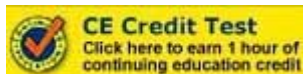




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## CRM and the Paperless Office

*A chat with consultant Kevin Day on the best way to adopt these two critical technologies*

By Andrew Gluck

Customer relationship management should be a major focus this year in the technology used in independent advisory practices. The trend will become irresistible as advisors learn about the benefits of adopting and adapting CRM software. CRM is a lot more than knowing clients' phone numbers, addresses, birthdays. A good CRM application will allow you to track the workflow in your office. This is hard to do. You may need a consultant to help you get started, but the long-term payoff is big.

Most advisors start out as sole practitioners and, after some years in the business, realize their growth is limited by the amount of time they can spend with each client. Yes, they can become more efficient by using technology. But they also face a lifestyle choice—to remain solo or not.

If you decide to turn your practice into a business, it means adding staff. It means turning your way of investing, financial planning, marketing, handling new accounts, and everything else that you do into a process. When you turn your way of delivering financial advice into a process, you create a method that employees can follow. You create a methodology that a team can work on together. When you create a five-step process for handling a new account, for instance, one member of your staff will be able to handle the first three steps and then hand off the fourth and fifth steps to another.

When you grow from being a practice to being a business, not every client who comes into the office needs to be handled by you. Sure, no one will ever be as good at selling your services and no one person in your business may be as good as you are at performing all the parts of your advisory process, but you can grow a business that will have value. You are no longer selling only yourself, you are selling a brand that extends far beyond your own name. You are creating a business that you can sell and that customers know will carry on if you get hit by the proverbial bus. And CRM software is a key tool in doing this.

The most popular CRM tools for advisors are Junxure (owned by Charles Schwab), Junxure-i (owned by planner Greg Friedman), and ProTracker (owned by planner Warren Mackensen). Optima Technologies' Interactive Advisory Software is a new integrated PMS, planning, and CRM application that is being built based on Optima's core business of providing CRM software to large

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companies; it holds promise but is not there quite yet. Lacking the experience working with all of these applications, I interviewed an expert, Kevin Day of Trumpet Inc., a Phoenix-based firm that has consulted with dozens of planne CRM technology and document management.

Day's parents, Kathleen and Pat Day, run a successful planning business in Miami, and Kevin's wife, Joanne, worked for Keats, Connelly & Associates 1990s before founding Trumpet three years ago. Here's Kevin's perspective:

Why have you focused your consulting business on document management a CRM? We started by looking at which systems would have the biggest impact a firm and we found that contact management and document management were the two most important. They're not necessarily the applications the planner day in and day out, but they are generally used by the most people in a firm. rather than spending time on asset allocation tools, Monte Carlo tools, and other applications for the professionals, we found the problem was that once you find the asset allocation, how do you make sure it happens and gets implemented? tools for doing the technical work were fine. But we focus on tools planning use to be more efficient.

Tell me about the process advisory firms have for handling clients and the technology solutions that you provide. We've found that in general, planners are not good at planning for their own businesses. We'd talk to planning firms that had no process. Planners did work as it came to them and did not have an identified process. It would have been good if we said, "We can take your current processes and automate them with technology and make them better." But what we found is that most planning firms didn't have the process to begin with. So there was nothing to optimize with technology. In the process, we also find out advisory firms don't have a marketing process to track sales leads.

What do you do about this? We work with them to find a process for marketing tasks and to manage clients. How do you make sure you are doing quarterly reviews each quarter on each client? We showed them how to track this. For example, take the marketing process. Everything from when a client first calls who takes the call, and the possible outcomes for the call—it all must be tracked as part of a process. The planner won't necessarily be the one doing this. You need a script for people who are answering the phones, or training with a planner to identify appropriate clients. You'd be amazed at how many firms had professionals taking all these calls. Anyone who called was a potential client. spend time helping firms find out who was not a potential client. This saves a lot of time for the professionals in the office because a screener can now take the calls before passing them on. So when a call does get to a principal, it is a qualified prospect.

But none of this is technology consulting. That's because you must be happy with your process before you can automate it. Once that is in place, and you have a flow chart, then we can begin automating the processes. So if your marketing process consists of eight different letters, for instance, you may want to see who has received which letters and responded. Using technology, you can develop

metrics and reports on progress to measure your success.

You've been consulting less on CRM and more on document management. We have not gotten out of CRM consulting. We've just become more choosy about who we work with. We have a great process developed for designing a contact management process and systems for larger financial planning firms. We're just much more selective about who we will work with because it is difficult to get firms to focus on memorializing their process so that it can be automated. We generally don't do it for small firms. Also, we've realized that for most small planning firms, a less flexible contact management tool may be a good solution. Junxure-i is an awesome solution for a firm with five or eight employees. And it's not based so much on number of employees as it is on the complexity of what the firm does. No one solution will fit everyone, and larger, more complicated firms need extra capabilities sometimes. There are features in Goldmine that will take Junxure-i a long time to get to and the priorities of programmers need to be based on typical things users need. Goldmine, the system we use and customize for the firms we work with, is good for a firm with remote sites, for instance. If you have just three employees, you don't need remote synchronization. But if you have employees in three offices, then you need remote synching and ProTracker or Junxure-i may not work best for you.

Which do you like better, Junxure, Junxure-i, or ProTracker? All the Junxure users we work with use Junxure-i, not the Schwab-owned version of the product Junxure. People know that if they want document management integration, and we are very involved in that right now, they need to get Junxure-i. ProTracker, another product our clients use, is a different application than Junxure-i. The people driving the design of these two programs are about as opposite as you can imagine. Warren Mackensen [ProTracker] is detail-oriented and has a robust set of reports. Greg Friedman [Junxure-i] is more focused on streamlining workflow. For a small firm, they are equally awesome, depending on the needs of the firm. These products would not be appropriate for firms that require capabilities such as remote synchronization or rule-based automated processes. That's functionality that takes years to develop and is just not part of those two systems. Goldmine, which is more of a general-purpose contact manager, has been around for a long time and has the development resources to add these types of advanced features. What is provided in Junxure-i and ProTracker is really what the average firm needs.

How do advisors organize their process so it can then be automated? The best we found to do it is to identify and segment certain phases of a client's lifecycle they move through your firm. You have "suspects" or client-candidates, and there are prospects, new clients and ongoing clients. We start with those four broad categories. Then, ask yourself what defines each of them and how does the transition from one phase to another? How do you go from being a prospect to being a new client? In most cases, you need a check in hand. And you transition a new client to being an active client when you deliver a plan and are in the implementation phase of the plan.

Give me more details about all of this so readers can actually try to do it themselves. Say someone becomes a new client. This is where firms differ

themselves. Some firms may have a meeting with a team servicing the client. In smaller firms, you may not even hold that meeting. After that, there is a data collection process. Does that happen before doing any work or do you have people involved in data collection? Do you need a will to do a portfolio analysis? Doing that will may save that part of data gathering for later on. If you have a checklist with 25 items as part of your advice process, you don't need to track all 25 items. You just track whether the checklist is completed. A general structure for making sure work is completed is what you get. It's important to track handoffs between people but when you get down to individual steps inside a given process, that's not appropriate to try to track in the CRM.

How much do you charge to help firms with this? We will work with someone to develop their suspect process and then their prospect process. It usually costs about \$2,500 to \$3,500 for each process, and that includes installation of the software and basic training on Goldmine. All of this is done over the phone. We interview the different people in the firm. The only reason you speak to the owner is to get the vision for the firm. Then, we customize Goldmine to their process. We have a configuration of Goldmine that is appropriate for financial planning firms. It's not a template but it's a strong starting point for what we do.

You're also working with firms on document management. We found in the last year that there is a dramatic increase in interest in moving toward a paperless office. A number of players have ramped up marketing, and the September 11 tragedy has played into this surge in interest. The SEC is passing down regulations saying advisors need a disaster recovery plan. If you can put documents on a server or in a pocketbook going out the door, that's a plan. What we're doing with document management is more than a paperless office. It's having a place to store all electronic documents using a single interface. That's all scanned images of hard copies, and Word and Excel documents.

Apart from compliance benefits, why do advisors need to do this? The same document gets filed many, many times in a planning firm. The planner needs it, the file clerk comes and files it again. Then, someone else needs it, and you get a lot of frequent flyer miles on a document when there is just one copy of it. Then when you go look for a document, it's sitting on someone else's desk and the search must begin. There's a lot of time wasted looking for documents that are not where they're supposed to be.

But don't you just wind up hunting for the document electronically? Document management is about making sure documents are filed right and can be found. If you just save it to a drive, you'll never find it, especially a year later and especially if someone else filed it. Document management is about making sure you can find it again. A document management system doesn't let you save a document wherever you want to. There are no drive letters. It is a different paradigm from a Windows directory tree. It is a layer between the user and the hard drive to be sure things get filed right by getting in the way of the save operation. When I click "save" in Microsoft Word, my document management system doesn't give me the usual Microsoft save dialog box. I get an index card that asks me for information about the document. If you choose to save e-mail in your document management system, or if you take phone call notes with all y

clients, you can put those in Goldmine and have a historical view of what happened with each client. I can click a single button and retrieve all documents for a given client. When a client calls, you can pull all of his or her records up right away.

How much does it cost to implement a system? Document management software from Worldox costs \$395 per seat and the annual fee is \$70 per seat. Scanner cost anywhere between \$1,000 and \$5,000. We implement usage in phases because we find it is difficult for a firm to handle that much change at once. The average entrepreneur can handle that much change, but not the average staff. Our fee starts around \$2,500 to \$3,500 for a five-user office to handle investment and client paperwork. This includes development, installation, configuring software and training. Once the initial phase is complete, most of our clients choose to continue working with us through additional phases.

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