The Future Of Financial Planning in the Digital Age

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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!
- facebook has over 1.3 billion users
- YouTube 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

amazonkindle

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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

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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

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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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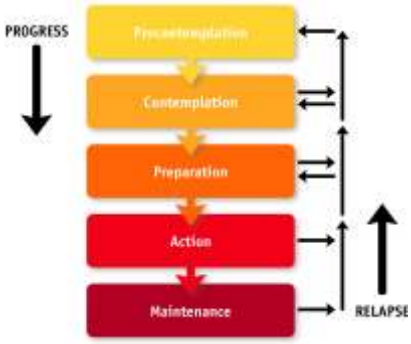
Financial Planning = Behavior Change

- 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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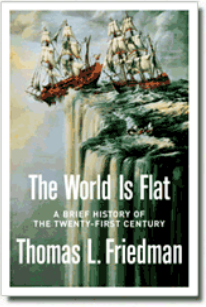
Financial Planning In A Flat World

- 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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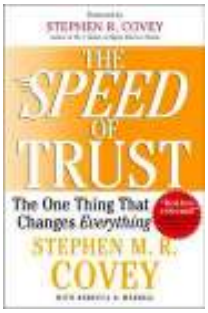
Trust And/Via The Internet



- 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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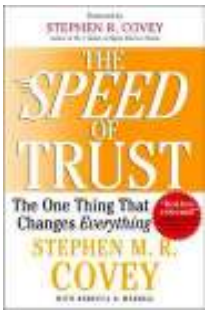
Trust And/Via The Internet

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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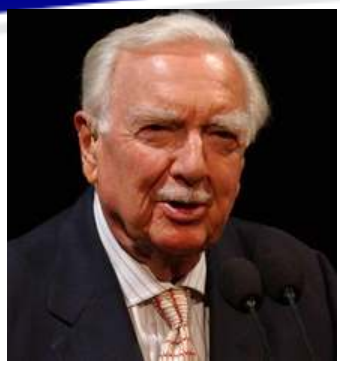
Trust And/Via The Internet



- 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

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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 twitter
  - Liked facebook
  - +1'd on g+
  - Recommendations from people you know and trust

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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?

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