



# Building Your Client Experience

A look at why the experience matters and how you can stay competitive by creating an exceptional one

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Advisory firms today compete primarily with the experience they provide their clients. No longer can firms satisfy clients with portfolio performance alone. Today, clients expect more. They want a financial professional they can trust, someone who will view them as an individual with unique goals and take a holistic approach to their finances. Delivering an exceptional client experience will differentiate your firm while building productive, long-term relationships with clients.

Firms aren't just competing with each other, however. Research shows that the expectations for advice are not set by leaders in the financial industry. They are set by the digital interactions clients have every single day with the tech leaders of the world, companies like Amazon, Google, and Netflix. This can be a high bar for success. Only 29 percent of companies are exceeding the expectations of today's consumers.<sup>1</sup>

For firms facing the high costs of compliance, an aging workforce, and legacy IT systems with low integration, delivering an experience on par with some of the most sophisticated companies in the world may seem like a long, uphill battle. But there are firms going above and beyond today who are seeing enviable results.

### **This eBook explores a few basic questions to help you build your own client experience:**

- Why does the client experience matter?
- Why does it matter right now?
- What do clients want?
- How do you start building your client experience?



# Why Does the Client Experience Matter?

To put it simply, the client experience matters because there is a huge revenue opportunity for those who can exceed client expectations.

This is particularly important for the future of your firm, as the profitability of investment management is waning. Robo advisors and fierce digital competition are creating intense fee compression in the industry. So intense, in fact, that a recent report from BCG shows that margins on investment management may be cut in half.<sup>2</sup>

**Investment management may always be an important aspect of advice, but it cannot be your firm's only source of revenue. Adopting a planning-led approach is essential for the future success of your firm. Financial planning broadens the scope of your services, allowing you to serve clients holistically while opening up entirely new revenue streams—even enabling a move to retainer or fee-based pricing models.**

The client experience is at the core of successful, profitable financial planning services. In this way, it is the key to competing and securing new business for your firm.

A recent eMoney study<sup>3</sup> isolated a group of advisory firms who were delivering an exceptional client experience. We found that these firms were seeing powerful results. Over the past five years, these successful firms saw:



**Increased assets under management (AUM) and compensation by 20 percent (double all others)**



**25 percent growth in new client acquisition (70 percent higher than all others)**



**95 percent client retention rate (vs 50 percent for all others)**



**20 percent growth in total clients (double all others)**

Delivering a great client experience leads directly to higher AUM and revenue, greatly improved client retention and acquisition, and firm-wide growth.



# Why Does the Client Experience Matter Right Now?

As the industry faces a number of changes, firms must compete by putting the client first. Building the framework you need to deliver an exceptional client experience is important, and it's important right now. Fortunately, creating a great client experience is more attainable than ever—those who invest in the experience will get ahead of those who wait.

## Economic Circumstances Change Everything

First and foremost, the client experience matters right now because economic circumstances aren't always stable. Uncertainty is all but guaranteed for the future of your business. As we've seen with the Great Recession and more recent pandemic-related volatility, there's no telling when or how drastically situations may change.

When market conditions change, relationships change as well. Clients typically start to worry about portfolio performance more than ever. They may want to panic-sell some of their assets, deviate from their financial plan, or even stop working with their advisor altogether. In times of uncertainty, clients seek reassurance and guidance. If their current advisor is not offering this, they will look elsewhere.

Financial professionals that use financial planning technology have been shown to make relationships stronger during uncertain times. A recent study of eMoney users<sup>4</sup> found that financial planners were able to keep their relationships on track during COVID-19. The study found:

**85%** of advisors say clients with financial plans were more satisfied with their advisor during COVID and 81 percent had less anxiety/discomfort

**93%** believe the pandemic environment has had a positive effect on relationships

**4 out of 5** report a positive impact on their ability to connect with clients

**76%** could reassure clients they're still on track to meet their goals

**60%** could refocus the conversation on goal realization and planning instead of market volatility

Having the right technology in place now to deliver a great client experience is important because circumstances can change at any time. Being prepared, and having strong relationships with clients already established, minimizes the impact of any market volatility or other significant, unpredictable event.

## Financial Planning Technology Opens Up New Opportunities

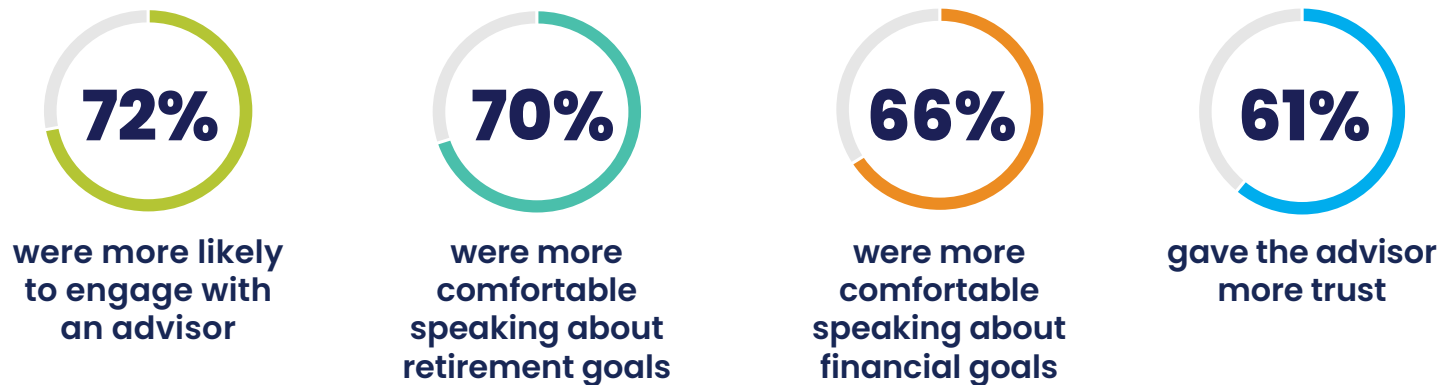
New forms of financial planning technology accelerate the need for a superior client experience. As new fintech emerges, so do new market opportunities, and once again financial planners will have to compete based on the experience they deliver to new types of clients.

### Financial Wellness Technology

Financial wellness technology, particularly in the form of user-friendly mobile apps, offers financial professionals several new avenues of engagement. These apps enable actionable, trackable financial wellness for clients. They gamify budgeting and money management goals, creating an environment that's ripe for behavioral change with clients fully committed to their financial plan.

Financial wellness tools provide an effective channel for educating clients and prospects on personal finance as well. This allows planners to differentiate themselves in the market while demonstrating their genuine commitment to improving their clients' financial health. In this way, educational content builds trust with clients and prospects alike, which is crucial for bringing in new business and establishing long-term planning relationships.

A recent eMoney survey<sup>5</sup> demonstrated the effectiveness of a potential new financial wellness technology. After reviewing the concept of a white-labeled financial wellness app, survey respondents felt they would be more trusting and comfortable working with their retirement plan financial advisor:



Educating people on financial wellness, paired with newer and more engaging modes of planning tailored to an audience that doesn't fit the traditional AUM model, allows planners to reach entirely new audiences with an elevated client experience.

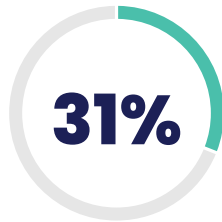
## Artificial Intelligence and Big Data

Technology like artificial intelligence (AI) and big data are poised to make a big change in the financial planning profession. In a recent eMoney study<sup>6</sup>, financial professionals articulated their belief that the impact of these technologies is just around the corner.

In fact, the study found that many are already acting on these items or expect to in the near future:



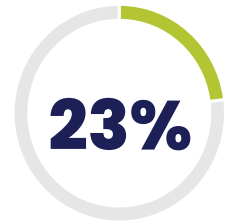
think big data will have an impact in the next 5 years



have already taken action on big data in anticipation of this impact



think AI will have an impact in the next 5 years



have already taken action on AI

AI and big data will enable financial professionals to focus on higher value tasks, such as creating more in-depth client insights and building stronger relationships, while devoting less time to the lower value, highly replicable tasks that could be automated. For example, 39 percent of financial professionals see AI and big data automating client onboarding, and 50 percent ranked building a relationship with their clients as one of the top five most valuable uses of AI and big data in their client experience.<sup>6</sup>

This technology will make financial planning more efficient and more profitable. It will allow financial planners to focus more time on client-facing activities, personalize advice, and ensure financial plans reflect clients' values and promote their total well-being.

But AI and big data will do more than make planning more efficient and more profitable—they will make planning more applicable to a broader audience. Most financial professionals only provide a financial plan for roughly 10 to 20 percent of their client base, according to eMoney research and discussions with industry experts. This is largely because of the required time investment and the high level of personalization needed for each client's plan. In many cases, it is only the top-tier clients who receive this service.

**Increasing automation in the planning process can make planning accessible for those that could have never been profitably served with advice in the past. This could significantly expand the potential market for financial planning, both within and outside of the existing client base of financial professionals.**

Planners that use AI and big data will capitalize on this enormous opportunity by curating an exceptional client experience for more of their existing client base, and for those they attract and engage in this entirely new market for advice.



## The Financial Planning Profession Is Evolving



Advisor as life coach



Adjacent to the advisor

	Important* (but don't do)	Already do this
Extended family situation	44%	32%
Physical health	42%	30%
Personality traits or characteristics	38%	20%
Mental health	38%	20%
Spiritual matters	38%	19%
Values	37%	48%
Family planning	36%	45%
Marital or relational health	35%	32%
Profession or career	34%	56%
Business plans	29%	63%
Life goals/dreams	23%	70%
Shopping or purchasing behavior	43%	28%
Legal situation	40%	34%
Debt situation	26%	67%
Insurance situation	22%	69%

Financial planning is in the midst of major change. As wealth continues to transfer to emerging generations, the role of the financial professional must adapt to changing client preferences and expectations of younger generations. Financial planners will be expected to deliver an exceptional client experience founded on personalized, holistic advice that encourages clients' total well-being.

In pursuit of this, many financial professionals are already expanding their services into areas adjacent to their business and into areas where they serve as a life coach to their clients. From family matters to business planning and life goals, the financial professional is tasked with far more than money management activities—they need to align more closely with a client's values, which requires a deeper understanding of them at a personal level, and from there, craft a plan that incorporates all of their life circumstances to achieve their most important goals.

**Clients are eager for this expansion of traditional advice, especially when looking at Gen Y and Z investors who have become a major force of change in the industry. In fact, among younger investors, 82 percent said values-based financial planning and investments are important, as opposed to 66 percent of Gen X and Baby Boomer investors.<sup>6</sup>**



Similarly, investors are significantly more likely to value advice in areas where the financial professional plays the role of life coach. A few key areas stand out when compared to older investors:

Advice Topic	Gen Y and Z Investors	Gen X and Baby Boomer Investors
Relational health	74%	43%
Mental health	72%	45%
Spiritual health	63%	39%
Physical health	74%	55%

These topics clearly expand far outside the traditional scope of wealth management. Those that go above and beyond to deliver holistic planning experiences are seeing the results.

**According to Fidelity research<sup>7</sup>, holistic wealth planners reported 45 percent higher AUM growth when compared to those not offering holistic wealth management. Holistic planners also saw 63 percent higher growth in new clients, and one-third more clients with over \$1 million in assets managed with them.**

As the profession changes, delivering a superior client experience that is focused on values, accounts for total well-being, and is highly personalized to someone's individual circumstances will be essential.



# How to Create an Exceptional Client Experience

Creating a great experience for clients matters because it leads directly to higher AUM, revenue, and number of clients. The experience matters right now because of shifting trends in the marketplace, in technological capabilities, and in the nature of advice. Understanding this, it then makes sense to consider how you can start building your own exceptional client experience.

To create a next-level experience, it's important to first understand what clients want. Then you can begin crafting a client experience around these most closely held desires.

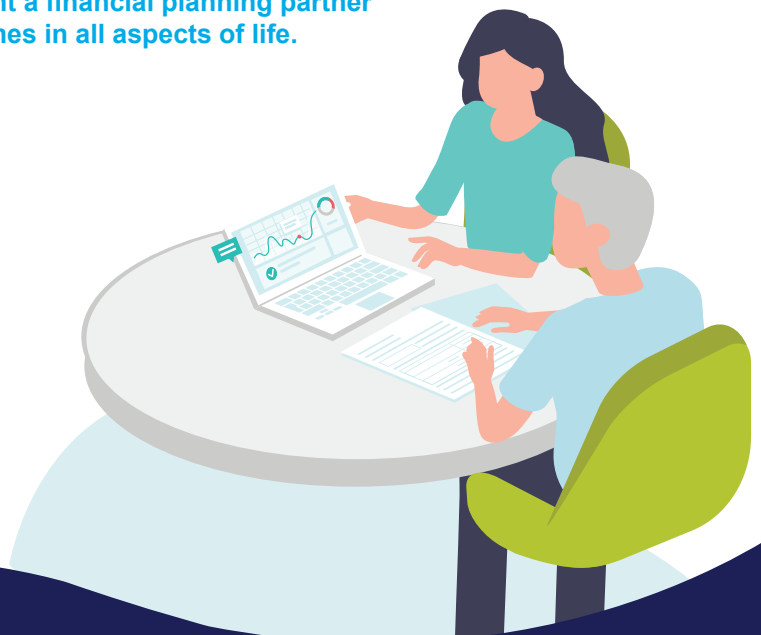
## What Do Clients Want?

While younger generations may be pushing for advice that incorporates life coaching and elements adjacent to the typical planner's business, there are a few universal things that clients desire.

**Cerulli research shows that above all else, clients value trust, transparency, and the overall relationship they have with their advisor.<sup>8</sup>** The most important factor in choosing an advisor is transparency in all interactions. Further, the same study showed the top two factors for client satisfaction are trustworthiness and the overall relationship.

These results make sense within the context of clients' increasing willingness and desire to discuss highly personal topics in the financial planning relationship outside the traditional scope of wealth management or investment management. Talking about physical, spiritual, or mental health, for example, requires a significant amount of trust to be established in the relationship for open and honest communication. Transparency in all interactions can offer reassurance that all of this information, along with sensitive financial data, is treated with privacy and respect.

**Clients want personal, holistic planning that incorporates their values and accounts for their overall well-being as an individual. They want a financial planning partner they can work together with to plan for better outcomes in all aspects of life.**



## Start Building Your Client Experience

To build or improve your client experience, incorporating ways to establish trust and transparency should be at the foundational levels of your strategy moving forward. This will help you deliver on existing client expectations for having a great relationship with their planner, while also positioning you and your firm to keep pace with experience-related trends already underway.

There are five essential elements of your practice that need to be addressed to orchestrate a superior client experience.

### Digital Brand

Your brand is all about setting authentic, deliverable expectations. In many instances, it may be a client's first interaction with your business, which makes it a great starting point to improve your client experience.

Your digital presence needs to convey what clients can expect when working with you. **Ninety-eight percent of clients say a website is somewhat or very important when choosing an advisor.**<sup>9</sup> Your messaging and marketing tactics should genuinely reflect what makes your firm different, as well as your firm's most closely held values. Creating deliverable expectations in this way sets you up to fulfill them down the road, which can help foster a more trusted relationship.

Educational content is a powerful tool for brands and should be front and center. Articles, videos, and social posts that inform clients and prospects about important financial topics can build goodwill and accountability. When you take the time to post educational content, you demonstrate your genuine commitment to improving clients' financial wellness, which elevates your brand as a financial professional or firm.

Additionally, blogs and social media channels are great outlets for fulfilling prospects' and clients' desire to educate themselves. By catering to their desire for a more self-guided learning experience, you also prove your understanding of a client's or prospect's needs, which can build upon their perception of you as a trusted ally.

Your digital brand can be an important business development tool, but it's also a foundational element of your client experience.



### Build trust and transparency by:



Having important information, such as fees and services, easily accessible on your website



Making all digital assets, including your website, available on multiple devices



Using consistent, honest, authentic messaging that sets exciting but realistic expectations



Use consistent branding at every step of the client's experience



Educating clients on important financial topics, even outside the scope of your own services

## Client Onboarding

The onboarding process is at the start of the relationship where impressions are at a premium—it could set the tone for the whole relationship. You'll want to make sure that bringing on new clients is as frictionless as possible and any common concerns are quickly addressed.

Powerful data aggregation technology can help to make onboarding a smoother experience. By automating much of the manual processes involved in gathering client data on all their disparate accounts, aggregation engines save time and frustration for both planners and clients.

Similarly, as clients connect more accounts and bring more assets over, it's ideal to rely primarily on API-based connections. Other connections, like those that use parsers, are more likely to break. This could cause disruptions in your plan metrics and require clients to repeatedly input account information, which may negatively impact their experience. APIs also offer an additional layer of security and privacy for your client's sensitive data, which is a common concern among new clients.

It's imperative when onboarding new clients to proactively address their concerns about security and privacy. By doing so, you'll demonstrate you're aligned with their concerns and fully prepared to address them. Being proactive about data security can help ensure you're removing any potential trust barriers in the planning relationship.

**Initial onboarding is a critical time—optimizing the client's experience can set the right tone for the rest of the relationship.**

### Build trust and transparency by:

-  Addressing privacy and security concerns proactively
-  Communicating what clients should expect in the fact-finding phase and what technology is used to aggregate data
-  Demonstrating how to communicate in safe and secure ways
-  Setting alerts for document uploads and maintaining a single, shareable location for all documentation
-  Allowing clients to track their progress through the onboarding phase



## Financial Planning

A great planning experience is interactive, which by nature will require collaboration. When you work with clients to set personalized goals and a customized plan to achieve those goals, they'll be far more inclined to believe you're working in their best interest. They can start to see the why behind your recommendations and have confidence your advice is objective and reasonable.

Client portals or personal websites are powerful tools for making financial planning more interactive and collaborative. These tools invite clients into the planning process—giving them a hand in the making of their own plan reinforces the value of your advice and encourages deeper engagement with their plan.

Presenting plans in highly visual and digestible formats can help distill the complexities of a plan into more impactful messages. Working with clients on “what-if” scenarios lets them see firsthand the impact of their financial decisions while giving them the flexibility to adapt their plan to their life circumstances.

**Monte Carlo simulations can provide clients with a single probability of success for their plan. This is particularly powerful in times of market volatility or other uncertainty when clients tend to seek out assurance that they're on track to meet their personal and financial goals.**

And of course, as we discussed earlier, working towards a point where you can offer holistic wealth planning for clients that focuses on their total well-being is a sure way to delight them.



### Build trust and transparency by:



Offering a suite of financial planning solutions to address needs at every stage of their financial lifecycle



Bringing clients into the planning process with a client portal and visibility into investment and plan performance



Communicating the basic assumptions of clients' financial plans



Demonstrating the reasoning behind recommendations



Showing clients' progress towards their most important goals

## Communication

Communicating with clients is an essential part of maintaining a quality experience in the planning process. Whether it's reassuring clients they're on track to achieve their goals or simply remaining in touch, the way you communicate shapes the relationship.

**A recent study found that 84 percent of clients say communication style is a factor when deciding to retain an advisor.<sup>10</sup> On top of this, three out of five clients say more frequent communication would give them more confidence in their plans.**

Communicating frequently is important, and so is communicating in the client's preferred channels. eMoney research shows in-person meetings are the most preferred form of communication, followed by digital meetings and personalized emails. Text messages and social media are the least preferred forms of communication.

It's important to note that those aged 18-24 have no preference towards in-person or digital meetings, while older generations, specifically those between 45 and 54, as well as 54 and above, have a strong preference towards in-person meetings.

Effective communication is essential for reassuring clients that you're caring for their best interests. It keeps them engaged and loops them even further into the planning process.

### Build trust and transparency by:



Being upfront about your services and how you are paid



Regularly communicating plan performance with clients on their preferred channels



Being responsive and addressing all questions or concerns



Setting alerts for items that need attention in a client's plan



Providing resources such as a blog or newsletter that educate clients on important and trending topics



### Client Service

Service is an essential component of the client's experience. Every client will inevitably have questions about your services—the way in which you answer these questions will play a major role in their perception of you and your business.

An excellent service experience is one in which your clients always have an outlet to find the answers they need. Giving clients a robust client portal and 24/7 access to their plan can help them answer a lot of their own questions. This can improve the efficiency of client service at your organization while catering to clients' increasing desire to educate themselves through digital channels.

Should a client want or need to speak with someone, the most direct way to handle their problem 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, frequent communications regarding plan updates or economic outlooks, as well as a staff with a complete understanding of all the technological tools you use so there is never a gap in your service.

**Either way, when a client need arises, you must be prepared to satisfy that need to continue delivering on the expectations you've established at the beginning of the relationship.**

#### Build trust and transparency by:



Providing 24/7 access to information



Offering an interactive client portal where clients can pose and answer their own questions



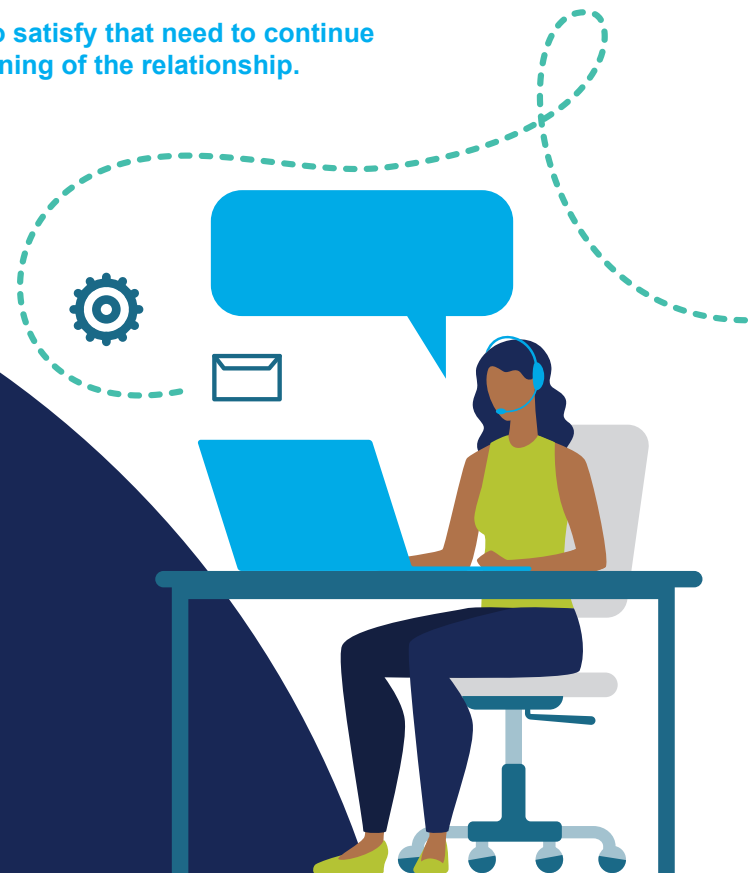
Ensuring every client-facing team member has an understanding of the tools and technologies you offer to keep clients informed



Training clients on how to use all of the tools at their disposal



Making yourself available to directly address client questions or concerns



# Conclusion

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Client expectations are evolving, and the bar for delivering a great experience is continually rising. The profitability of investment management is simultaneously fading. The most reliable and direct path to business growth moving forward is by delivering exceptional client experiences.

Holistic wealth planning that incorporates a client's total wellness, built on a foundation of trust and transparency, is the future of financial advice. New generations of clients are bringing new expectations to the table for financial planning experiences. Financial professionals have to evolve into a broader role to serve clients as a life coach and in areas adjacent to their business in order to continue delivering a best-in-class client experience.

The unpredictability of economic circumstances, along with technological and industry changes already underway, make investing in the client experience an urgent matter. The five essential elements of a client experience today are a great place to start to get yourself ready for tomorrow.

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