

The Future of Financial Planning in the Digital Age

By:

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Financial Planning in the Digital Age



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Financial Planning in the Digital Age

■ The Financial Planning Relationship of the Future

- Perry the Planner has been working with Carl the Client for 4 years now
- Carl's financial plan lives in the cloud and can be accessed anywhere, from any device
- 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
- Perry can also monitor how well Carl is implementing his goals and action items on an ongoing basis and send reminders
- Perry and Carl connect on a regular basis to check in through a variety of communication tools
- Perry and Carl have never met in person

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Financial Planning in the Digital Age

■ 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 billion users
- **You Tube** 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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Financial Planning in the Digital Age

■ 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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Financial Planning in the Digital Age

■ The Value of Financial Planning in a Technology World

“We Help People Navigate the Powerful Forces that Money Exerts in their Lives.”



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Financial Planning in the Digital Age

■ What is the Blue Ocean Strategy for the delivery of Financial Planning?

– *Blue Ocean Strategy*: Business innovation that seeks not to outcompete an existing industry, but to create a new way of doing things that simply makes the competition irrelevant

■ The simultaneous pursuit of differentiation and low cost



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■ What is the Blue Ocean Strategy (BOS) for the delivery of Financial Planning?

– Focus on what matters, eliminate everything else, and create something new

– 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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■ What is the BOS for Financial Planning?

– Can video help to replace physical meetings?

■ How much more efficient would your firm be without travel?

– 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?

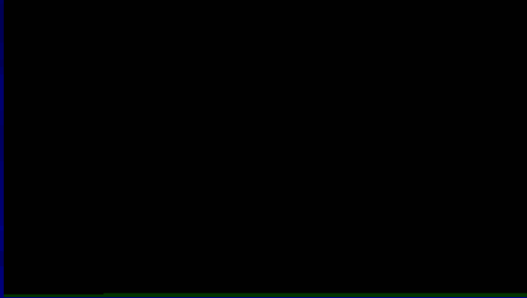
– Can software interactivity change the experience of financial planning?

■ What would the financial planning process be like for the client if they could engage in their plan hands-on?

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■ What is the BOS for Financial Planning?



Figlo Planning Software, Concept Video:
<http://www.youtube.com/watch?v=dp61NOc9LKA>

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Financial Planning in the Digital Age

■ Financial Planning As Behavior Change

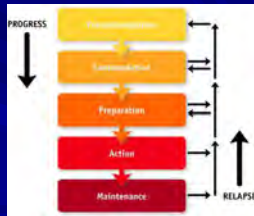
– Financial planning isn't successful until a client changes behavior

– 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

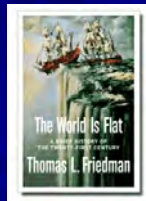


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Financial Planning in the Digital Age

■ Financial Planning as the World goes Flat

- 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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- 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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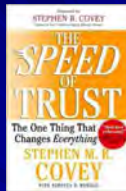
Financial Planning in the Digital Age

- 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 you have to compete 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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Financial Planning in the Digital Age

- 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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Financial Planning in the Digital Age

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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Financial Planning in the Digital Age

Trust and/via the internet

– Can we trust at a distance? Yes!

– What is it that makes us trust?

- Credibility and relationship-building lead to trust
- Market trust builds from ongoing demonstration of credibility and relationship-building - develop a reputation for being trustworthy!

– *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?

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The next generation of clients – Gen Y

– Born from 1980 to 2000 – from teens to 30-somethings

– They outnumber Baby Boomers (80 million strong)

– Will be the most educated generation in history

– They grew up with the internet (93% go online)

– Accustomed to complex social connections with multiple modes of communication

- In-person, text, email, call, tweet, Facebook, etc.

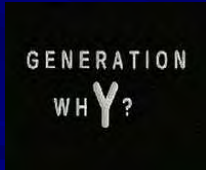
– Internet is surpassing television as primary source for news and information



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- The next generation of planners – Gen Y
 - Becoming employees before they are becoming clients



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- NextGen planners serving NextGen clients
 - LearnVest focuses on interactivity in a virtual relationship
 - Betterment and Jemstep – simple investing for the masses, driven by technology
 - WealthFront – a virtual planning firm in the tech community niche
 - Personal Capital has its own iPad app
 - The greatest challenges to established planners may come from outside, not within.
 - Northern California, not the banks of the Hudson.

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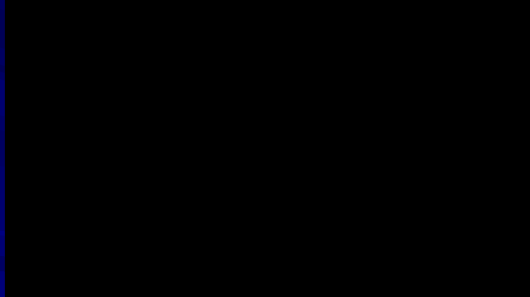
Financial Planning in the Digital Age

- Marketing & Growing a Firm in the 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 a Firm in the Digital World:






Socialnomics, Erik Qualman: <http://www.youtube.com/watch?v=3SuNx0UrmEg>

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Financial Planning in the Digital Age

■ The 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 on 
 - Liked on 
 - +1'd on 
 - Recommendations from people you know and trust about who *they* know and trust

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Financial Planning in the Digital Age

■ Bringing It All Together

- The internet is fundamentally changing how we communicate & do business – it's not a fad
- Increasing access to information will challenge the value proposition for financial planning
 - From expert to wise coach, guide, and navigator
- Technology innovations will push towards the new Blue Ocean opportunities in financial planning
 - Where should we be focusing, and what can we leave behind?

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■ Improving 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
- What would financial planning be like if clients paid twice as much money and invested 10x the time for a “*financial planning experience*”?

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Questions?



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