

INSIDE INFORMATION

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BRINGING A LITTLE 'TOM' INTO YOUR LIFE

If you're not using planning-specific CRM software, you're missing something that can change your life.

If you ARE using it, here's how to do it better.

Perhaps the most unfortunate and misleading terminology in all of financial planning is the phrase "customer relationship management" software. A set of planning-specific programs--including Redtail, Junxure, ProTracker and a new program called Upswing--have emerged from a background of true CRM programs like ACT and Goldmine. At first they, too, tracked things like clients' names, addresses and birthdays--and mostly used this basic data to do mailmerge applications. But over the last 10 years, planning-specific CRM has evolved so many practice management, compliance, reporting and even planning features that the customer relationship management functionality now seems like a distant afterthought.

The programs are still using a name that really applies only to about 1% of their total functionality. And I think that's why most advisors

are still using the generic CRM programs like ACT and Goldmine--for the same reason that people flock to the "financial advisor" at the Member Firm down the street, just because the title on the business card is the same as the fiduciary advisor's.

Ken Golding, chief technology officer of Junxure, has proposed a new name for the more advanced planning-profession-specific CRM programs, which we're going to adopt in this newsletter from now

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on: Total Office Management (TOM) systems. In this new nomenclature, Goldmine, ACT and Outlook offer CRM functions; while ProTracker, Junxure, Redtail and Upswing offer TOM features and options.

Unfortunately, for most advisors, this segment of the software world has evolved more quickly than the profession has evolved office procedures to cope with them. If you want your TOM program to give you instant access to every client's documents, to let you see the tasks you've assigned and which have been performed, if you want client meeting notes to show up on the computer screen while you're talking with the client, you have to have to get everybody in the habit of filing these things correctly. If you want to analyze how much time your staff is spending on each client, you have to have a staff procedure which captures this information. If you want to automatically assign tasks to your staff whenever an event takes place (a new client signs on, or a client gets divorced), then you have to, in advance, define that sequence of tasks and decide who will be notified.

Once you do these things, you'll feel like you're much more on top of client information and what is going on in your office, and more will get done with less work. But these are pretty big behavior changes, not just for you, but for the entire office.

Where do you start?

Recently, I posed exactly that

question to five proprietors of TOM systems. Greg Friedman is the planner/creator of Junxure. Alex Turnbull is a co-founder of Upswing (the new kid on the block). George Baumgarten is in charge of, among other things, bringing a new TOM program to market at Fidelity, one component of a new WealthCentral program whose database functions are based on the customized version of the Oracle/Siebel OnDemand platform that Fidelity uses systemwide. Brian McLaughlin is a principal of Redtail Technologies (which, like Upswing and the Fidelity product, is web-based). And Warren Mackensen is the founder of ProTracker--and, like Friedman, has the cachet of having been first evolve their programs from CRM to TOM.

Taken together, their answers offer some of the best insights into leveraging your desktop computer into an essential practice management tool, and transforming your office's productivity by at least one order of magnitude.

TOM Implementation 101 - the first week or two

Let's assume that you've loaded the software onto your computers (a chore you don't have to do with the web-based programs), and let's suppose you've gotten the basic essential client information into your system. Every client's name, contact information--and, yes, birthday--is now in there, which means you now have approximately the same functionality as ACT or Goldmine, and are using less

than 1% of the software you've purchased. It's now time to begin accessing the other 99%.

Friedman suggests that you start with a staff meeting. "We have a saying at Friedman Associates," he says, referring to the planning arm of his firm which, of course, uses his Junxure software pretty extensively: "If it's not in Junxure, it didn't happen." The point here is that everybody on the staff, including and especially the principal, has to buy into the necessity of putting everything away in the client's Junxure folder, of checking the software for tasks that have been assigned, of taking a little extra time to incorporate the software into their working lives and activities.

"Everything that goes on in a planning office needs to be documented," Friedman continues. "These systems make it easier, but they still don't make it effortless. There still has to be a certain amount of effort, which looks and feels like extra work in the beginning." Friedman says that behavior changes of this magnitude represent a leadership issue. "The owner needs to buy into it," he says, "because otherwise it is never going to happen. And if the owner has bought into it, he or she needs to be very clear about the importance and relevance."

Friedman himself uses two methods for getting his staff to take those extra few seconds or minutes per task. The first is to make the point that the amount of extra time on the front-end, to learn the system and apply it to the tasks at hand, is far

less than the time saved on the back end, when information needs to be retrieved. “In the old days, I would take notes at every client meeting, and if I was organized, those notes would get put in a client file in the filing cabinet,” says Friedman. “Then, if I needed that information, I would have to dig through the filing cabinet. Now I can call up the client’s record pretty much instantly, and it’s all there. Plus I can track who is doing what and what else needs to happen, which, before, I was keeping in my head and sometimes forgetting. Not only are you on top of more information more quickly, but nothing is falling through the cracks.”

The second method is to make using the software an expectation of each job function in the office, built right into the job description. And if that doesn’t work, make the function part of what the staff person needs to do to receive the quarterly bonus. “I had one employee who forever consistently

would forget to put in time spent,” says Friedman. “So I made it part of the bonus requirement. If you want to see people do things, put a little money on it.”

McLaughlin at Redtail suggests that once you have the buyin, you start using the workflow features. This is best understood as taking the recommendations found in the E-Myth: you try to define each task that has to happen in certain situations, and incorporate them into the software. “I recommend that the advisor do a full assessment of the tasks that you and your staff people do during the day,” McLaughlin says. “You’ll find that you have fairly well-defined sequences of tasks that can be automated.”

Such as? One action sequence starts when a prospect becomes a client. When that happens, you can specify that an administrative person start the account transfer process, notifying both custodians and getting the paperwork in order. A caseworker might need to start gathering the information that will be incorporated into the financial plan; this might involve sending the client a pre-created list of documents that will be needed. Somebody else might need to send a confirmation letter or schedule the first client meeting. All of these tasks can be pre-set to be set in motion when a box is checked and the prospect is officially tagged as a client--and each of these tasks automatically shows up in the “to do” box of various employees in the office.

Other examples? Friedman recently realized that he needed

to create task sequences around each significant change in an existing client’s life. “Let’s say one of our clients has a baby,” he says. “The task list that goes out would include modifying the client’s family record in Junxure, updating the capital needs model to include another mouth to feed, sending gifts or cards, maybe set up a 529 or custodial account, review their disability and life insurance, update estate documents and look at updating the client’s secondary beneficiary designations. When we get the news, we immediately assign the life-event/gaining-a-dependent sequence,” Friedman adds, “and it sends out all those actions to different people in the office.” If a client dies, that sets off a different chain of events, including rollovers, beneficiary designations, notifying the custodian, updating the plan and a bunch of other tasks that are not hard to specify in advance.

Those are sequences of events. The TOM program can also notify you of recurring events like the need to schedule client appointments. “You can specify dates and frequencies,” says McLaughlin, “so every six months you get a message saying that in two weeks, you should be setting up an appointment with these clients.”

Ideally, once you have the basic sequences and recurring events down, you’ll get into the habit of looking for other task sequences or recurring events, and get better at identifying anything that, as Friedman puts it, “is multistep and reproducible.”

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Turnbill at Upswing points out that this gets rid of a lot of the management headaches that fall heaviest on the founding or managing advisor: the sequence is put in place, staff is notified of what they need to do, and in his system, when a staff person checks a box saying the task is completed, the manager or owner receives an e-mail message confirming that fact. You don't have to carry any of it around in your head.

Not everybody in the TOM world thinks you should start at the same place. Baumgarten sees his upcoming product as, first and foremost, an assessment tool, a way to allow your business to look itself in the mirror. One perk that the Fidelity program will offer is automatically having the basic CRM fields populated from Fidelity's records, so if that's where you custody, getting some of your client data into the system will be fairly simple.

Then Baumgarten recommends that even before you look at workflow sequences, you do an assessment of who you're serving and who you *want* to serve. "If the advisor is trying to grow his business," he says, "then the first step is to start to understand where the opportunities are. You can see if you're attracting small business owners or highly-paid executives, or whether the broader family of certain clients represents business opportunities. You can start to see and quantify it, and recognize who your optimal clients are."

Turnbill reports that many

of the advisors who have adopted Upswing will also tend to start with the marketing functions. "We have a prospect management system where you can easily track the lifecycle of converting a prospect into a client," he says. "So, for instance, I cultivate the relationship with the client, he passes me a referral, I will add the referral into the system as a new prospect. This sets out the steps I want to take to cultivate that relationship, go through the business process and convert him to a client."

This might be a sequence of letters and phone calls or meetings, he says. It might include the referred prospect on the newsletter mailing list. Like the other programs listed here, Upswing offers a way for advisors to tag each client and prospect by interests, hobbies like golf or a favorite football team, or areas of planning focus like college planning. When it comes time to segment them for marketing drip marketing, newsletter or article mailings, e-mail campaigns or events, the advisor can focus on this group that has an interest, and not that one which doesn't.

"You can also use our campaign management system to create seminars or client appreciation events, outlining all of the marketing objectives," says Turnbill, "and measure the costs and the benefits to see if the campaign was worth the money."

TOM Implementation 201 - the next four weeks

Sometime early in the process,

certainly within the first two weeks of owning your TOM program, McLaughlin would recommend that advisors check to make sure all the relevant integrations are working between their TOM system and the outside world. The list includes the financial planning program they use, plus the basic forms that have to be filled out with the custodian, and with account aggregation services if you have them. None of this is particularly complicated, but it has to be handled properly before you can unlock some of the functionality of your office management software. "With MoneyGuidePro," McLaughlin explains, "there are one or two settings you need to switch before you can start sending data back and forth."

How does that help you? Let's say you have a prospect's basic data entered into your TOM system, and now the prospect has become a client. You can call up the new client's record in Redtail, Junxure or ProTracker and hit "send to this or that planning software." The planning program will be automatically prepopulated with the entire family, including children, and all assets and liabilities and other information that has been entered into your TOM system. No redundant entry of client information--ever again.

Another key integration is with the myriad forms at your custodian. Friedman suggests that you check the interface with QuickForms--which will actually grab your custodian's forms, give you a drop-down menu to select the

client, and reach into the database to fill out the form with names and addresses and any other matching field--or LaserApp, which exports the data to the firms you specify. "You may still have to fill out something on the form," he says, "but only because it is information specific to that form, something which isn't in your client records."

With some of the more advanced TOM programs, the information can flow in the other direction as well, pulling data from the planning program to create customized reports. This can automate some of your most basic, repetitive and time-consuming tasks. "Advisors who are not producing a net worth statement out of their CRM are wasting their time," says Mackensen at ProTracker. "They are typically using Excel spreadsheets, and it's being done by hand."

ProTracker offers an automated report that combines all the portfolio values pulled out of PortfolioCenter, Advent Axy's or another portfolio management program. You do, Mackensen admits, have to manually input values for the house, the cars and the bank account--but, he says, those are numbers that don't change very much. "You put them in one time and they're in there for good," he says.

Mackensen himself will take snapshots of this statement every quarter and save it to the client history section of ProTracker's database. "It takes about five seconds to do this across all clients," he says, "and the next time you have

a client meeting, you give them their net worth graph, which shows how their net worth is increasing quarter by quarter. Clients love it!"

McLaughlin points out that if you have an interface with an account aggregation service like Allbridge, Assetbook or Etelligent, you can get feeds from outside assets in the net worth calculation and reduce the manual input still further.

TOM Implementation 301 - the second month

One of the biggest reasons to have a TOM system in your practice is to access client records instantly. That means you either capture a copy of every message you send out or receive, or scan them in and then tag them to a client file. Then, when you call up a particular client, the TOM program will find all the associated files on the hard drive and organize them according to the type of record: a PDF of the latest financial plan and those that preceded it; all the client e-mail messages, all the client meeting notes, and so forth.

By the end of the first month, your office should start becoming systematic about keeping that information in order. At that point, Friedman suggests that you consider adding a very light additional burden: keeping track of fees and revenues from each client. Then he would add a slightly heavier one: asking everybody on staff, including himself, to log into Junxure after they've been working on a client task, identify the task,

associate it with a client, and estimate the amount of time spent within, say, five minutes.

This creates a powerful practice management tool which can offer very revealing insights about clients. "The advisor can go in and pull up a report (quarterly, yearly or since inception) that shows the net dollars each client has paid per hour of staff time," Friedman says. "If you find yourself getting down to \$100 an hour with any client," he adds, chances are you're losing money, because there are all those overhead costs that are not included in there."

This also makes it possible to look at where individual staff members are spending their time. Friedman tells the story of a key member of his office team who, he discovered, was consistently logging 15 hours a week to relatively menial tasks that could easily have been handled by a less highly-paid employee. Trouble is, she was reluctant to delegate, and meanwhile her own work was getting behind until Friedman spotted the problem and sat down with her.

McLaughlin, Friedman and Mackensen also say that the advisor has to get in the habit of looking at the tasks that have not yet been completed overall and for each client, and track their progress on a dashboard--whose layout will be different for each TOM system, and which can be at least partially customized. That's a habit that might start in the first month, but not be fully developed until sometime in the second one.

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TOM Implementation 401 - when the basics have been mastered

Once you've gotten your sequences and workflow steps established, and are in the daily habit of monitoring progress on tasks that have been automatically assigned, and the staff is reliably scanning and filing documents to the proper client files, then you can start to explore the unique features of each program. Junxure has a module that uploads documents to client web sites, and WealthCentral will do something similar through an arrangement with LightPort.

Meanwhile, Redtail has created a variety of compliance functions through its relationship with independent broker-dealers; the search functions and automated reports that were created for the BDs are offered to RIAs as a byproduct of these larger-firm relationships.

ProTracker has fields that allow you to track how much each client has used up his/her unified estate tax credit and gift tax credit, and the program will automatically calculate the required minimum distributions for clients. "You run this in January as soon as you have your 12/31 prices," says Mackensen. "Then you do a mail-merge letter to all your RMD clients, saying that this is the amount you need to take, do you want to take it now or in the Fall, do you want it to go into your brokerage or investment account, or do you want a check sent to your address of record?"

This isn't terribly complicated for clients who have reached age 70

½, but Mackensen notes that some clients who have inherited IRAs may be required to take distributions in their 30s or 40s. "In the year of death, the parent who was over age 70 ½ has to take the distribution for the year, whether alive or dead," he explains. "Then the inheritor looks up his or her life expectancy in the single life table, and that is the factor used in the year after death. Every year after that, the number in the denominator goes down by one year."

Thus, if the client had a 30 year life expectancy in that first year, and took 1/30th of the total account, the next year the distribution would be 1/29th and so forth. Having that handled by software makes

trouble of rummaging around filing cabinets and other programs to find what they need. "Where else can you ask for all your platinum clients over 50 years old who have some kind of holding in Cisco?" he says. "Or who have \$100,000 in their combined retirement portfolios? Or anybody who has a CD maturing?"

But of course, forming those habits is critical. "Our experience with this kind of software is that it has a high incidence of failure," says Baumgarten. "It requires discipline. The principal of the firm sometimes has these visions of cherry plums, this vision of all this data that his people are going to be supplying him so he can grow his practice, and his employees

Protracker: <http://www.protracker.com>

Junxure: <http://www.gowithcrm.com>

Redtail: <http://www.redtailtechnology.com>

Upswing: <http://www.upswingcrm.com>

the whole reminder process a lot easier, especially with mailmerge capabilities to make sending the letters a jot easier.

TOM Implementation - graduate school

TOM software represents one of the few unambiguously good practice management trade-offs: a little bit of hassle on the front end (learning the program and taking the time to put information in), nets a huge payoff in efficiency once these things become a habit. McLaughlin says that the advisors he works with typically make Redtail "the hub of their everyday life," saving them the

have an entirely different vision of it. They'll say to themselves: lots of extra work, it slows me down, I can't answer the phone as well, and in addition, my boss is going to use this data against me. He's going to start measuring me and tying my compensation to it. Screw that!"

Friedman thinks that you need to create a more positive overall vision: to have an office where nothing slips through the cracks. "If you use the software as it is intended, it really makes sure you do a high-level job each and every time," he says. "If you screw it up," he adds, "it's because *you* screwed it up, not because you weren't reminded of it." ■