Workflows:

The Key Ingredient to a Sustainable and Sellable Advisor Business

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Introduction

The promise of technology is being realized as innovation, integration, automation and an increase in utilization. At a time when investors value guidance and advice more than ever, technology is facilitating the transition of the financial advice industry from a sales-oriented model to a professional service business through customer relationship management (CRM) systems and workflows.

In this white paper, SEI Advisor Network™ joins forces with ActiFi™, the leading software and solutions firm devoted to helping financial advisors and institutions build exceptional businesses, to explore the growing trend among advisors to automate essential workflow processes within their CRMs. Having collaborated on numerous common-client initiatives, our shared perspective sheds light on how the most successful firms are transforming their practices into sustainable enterprises.

Throughout this white paper we have incorporated responses to a joint ActiFi/SEI poll conducted online from November 4 through November 25, 2013, about technology integration and workflow processes. We offer these insights from the 512 respondents to help advisors/owners better understand the state of the industry and to assess their current technology agenda.

Executive summary

As client relationships become more complex, successful firms are embracing smarter ways to manage them. Among the most important shifts we've seen in the financial advisor marketplace is the growing emphasis on advisor-centric solutions that enable advisors to seamlessly access critical information and connect to clients more effectively. Portfolio management, financial planning and clearing systems are no longer the impediments they once were. While integration is important, we believe it's far more critical to adopt disciplined processes and workflows to achieve the full benefit of system integration.

Far too often, knowledge about client relationships and key processes resides in the heads of one or two people. The business risks are high, especially for growing firms, as balls get dropped, client service suffers and onboarding new employees is virtually impossible.

The bigger challenge, we believe, is that firms may not be using technology effectively, as demonstrated by our latest research:

- More than half of advisory firms that responded to our survey (54%) have yet to adopt workflow processes.
- A similar number (57%) lack the confidence that they have the tools or processes in place to help their firm's next generation advisors succeed.
- Many advisors continue to execute even the most basic procedures manually, often relying on their own memories. More than half (58%) of respondents that claim to have workflows in place, actually rely on memory, post-it notes, to-do lists, or traveling checklists to implement tasks.

System integration and defined workflows are becoming a distinguishing characteristic — and critical success factor — for some of today's most enterprising advisors. Two such firms, St. Louis, MO-based **Plancorp**, and Des Moines, IA-based **Foster Group**, share their unique perspectives on the subject offering insights into the way workflows situated within their CRMs are transforming the way their advisors and teams work and deliver a more customized and client-centric experience.

For advisors/owners seeking to increase their firms' value and ensure a consistent service experience for every client, success may hinge on their ability to implement workflows. Workflows create the culture that ensures integration works and helps transform advisory practices into sustainable businesses by:

- Creating repeatable processes.
- Capitalizing on data and metrics to identify successes and gaps in workflow.
- Optimizing sales, service and operations to create greater efficiencies.

The problem: It's all in your head

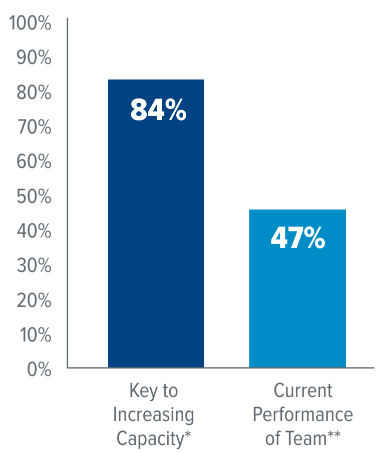
Over the past decade, we have observed that the most successful advisors and their best supporting staff are unconsciously competent. They innately recognize opportunity and know how to capitalize on it. But sharing that expertise and wisdom when it's all in the head of one or more successful advisors/owners is another story altogether.

Think about it. If your business depends exclusively on you, what happens when you're not around? If you forget a step, you can improvise. But how much falls through the cracks if you're not orchestrating every detail? It's an age-old problem described by the term "tacit knowledge," first introduced by philosopher Michael Polanyi in the 1950s. It's what the *Financial Times* describes as "knowledge that you gain through personal experience … but that is not written down and is difficult to share."[1]

Conveying knowledge is so much more than simply delegating administrative tasks to a staff member at a lower cost. We believe that system integration and defined workflows are becoming a distinguishing characteristic — and critical success factor — for today's most enterprising advisors. For those who want to increase their firms' value and ensure a consistent service experience for every client, success may hinge on their ability to align on and implement a series of steps that every employee could execute.

Implication: Many successful advisory firms are adopting workflow technology to maximize technology investments, improve efficiency, ensure a consistent client experience and grow their firms.

Streamlining/Standardizing Routine Processes



According to a 2012 study conducted by Advisor Impact, "streamlining or standardizing routine processes" was identified as a top contributor to increasing capacity and improving efficiency. The same survey indicated this category represented the highest potential for firm improvement, but that advisors struggled to get started.

* Percentage rating 4 or 5 as a way to increase capacity and improve efficiency

**Percentage rating somewhat or completely agree that the team is performing well in this area.

Source: Advisor Impact research commissioned by Trust Company of America *Efficiency: Doing More with Less*, March 2012; N=353.

1 http://lexicon.ft.com/Term?term=tacit-knowledge

Defining terms

- **System integration:** For advisors, system integration means that at least two major systems — investment-related, client-related or administrative — can communicate with each other, facilitate the exchange of data between the systems and execute certain functions from one application.
- **Workflow:** A series of steps that document and potentially automate important business processes — from client acquisition to service. Workflows encompass the steps involved in a task, as well as the expected result or consequences. Automated workflows assign the task to the most efficient resource. The best workflows incorporate best practices and expected behaviors for those responsible for implementing them.
- **Sustainable business:** A company that generates continuously increasing value, and can demonstrate a predictable, ongoing stream of future revenues and profits supported by a loyal and growing client base, empowered people, streamlined processes and efficient technology platforms. A sustainable business is not dependent on any one person; if an advisor leaves or retires, the business continues to grow and flourish.

"Your business is sellable when it's less reliant on you, there's less risk, more cash flow and higher growth. You might work on all of those things and decide it's so much fun you wouldn't want to sell."

– **Tim McDaniel**, CPA/ABV, ASA, CBA,
Principal at Rea & Associates
Smart Business, June 30, 2013

Demystifying the workflow improvement culture

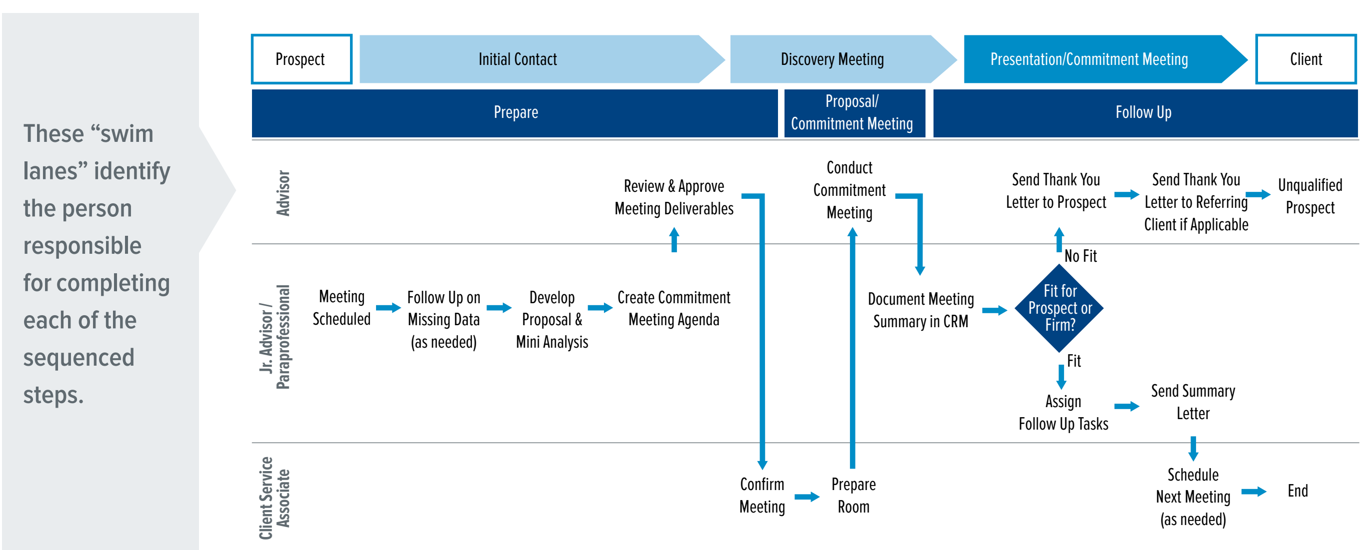
So what exactly does a workflow improvement process look like? And how can you start to think about incorporating workflows into your CRM?

Phase I: Organize

According to ActiFi, a simple way to get started is to assemble your team and talk about the key procedures you want to streamline. You can start with something as simple — but important — as how you change a beneficiary on an IRA or a client address. Many firms start by identifying the various steps involved in a business process — an exercise that often resembles a patchwork of paper, as illustrated here by ActiFi's *blue wall*. Once those steps have been agreed upon and described, it's time to incorporate them in a workflow framework. For a jump-start on completing this phase, consider utilizing existing best-practices processes or templates.

ActiFi's *blue wall*

The example below illustrates the steps involved in converting a prospect to a client. The horizontal rows — what we refer to as "swim lanes" — identify the individual responsible for each task in a series of sequenced steps outlined in the vertical columns, otherwise known as "milestones." This example involves multiple steps, such as gathering more information, refining the investment or financial plan, presenting the offer to move forward, and gaining commitment to commence a new client relationship.

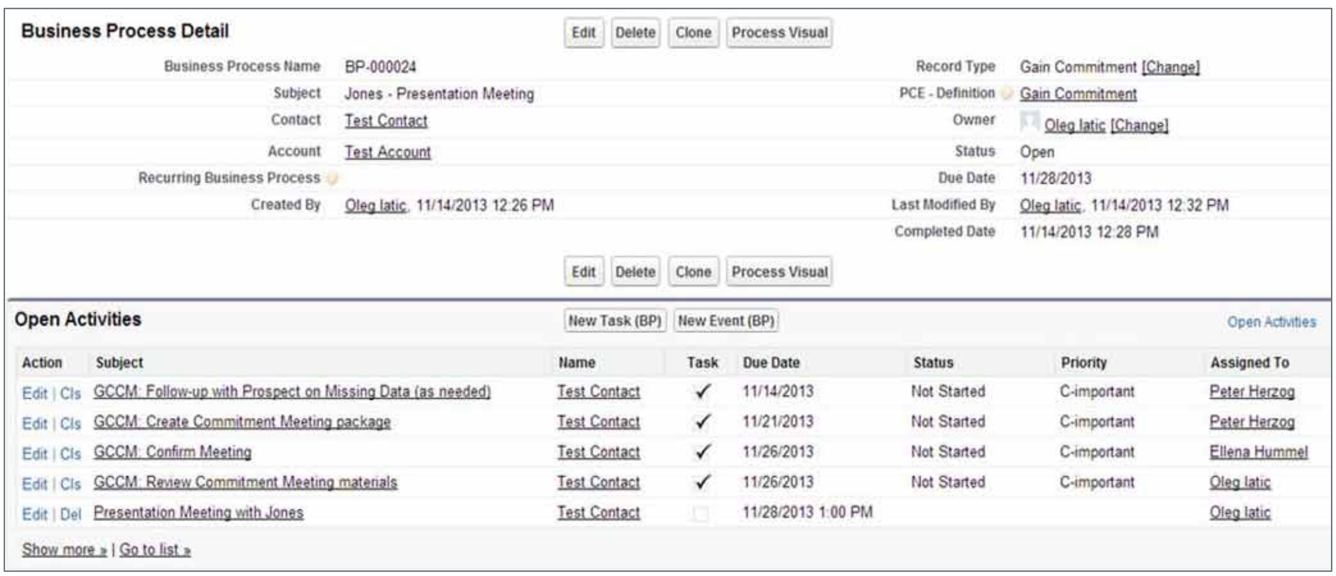


Phase II: Systematize

Once you have a defined process that everyone is aligned with on "paper," you should test it in the real world or simulate it by tracing back the steps you completed within a recent interaction with a client or prospect. If you have a defined process that can be executed 80% of the time in a similar way without coming up with workarounds, you are ready to automate it in a CRM.

Phase III: Automate (optional, but highly encouraged)

Once systematized, your workflow is ready to be embedded into your CRM. When automated, the completion of one step triggers and schedules the next step, assigning it to the appropriate individual with the expected completion date. Along the way, anyone on the team can follow the progress within the client record of the CRM. Keep in mind that not all processes have to be automated in a CRM; some can be executed manually if the ROI to automate is not justified.


Business Process Detail

Edit | Delete | Clone | Process Visual

Business Process Name	BP-000024	Record Type	Gain Commitment [Change]
Subject	Jones - Presentation Meeting	PCE - Definition	Gain Commitment
Contact	Test Contact	Owner	Oleg Iatic [Change]
Account	Test Account	Status	Open
Recurring Business Process		Due Date	11/28/2013
Created By	Oleg Iatic, 11/14/2013 12:26 PM	Last Modified By	Oleg Iatic, 11/14/2013 12:32 PM
		Completed Date	11/14/2013 12:28 PM

Edit | Delete | Clone | Process Visual

Open Activities New Task (BP) | New Event (BP) | Open Activities

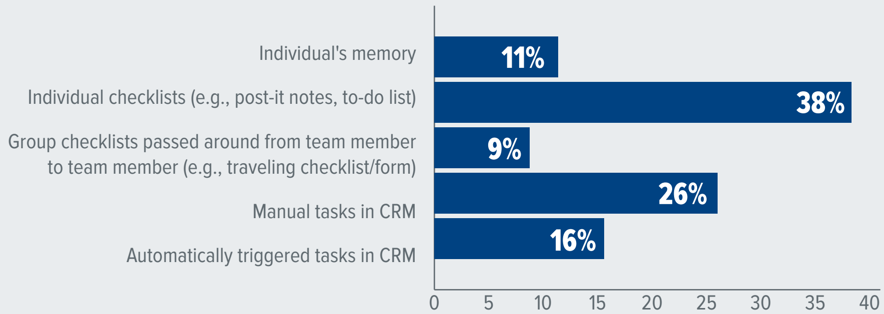
Action	Subject	Name	Task	Due Date	Status	Priority	Assigned To
Edit | Cls	GCCM: Follow-up with Prospect on Missing Data (as needed)	Test Contact	✓	11/14/2013	Not Started	C-important	Peter Herzog
Edit | Cls	GCCM: Create Commitment Meeting package	Test Contact	✓	11/21/2013	Not Started	C-important	Peter Herzog
Edit | Cls	GCCM: Confirm Meeting	Test Contact	✓	11/26/2013	Not Started	C-important	Ellena Hummel
Edit | Cls	GCCM: Review Commitment Meeting materials	Test Contact	✓	11/26/2013	Not Started	C-important	Oleg Iatic
Edit | Del	Presentation Meeting with Jones	Test Contact		11/28/2013 1:00 PM			Oleg Iatic

Show more » | Go to list »

Screenshot courtesy of Orchestrate's ProcessComposer®.

How do you currently execute your workflows?

More than half (58%) of respondents that report having workflows in place actually rely on memory, post-it notes, to-do lists, or traveling checklists to implement tasks; the rest rely on automatically triggered (16%) or manual tasks (26%) in their CRMs.



Source: ActiFi/SEI Advisor Poll — November 2013.

Phase IV: Optimize

A workflow is constantly influenced by outside factors, such as: new technology, breakthrough principle on sales or service, change in support structure, client requests or suggestions, staff feedback, etc. The firm should always review its processes on a regular basis (at least annually). Metrics on processes should be captured and analyzed when making decisions on modifying existing processes. This is the phase that every business shall strive for long term. It is hard to achieve, yet very rewarding in the end.

The business climate and forces shaping change

Perhaps the biggest shift we've seen in the financial advisor marketplace is the growing emphasis on advisor-centric solutions that enable advisors to seamlessly access critical information and connect to clients more effectively. Combined with demographic trends, such as:

- An aging advisor population
- More informed investors
- More robust technology
- More socially networked investors engaging with their advisors in new ways

These innovations frame both the opportunity and the challenge for today's financial advisors.

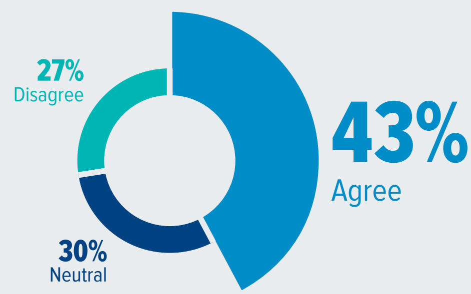
Demographics: Against a backdrop of an improving global economy, many Baby Boomer advisors are beginning to think more seriously about succession and transition strategies, and looking for ways to increase the value of their firms.

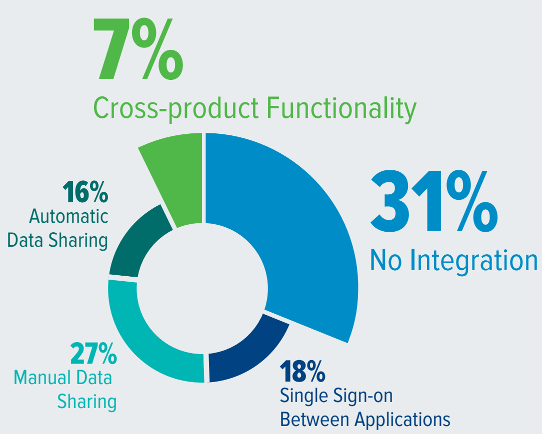
- It is estimated that the average firm owner is about 57 years old and that more than half of all advisors are over the age of 50.[2] Many of their clients are of a similar age and will be looking to start drawing down assets as they transition to retirement. One obvious consequence of an aging clientele is a reduction in advisor fee income as AUM shrinks.

I am confident that I have the tools or processes in place that will help me make the next generation of advisors in my firm successful:

43% of advisors believe they have the tools or processes in place that will contribute to the success of their firms' next generation of advisors ...

Source: ActiFi/SEI Advisor Poll — November 2013.





... yet a survey conducted by Aite Group indicates that **nearly a third of firms** lack system integration and just **7% of firms** characterize their level of integration as meaningful across systems.

Source: Aite Group, "RIA productivity and profitability: Integration pays," 2013; N = 201 Primary Financial Advisor respondents.

2 Cerulli Associates; *The Cerulli Edge:* 3Q 2012.

Research[3] also shows that a chronic shortage of younger talent will exist over the next decade. Quality advisors are becoming more valuable, more difficult to source and more expensive to train, demanding new recruitment and onboarding techniques to ensure the best hires.

Younger advisors — those that would potentially join established practices, acquire existing ones or compete against them — tend to be more technology proficient. They want to work for firms that offer robust technology solutions, integrated platforms and mobile technology that facilitate their work and interactions with clients.

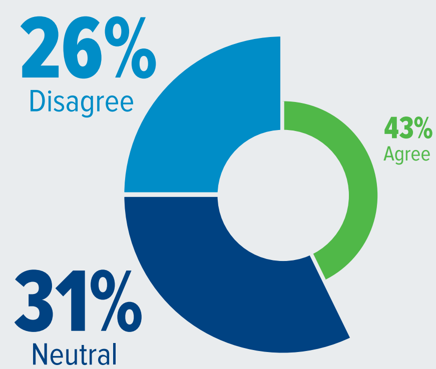
Caleb Brown, a partner with New Planner Recruiting, in Athens, GA — a recruiting firm that specializes in recruiting financial planners — offers advisory firms two important best practices. He suggests you can improve your chances of a good fit by carefully screening for computer literacy. "Don't hire anyone unless they know their way around computer software," he says. "Whether it's Excel, financial planning, portfolio management or CRM systems, skill sets vary widely. If your firm is moving toward workflow automation, make prospective candidates prove their proficiency," he advises. Brown also recommends that advisory firms incorporate recruitment screening tools such as the Kolbe Index — a career assessment tool that identifies people's natural instincts, or "conative" skills — to judge how candidates approach work, how they take action and their preference for disciplined processes. "Owners should use these profiling screens fairly early on in the recruitment process — before they've made up their mind based on other factors," he adds. *[Learn more about personality profiles and knowledge assessment tools at New Planner Recruiting's blog at http://newplannerrecruiting.com/in-the-news/]*

Investor behavior and expectations: Five years after the financial crisis, investors are better informed than ever and many have reassessed their financial lives — reducing debt, accelerating savings, changing advisors or taking a more active role in overseeing their nest eggs. Investors want access to more information about what they own and how they are doing and are more involved in the decision-making process. They are also interacting with their advisors in new ways — communicating via mobile devices, via web conferencing and scheduling time with advisors online.

I feel my current technology and processes ensure a consistent client experience across my firm:

Most advisors are neutral or disagree that their current technology platform ensures a consistent client experience.

Source: ActiFi/SEI Advisor Poll — November 2013.



3 CEB Wealth Management Leadership Council, "Windows on the Future: Key Wealth Management Trends in 2013," March 2013.

Disruptive technology: Also worth mentioning are some of the disruptive technology-driven innovations, including the so-called robo-advisors that have emerged recently. While still new, they are reinventing traditional service models and offerings. They are also targeting the younger, technically savvy, growth accumulating generation — a market largely ignored by advisors.

- Some, like *Motif Investing* and *Jemstep*, are pure technology solutions with no advisors while others, such as *Personal Capital* and *LearnVest*, provide advisors services but only use technology (the Internet) to communicate with their clients.
- Expanded online advice offerings are also being presented by established financial service companies, such as *Vanguard* and *Edelman Online*.
- A relative newcomer, *Mint.com*, launched in 2007 and acquired by Intuit in 2009, is an online service that boasts 10 million users. The service is designed to simplify financial management by aggregating banking and investment accounts from multiple institutions in one easy-to-view location and a proprietary search algorithm that suggests opportunities unique to each user. It is especially attractive to younger, tech-savvy investors.

Source: Wall Street Journal: How to Get Investment Advice for Less Online, Young companies use computer algorithms to suggest and in some cases oversee portfolios of ETFs and mutual funds, September 4, 2013; Third-party company websites.

Implications:

- Since the financial crisis, many advisors/owners are focused on creating more value for their firms and may delay an exit strategy. Others may look to rollups or merger/acquisition strategies as an option to gain scale, access new markets, and enhance their capabilities.
- Aging advisors, changing client demographics, and revenue production benefits associated with high employee tenure require firms to focus on building the internal talent bench.
- Advisors focused on growing their practices are adopting strategies to attract younger clients. Some are considering younger advisors in their succession planning who look like and connect with the next client generation. Many are also embracing the increased use of technology and social media that clients increasingly expect in their advisor communication.
- Disruptive technology solutions represent new competition for younger investors and could exert pressure on fees as they evolve.
- Not enough capacity to focus "on" the business. Without repeatable workflows advisors/owners are unable to measure and identify deficiencies that can lead to fire drills and daily disruptions. Building a sustainable business means that you have to have the time to focus on planning and execution of your growth and value strategy.
- Advisory firms will need to become more automated and leverage technology to compete with the so-called robo-advisors. *[For more insight on the subject, read "The Advisor Of The Future Is Not Human Nor Robot, But Cyborg," posted by Michael Kitces on Monday, July 29, 2013, at www.kitces.com/blog/the-advisor-of-the-future-is-not-human-nor-robot-but-cyborg/]*

What makes a business sustainable?

We believe that sustainable businesses — large and small — are both commercially viable and future-ready, that is, they are adapting to shifting demographics, client behaviors and expectations while adopting new technology effectively. Those with the potential to build enterprise value are focused on the factors that make their firms more sellable:

- **A clear value proposition:** Aimed at specific client segment(s) with tailored services to that group.
- **Growth matters**: Growth is essential for advisors/owners who want to build value in their firms. Profits, revenues, clients served and assets under management; there should be a consistent proven growth, year over year of 10% or more net new assets.
- **Segmented, diversified client mix:** Sustainable businesses have identified clients segments with a proportion that are younger and in the wealth accumulation phase. It is also important to have segments that a practice will not serve.
- **Teams, not individuals:** Transforming a one- or two-person shop to a sustainable business implies that the individual becomes less important, and the process makes it a team-oriented approach; each client is assigned a team with defined roles who follow a consistent client-service model.
- **Leverage consistent workflow across the firm:** Workflows facilitate a team approach; once workflows are in place, technology can help transform the firm into a sustainable business.
- **Firm, not advisor:** Firms should be able to identify their "C" level executives: CEO, COO, CIO and CTO. They should be accountable for operations, investments and technology — **and spend at least half their time in these roles.** They also should spend time documenting and creating processes across these different areas. It should be noted that the CIO and CTO roles can be effectively outsourced. *[For an in-depth discussion about this subject, refer to SEI's recent white paper, "ADVISOR AS BUSINESS OWNER: How independence, integration and intelligence can transform your practice into a sustainable business," by contacting SEI at 1-888-734-2679]*
- **Succession plan in place:** In her latest white paper,[4] industry research and consulting expert Angie Herbers — who helped our industry understand *the four Ps of building great businesses:* people, pay, perks and productivity — explains that the key to successful succession plans is firm growth. It not only provides the capital to finance the buyout, she explains, it also controls its duration. Citing a recent survey by Signator Investors:[5]
  - Only 11% of independent advisors have a succession plan in place; just 20% of advisors are certain about what they will do with their practice when they retire; and roughly 30% of firm owners have a successor advisor on staff, leaving 67% who plan to hire one in the future.
- **Consistent client experience:** Repeatable, established processes that support reliable service delivery.
- **Valuation:** Value for most firms is based on multiples of both recurring and non-recurring revenue with discounts and premiums for factors, such as client demographics, employee tenure and stability, and quality of management.

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4 *TAKE 2: The New Direction of succession planning*, Angie Herbers, Inc., October 2013.

5 The survey was conducted for Signator Investors by Mathew Greenwald & Associates online in July 2013; the survey represents responses from more than 500 financial professionals who were working either as a career agent, IFP/IFA, or independent broker-dealer rep; planned to retire within 20 years; and had worked in the financial services industry for at least five years, owned at least half of their practice and generated at least $80,000 in gross income in the 12 months prior to the study.

> "Wealth managers are going to have to create a much more connected experience with their clients, advisors and staff as well as third-party business partners that are helping to provide solutions."
>
> PWC: *The Connected Advisor,* August 2013.

An ever-changing technology landscape: System integration and workflows

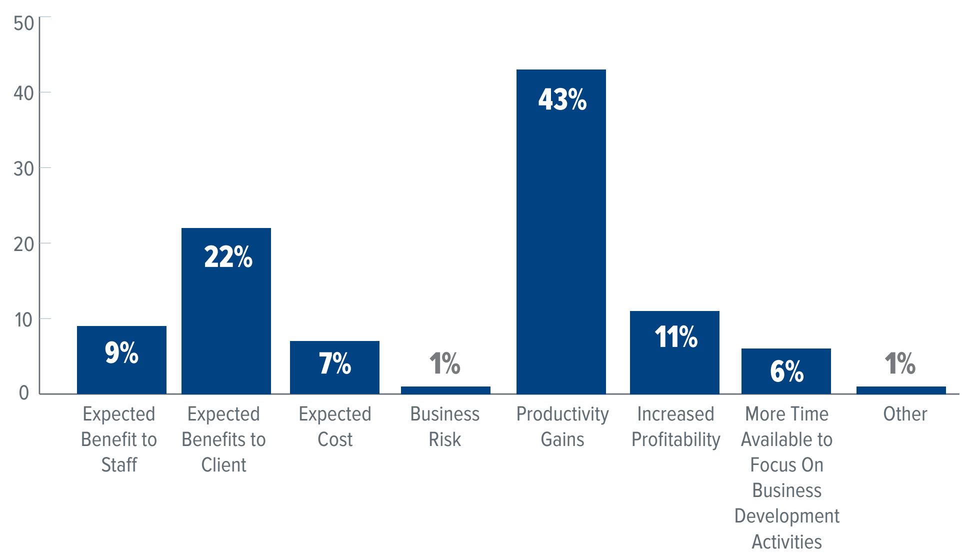
The dizzying array of new and disruptive technologies makes it hard for advisors to keep pace. We believe the bigger challenge is that firms may not be using technology effectively.

ActiFi typically sees resources allocated in a ratio of 98:1:1 (98% spent on technology, 1% spent on business process improvement, and 1% spent on training/adoption). To derive the most value, they advocate that spending priorities should be balanced in an adjusted ratio of a 33:33:33 approach.

Motivating factors in selecting new technology

Among the top considerations cited most often by advisors seeking to add or enhance new technology are productivity gains, expected benefit to clients and increased profitability.

Technology Investments: Top Considerations

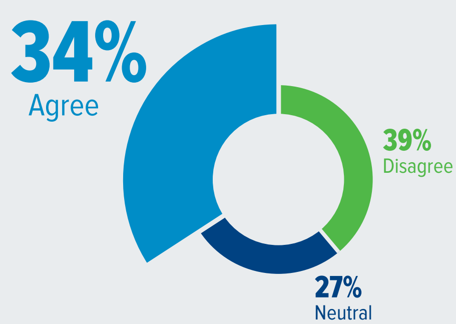


Source: 2013 Investment News Adviser Technology Study
N = 1,000 Financial Advisors.

My CRM is fully integrated with my other technology tools and systems.

Just one-third of advisors (34%) report that their CRM system is fully integrated with other technology tools and systems.

Source: ActiFi/SEI Advisor Poll — November 2013.



The promise of integration

- Advances in network speed and scale, flexibility in software design, cheaper memory, and more nimble data storage technology are supporting the holy grail of achieving true integration for advisors among various systems.
- In theory, integration should translate into time management benefits for financial advisors and their service teams, enabling them to allocate more time to client-facing activities. System integration should:
  - Help eliminate redundancies of manual data entry, saving time and minimizing errors.
  - Provide a better and more consistent user experience because the user does not have to switch back and forth between different software applications to enter key data.
  - Offer a cost-effective way to improve the experience a client has with his or her advisor. For example, preparing an in-depth snapshot of a client's portfolio would be cost prohibitive if the advisor had to manually enter data from multiple systems, then cut and paste data into a report creation tool or word processing program. True integration, however, enables an advisor to perform such a task on a client-by-client basis with the click of a button.
- The degree to which integration has been achieved varies across the board. Generally, the level of integration across business applications remains low, and most firms have failed to integrate beyond Level One, as described below.

ActiFi's definitions of the four levels of integration

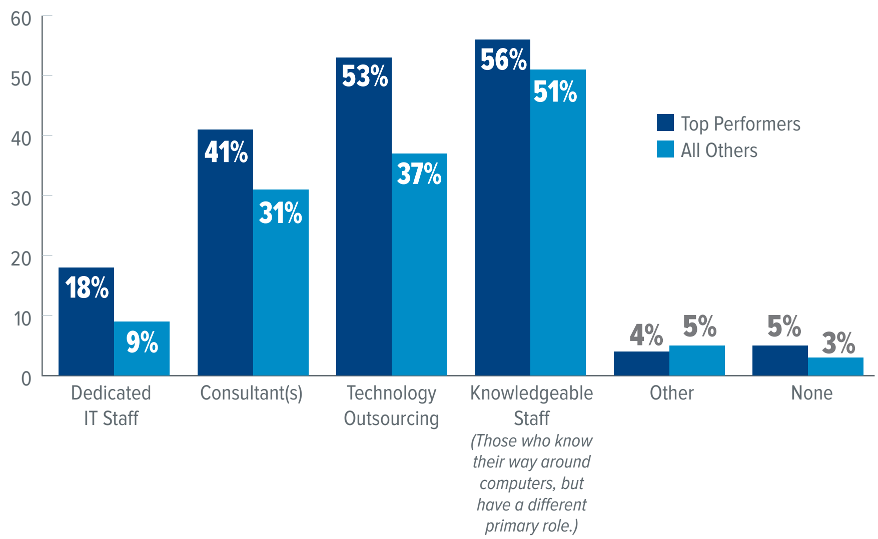
Level One	**Level Two**	**Level Three**	**Level Four**
The most basic integration simply offers users a text or graphic link (hyperlink) to another application. *For example, a CRM system may have a link to a financial planning system accessed by clicking the link to open a new window with a separate log in screen.*	Offers a single sign-on function enabling users to select a hyperlink that automatically authenticates the user and permits access to one or more applications. *For example, the user clicks on retirement goals within a client's CRM record and the system immediately launches a separate browser and automatically logs in to the financial planning software.*	Affords users the ability to pass data in one or two directions between two different applications. *For example, within the CRM system, an advisor clicks an "update" button and the system automatically updates a client's account holdings by pulling data directly from the portfolio management system.*	The deepest integration allows the user to do everything within one application without appearing to leave the primary client contact system. Usually the CRM acts as the hub and delivers the client or account information as needed.

Source: ActiFi, *Top 10 Technology Trends for Financial Advisors and Financial Institutions*, 2012.

Demand for outsourcing growing

The 2013 TechLeaders Survey, conducted by Beacon Strategies, found more firms turning to third-party providers for their technology initiatives. As costs fall, the build-your-own trend or reliance on clearing firms has become less attractive.

Staffing Resources: Top Performers vs. All Others



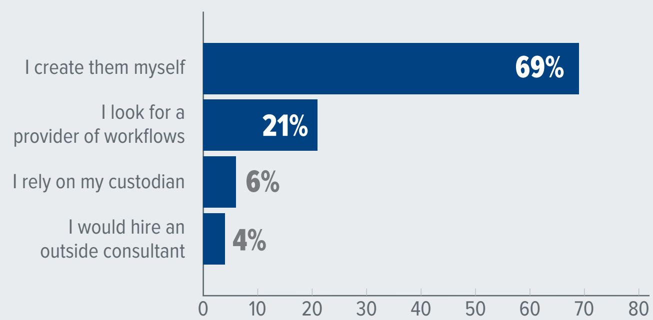
The 2013 Technology Study conducted by Investment News found that top performers, tended to utilize consultants and outsource technology more often and were less likely to have dedicated IT staff.

Top performers defined as the top-quartile of all firms when ranking participants by profitability per client; revenue per staff member; effective integration allowing for scalability; expected client growth was also included in developing a composite score for this group.

Source: 2013 *Investment News* Adviser Technology Study, July; N = 1,000.

How do/would you select the right workflow tools for your business?

When it comes to specifically developing workflow tools, our survey found **more than two-thirds** of advisors choose to create them on their own.



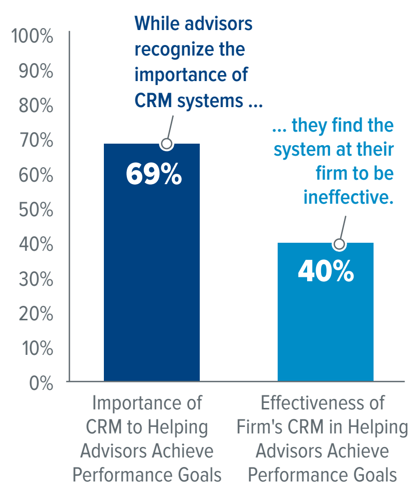
Source: ActiFi/SEI Advisor Poll — November 2013.

The rise of CRM technology

As a bridge from the front office to the back office, CRM technology solutions have increasingly higher integration capabilities and feature greater cross-system efficiency that can improve both advisor and client experiences.

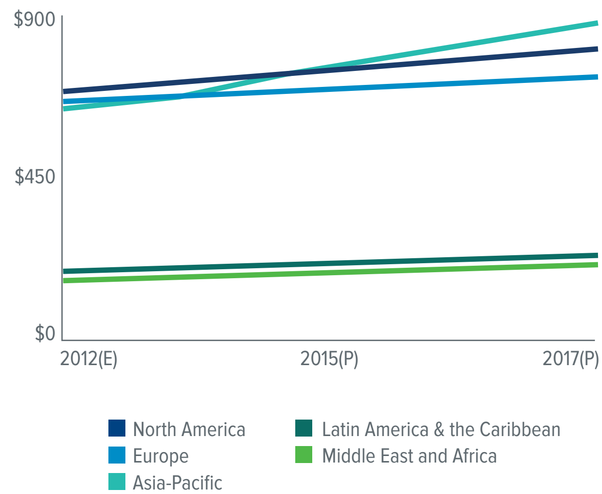
Improved access to existing client data and tools to manage it, boost advisor capacity, sales performance, and service quality. Today's firms need technology that is designed to work across the entire enterprise, and flexible enough to give individuals the freedom to move among unique systems and operate as they need to, based upon their unique requirements.

CRM systems help advisors achieve performance goals



Source: CEB, VIP Forum's Advisor Benchmarking Survey; 2012 N=1,060.

Global forecast for CRM spending on the rise



Note: E indicates estimates values; P indicates predicted values.

Source: CEB, FSI Technology Survey, 2011 – 2012. CEB Tower Group Wealth Management, 2013.

Models of success

To better understand workflows from the perspective of firms that have successfully incorporated them for more than a decade, we talked to Chris Kerckhoff, President of Plancorp, and Travis Rychnovsky, Chief Operating Officer (COO) of the Foster Group. Each firm offers valuable insights about their experience integrating technology and implementing workflow processes.

PLANCORP
Independent Advice. Intelligent Financial Solutions

Headquarters	St. Louis, MO
History	› Established in 1983 by Jeff Buckner, CFP® › Initially a fee-only financial planning firm (i.e., no investment management services) › Initiated succession planning in 2010
President	Chris Kerckhoff, CFP®, AIF® Joined firm in 1997; assumed role as President in June 2010
Succession Planning/ Ownership	› 60% owned by three original owners › 40% owned by six next-generation › Original owners plan to sell additional interests each year
Clients Served	850 families
Assets Under Management	$2.3 billion
Employees/ Client Facing Advisors	34/18
Areas of Focus	CEFEX-certified, full-service firm serving high-net-worth families and investors, 401(k) plan sponsors, young accumulators, and small to mid-sized institutions: › Investment Management › Financial Planning › Family Office Services › Business Advisory Services › Retirement Plan Advisory Services › Comprehensive Wealth Management

How Plancorp has built a sustainable business

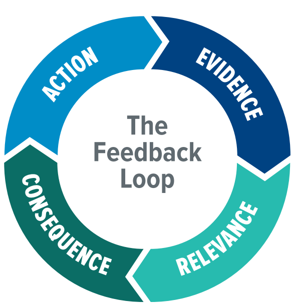
Missouri's first fee-based advisory firm has remained faithful to its client-centered, team-based approach to independent advice since it was formed in 1983. Plancorp serves as a model, no matter how you measure success. "Putting clients first has served us well," says Chris Kerckhoff, President of the firm. "Technology and painstaking workflow processes are helping to ensure that our client experience continues to evolve and improve."

You have to start somewhere

Plancorp began documenting workflow processes in 2001, Kerckhoff says, when the firm's strategic planning conversations increasingly focused on growth and expansion. The desire to institutionalize the Plancorp way of doing business while delivering a world-class experience for clients was the driving force. "If there was a catalyst," he explains, "it was our desire to scale our business. We wanted to develop a seamless process that would ensure consistency. As we brought on new advisors, it was apparent that we needed well-documented processes that everyone was on board with, well versed in, and that were supported by our technology platform." The efforts also supported the firm's CEFEX certification in recognition of its conformity to industry best practices.

Humble beginnings — on paper yet

The Plancorp initiative started by looking at the way they did business, asking a lot of questions and welcoming the participation of a large cross-section of the firm's employees to evaluate core aspects of their operation. They tackled the client service experience first, documenting everything from presentation tools to reports. "Then we examined the sales process and the way we wanted to build our sales pipeline, followed by our investment and fiduciary decision process. We specified how our internal investment committee conducted its due diligence and investment selection process. We joke about it now, but our original process maps were literally 3.5' x 7' sheets of paper that we rolled out in the conference room. Later we cut them up into smaller- sized PDFs that we could access on our computer screens."



A never-ending feedback loop

Since then, Plancorp continues to build on its workflows discipline, embedding routine processes in its CRM, which is becoming the core of their operation. According to Kerckhoff, the high-level processes don't change that often, "but we are constantly editing the level two and level three processes," he says, to accommodate system enhancements, regulatory requirements and other improvements. One key to success, he believes, is to keep as many people involved in the conversation. If something's broken, he says, it becomes evident quickly. "We encourage feedback on a regular basis," Kerckhoff says. "In fact, specific employee input was the driving force behind our move to our current CRM."

Thoughts on technology and framing the firm's technology agenda. Kerckhoff says that the firm has always sought to leverage technology wherever it can. "We don't want to be on the bleeding edge of technology," he says, "but we want to be close to the leading edge — so we can get everything we can out of our people and our systems." They have been moving a lot of their operations to the cloud, a direction they've been headed in for awhile. When considering new systems or applications, integration capability is one of the critical decision points in their process. "We want to make sure that our technology platforms either have built-in integration, or use an open-architecture framework where integration is facilitated without a lot of expense or development time."

Plancorp largely outsources technology. They use a local firm to manage their hardware, systems and help desk. A member of the firm's leadership team is responsible for the strategic development of its technology plan and the Director of Operations is intimately involved, though technology is not the primary responsibility of either one. "We are always interested in continuing to improve our technology platform," he explains, "first for the betterment of our clients, but certainly to make our people more efficient and effective as well. We remain entrepreneurial to the point that we invite feedback on a regular basis from our people. Their participation on various committees that are looking at technological solutions makes them part of the process."

Assessing the value of integration and workflows

So how does Plancorp assess the value of integration and workflow processes? "Maintaining solid margins in our business and staying efficient, is probably our best metric for how well technology is working for us," Kerckhoff explains. "There's no question in my mind that the success we've had over the past several years can definitely be attributed to the fact that we have systematized our business with an eye toward dramatically improving our best-in-class client experience. We would measure that in terms of our firm's growth, the number of new clients we've attracted, the level of referrals and our very low client and employee turnover," he concludes.

Plancorp's advice for firms considering implementing workflows

- Change management is best to implement in stages.
- First define where you want to go, and then figure out the most important first steps.
- Execute well on defining the future before you move to the next step.
- Empower your whole team. Be sure your workflow effort is not a top-down exercise; it can't be just two or three principals making the decision and trying to push it down through the organization.
- There is real power that comes from having your people participate in the conversation. Initial and ongoing feedback from a broad group of people is critical to success.

FOSTER GROUP

Headquarters	Des Moines, IA
History	Established in 1989 by Jerry Foster
Chief Operating Officer	Travis J. Rychnovsky, CFA®, serves on Foster Group's executive leadership team and provides oversight to client service, operations and technology; responsibilities also encompass administration and human resources.
Succession Planning/ Ownership	11 shareholders
Clients Served	900 clients
Assets Under Management	$1.3 billion
Employees/ Client Facing Advisors	34/10
Areas of Focus	Holistic wealth management and financial planning firm offering investment management, financial planning and specialized services for the medical profession.

A firm on a service mission

In 2004, Foster Group, an independent, fee-only wealth management firm, consisted of 15 employees overseeing $500 million in assets under management for some 500 clients. Driven by the desire to enhance service for its growing client base, the firm began formulating unique workflow processes even before it converted its CRM system in 2008. "We incorporated initial processes as a launching off point once we migrated to a new CRM," Foster Group's COO Travis Rychnovsky, explains. "From there we were able to accelerate our work."

Fostering client relationships

While many advisors use their CRM as a new business and sales pipeline tool, improving service was the key driver for Foster Group, Rychnovsky says. "The sales process workflows were secondary, and came later in our evolution," he explains. Today, their CRM system is the gateway to virtually everything that gets done at Foster Group. Virtually all of the firm's operations, administrative and sales workflows have been documented and incorporated into the CRM platform. While the firm continually fine-tunes the details when something in the business changes, Rychnovsky says there isn't much of a list of processes left to tackle.

To run a report or review client holdings or recent transactions, the user simply logs on to the CRM and all the information required would be pulled from the portfolio management or financial planning systems. "In addition to integrating our technology platform, we embedded all our workflow processes in the CRM system. Our entire client experience is facilitated through workflows — from the discovery process with a new client, to onboarding and account servicing," he says.

The communications and training connection

Foster Group has designated its CRM as the communications hub for existing and prospective clients. It also serves as the main internal communications channel for the firm's employees to share ideas, documents and updates with one another in an enterprise social network. Additionally, the firm has leveraged the platform's open architecture for internal staff training. "It's an effective way to build learning tracks around our investment process and products for employees at all levels," Rychnovsky explains.

It's not rocket science

Rychnovsky offered a hypothetical example to illustrate how the workflow process happens at Foster Group.

1. A client initiates a meeting, or an advisor wants to meet with the client.
2. The system assigns a task to the person responsible for scheduling.
3. That individual contacts the client and schedules a meeting via the CRM.
4. Unique tasks associated with the meeting are created in the CRM for the advisor and the client service team.
   - A client service person would be asked to prepare specific documents and reports for the meeting and attach them to the scheduled client meeting on the CRM's calendar.
5. The advisor meets with the client and pulls up the calendar to access the reports that were prepared for the meeting.
6. When the meeting is over, the advisor dictates meeting notes that are then transcribed and loaded into the client file on the CRM.
7. Follow-up tasks would be defined, assigned and distributed to the appropriate resource.
   - These might include a thank you letter, a research assignment, a follow-up meeting, etc.

At any step along the way, anyone can access the client record to learn more about the purpose, timing and location of the meeting as well as its outcome.

> "In addition to integrating our technology platform, we embedded all our workflow processes in the CRM system. Our entire client experience is facilitated through workflows — from the discovery process with a new client, to onboarding and account servicing."
>
> – **Travis J. Rychnovsky**, COO, Foster Group

Benefitting from workflow processes

Rychnovsky says that from an internal perspective, “workflow processes create a high level of consistency and accountability in terms of ensuring that we do what we say we’re going to do for our clients — and that we get it right.” It also creates transparency, he explains, because anyone can track the status of a process or a workflow as it progresses through a particular cycle by simply looking at the client record. “From the client perspective, even though they don’t necessarily know it, our workflows provide a discipline. Whether we’re being proactive or reactive, they should be assured that we won’t drop the ball. It can happen, but it’s extremely rare when we do.”

As far as measuring the economic benefits of workflows, Rychnovsky says some of the benefits are measured in a direct way — such as client satisfaction surveys — while others are not. Rather than measuring the benefits at a granular level by task, he suggests the best measures are aggregate, such as the number of clients per client service team member. From 2003 to 2010, their cost of staff time per client fell from $1,897 to $1,520 [20%]. Likewise, their cost of staff time per $1 million AUM fell from $2,332 to $1,610 [31%].

Overcoming obstacles along the way

The biggest challenge of any new initiative is resistance to change. Getting people to buy in to the importance of procedural discipline, he says, may take time. He acknowledges that there was some resistance initially. “We’d hear things like, *I already know how to do my job; do I need a system to remind me?*” he explains. “The entire initiative has always been supported from the top, but it was never forced. It was a question of getting everyone’s participation along the way and buy-in over time.”

Rychnovsky says the workflow process and implementation has been an evolution. “The people that worked on workflows are the people that do the work on a day-to-day basis with clients and prospects. We might have refined a process before it was baked into the system, but the stakeholders of a given process were the ones that did the heavy lifting. Today the team feels a certain sense of accountability and ownership for these processes. They’re the ones that know when something isn’t working or needs to be adjusted.”

Foster’s advice for firms considering workflow implementation

“I talk to a lot of firms about the idea of process and workflows — my advice would be to start early. This is not necessarily a glamorous subject, but it is necessary. There are fire drills when something goes wrong that create a sense of urgency, but it’s short-lived; the decision to implement change gets put off. The most common excuse I hear for not implementing workflows is from smaller firms. They say “We don’t need to think about that now because we’re not big enough yet.” But if they wait too long, the idea becomes daunting. I know from experience that even small firms can benefit from systematizing procedural discipline.” The other recommendations Rychnovsky offers:

- Take a measured approach and implement the program in stages, otherwise, it will seem too overwhelming.
- Start with the most important tasks — not necessarily the most complex ones.

> “The entire initiative has always been supported from the top, but it was never forced. It was a question of getting everyone’s participation along the way and buy-in over time.”
>
> – **Travis J. Rychnovsky**, COO, Foster Group

Integration is important, but it's far more important to implement workflow solutions that, with the necessary staff training, can fully realize the potential of integration.

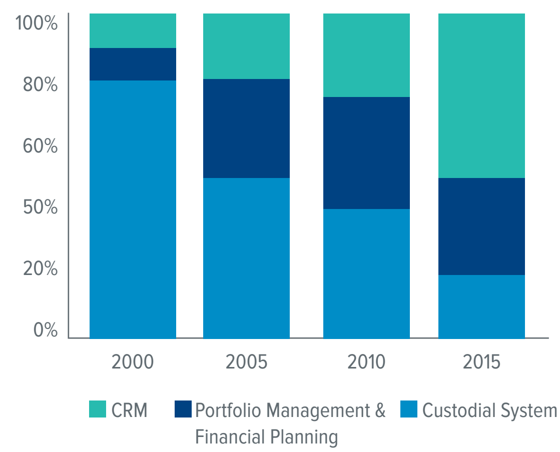
The future is here: Workflows enable you to live in your CRM

The evolution of portfolio management and financial planning systems facilitated the disintermediation of clearing firms as the driver of advisory operations.

Today, the CRM has emerged as the primary gateway to client relationships. Workflows situated within the CRM automate front-end processes helping to transform the way advisors and their teams work and service clients. Workflows not only provide a roadmap for how to implement a process, the entire process can be automated.

As evidenced by the Plancorp and Foster Group examples highlighted in our white paper, we have seen significant benefits realized by firms that engage in extensive customized workflow projects. Depending on the size and complexity of your organization, developing custom workflow applications can take a lot of time to build and can be cost prohibitive for smaller firms.

System Impact on Advisor's Day



Source: ActiFi Industry Experience/Forecast — 2012.

A cost-effective opportunity to implement workflows

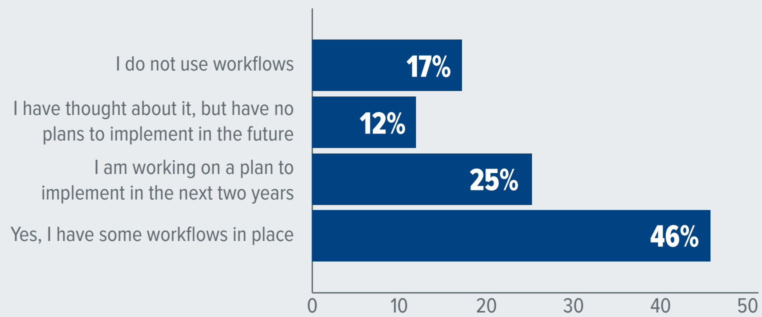
Leveraging the success that larger firms have enjoyed with our combined expertise, SEI and ActiFi recognized the need for a packaged workflow solution with the goal of accelerating adoption of workflow processes and to make the most of your CRM system. CRM applications not only keep historic records from the initial point of contact for auditing purposes, they also provide firms with the data and metrics to show where they're excelling and where they're wasting time. It's like a time-in-motion study built into the CRM that management can use to fine-tune operations.

By unlocking the data contained in financial planning, portfolio management and custody silos, firms have access to more complete information faster and improve efficiency and decision-making. The technology exists today to deliver all the client and investment information together through a single portal, affording advisors and team members a complete client view. Today, CRM systems are being integrated and layered over both these tools, resulting in improved performance, an increase in employee satisfaction, time savings, and a positive impact on business.

Do you currently have workflows in place?

More than half of advisors who responded to our poll do not have workflows in place.

Source: ActiFi/SEI Advisor Poll — November 2013.



Workflow Benefits

For the Firm	For the Client
› Increase advisor and staff productivity › Improve operational efficiency › Time savings › Employee satisfaction › Profitability and other metrics › Documented processes, including those required to meet fiduciary/compliance demands › Perception — appear larger than you are › Increase the value of your firm › Facilitate integrating new employees into your firm	› Allows the advisor to be more responsive › Gives the advisor the ability to provide more reliable, consistent service › Integrated technology allows for faster resolution of client problems › Less reliance on a single individual › Can be more client-focused without having to work through process issues › Demonstrates value add services and solutions with enhanced technology and time

Implication: To realize the full potential of integration savings and efficiency, advisory firms should consider optimizing workflows that leverage business processes and technology. Effectively trained teams are essential to the success of such an undertaking.

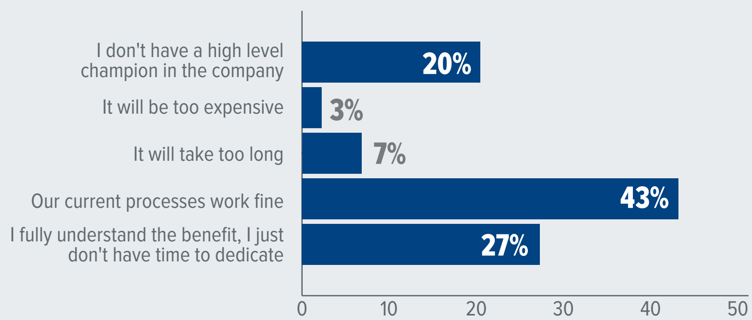
Obstacles

- Technology is advancing at a faster rate than ever and advisors focused on running their businesses are scarcely able to keep pace. As with most innovation, resistance to change is one of the leading reasons why most firms have failed to adopt workflow solutions.
- As we've seen in many instances, it's extremely difficult to ask seasoned professionals to change the way they do business — particularly when their approach has served them so well for so long. As a general rule — borne out by various research observations throughout this white paper — advisors are not using technology effectively. In some cases it's generational; in others it's attitudinal.
- We also realize that one size does not fit all. Many times people confuse having a systematized firm with a cookie-cutter approach. In fact, the more systematized the firm, the more time advisors are able to spend on more complex client issues. In addition, the firm is able to create career paths for employees and enable them to move up the value chain and easily delegate the lower half of their responsibilities to less expensive resources.

Workflow will constantly evolve as the systems and the size of the firm change. Similar to the way an advisor might rebalance portfolio models on a regular basis, the advisory firm should also reassess and adjust its workflow processes. This reality has been effectively managed by advisory firms that implement process committees that function similar to a firm's investment committee.

What is the primary reason you do not have workflows?

The **top three reasons** why advisors report they don't have a workflow process in place include believing their current processes are adequate, not understand the benefit, or not having a high-level champion in the firm to support it.



Source: ActiFi/SEI Advisor Poll — November 2013.

Beyond service: Systematizing your sales processes can drive growth

At the end of the day, efficiency gains will not drive advisor growth. Systematizing your business process will. Provide capacity to focus your time on other important business objectives, including sales and an increase in wallet share by substantially improving your existing client relationships.

A roadmap to implementing workflow process solutions

There are two approaches available — using a configurable, packaged model or a custom model. How do you choose between them?

What are the two models?

- **Configurable, packaged model:** A set of workflows that can be either purchased from or provided by a platform partner or third-party firm specializing in workflows. Effective solutions should work with CRM workflow engines and the platform.
- **Custom model:** You engage a workflow consulting firm to assess your business, work with your team and create custom workflows tailored to your company.

Which one should you choose?

- **Configurable, packaged model:** If you are new to workflow and want to see how they work, this is a great way to learn without paying a lot of money.
- **Custom model:** When you know how workflows operate and want to maximize the efficiency of your business, and are prepared to pay for it. Typically this is a larger, mature firm.

Examine your firm's goals and what you are attempting to achieve. Understand what CRM is and the business functions this software, and others support, including analytics, data integration and collaboration. Assess the objectives these tools can meet, how long they will take to get there, at what costs, and determine the returns.

Invite input from all of the firm's stakeholders: partners, other advisors, managers, client service and operations team members.

Configurable, Packaged Model	Custom Model
Revisit your value proposition to ensure that the services you are offering match your target-market segments.	Revisit your value proposition to ensure that the services you are offering match your target-market segments.
Create a workflow team comprised of stakeholders from different parts of the organization.	Create a workflow team comprised of stakeholders from different parts of the organization.
Document your current processes, get workflows from your partners and compare these with what you do today.	Document your current processes. Take metrics of how many people and how long things take.
Improve your processes to cut out wasted time. Configure partner workflows to your firm.	Improve your processes to cut out wasted time.
Identify technology/outsource partners to support your improved processes. Look to partner to see which technologies support workflows and ensure that they provide what the firm needs.	Identify technology/outsource partners to support your improved processes.
Roll out processes in groups. Start with the client-facing processes and work backwards. Use partner's implementation within the CRM.	Roll out processes in groups. Start with the client-facing processes and work backwards. Once you have a process, automate it in the CRM.
Train your staff in the new processes.	Train your staff in the new processes.
Periodically review, iterate and improve.	Periodically review, iterate and improve.

In summary

After decades of promise, the ability to access comprehensive client information in near real-time on a single screen, to build an efficient and scalable operation, and to deliver a consistent experience to every client, every time may finally be within reach. Innovation is bridging the front- and back-office and facilitating the transition of the financial advice industry from a sales-oriented model to a professional service business.

System integration and defined workflows are becoming distinguishing characteristics — and critical success factors — for today's most enterprising advisory firms. And the CRM is emerging as the gateway to client relationships helping systematize the way advisors deliver their services and, in turn, making their firms more efficient, more compliant and more auditable.

The most agile firms are capitalizing on demographic and technological trends. They are also focused on maximizing both their human capital and technological investments by embedding workflows into their CRM system. Workflows facilitate a team approach, and once in place, can help transform the firm into a sustainable business. Those that fail to adapt may be at risk of being left behind. Without repeatable workflows, advisors/owners are unable to measure and identify deficiencies that lead to fire drills and daily disruptions. They also have less time to devote to planning and executing their growth and value strategies.

We welcome the opportunity to discuss how your firm may benefit from system integration and workflow technology.

Please call SEI at **1-888-734-2679** or visit **seic.com/advisors**. You can also reach Raef Lee directly on **seic.com/practicallyspeaking** or on Twitter **@SEIRaefL**

About SEI Advisor Network™ and ActiFi, Inc.™

Providing Flexible Services That Help You Save Time, Build Long-term Relationships and Increase Profitability.

SEI is a leading global provider of investment management business outsourcing solutions, investment processing, and fund processing that help corporations, financial institutions and financial advisors. As of December 31, 2013, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers $559 billion in mutual fund and pooled or separately managed assets, including $232 billion in assets under management and $327 billion in client assets under administration.

SEI Advisor Network offers an unmatched level of expertise focused on the financial advisor community encompassing deep expertise in the advisory, investment management and administration and operations aspects of the business. SEI currently works with over 5,400 independent advisor clients who leverage our core competencies to run more profitable and scalable businesses.

Anticipating the evolution of the investment landscape, the SEI Wealth Platform℠ is the only end-to-end, third-party managed platform with custodial services integrated as part of the architecture's core system. This single platform maximizes the business scale and leverage by significantly reducing the infrastructure necessary to support a growth-focused advisor's business. We allow independent advisors to outsource as much as they want to improve profitability while giving the flexibility to customize where needed to further differentiate their offering.

About ActiFi™: A software and solutions company focused on business and sales management solutions for the financial services industry. ActiFi helps advisors build exceptional advisory businesses through its business coaching, software solutions and in-depth consulting services. **For more information, visit the company's website at www.actifi.com, contact them via e-mail at info@actifi.com or by phone at 763-550-0223.**

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