

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

The screenshot displays the Pinnacle Advisory Group, Inc. software interface. At the top, the company logo and name are visible. Below the logo, there are navigation tabs for 'Home', 'Reports', 'Help', and 'Logout'. The main content area is titled 'Fig. 2016-17' and features two circular gauges for 'Percentage of Income' and 'Total Savings'. Below these gauges, there are two columns of data for '2016-17' and '2017-18'. The data includes 'Total Savings' and 'Total Income' for both years. A table below the gauges lists various financial items with their respective values for the two years. At the bottom left, there is a copyright notice: '© 2015 Michael Kitces | kitces.com'. At the bottom right, there is a link to 'Handouts/Materials: kitces.com/PERSHINGAP16'.

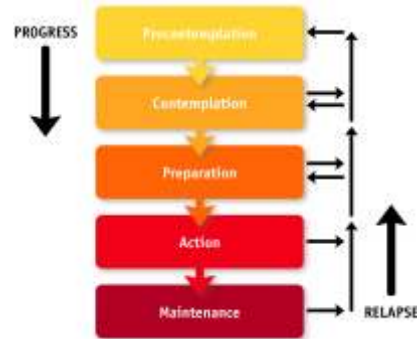
Item	2016-17	2017-18
Total Savings	\$1,234,567	\$1,234,567
Total Income	\$1,234,567	\$1,234,567
Income - Salary	\$1,234,567	\$1,234,567
Income - Dividend	\$1,234,567	\$1,234,567
Income - Interest	\$1,234,567	\$1,234,567
Income - Capital Gains	\$1,234,567	\$1,234,567
Income - Retirement	\$1,234,567	\$1,234,567
Income - Other	\$1,234,567	\$1,234,567
Total Income	\$1,234,567	\$1,234,567

BLUE OCEAN STRATEGY FOR PLANNING

This section contains a large black rectangular area, which is likely a placeholder for a video or image. Below this area, there is a text block providing information about Figlo Planning Software. The text reads: 'Figlo Planning Software, Concept Video: <http://www.youtube.com/watch?v=dpB1NOc9LkA>'. At the bottom left, there is a copyright notice: '© 2015 Michael Kitces | kitces.com'.

FINANCIAL PLANNING = BEHAVIOR CHANGE

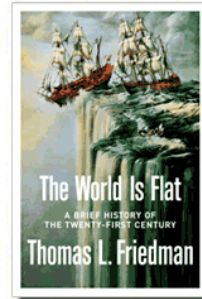
- Financial planning isn't successful until a client changes behavior
- Once clients implement a change, how do we support it?
- Gamification as reward
 - What if clients got an alert for succeeding on a goal?
 - Value of near-term reinforcement



FINANCIAL PLANNING IN A FLAT WORLD

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?

TRUST AND/VIA THE INTERNET

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



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*

MARKETING & GROWING IN A DIGITAL WORLD

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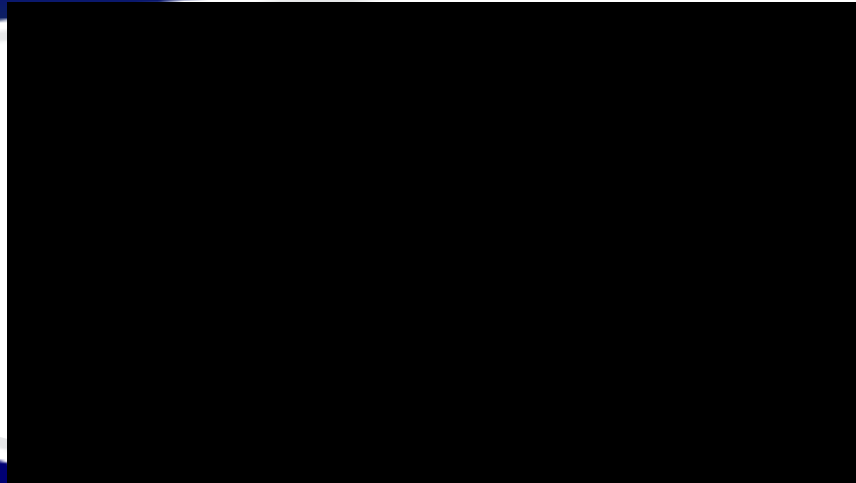
MARKETING & GROWING IN A DIGITAL WORLD

- 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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