



# FINANCIAL PLANNING RELATIONSHIP OF THE FUTURE

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- Perry the Planner & Carl the Client, working together 4 years



**CARL**  
Client  
Early-60s



**PERRY**  
Planner  
Mid-40s

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- Carl's financial plan lives in the cloud and can be accessed anywhere, from any device



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- Both Perry and Carl can keep track of how Carl is proceeding towards his financial goals on an ongoing basis, with continuous integrated data updates



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- Perry can also monitor how well Carl is implementing his goals and action items on an ongoing basis and send reminders and positive feedback



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- Perry and Carl connect on a regular basis to check in through a variety of communication tools



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- Perry and Carl have never met in person



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## RISE OF THE DIGITAL WORLD

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## THE RISE OF THE DIGITAL WORLD

- The Internet isn't a fad – it's a fundamental shift in the way we communicate
- Over 294 billion emails per day
  - 90% are spam... but 20 million *real* emails per minute!
-  has over 1.3 billion users
-  serves over 4 billion videos per day (more video in a month than the 3 major networks produced since 1950!)
- eReaders have surpassed traditional book sales



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## THE VALUE OF FINANCIAL PLANNING

- What is the value of advice-givers in an increasingly technology-driven world?
- Planners are experts when finding solutions on the internet is like finding a needle in a haystack...
  - ...But will improvements in search, sharing, and social media change this?
  - What if the answers to your questions came up instantly in an internet search?
- What is the role of a planner if useful, relevant information actually becomes easily accessible?

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## THE VALUE OF FINANCIAL PLANNING

*"We Help People Navigate the Powerful Forces that Money Exerts in their Lives."*



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## BLUE OCEAN STRATEGY



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## BLUE OCEAN STRATEGY FOR PLANNING

### RED oceans

Known market space  
Many competitors  
Fight for market share



### BLUE oceans

Unknown market space  
Few competitors  
Create market share



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## BLUE OCEAN STRATEGY FOR PLANNING

### WHAT IS THE BLUE OCEAN STRATEGY (BOS) FOR THE DELIVERY OF FINANCIAL PLANNING?

- Focus on what matters, eliminate everything else, and create something new
  - The simultaneous pursuit of differentiation and low cost
- What creates the most work? What has the most cost? What can we leave behind?
- What value or experience is financial planning not delivering, that it could?

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## BLUE OCEAN STRATEGY FOR PLANNING

- Can video help to replace physical meetings?
  - How much more efficient would your firm be without travel?



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## BLUE OCEAN STRATEGY FOR PLANNING

### WHAT IS THE BLUE OCEAN STRATEGY (BOS) FOR THE DELIVERY OF FINANCIAL PLANNING?

- Can online software tools help to replace the physical financial plan document?
  - Could an online platform be a live studio for the client's financial plan, eliminating plan documents and drafts?

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# EXPLORING POSSIBILITIES

**Pinnacle Advisory Group, Inc.**

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### Fig. 2014-15

Probability of Success: 71%

Top Scenario: \$6.2 M AAR | \$129,000

Bottom Scenario: \$1.2 M AAR | \$129,000

Work	Start	End	Value	Cost
Work				
Work Item 1	1/1/2014	12/31/2014	\$ 1,000,000	\$ 100,000
Work Item 2	1/1/2014	12/31/2014	\$ 2,000,000	\$ 200,000
Work Item 3	1/1/2014	12/31/2014	\$ 3,000,000	\$ 300,000
Work Item 4	1/1/2014	12/31/2014	\$ 4,000,000	\$ 400,000
Work Item 5	1/1/2014	12/31/2014	\$ 5,000,000	\$ 500,000
Work Item 6	1/1/2014	12/31/2014	\$ 6,000,000	\$ 600,000
Work Item 7	1/1/2014	12/31/2014	\$ 7,000,000	\$ 700,000
Work Item 8	1/1/2014	12/31/2014	\$ 8,000,000	\$ 800,000
Work Item 9	1/1/2014	12/31/2014	\$ 9,000,000	\$ 900,000
Work Item 10	1/1/2014	12/31/2014	\$ 10,000,000	\$ 1,000,000

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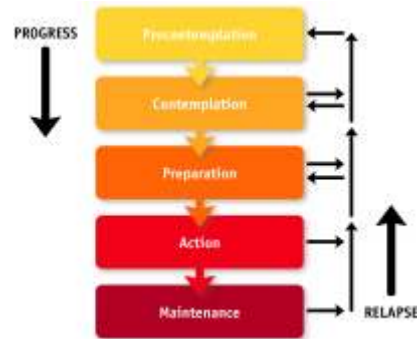
# BLUE OCEAN STRATEGY FOR PLANNING

Figlo Planning Software, Concept Video:  
<http://www.youtube.com/watch?v=dpB1NOc9LkA>

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## FINANCIAL PLANNING = BEHAVIOR CHANGE

- Financial planning isn't successful until a client changes behavior
- Once clients implement a change, how do we support it?
- Gamification as reward
  - What if clients got an alert for succeeding on a goal?
  - Value of near-term reinforcement



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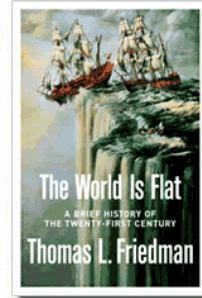
## FINANCIAL PLANNING IN A FLAT WORLD

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## FINANCIAL PLANNING IN A FLAT WORLD

- The internet & the growth of bandwidth are leveling the playing field
- Geographical divisions are becoming increasingly irrelevant



How is a financial planning firm structured where hiring and staffing doesn't need to be connected via geography?

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## FINANCIAL PLANNING IN A FLAT WORLD

### PLANNING FIRMS OF THE FUTURE AS TECHNOLOGY BREAKS DOWN GEOGRAPHY

- What (& who) needs to be physically located at the firm?
  - Virtual staff vs. employees
  - The trend towards outsourcing has begun
  - Central hub for planners around the city/state/country/world(?)
- Planners will choose business relationships based on:
  - Technology offering and platform
  - Flexibility to match their needs
  - Support service
  - NOT geography!

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## FINANCIAL PLANNING IN A FLAT WORLD

### FINANCIAL PLANNING AS THE WORLD GOES FLAT PART 2 – THE CLIENT RELATIONSHIP

- Eventually, there will be a disconnect between geography and planner selection!
- What if clients work with the best firm that fits their needs... period? And not the best firm in their area?
  - What are you “the best” at? What’s your niche?
  - Can you survive if competing with others outside your area?
  - Can you grow more if not constrained to nearby prospects?
- Can you build a client relationship with people who you won’t meet face to face?

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## TRUST AND/VIA THE INTERNET

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## TRUST AND/VIA THE INTERNET

- Can we trust at a distance?
  - Can a true trust-based relationship be created via the internet?
- What is it that makes us trustworthy?
  - It's all about credibility
    - Integrity (do you walk your talk?)
    - Intent (what's your motive/agenda?)
    - Capabilities (are you able to be relevant?)
    - Results (what's your track record for value/results?)



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## TRUST AND/VIA THE INTERNET

### RELATIONSHIP TRUST – IT'S ALL ABOUT CONSISTENT BEHAVIOR

- Talk Straight
- Demonstrate Respect
- Create Transparency
- Right Wrongs
- Show Loyalty
- Deliver Results
- Get Better
- Confront Reality
- Clarify Expectations
- Practice Accountability
- Listen First
- Keep Commitments
- Extend Trust



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## TRUST AND/VIA THE INTERNET

- Walter Cronkite
- “The Most Trusted Man In America”
  - It wasn’t because he met everyone in America in person!
- What is it that makes us trust?
  - Credibility and relationship-building lead to trust
  - Trust builds from ongoing demonstration of credibility and relationship-building - develop a reputation for being trustworthy!



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## TRUST AND/VIA THE INTERNET

- Can we trust at a distance? Yes!
  - Sometimes tragically so...
- *Nothing in the trust-building process inherently requires a face-to-face connection*
- *Remember when we didn’t trust buying anything on the internet?*
  - Until companies built a trustworthy reputation with us!
  - Could we build the same relationship with our clients?
  - Will robo-advisors beat us to it?

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## TRUST AND/VIA THE INTERNET

– Are Robo-Advisors the end point?

- Not necessarily...



- Does a computer make us change our behavior?



– The advisor of the future is not human nor robot, but cyborg?

- The technology-augmented "bionic" human advisor

PERSONAL CAPITAL

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## TRUST AND/VIA THE INTERNET

– The ongoing disruptive force of technology

- First "stock brokering" died with discount/online brokers
  - So we became fund pickers
- Then active mutual fund picking died as reporting tools made it clearer how bad most are
  - So we became asset allocators
- Now "robo-advisors" are commoditizing asset allocation
  - So we become... financial planners & wealth managers
- *Technology doesn't "kill" advisors, but it does force our ongoing evolution up the value-add chain*

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# MARKETING & GROWING IN A DIGITAL WORLD

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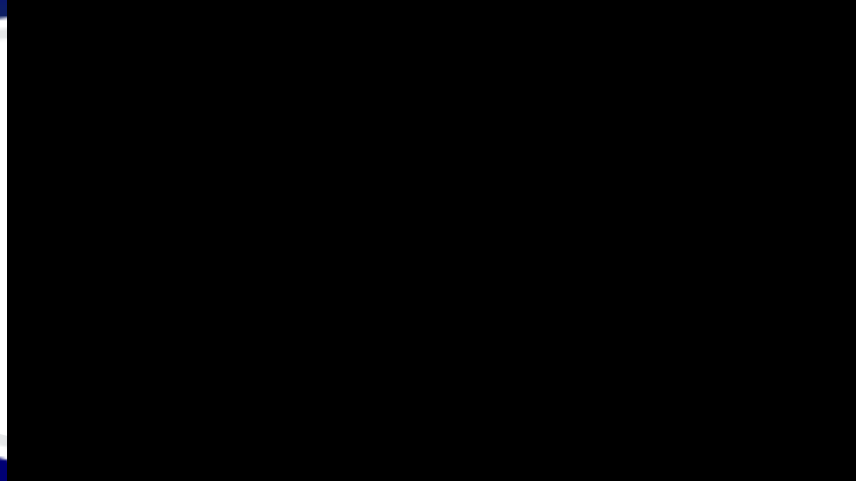
## MARKETING & GROWING IN A DIGITAL WORLD

- How will firms communicate their attractiveness to prospective clients in the digital world?
  - Be discoverable
  - Have a niche (especially if you're not already "big")
  - Be "the best" at something
  - Be referrable
  - What results do you provide? What is the client experience?
  - Be able to effectively describe your value!

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## MARKETING & GROWING IN A DIGITAL WORLD



Socialnomics, Erik Qualman:  
<http://www.youtube.com/watch?v=3SuNx0UrnEo>

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## SOCIAL MEDIA REVOLUTION

- Social media and referrals
  - Social media will serve to accelerate – or hinder – the trust process
  - You won't find news (and business) – relevant news and business opportunities will find (be pushed to) you!
- Referrals from people we trust help to establish credibility in knowing who to work with
- The quality referral of the future:
  - Retweeted 
  - Liked 
  - +1'd on 
  - Recommendations from people you know and trust

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# THE FINANCIAL PLANNING EXPERIENCE

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## THE FINANCIAL PLANNING EXPERIENCE



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## A NEW KIND OF CLIENT EXPERIENCE

- “The Experience Economy” - People will pay more for an experience than just a product.



Vs...



- The parts may be the same on the inside, but the results are customized for every customer/client

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WHAT WOULD  
FINANCIAL PLANNING BE LIKE  
IF CLIENTS PAID  
5X THE MONEY  
& INVESTED 10X THE TIME  
FOR A  
“*FINANCIAL PLANNING EXPERIENCE*”?

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# QUESTIONS?

**Handouts & additional materials:**  
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