

Office Management: A Technology (and Client Service) Survival Guide

by Gregory H. Friedman, CFP

Much has been written about the future evolution of the financial planning profession. Regardless of which of the many views you hold, it is almost universally believed that office management technology is the key to the continuing and future success of a firm. What, specifically, is "office management," and what are the benefits of improving your office management systems?

Office Management

Consider all of the various activities that occur in a typical financial planning office. These activities would include prospecting and marketing, meeting with potential clients, meeting and talking with existing clients, financial planning functions, administrative functions (such as setting up new accounts, account transfers, and service issues) and much more. Office management encompasses the various ways that these activities are carried out and coordinated. Technology tools to create systems, streamline your procedures and increase the level of office automation are critical in order for a firm to maximize efficiency, provide an increasing level of client services and lower the overall cost of providing these services.

Developing Procedures

It is essential to first analyze what occurs in your office relative to specific events. For example, what occurs when you have a prospective client? What occurs when you acquire a new client? How do you handle ongoing client retention or review? How will you promote and reward referrals from both clients and centers of influence?

Certainly your procedures will differ from other firms depending on what services you are providing. The following are our procedures based on the services we provide, our method of developing business (referrals), and how we use technology to implement them.

Definitions

First some definitions: our office management system (a k a Junxure-i, referred to as our "system"—www.gowithcrm.com) is the primary software we use and will be referring to throughout this article. An "action" is any activity that occurs in your firm such as a phone call to a client, a letter to a client or a note to the client file regarding an investment. An "action sequence" is the series of steps (actions) that you want to occur upon a certain event happening, such as getting a referral or acquiring a new client. A "process" is any set of actions that you wish to group together (more on this later). An "action alert" is basically a "to-do" that can be sent to anyone in the office as an alert.

A New Prospective-Client Referral

When we receive a referral, the following actions occur:

- All available contact information regarding the prospect is put into our system.
- The system automatically produces a cover letter for our brochure to be sent to them, a thank-you letter to the person who made the referral and an action alert sent to the principal of the firm to call to set an appointment.
- A note is automatically entered in the prospect's record that documents the date and who they were referred by. Similarly, a note is automatically entered in the record of the person who made the referral that documents the date and who they referred.
- A keyword is added for the prospect so they will receive our newsletters until such time as they request not to receive it or we remove that person from the list.

This information feeds into various reports that show us who is making referrals, how many they have made and where our business is coming from. This is extremely useful information to have at your fingertips for business development purposes. It also is used to recognize those people providing referrals.

New Financial Planning Client

Upon signing a financial planning agreement, an action sequence is assigned to that client that sends out all of necessary actions we have identified in setting up a new client. Our system sends alerts to different members of the staff based on the particular activities they need to complete, and the following items occur:

- Admin receives an alert (to-do) to complete the data entry into our system, set up the client files, send out a welcome kit and a copy of the financial planning agreement to the client, and provide a list of missing information to a financial planner.
- Admin also receives alerts to set up the investment account information in our asset management system, set up necessary investments accounts, and gather and enter basis information.
- The financial planner receives alerts that outline the steps we take for the financial planning process, including gathering all relevant client data, analyzing and identifying problems and issues, developing alternative courses of action, discussing implications with the client, and developing a final course of action with an implementation checklist.

All of the activities are documented and nothing slips through the cracks. We can quickly look and determine where we are in the financial planning process with a client, as well as the status of setting up accounts, transfers and so forth. We have easily documented what is being done, when it was done, who completed it, and how long it took to complete each action. In addition, the same steps are taken for all clients, providing a consistent experience and a high level of service. Finally, activity reports are created and delivered to clients on a periodic basis in order to remind them of all of the activity undertaken on their behalf.

Client Retention

We rely heavily on our system to retain and maintain close relationships with our clients. Essentially this takes the form of providing comprehensive tracking of the client's financial and personal data and using this information to help them make ongoing financial decisions. We also use this information to help us provide ongoing communications with clients that is relevant to their particular situation and interests.

Additional services we have added include the comprehensive annual review, which includes the following items.

Our system creates reports that show a client's financial condition (financial statement), stock options, estate documents summary, insurance coverage, goals, status of our planning activities, history of all actions taken by us toward achieving their goals, and more. These reports are created easily and can be modified if necessary. Providing this service and being able to clearly show our activities and the benefits of our work not only strengthens the relationship, but helps mitigate the effects of the unending attention toward investment performance.

We proactively review a client's loans. For example, we can produce reports and query the database for clients with an interest rate above a certain level. This allows us to proactively determine if a client should consider refinancing their existing loans.

The information in our system is used to further enhance our client relationships in many different ways. We systematically monitor client contact and make sure that clients hear from us in the manner they wish to, and as frequently as they would like. Client events are tracked and recognized, including birthdays, anniversaries, graduation, and other significant life events. Gifts are provided and are specifically chosen based on things we know about our individual clients. People appreciate being remembered!

'Data Warehouse'

Our system functions as a "data warehouse," providing immediate access to all staff members a tremendous amount of client information. This information includes important financial data regarding the client's situation such as assets, liabilities, insurance policies, beneficiary designations, investment account information, and estate documents. It also includes personal data, client preferences, and details of every client contact, note and financial planning activity. As already discussed, this allows us to provide a high level of service by allowing the entire staff access to the information.

An example of how this improves our service to clients is when we need to know the status of routine activities such as setting up new accounts, transfers of client assets, or implementation of the financial plan. Actions can be grouped so that we can quickly view activity related to a specific event, such as account transfers. We can go to these groups and immediately view the actions taken for any of these, with the most recent action at the top. This provides immediate information regarding the status of any of these client activities.

Staff members use "FYI's" to inform each other of ongoing activities and important client information. An "FYI" is an alert that does not require a follow-up action, but rather is sent simply to inform other staff members. For example, the note documenting a meeting with a new prospective client is sent to all staff members so that they are in the loop about who the prospect is and what their situation is, as well as what the next steps will be.

The system can be used to create reports for "pending actions" such that we can constantly review what actions are still necessary on our part to complete our obligations to the client. Reports can be prepared that show what is pending by employee, by client and for any given date range.

A very important piece of information necessary to running a successful firm is how much time is spent on various services provided to clients. Every time an action is added to our system, the amount of time spent is noted. This information is used to create reports showing time spent per client, per employee or by type of activity. We use this information to evaluate profitability and to determine the level of fees to charge.

Automating and Systematizing Procedures

It is essential to have a consistent and systematic approach to delivering financial planning services to your clients. We have analyzed and created detailed lists of all of the steps we take for different events in our business, such as receiving referrals and preparing a financial plan.

Through the use of action sequences, we assign the appropriate sequence to a client when the event occurs. This ensures a consistent result for the client, provides a complete account of all activities undertaken for the client, and virtually eliminates anything slipping through the cracks in the planning process.

We are able to automate the process of creating, sending and documenting client correspondence. We can use "rules" to create criteria that filter the database in order to send a letter to a specific set of clients. The Letter Wizard completely automates the task into a series of steps. The results are letters that are automatically created, mail-merged, envelopes printed, and is documented for contact management and compliance purposes. Whenever a letter is sent to two or more people, the Letter History automatically stores the letter along with a list of recipients required for compliance purposes.

Conclusion

This column only scratches the surface as to the capabilities and efficiencies created in our office. Technology will affect your business tremendously, whether or not you embrace the tools available. Efficiency and the ability to deliver high quality (and more) services will be essential in order for a financial planning firm to compete in the future. Automating and streamlining your procedures allows you to focus on maintaining and developing client relationships and providing competent financial advice. It can mean the difference between your practice surviving and thriving.

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