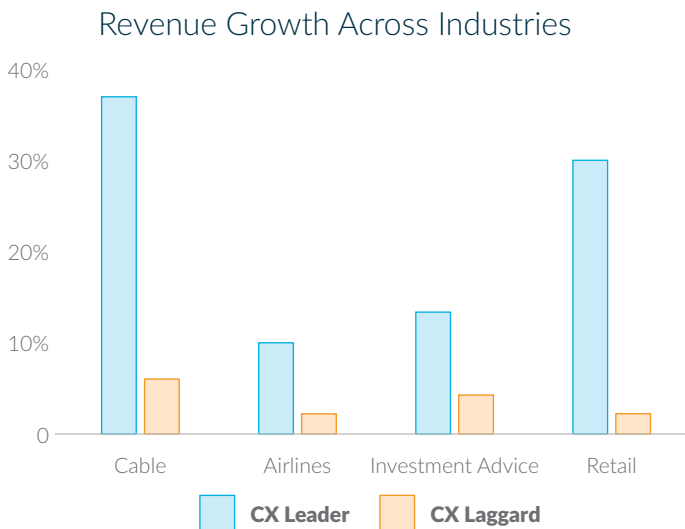
Put simply, when customers have more choice, an exceptional client experience has a significant impact on revenue and differentiation.

The result, as the Forrester report predicts, is that within the investment advice industry, an arms race for client-centric innovation will occur between those business leaders who recognize the value of and solve for challenges related to customer experience. It warns further that “Firms that don’t constantly improve their customer experience will see their customers stolen by those who do.”<sup>2</sup>

And we need only look at our industry’s disruptors to see who is already using the client experience to attract massive numbers of clients: digital advice platforms.

The client experience of the leading digital advice platforms is simple, it’s modern, and it’s automated – basically everything an empowered client wants. And these companies have grown – and are projected to grow – substantially because of it.

The success of these digital advice solutions further confirms that products and services alone are no longer enough to compete. To differentiate and grow your business, you need to create a superior experience.



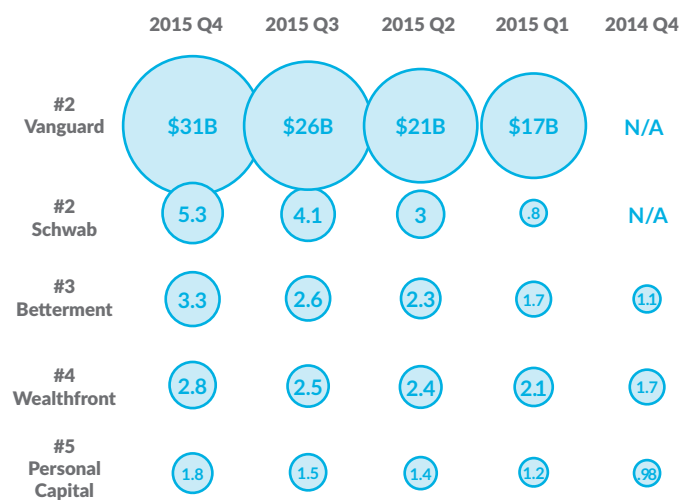
All data supplied by Forrester Research and based off CAGRs for 2010-2014

## AN ARMS RACE FOR CLIENT-CENTRIC INNOVATION

The technology driving disruption is now being harnessed by the financial service industry’s own class of innovators who have shifted the business of financial advice online, while keeping the client at its core.

In our industry, there has been an explosion of choice. Clients can trade online for free, leave their investments to grow in a digital advice platform, or work with a traditional advisor—and they can choose to do any of it with an ever-growing number of providers.

## Top 5 ROBO Advisors by AUM



Source: InvestmentNews.com

## FROM THE FRONTLINES — ADVISORS ARE JOINING THE FIGHT

So what about those advisors who are engaging in the customer experience arms race? Those who use technology to connect with clients and create a competitive experience. Well – they're finding more success as well.

Technology-driven advisory practices grow more and more, year after year. From CRM systems to advanced financial planning software, for years advisors have been leveraging technology to improve almost every aspect of their businesses. But many of the most exciting recent innovations have come by way of the client experience.

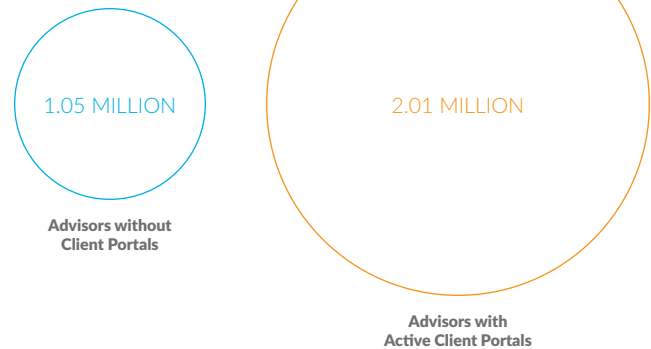
To compete against digital advice solutions as well as other online wealth management platforms, many advisors now offer personal financial management websites, or client portals, which offer clients the ability to view their entire financial picture online. Depending on the portal, clients can track investments, access an archive of financial plans, create budgets, monitor spending, and more. In a nut shell, client portals have become the gateway to the type of technology-enabled, personal and on-demand experience clients are demanding.

But, like Forrester, we wanted to know how much of an affect the client portal actually has on success.

To answer that question, we analyzed our own data by taking a sample size of over 8,000 random eMoney advisors.

After cross-referencing the assets each advisor has in their system with portal usage, we found that advisors who do use client portals see a direct benefit to their businesses.

### Average Assets Per Client



- Advisors who have deployed client portals have double the number of client assets in the eMoney system when compared to those who haven't.
- Advisors who chose NOT to deploy client portals have an average of \$1.05 million per client in the eMoney system.
- Advisors who have deployed client portals have an average of \$2.01 million per client in the eMoney system.

These advisors come from a diverse set of backgrounds. They have unique business models, market their services differently, have different credentials after their names, and are spread across the country. Despite these differences, a common denominator driving their success is the client portal.

And what does the portal provide? Well, a platform for a more trusting and transparent client experience for one. But also visibility into a greater share of client assets – especially those held-away, which is a key factor in gaining wallet share.

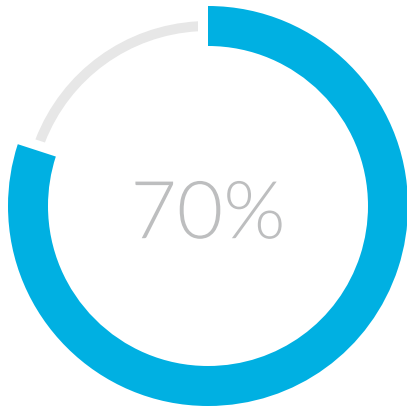
So it's little wonder that, in a separate, independent survey, two-thirds of our advisors listed the eMoney client experience as the driving force behind their purchase of our software, as well as the component of our offering that has the greatest impact on their client relationships.

Additionally, 70% selected the client website as the most useful feature. Of those:

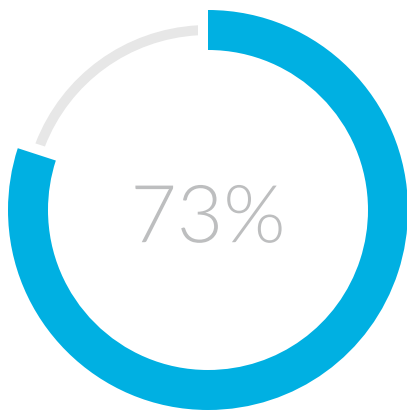
- 70% have attracted new clients/retained existing clients
- 47% have increased the number of financial plans
- 42% reported increased net new assets
- 90% increased client satisfaction and retention by organizing their clients' financial lives and creating a real-time view of their financial picture.

From advisors to algorithms, innovators across the industry have recognized the value of delivering an excellent client experience – and they're seeing success because of it.

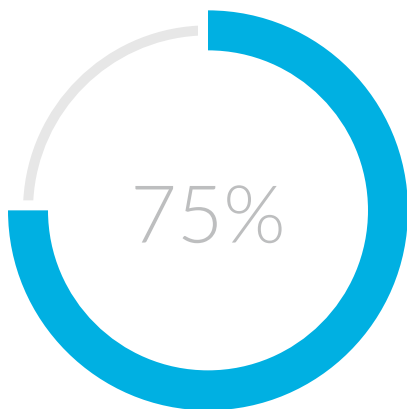




**Most useful** to their business



Positioned them as their clients' **primary advisor**



**Greatest impact** on their relationship with clients

## EVALUATING EXPERIENCE: HOW DOES YOURS

# STACK UP

The first step is to take an audit of your existing experience. What does it look like to be your client? What does it feel like to be your client? What can an investor expect from you, your team and most importantly, how do your interactions demonstrate the value you provide?

In the following sections, we've laid out five components of a client experience—Digital Brand, Onboarding, Planning, Communications and Service. While there are many more touch points that make up the experience as your clients know it, examining these five basic components of your business is a good place to begin. Even incremental improvements in each of these areas could have a significant impact on your clients' perception of your service.

After reading each section, take time to review and objectively complete the Client Experience Checklist that follows to identify where your experience succeeds and where it may need some improvement.



So knowing the client experience is as important as it is, how do you design an experience that exceeds your clients' expectations and positions you for success?

### DIGITAL BRAND

*Business has moved online. Delivering a professional, engaging, and consistent digital experience is no longer a choice, it's a necessity for building trust and driving success.*

If you're unclear on just how powerful a strong digital presence can be, look no further than Airbnb – the \$25 billion company built on a website that connects strangers with extra bedrooms, to strangers in need of a place to stay. To establish the credibility required to make people perfectly comfortable with what could seem like a questionable concept, Airbnb set out to—as co-founder Joe Gebbia identified in a recent TED Talk—“design for trust.” In developing their online presence, Gebbia describes how Airbnb sought to generate empathy and trust by humanizing processes like filling in a field or completing a transaction.

*In the financial services industry, designing an online brand presence for trust means prioritizing transparency, creating opportunities for collaboration, and delivering an experience that humanizes a process—wealth management—that is also sometimes seen as transaction-driven.*

It requires that information and education be front and center—think, an intuitive website design that clearly presents not only your process but also your value, on-demand opportunities to engage with learning tools and simulation calculators, and access to account information from a smartphone or home computer, anytime anywhere.

## CHAPTER THREE

Digital Brand | Onboarding | Planning  
Communications | Service



Most importantly, a trust-building digital brand demonstrates—without a shadow of a doubt—that you (like Airbnb) understand that technology has changed consumer expectations for how they can interact with product and service providers, and are aligning your business accordingly.

By comparison, a poor digital brand—like the dated or shabby office lobby of yesteryear—sets the expectation of a poor experience. Is important information on your website outdated, hard to find, or hard to understand? Are you still sending statements and other correspondence through snail mail?

If the digital experience you provide doesn't match the digital experience you expect as a consumer yourself, then you likely need to rethink your strategy to ensure it connects with a client both emotionally and rationally, to meet the range of expectations associated with investing in the year 2016.

## Start Evaluating!

**Think carefully about your digital brand and check off all the boxes you think apply to it.**

- Important information on your website (think services, methodologies, fees, etc.) is front and center and easy to understand
- Your digital experience—website, emails, client portal, etc. — is consistently branded and optimized for mobile devices
- You provide clients with self-directed wealth management tools such as simulation calculators, or budgeting and spending resources
- Clients have on-demand ability to monitor their progress toward their goals, in real time
- Clients can view and share important information and documents – such as account information, and financial plans – online

## ONBOARDING

*Every client relationship begins with the onboarding process, a critical period of time where the tone is set for the type of experience your clients can expect. Make it count.*

Onboarding. It's the “meet the parents” of financial advice. Those crucial early days or weeks of a relationship when opinions are still being formed, impressions are at a premium, and expectations for your future together are beginning to take shape.

Though the reality is, your client's perception of you, your service and the value you bring to their lives is important at every stage of the client relationship, failing to properly onboard a client can have far-reaching and negative implications on their commitment to you long after the proverbial ink is dry. And considering you've likely spent time and money to acquire this new client, don't you want to ensure you start things off on the right foot?

Often, things go awry in the data gathering phase. Stacks of paper statements, incorrect passwords, form upon form, and the reality is that neither of you has an entirely accurate picture of what is where, even after the process is complete. An excellent onboarding workflow, on the other hand, streamlines this process, often leveraging integrated technologies to reduce data entry, save time, and consolidate disparate financial data into one, neatly organized—and enjoyable—experience.

And remember, clients often choose to work with a professional advisor because they are looking for a professional experience...it's the difference between grabbing a turkey sandwich in the cafeteria and sitting down for a five-course chef's tasting menu. So set the table for an exceptional professional experience and demonstrate your commitment to a successful relationship by creating a thoughtful, organized, and high quality approach from day one.

## Start Evaluating!

**Think carefully about your onboarding experience and check off all the boxes you think apply to it.**

- Your onboarding process is organized and sequential
- Clients can track their progress throughout your onboarding process
- Documents can be processed or shared digitally
- Your technology tools are integrated and client data is synced across systems
- You give clients the information they need to prepare for each meeting/call

## PLANNING

*Planning-led practices are the future of the financial services industry. But with steady improvements to the way financial plans can be created, maintained, and shared, the planning process will be the key differentiator.*

An excellent planning experience can be summed up in one word: interactive. In facilitating collaboration and encouraging clients to work with you throughout the planning process – adding information, suggesting changes, visualizing techniques, etc. – you’re lifting the curtain and providing the transparency clients have come to expect from their service providers.

You’re also creating an experience that empowers clients to feel invested in the financial plan they helped to develop...and in their relationship with you...encouraging them to take ownership of their progress and focused on their goals, regardless of fluctuations in the market.

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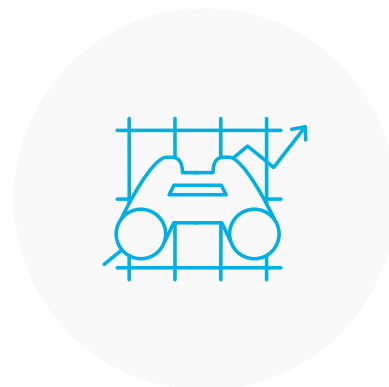
When plans are built, updated automatically, and viewed online, clients can take comfort in knowing that they are not only prepared as market conditions shift, life throws curveballs, or goals become realities, they are also informed.

Conversely, a poor planning experience fails to keep clients engaged in the planning process—or worse, aware of the value you provide. Rather than a plan that moves with the changing market, this experience includes hard copy handouts and encyclopedia sized binders, and fails to meet modern expectations for transparency, timeliness, and simplicity. The result is clients that are unsure if they’re prepared to handle the volatility of today, much less meet their goals for tomorrow, and an unpleasant experience, to say the least.

## Start Evaluating!

**Think carefully about your planning experience and check off all the boxes you think apply to it.**

- Clients collaborate with you to establish goals and create a holistic financial plan
- Clients can track the progress of their goals against their real returns
- Financial plans update automatically and continuously and can be accessed online
- You employ co-browsing technology to accommodate flexible planning meetings
- Clients can see the effects of certain events/decisions on their financial plan immediately



## COMMUNICATION

*Communication is currency. Without timely, relevant and personalized communication, neither you nor your client will be fully invested in your client relationship.*

Effective communications have clear benefits for a business. In a recent study by Google, which examined best practices in marketing communications, 73% of respondents listed getting useful information from a business as the most important attribute when selecting a brand. And in a separate study from the Beddoes Institute, advisors who delivered effective communications through their clients' desired channels (whether that is email, social media, etc.) were found to have more satisfied clients.

But this is something we all know. When advisors – and their staff – communicate well, clients feel like a priority, prospects stay well-informed, expectations are met, and everyone is happy.

Today, an excellent communications experience is one in which you push important information to the client—rather than expecting the client to come to you for updates. This could be as simple as joining the most-used social media platforms such as Twitter and Facebook, offering some sort of mobile experience associated with your offering, or even conducting brief surveys to discover where and how your clients prefer to interact.

Regardless of your specific tactics, meeting expectations means tailoring your communication approach to meet individual client preferences. Whether that's through cobrowsing technology and mobile meetings or targeted email and newsletter campaigns, an excellent experience requires a flexible, personalized communications strategy.

And as with most relationships, poor communication can have devastating consequences.

Perhaps what's most troubling of all, is that while effective communication yields satisfied clients, study after study shows that poor communication consistently ranks as the number one reason clients fire their advisors.

If you find yourself returning phone calls with emails, losing track of requests, falling out of touch with entire segments of clients, or struggling to keep clients informed and on track, then you might be guilty of creating a less than ideal communications experience. If that's the case, it's time for a change.

### Start Evaluating!

**Think carefully about your communication experience and check off all the boxes you think apply to it.**

- You're transparent about your services and how you're paid
- You communicate with clients on the mediums/platforms they choose including social, email, video, etc.
- You request feedback often and more importantly, act upon it
- You develop customized communication plans (i.e. clients can opt in or out of the types of communication they receive)
- You provide resources such as newsletters or blog posts that increase your clients' financial knowledge



## SERVICE

*A personalized and proactive service model is the new norm. By committing to a superior service experience you reinforce your role in your clients' lives.*

Studies show that a customer is four times more likely to defect to a competitor if their problem is service-related rather than price or product related.[2]

While technology does much to save advisors both time and effort, it doesn't reduce the need for a high level of service. But, it does allow you to create a custom service plan for each client.

In keeping with the new expectations of personalization and simplicity, an excellent service experience is one in which your clients always have an outlet to find the answers they need. Yes, the most expedient way for this to occur is to be available yourself – whether that is to answer a phone or respond to email – but you should also maintain a robust online presence and an equally knowledgeable staff to back up your service. That means a website with easy-to-find information, a client portal for clients to monitor their finances, and a staff with a complete understanding of all the technological tools you use so there is never a gap in your service.

On the other hand, poor service is unreliable and inconsistent. It's attention during the sales and onboarding process, followed by silence. It's a phone call when things are going well and sending only a brief email when they're not. It's shuffling clients from one team member to the next when they have a question and rolling out the red carpet when you've got something to sell.

Clients value consistency in their service experience. Ideally, it's a consistently positive experience and one that not only clearly sets but meets client expectations.

### Start Evaluating!

**Think carefully about the service you provide and check off all the boxes you think apply to it.**

- You have a complete understanding of every service that you do and don't provide
- Every client interaction is logged for future reference
- Your entire team has an understanding of every other staff member's role
- Each team member has a working knowledge of the technological tools you use
- Client service levels are segmented by needs and personal preference



## THE EXPERIENCE EVALUATION

No evaluation is complete without a final score. But remember: this does not represent the final say on your Client Experience. Instead, use this evaluation as a way to identify specific opportunities for improvement, and to provide a benchmark for future experience evaluations.

### Instructions

Refer back to the checklist at the end of each section. For each box you checked, give yourself two points and write down your totals in the table. Tally up your final score and reference the scale to see how your experience stacks up.



## Grading Scale

### 0-20 Points – C Experience

Looks like there are many opportunities to improve your experience! Though you are likely getting by with an average experience, this soon may not be enough as competition in the industry grows. Assess all the boxes you did not check and ask yourself how you can adjust your process and practice to improve the experience you offer and better meet your clients' growing expectations.

### 21-40 Points – B Experience

Good news! You provide an above-average experience, but there are still tremendous opportunities for improvement. Reevaluate the boxes you left blank and think about how you can incorporate new practices or technologies to help fill in those blanks.

### 41-50 Points – A Experience

Congratulations, you provide an excellent experience. No point in stopping there though. Take note of what few boxes you didn't check, find ways to check them off, and always look for innovative, new ways to be an industry leader.



TOPIC	POINTS	AREAS OF OPPORTUNITY
DIGITAL BRAND		
ONBOARDING		
PLANNING		
COMMUNICATION		
SERVICE		
TOTAL		

## CONCLUSION

In a business where performance has long been quantifiable by such hard data as market returns or assets under management, evaluating something as qualitative as an experience is strange territory. However, by breaking your clients' experience into sections and then evaluating those sections piece by piece, you create a measurable summary of the experience you provide. And in doing so, you take the first step in identifying the solutions you need to meet your clients' growing expectations for technology, transparency, accessibility, and simplicity.



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