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Marketing to Perfect Strangers

Synopsis: ***Social media may not be as complicated as people of a certain age had assumed.***

Takeaways: ***Don't presume to ask for an appointment early in the "funnel" process. Make your marketing not only about attraction, but also about winnowing out the unqualified.***

I think I finally understand social media marketing, how it works and the most important ways that it differs from the ways that advisors have traditionally built their client list: via referrals, radio shows, seminars and cold calling. My goal is to share this with you, because I suspect most of you don't have a comfortable understanding of social media marketing either.

These insights came from conversations and presentations by Megan Carpenter, co-founder and CEO of FiComm Partners in Los Angeles and New York (*https://ficommpartners.com/*); Robert Sofia, founder/CEO of Snappy Kraken in Daytona Beach, FL (*https://snappykraken.com/*); and Matt Ledoux, founder and writer of Captains of Content in Boston (*https://www.captainsofcontent.com/*). By way of background, FiComm Partners does social media marketing work for larger advisory firms on a customized basis, while Snappy Kraken is an automated social media marketing solution for advisory firms of all sizes. Ledoux is a former BBDO

Special to this issue:

EARLY WARNING

• Many advisors looking for better trading and rebalancing capabilities in their offices turned to TradeWarrior, which (despite the name) was not primarily a quick-twitch trading program, but instead may have been the most sophisticated tax-aware rebalancing software solution—for clients or households—on the market. You could manage security equivalencies (meaning what to buy when you sell a fund or stock to harvest a tax loss), engage in block trading, and set alerts, custom trade minimums and thresholds.

TradeWarrior became a part of Oranj in 2017, but the same program, with increased functionality, has re-emerged as a standalone product called AdvisorPeak, with founder Damon Deru back in charge of development. You can find AdvisorPeak here: *http://www.advisorpeak.com*.

NAPFA's Spring Conference (May 13-16 in Austin, TX) is going to be one of the best ever, full of high-caliber presentations, a financial therapy preconference lineup--or, if you prefer, a preconference session with Natalie Choate. *https://www.napfa.org/conferences/2019-spring-conference*.

***Matt Ledoux:** Testing, testing, testing to see what consumers will click on.*

creative director and high-level member of the advertising world before specializing as a creator of messaging and content for financial services firms.

Let's start our tour of this unfamiliar universe with ToFu, MoFu and BoFu—which are the hip shorthand slang for the different stages of a client journey as you gather prospects into your "marketing funnel." The terms stand for "top of the funnel" (ToFu); "middle of the funnel" (MoFu); and "bottom of the funnel" (BoFu). Together, they define the evolving stages of your relationship with a complete stranger who might someday become a client.

Evolving stages? The first thing to understand about social media marketing is that these prospective clients are coming from a different place than you're familiar with. Referrals from existing clients or centers of influence are made aware of your presence, and you already have a certain level of credibility before they ever meet you.

But with social media marketing, you are encountering, virtually and electronically, hundreds or thousands of complete strangers, whose interest you're catching for the first time, and who have no reason to trust you.

That means that you can't move forward as quickly with these people as you could with a referral. You can't get in touch and say: *"Let's get together for an appointment and fix your problem."* They don't know you nearly well enough to want to be in your office.

Sofia, in a presentation at the recent T3 conference, reminded the audience that every human relationship—including professional ones, of course—starts with two strangers and a certain degree of wariness. "Yet what do we do, routinely, in the very first client appointment?" he asked rhetorically. "*Complete this profile. Give me your age, for spouse's age, how much you have to invest, the accounts to have, all your statements and tax returns, even though you don't know me yet.*"

Advisors who are accustomed to working with referrals, he said, move too fast. They post white papers on their website, and then accompany it with a button that says *"click here to schedule an appointment."* Who schedules an appointment with a total stranger who happened to post a white paper?

Carpenter says that the entire objective here in the top of the funnel is to give other people an opportunity to get to know you at their own pace, and let them gradually let you know more about them, so both sides can reduce the risk of a time-wasting appointment and gradually assess if you're a fit. This is the first stage of what Sofia calls the "client journey."

Fundamentally, social media marketing is about creating a smooth journey that allows people to get comfortable with you at their own pace through materials you create for them, and either decide to meet with you or self-select out because they don't fit your ideal client profile. As you'll see in a moment, the journey continues even after they've signed on to become a client.

Pre-Work

Where do you start? Carpenter recommends that, before you try to engage clients on social media, you get a number of foundational elements in place,

Robert Sofia: *At the top of the funnel, people have no reason to trust you.*

which she refers to as the “brand infrastructure.” Step one is to define your ideal client. Who do you want to attract? If the answer is “anybody who happens to be alive,” then the audience is not likely to find you very compelling, and you will find yourself sitting down for engagement meetings with people who are not a good fit to become clients.

A lot of advisors are somewhat alarmed at the idea that they have to pick favorites among their clients, but Carpenter says this process doesn’t mean that you have to give up existing clients who are outside that profile and destroy your top-line revenues. Instead, ask yourself: *who do you always seem to look forward to working with?* If multiple clients come to mind, what do they have in common? Do they work in a field that interests you, where you’ve learned the idioms of their business or hobby and you understand their challenges at a deep level?

Carpenter will ask advisors which of their clients have the highest propensity to benefit from their services. Then she’ll dig deeper. How did they come to find you? What type of research would they do to find an advisor? Where do they go to learn? What are some of the pain points and financial concerns that are keeping them up at night?

This exercise becomes very important when you’re creating content to attract similar people in your market. “Clients aren’t likely to come to you and say, *hey, I need a financial plan,*” Carpenter says. “They come to you because they have a burning need. *I need to set up a SEP-IRA for my small business. I am about to retire and I have no idea if I have enough money to retire*.” When you identify the financial concerns your target clients have in common, you can develop educational materials around them.

Once you’ve defined what you do for these target clients that’s special and unique, write this into a messaging document which defines your “why”—a powerful story about why you do what you do, who you enjoy working with and the results you routinely achieve.

With an ideal client profile and messaging document in hand, look for ways you can stand out from the crowd. Ledoux, who has

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worked with major brands during his advertising career, says he has never seen a group of competitors so tightly bunched when it comes to their website messaging.

If you do nothing more than create a jargonless website that talks about how the client benefits instead of about you and your credentials, you'll stand out from the crowd.

"Twenty six of the Barron's Top 100 Advisors' websites claim they provide comprehensive portfolio management," he says. "When you look at advisor websites, they all sound the same."

Sofia said essentially the same thing: the last thing you want to do is blend in when you're trying to attract clients—but that's what everybody does. "A lot of times when we talk with founders, we find that standing out makes them a little bit uncomfortable," he says. "You have to be willing to be a little bit uncomfortable if you want to be different."

Standing out can actually be simpler than you probably imagine. Ledoux says that his first step is to redefine an advisory firm's online messaging (website and social media accounts) from "me-oriented" (*this is who I am, my credentials, my team, my office*) to "you-oriented" (*here's how we help you and why you'll benefit from our relationship*). After all, perfect strangers have little motivation to learn more about you until they start to suspect that there might be ways you can help them. Put the horse before the cart.

In addition, your website and social media accounts should be scrubbed of jargon, because industry jargon is a big turn-off to prospective clients. That, too, will help you stand out.

How does Ledoux know that these things are important? For three years of his advertising career, he worked with Fidelity, testing different messages to see which of them connected with financial consumers better than others. "Fidelity had 13 million people coming to their website every month," he says. "When those people would log in, we'd try different messages to interest them in rollovers, 529 plans, ETFs and any other product, and see what they clicked on and how often. We would rewrite and try again, year after year, and see what worked and what didn't. It was," he says, "just like grad school for learning what investors are most inclined to click on."

The execution can be tricky. Ledoux offers the example of the most powerful headline he wrote at Fidelity, which was simply *"Will You Have Enough?"* "You can talk about ETFs, or investments or returns," he says, "but that one line gets to the heart of what people are really thinking about. And," he adds, "I had to fight everyone at Fidelity to say it, because they all wanted to push their products and use their own terminology."

That illustrates, he says, the two most important issues: "keep it simple, and talk TO them, not ABOUT you."

The next step is somewhat harder. Once you know who you want to attract, and now that your website differentiates you from the herd, you need to build a system that takes in and organizes the data you're collecting via social media marketing. Carpenter and Sophia both recommend that you create separate landing pages for each white paper or video you offer, with a BFB (the hip term for "big friggin' button") that prospects will click to download the materials.

Why the separate page? "If you make your website your landing page, there is too much going on. You have headers, menus, videos, stuff happening that can easily distract the prospect," said Sofia. "You don't want anything that distracts their attention away from the BFB."

The most sophisticated marketing programs will run different advertisements and see what works (more on that in a minute) and each of them will have a different landing page. "You have your branding, the BFB and not much else," said Sofia.

"All you're asking for at this stage is first name, last name and email address. Sometimes we don't even ask for the last name. We don't ask them how much money they have or to let us review their accounts, because they don't trust us yet. We haven't given them enough reason to. So we only ask for a little bit."

Here's where the tech infrastructure comes in. When people type in their email address, your landing page needs to hook that information back into your CRM program. Your email marketing program (MailChimp or something like it) needs to automatically tell your CRM program which people clicked on which messages—which lets you know who's interested in what and what level of engagement you're getting. Toward the middle of the funnel, this also lets you sort out people who are not the right fit.

Finally, Carpenter says you need to have the right people in place to handle the influx of new inquiries. "Does the receptionist know what to do when somebody calls in?" she asks. "Can the person who answers the phone look up the caller in the CRM system? Can they see how many times this person has interacted with your website? Do they have a script that they follow, and a followup package they can send out immediately?"

Interestingly, Carpenter does not go so far as to recommend that you put your online scheduler in front of prospects—no matter how efficient that might sound.

Megan Carpenter: *Start with your brand infrastructure.*

"You don't want to be open to meeting with everybody, because time is everyone's most precious asset," she says. "If you allow people who aren't qualified to get on your calendar, you'll end up wasting your time."

Better for the receptionist or advisor to take that initial phone call, and then, if there seems to be the potential for a fit, send the prospect, as part of the welcoming package, a link to your scheduler. You save time without giving it away to anybody who might simply want to kick your tires.

If you want help getting past these first steps, FiComm Partners has developers on contract who can build the relevant CRM connections, and the firm will help you go through the sometimes-messy process of identifying your target market. If you don't want to mess around with developers, Snappy Kraken offers a full automated platform that tracks who clicked on what and schedules the delivery of content.

ToFu Marketing

Let's say that the hard work of building your brand infrastructure has been completed. You stand out from the crowd, you have a variety of landing pages that are ready to provide downloads of whatever you might want to offer prospects. Millions of prospects are out there somewhere beyond the top edge of your funnel. How do you draw them in?

You create specialized content that speaks directly to the concerns of your ideal target client—a white paper or video that they'll click over to when they come to your landing page. But if you put up a landing page that leads to great content, who's going to know it's there?

Marketing at the top of the funnel, Sofia told the T3 audience, is about getting the attention of people who wouldn't otherwise know you exist.

That means social media marketing; putting targeted advertisement messages or video on Facebook, LinkedIn, YouTube, Pinterest, Instagram, Snapchat or Twitter. "Targeted" means that you get to choose a profile of the type of person you want to see the advertisement, including age range, net worth, location—and with Facebook you can even get fancy and specify things like favorite TV show or hobbies.

Social media marketing means putting targeted advertisement messages on Facebook, LinkedIn, YouTube, Pinterest, Instagram, Snapchat or Twitter.

You can also buy advertisements on Google, where if somebody clicks on something on Amazon that might be related to financial advice, your advertisement will appear somewhere on their screen as they browse the web.

In all cases, you pay per click, and although the prices-per-click can vary widely, you can set a daily budget that cannot be exceeded.

Buying the ads is probably best left to a professional, though you can click on this link: *https://blog.hootsuite.com/social-media-advertising/* to get an idea of the demographics of the different platforms and the differences between bumper ads on YouTube and carousel ads on Facebook.

What do you say in this advertisement? Ledoux's direct experience with what works and doesn't get clicks can be immensely helpful. He offers some sample headlines, like *"Get professional money management"* vs. *"Sometimes savings just isn't enough."* The second headline generated 60% more clicks than the first one, because it was free of jargon.

"Want to reduce your debt and save more?" vs. *"Ditch your debt in seven steps."* "We got 90% more clicks with the second headline," says Ledoux. "Why? For one thing, it's specific, with the number "7" in there. For another, it's written in simpler human language."

Later in the interview, Ledoux noted that most advisors write in 12th grade (or above) English. But his testing has shown that consumers are more responsive to text written in 7th grade English—and no higher.

Most advisors would be comfortable with the headline: *"Tell us about your goals and we'll invest for you."* But an alternative headline: *"Is your money working hard enough?"* conveyed the same basic message, while generating 14% more clicks.

Consumers are not interested in products; only solutions. *"Interested in an annuity?"* generated fewer than half the clicks of *"Learn about generating income in retirement."*

The most effective marketing messages will offer something for free—an explanatory video, an article, guide or white paper. Sofia said that it's important to make those messages as targeted as possible. He told the story of a firm that had to be broken of the habit of creating content whenever somebody thought of something and then putting it out on every platform. "When your firm is communicating with the outside world," he said, "it's important that you know who you want to communicate with. It's important to talk with somebody, not everybody."

If writing or creating videos is not your thing, Captains of Content, Snappy Kraken and FiComm Partners all create social media advertisements. Captains of Content and FiComm Partners provide customized content for you to offer on your landing page. Snappy Kraken offers less-expensive "exclusively-licensed content," which means you're the only firm in your area with access to it.

Of course, you have to pay for all of these services. But Carpenter says that there's a good chance you have more content in your head than you realize. "You're working with clients all the time," she says. "You're answering their questions. You're reading up on client situations that might be unfamiliar. You may not realize how much content you're creating on the fly."

Ledoux says that his process for creating content is simply to brainstorm with the advisor. "Chances are we can pretty quickly come up with five ideas over the next five weeks that they can blast out," he says. "And those ideas become five articles that they can offer."

MoFu marketing

Let's suppose that a few people have have clicked on something, and downloaded a video or article, and you have their contact information and at least their first names. Congratulations! You now have prospects in the middle of the funnel, though still in an early stage of the journey toward becoming a client.

What do you do now?

You can start sending them more messages, and you can ask for a little more.

Sofia talked about having a "trip-wire" on the landing pages where you are inviting traffic from people in the middle of your funnel. You invite them to take a second action, where they can watch a video, which they can download instantly. You can ask for a little more information, and you might even allow them to request a free meeting, so long as that's not the only option on the landing page.

Why not simply invite them to request an appointment, the way you would a referral? This early in the "journey," it will seem presumptuous if that's the only option you offer, kind of like saying: *"Hey, it was nice to meet you. Let's get married."* A face-to-face meeting comes at a risk at this stage of the relationship—for both parties.

In the middle of the funnel, you and the prospect know each other a little better. You can start to ask for more engagement.

Because your CRM system is capturing the date when each of the prospects downloaded your information, and what was downloaded or clicked on, you can now initiate an automated middle-of-the-funnel process of sending out timed email messages that look customized. Sofia recommends creating three months of pre-written, automatically-sent followup emails that might say something like:

Hi; this is Bob. I hope you're doing well.

I know it's been a few weeks since you downloaded my paper on [ABC]. I don't want to bug you by any means; I just want you to know we're here.

By the way, I thought you might find this information useful: Did you know [X], [Y] and [Z]? If you're interested, I've attached something you might find useful.

If you have any questions, call me.

A week later, these middle-of-the-funnel prospects will receive an automated email saying:

Hi; it's Bob again.

Just checking in. I know you're busy. Please don't feel *obligated to respond, but here's a question I get asked all the time by my clients. [Q], [R] and [S]. If you want to see more, click this link.*

Have you ever asked that question? Shoot me back a message any time.

Of course, the CRM tracks whether they opened the attachment or clicked on the link, and that can trigger a different type of message. Over time, you start building a profile of how engaged the prospect is, and what types of things he/she is interested in.

Attracting a large number of prospects in your marketing funnel, or closing a high percentage, is not the goal. You want a reasonable number of ideal clients

BoFu marketing

If all goes well, you have a steady stream of prospects beginning their client journey with you, and you are encouraging them to get to know you better and what you can do for them. Now it's time to start winnowing down the list to the people who fit your ideal client profile.

How? Carpenter tells the story of a firm with several billion dollars under management, which was actually, in her opinion, doing a pretty good job of marketing. "They have an awesome website, and they've been collecting thousands of leads," she says. "They produce really great content. When people give their contact information on a landing page, it actually goes straight into their CRM system."

So what's wrong?

"When they called us, they had collected thousands of names over a number of years, that were never again marketed to," she says.

Carpenter says that the most important thing this firm had been missing was capturing profile information in the middle of the funnel. Therefore, she and her team could not determine whether all, some or none of these potentially interested parties were appropriate for the firm.

Her first step was to put all of these prospects back in the middle of the funnel, and make new content offers that specifically related to the services and expertise that the firm was interested in providing. If prospects didn't seem interested in this more targeted information offer, the names would go into a slow drip marketing program that still offered information, but those names didn't fall to the bottom of the funnel until and unless they suddenly showed an interest in the content the firm was providing. "We were helping them self-select out," Carpenter explains.

How does this work in the real world? Suppose your firm's specialty is helping people prepare for an imminent retirement. You offer materials on how your retirement date can impact your financial health in retirement, because of sequence of return risk. The 37-year-old who found your website interesting and clicked on some material will not find this very compelling. Not clicking on the article will help you determine that she's not in your ideal client range. Another firm that focuses on professionals with young families offers a link to an article on protecting your young family with appropriate insurance coverages. That same prospect would click on this more relevant message and move on with the client journey.

In Carpenter's case study, the people who made it to the bottom of the funnel received different content from before. "We created short-form content, including videos, checklists, FAQs and got a little more specific about the firm's service offering," says Carpenter. "There would be information that said directly: *"Here's how we work with clients."*

This illustrates, once again, an important point made earlier in this article: the goal with social media marketing is not to get some fixed number of thousand leads, or to convert a fixed percentage of those leads into clients. Your goal is to interest a big enough population that there will be some ideal clients in the mix, find the right prospects, and help the right prospects become clients—without you having to do a lot of hands-on work to make it happen.

Think of a funnel with a sieve in the middle, and a somewhat finer sieve toward the bottom, which brings you as many appropriate new clients as you can handle, rather than a lot of unqualified prospects that you know would be better-suited for another firm.

"At the end of our process with this firm," says Carpenter, "we had narrowed the list down to about 500 people who had a high likelihood of being good potential clients, so we could focus on those." At this stage of the client journey, you feel comfortable enough not only to tell the clients what sorts of services you offer, but to invite them to come in the office and explore how you can provide those services for them.

Post-Funnel marketing

Does your marketing stop once a prospect signs on to become a client? "Absolutely not," said Sofia. "Not even close. Digital marketing is for clients too, because you can build and expand relationships that way. It helps you retain clients, build loyalty, and finally to help them become an advocate of your firm."

The journey, in other words, is not from stranger to client, but from stranger to advocate—or as Julie Littlechild of Absolute Engagement says (see next article), to help clients become fully engaged with you.

Here again, you ask for more information as the relationship deepens. Carpenter recommends that you eventually gather, in your CRM, such information as how clients want to communicate with you. Face-to-face in annual or semi-annual meetings? Via text message? Emails? Skype or Google Hangout (or FaceTime on their phones)?

In the part of the journey that takes clients from "satisfied" to "engaged," you want to identify their communication and meeting preferences.

Do they want regular meetings, or for you to be available whenever they have questions or concerns?

Of course, you also want to provide them with content, just like you're providing to prospects, and this may be even more targeted, like answering questions that you've recently received from clients about the markets or different complex aspects of their financial lives.

Carpenter says that you should also be on the lookout for what she calls "unforgettable moments," where you go out of your way to do something, perhaps like sending a gift certificate when a grand baby is born, or a book about the country they're about to visit on their next international trip.

In summary, one of the most impressive aspects of social media marketing is how relatively effortless it is. You have to build your brand and firm infrastructure on the front-end, but you do that once, with some constant refinement thereafter. Then you have to create content—but chances are you already have a blog or a client newsletter that can be repurposed and distributed on social media.

You have to have a top-of-the-funnel advertising strategy, but creating the defined target audience and buying the ads can (and probably should) be outsourced. Actually, pretty much all of this can be handled by a marketing consultant whose main job will be helping you dig content out of your brain and write pre-scheduled email messages that look personalized.

And each stage of the journey provides benefits. When your website is "you-oriented" rather than "me-oriented" and scrubbed of jargon, you'll stand out from the herd when people check you out online. You stand out even more if you're using digital advertising, since this is a relatively new opportunity that few advisors are making use of—yet. And for some people, creating content is a great exercise in thinking through what you know, what you believe, and what you think consumers should be aware of—sharpening your skills as an advisor.

Who knew? Social media marketing is not as complicated as it seemed—to me, at least. I hope this article has demystified it for you as well. ■

Engagement Roadmap

Synopsis: ***What are the best practices for creating high-level service for your clients?***

Takeaways: ***Put yourself in your clients' shoes during every process. Define your ideal client profile, and segment clients so that your top clients get your best service.***

Speaking of the client journey and creating engagement (see previous article), Julie Littlechild of Absolute Engagement in New York and Toronto (*https://www.absoluteengagement.com/*), author of *"The Pursuit of Absolute Engagement"* and the recently released *"The Three Things Successful Advisors Do Very Differently,"* has recently created something called the Engagement Edge platform.

For the past several years, Littlechild has been on a journey, searching for strategies that would help advisory firms deepen their relationships with clients and provide ever-more-excellent client service and client touchpoints. Some of you may remember that her initial venture was an outsource solution called Advisor Impact, which, over the course of 15 years, surveyed the satisfaction levels of clients of over 3,000 advisory firms. Being intimately familiar with 3,000 firms and having studied their clients' level of engagement allowed Littlechild to identify companies that excelled at client service—and ultimately to study what they're doing differently from the rest of their peers.

The results of this research have been made available as they emerged, and undoubtedly that process will continue. So what's different about the Engagement Edge platform?

"Engage Edge puts a clear framework around the processes we've developed," Littlechild explains. "We looked at everything we've delivered and said: how can we translate this into a very clear step-by-step process that would give advisors a better sense of where they're at, what they'd need to do next, and then package all that up in a way that we could deliver from anywhere, from on-demand right up through more guided and coached."

> ***Littlechild has spent years studying the firms who seem to have the most engaged clients.***

The goal is to deliver access to the step-by-step improvement in your client service processes through enterprises (independent broker-dealers and custodians), who will integrate it into their own practice management platforms. Although it is not marketed that way, Engagement Edge is also available directly to advisors for $495 a year.

The journey starts with a seven step process whose goal will be familiar with anyone who read the previous article: defining your ideal client profile. Littlechild has created a unique methodology where advisors build a rating scale with various factors and weightings, and then look at which clients gain the highest ratings. In some cases, the results might be a surprise. "For example, you'll see an advisor go through the process and say, *Bob Smith, he is not a top client,*" she says. "But then he'll look at the model and say, *oh, yeah; he has provided us with five client referrals this year. So he really should be treated like a top client*."

Instead of using this information for marketing, Littlechild is focusing on service. The rating process puts every client into a category, usually three to five segments. "Then the final step in the ideal client profile is process," she says. "How would you rate a new client or prospect if you don't have all the information? How will you update client segments?"

Once you know which clients will receive your highest level of service, you define your offer for this group, and assess your firm's capacity and profitability in these relationships. There's a lot involved in each of these areas, but together they define what Littlechild calls the "satisfaction zone," where you're making sure you have all the elements you need to keep your most important clients satisfied.

Now you enter the "engagement zone," where Littlechild takes you into some of the more advanced concepts—things that are not done widely in the profession. The modules include co-creating the client experience; mapping out and understanding the client journey; crafting a communications plan, process, managing expectations and feedback.

Let's delve a little deeper into one of these modules, which happens to fit nicely with the previous article. There, we touched briefly on the part of the journey that starts after a client signs on to become a client. Engagement Edge provides a framework for going into much greater detail on this part of the journey. "At each stage," says Littlechild, "we're encouraging advisors to think about what the client is thinking, feeling and doing—to see themselves and their services through the eyes of the client."

What's unusual about that? Just about everything. Most advisory firms think about their side of the relationship: what they offer as a core product or service, rather than how that product or service is being experienced. "I think of examples like Starbucks," says Littlechild. "They don't just focus on coffee. They focus on the whole experience of consuming coffee, and that's the differentiator for them. Not the actual product."

Another difference is when you're onboarding the client or processing a check request. "The traditional approach would be to think first about efficiencies," says Littlechild. "*How do I get the paperwork done? What's the fastest way to transfer these assets?* All of that is important," she concedes. "But we turn it around and say: *What's the client thinking and feeling and doing at that stage? Are they feeling anxiety? Are they wondering what's going on? Are they about to receive a statement that they don't understand?* If so," she concludes, "the advisor needs to ask: *what can we do in our process to help them, based on what they're actually experiencing?* All of a sudden, it creates a different kind of client experience."

Moving clients from satisfied to engaged involves thinking about your onboarding and other processes from the client's point of view.

Moving clients from satisfied to engaged—the client journey after onboarding—involves thinking about who is involved in the client's part of the journey; what members of the extended family, other professionals, perhaps business partners. Of course, you also have to map out a plan for ongoing communications, and how these can be customized to each client.

The rollout of Engagement Edge is still in the early stages, but there's a chance that your custodian or broker-dealer has reached an agreement either to provide the service for free, or is incorporating it into a practice management consulting offer. Otherwise, you can pay $495 for access to the step-by-step process, and jump in anywhere where you feel like there's room to improve your own client service. You can find it here: *https://www.yourengagementedge.com/partner.*

Client feedback

There's additional news out of Absolute Engagement, which should interest some of those 3,000 firms that Littlechild did client survey work for from 1998 through 2015. Littlechild is introducing, literally this month, a more advanced version of the client survey service, called Client Insights.

This is a survey template that can be customized to your firm, which Client Insights administers and collects the data—and clients are encouraged to identify themselves so you can see the responses mapped to each client.

Unlike Advisor Impact, the new survey tool also gives you a personalized dashboard so you can see all the results for each client on your computer screen. Better yet, the service provides, based on the feedback data, an action plan that provides step-by-step ways to follow up with clients who may be at risk, or with the firm as a whole to drive greater satisfaction and engagement. (The first CRM integrations should be up and running as you read this.)

"The survey software has come so far in the last few years, in terms of making it more engaging," says Littlechild, "so we wanted to make sure we have all that built in. But the biggest shift," she says, "is not just to give data, but really link it to an action plan. We can measure satisfaction and identify clients who are at risk. I wanted advisors, on their dashboard, to be able to say, show me my clients at risk—and then, right beside that, here is your action plan and here are some of the templates and resources, so they can literally tie the data into an action plan."

Clients have the option not to identify themselves, so some of the surveys will be anonymous. "In the past, we found that about 70-80 percent of clients do provide a name," says Littlechild. "If you don't allow them to be anonymous, you'd probably get 20-30 percent fewer responses, and we felt like it was more important to have the data for the overall metrics."

But… does that mean that advisors have to breach client confidentiality by giving names and contact information to Client Insights? No. "We have two processes that we use," Littlechild explains. "In some cases, we connect their list to the data on the back end. But in many cases, we give the advisory firm the full invitation and the link to the survey, and they send it out to their clients. If the clients decide to enter their names, we can connect it back to the data."

You can learn more or register for Client Insights here: *https://www.myclientinsights.com/dispatch.php?action=show_login&ca_access_key=OTNQc2NyYW1ibGU=*. The cost is $995, but there's a discount voucher for 15%; type in FEEDBACK15. ■

College Planning the Right Way

Synopsis: ***Here's how to help your clients' children and grandchildren avoid the crushing burden of college loan debt.***

Takeaways: ***Every college has grade/test score thresholds where they start giving out scholarships to raise their average numbers. Don't take out a loan higher than the new graduate will earn in the first year.***

You might have read about the recent "Varsity Blues" college admissions scandal, where 50 prominently wealthy people were indicted for participating in a scam to obtain entrance for their children into select colleges through various "side door" options. Their college entrance process included creative cheating on their kids' SAT and ACT scores and having the kids pretending to be college-level athletes when they were not.

This whole ugly mess came as no surprise to Joe Messinger, of Capstone Wealth Partners (*https://www.capstonewealthpartners.com/*) who also happens to be the developer of the College Aid Pro software program (*https://www.collegeaidpro.com/*) (motto: *"Ending the student loan crisis one family at a time"*).

"The scandal puts a spotlight on the lack of transparency and fairness in the college admissions and financial aid system," Messinger says. "For the rest of us, being an informed consumer of higher education is all we can do to stack the chips in our favor." Alas, he points out, few consumers of college (students and parents) make informed choices with all the facts in hand. There are, in other words, perfectly legal "unfair advantages" that many families are not taking advantage of.

Messenger wears three hats in the college advice business. Capstone Wealth Partners, in Dublin, OH, provides college planning advice for clients of the firm. The company also offers training for financial planners and advisors who want to provide college planning services to their clients. You can sign up for a weekly newsletter and a blog. For $999, you can buy access to a variety of tutorial videos, worksheets and other resources (8.5 CFP Board CE credits) that walk you through Capstone's own six-step process for college aid planning. (Another $2,000 will buy you a sales, marketing and client acquisition model for college planning in your area.)

Finally, Messinger's brand new College Aid Pro software lets you compare the net-cost (sticker price minus grants) at most colleges, with a search function that will help you find the most competitive schools—for $69 per advisor per month. "I basically took all the spreadsheets that I've worked out over the years, and created a tool that compresses what used to take three hours down to just ten minutes," Messinger says. The software does not fill out financial aid forms, but it collects the relevant data, so an advisor can map information from the software output to the form.

Most impressively, College Aid Pro lets you see the sticker price and academic merit scholarship opportunities for thousands of colleges and universities, public or private—showing the "net cost" of each school and the details of each scholarship offered by that school.

So what, in Messinger's opinion, is the best process for making an informed college decision, which will hopefully avoid sending the child into a 20-year hell of student loan debt?

"Our big idea, which I've been working on for a number of years, is college pre-approval," he says. "The concept is that people should get pre-approved for a college, just like they do a mortgage. Which first of all means you need to have these conversations when the kids are sophomores and juniors in high school, before they apply, and set the stage."

Pre-approval means, first of all, controlling expectations. "When I do my presentations," Messinger says, "I'll tell the audience that if I went out and test-drove a Ferrari, I'd probably want one. But the bank wouldn't approve me for it. So I'm not even going to go test-drive it, because it's not in my budget. But," he adds, "with colleges, we do that all the time with 17- and 18-year-olds who are very impressionable, and about to make a very emotional decision. Then, whatever the price happens to be, we say, *hey, we'll find some way to take care of it*."

CollegeAidPro shows the sticker price and academic merit scholarship opportunities for thousands of colleges, public or private.

So step one of the college planning process is to look at the tuition at each college and shop around, right? Well, partly right. "The sticker price is irrelevant," says Messinger. "You have to know the expected family contribution, which is what the formula thinks that you should be able to afford. And I can tell you from first-hand experience," he adds, "that nobody thinks that number is correct. You'll hear people say things like: What??! It says I can afford $68,000 a year??"

Once you know what colleges think the client can afford, you look at scholarship opportunities. "Depending on their childrens' academics, where will they potentially get scholarships?" says Messinger, adding that the main drivers are the ACT or SAT tests along with the student's grade point average.

Shouldn't you also look at athletic scholarship opportunities? "Less than one half of one percent of kids that do any high school athletics get a penny of athletic scholarship money in college," Messinger says. "Sometimes a school will give academic money if you're a good student, to encourage you to come and play ball there. But that's not actually athletic scholarship money."

A student's grades and test scores will qualify for a scholarship at some schools and not others—which lends a certain trickiness to the entire evaluation process. "This is one of the things that our software helps to facilitate," says Messinger. "Let's say a school's average ACT was a 27 last year for incoming students," he adds. "If students score above a 27, those are the ones they are going to incentivize with dollars, because it raises their average. The student with a 29 can get really good money at that school. But if they apply to a school with an average ACT of 32, they are not as desirable. They might get in, but they probably won't get incentivized."

The software takes the student's academic profile and determines, for each college, whether the student would fall in the top 25% of the incoming class, which means the student might get at least the average merit scholarship at that institution. Subtract that from the sticker price and you know what the student is likely to pay, each year, for the next four years.

All of that merely gets you to step two, which is integrating the various cost options into the family's overall financial plan. The short version of this is to make sure that the loan amount doesn't crush the student after he or she leaves college.

The key student loan metric is never take out more than you think the student is going to earn in the first year out of college.

"A smart lending strategy is our way to make sure that the student doesn't get in over her head," says Messinger.

Meaning? "If you have a targeted degree, the metric is never take out more than you think you're going to earn in that first year out," Messinger adds. "If you come out with $100,000 in loans, with a monthly payment of $1,100, and you make $40,000 a year, the math just doesn't work."

So you've determined how much you think the student can afford upon graduation, and you match that up with the after-scholarship (real) costs at various colleges. Once the selection is made, what then?

"The best student loans are the federal direct loans, for a number of reasons," says Messinger. "They are all in the student's name, there are reasonable interest rates, and there is no co-signer required. And there is potential forgiveness on the back end."

Many families have a 529 plan. How would they incorporate that into the college funding picture?

"Let's say the school costs $25,000 a year, and you have $25,000 in the 529 plan," Messinger proposes. "The temptation would be to pay for the first year and worry about the next year when it comes." But Messinger thinks that's backwards. "Since the loans are 'use it or lose it' each year, we would recommend that you take that federal direct loan in the student's name in the first year," he says, "because if we don't do that this year, we're going to need it on the back end, and then we might be forced to take out a private loan or a parent loan—which will be a lot less favorable."

So use the favorable loans first. And then, if you find that you can pay for the last year of college out of the 529 plan, go ahead and do it.

Messinger reiterates: The goal of the process is to first assess what the family can afford, then what the student will be able to afford after graduation, and then refine the list of colleges to look at which "real" costs, when possible academic scholarship money is factored in, fit this budget. Then engage in a smart lending strategy, and integrate any savings or 529 plan money into the plan.

Advisors can outsource all of this work to an organization called College Funding Services (see an infographic here: *https://capstonecollegepartners.com/outsourced-college-planning-for-financial-advisors/*), but Messinger believes that there's an opportunity for advisory firms to go through his tutorials and have a college funding planning specialist on staff.

"Chances are, your clients are aging," he says. "And you're saying to yourself: they're done with this. But we've helped advisors create workshops for grandparents who want to have the college conversation about their grandkids, and they're very receptive to it. It's a way to engage the next generation and create a relationship with the children of your clients who are scratching their heads trying to figure out how to get their kids' college education paid for.

"We suggest," Messinger continues, "that you schedule a family meeting and have it revolve around college for the grandkids—and consider it not just a service for your clients, but also a retention strategy."

None of this will get your client's underperforming child onto the Yale rowing team. But it might produce a college graduate who comes out with a good education and reasonable debt load, which is unusual enough in this day and age. ■

Many Member Benefits

Synopsis: ***How do you pool the assets of many advisory firms for mutual benefit? Here's a case study.***

Takeaways: ***The most popular benefit is discounted group health and disability insurance, but check out the single-sign-on integrations.***

The concept behind an association is to pool assets and buy services that most individual advisory firms would never be able to afford on their own. For example, the FPA chapters can pool member resources to rent facilities and bring in outside speakers for CE credits and ongoing education every month. Theoretically, the home office will pool membership dues, and provide a similar panoply of member benefits purchased on behalf of advisors—an issue that lies at the heart of the Financial Planning Association's recent controversy over dissolving the chapters and appropriating all chapter assets into a single FPA account. The question that has been raised, broadly, is: what value does an association provide with the scale of tens of thousands of dues-paying members that the members would not be able to afford on their own?

Go to the FPA discussion boards (itself a member benefit) and you'll find a variety of answers to this question. But it becomes interesting in light of a new organization which directly addresses this scale-and-value proposition: collecting dues to buy a variety of discounts and services which exceed in value the dues being paid by multiple orders of magnitude.

Chalice Financial Network (*https://www.chalicefn.com/*), co-founded by former LPL Financial managing director Derek Bruton along with 33-year industry veteran Keith Gregg, is described as a "digital marketplace" for independent financial advisors. You pay $99.99 a month, which gives you access to a variety of business and legal documents via a strategic partnership with a national law firm. There's a discounted price for compliance services provided by National Regulatory Services.

For website design and creation, with search engine optimization, Chalice negotiated an attractive price: free.

Is that it? Not quite. "We've negotiated 25-30 percent discounts on group health and disability insurance, with dental and vision and all that, through a professional employer organization (PEO) called Oasis," says Bruton. "I believe they now have over 300,000 members. They were just acquired by Paychex."

Anything else? "We've set up an arrangement with a firm called ProSites," says Bruton, "for them to design very customized, comprehensive websites for advisors. The interesting thing about them is that the advisor websites are set up to optimize searches and for lead generation." Chalice negotiated an attractive setup fee—free—although there is an ongoing monthly fee for hosting and lead generation. "Website setup represents roughly $6,500 worth of value right there, for becoming a member," says Bruton.

Then there's SuccessionLink. Chalice acquired SuccessionLink last October; it now has 43,000 advisory firms listed either as potential buyers, sellers or merger partners. "Chalice members receive the premier membership," says Bruton, "which allows them to see more data about a seller or an advisory firm that wants to acquire." The normal fee: $850.

"You think about one of the biggest trends in the industry right now, succession planning, M&E and acquiring scale are right up there," Bruton explains. "We now have the biggest marketplace of these buyers and sellers. And we've built in a tool that will accurately value a practice."

To complete the M&E value proposition, Chalice has negotiated an arrangement with Oak Street Lending, to provide non-SBA lending with no application fee, to provide the capital for advisory firms to acquire other businesses or fund their internal successions.

Is that all the benefits? "We've negotiated group discount partnerships with Quickbooks for accounting, and arrangements with WeWorks and Jones Lang LaSalle for short-term or longer-term office space around the country," says Bruton. "And we've negotiated discounts with Office Depot of up to 50% on office supplies and hardware."

Software integrations

Does Chalice offer any technology discounts or services? For advisors who want an integrated tech stack, with the convenience of single sign-on, Chalice has hired developers to build tight integrations between the Redtail CRM and Orion Advisor Services for performance reporting. The integration also includes eMoney Advisor for financial planning and Riskalyze for risk tolerance assessment.

All of these programs are offered, together or individually, at a steep discount to the rack rate, and Bruton says that the biggest single expense his new firm has encountered so far was developing a Chalice technology overlay on this popular suite. "You sign on, and Orion, Riskalyze, Redtail and eMoney show up on the dashboard," he explains. "We know the top ten things that advisors look at on Redtail every day, so we put that as a snapshot right on the desktop, and it's basically the same with the Orion snapshot and so forth.

Chalice's discounts are opening up a new market for the more expensive software solutions.

And how much are those discounts? "Minimum of 15% up to 50% with just about every strategic partner we have," says Bruton. "We're able to get these discounts because we're bringing all of these members to our strategic partners, lowering their cost of acquisition." Based on feedback from existing Chalice members, Bruton and chief innovation officer Christopher Giles are exploring other potential additions to the integrated software suite.

The discounts are opening up a new market for the more expensive software solutions. "Most small to mid-sized advisory firms can't afford Orion or eMoney Advisor," says Bruton. "They don't have the scale to buy top-of-the-line software for their client service package, so we're bringing down the cost to something more in their price range." The firm's website estimates that the average Chalice member saves $25,000 a year through the various discounts.

So far, Bruton says, the health and disability insurance option has been the biggest membership attraction. "People are saving $8,000-$9,000 a year on that alone," he says. "The free website setup and design has been very popular as well."

Currently, Chalice has 44,000 members, who come from every direction—dually-registered, fee-only and quite a few breakaway brokers looking for a comprehensive replacement to what they're leaving behind. Bruton says that small broker-dealers who don't have the scale to offer the discounts and practice management enhancements have been encouraging their affiliated offices to sign up with Chalice. "We think we're going to allow those smaller firms to be more competitive, because they don't have the capital themselves to build these things," he says.

For a barely two-year-old organization, Chalice's growth—now exceeding the combined FPA and NAPFA membership by a wide margin—is impressive. But more importantly, Chalice is an example for other organizations that are pooling advisor money through dues or membership fees as to what can be accomplished with those pooled reservoirs of capital.

If you're paying rack rate price for anything you've read about here, or are thinking about upgrading your health insurance and website, you might consider a Chalice membership and save yourself some money. ■

Catch the Updraft

I'm beginning to think that the idea of pursuing state regulation for financial planners isn't so bad after all.

The consensus opinion right now is that any additional regulation of investment advice and financial planning at the state level would be an utter disaster, because it would force advisors operating in several jurisdictions to conform to different and potentially conflicting rule regimes.

This opinion has some merit to it; many states object to the term "retainers" in reference to a flat fee revenue model, while at the federal level, the SEC has no problem because it understands the difference between the term as advisors use it and as attorneys do. Also, some states regulators seem to believe advisors paying clients' trading costs out of their own pockets is potentially deceitful, since it gives advisors an incentive not to make trades and adopt a buy-and-hold approach that they regard as neglecting portfolio oversight.

Point made. But I find it increasingly interesting that our consensus opinion against lobbying at the state level also happens to be the consensus of that arch-nemesis of fiduciary planners: the wirehouses. I'm also noticing that the push for meaningful consumer protection is increasingly robust at the state level and retreating in Washington. Securities regulators in Nevada, New Jersey, Maryland and Massachusetts have been pushing for various versions of a true fiduciary standard in their jurisdictions, while the spineless SEC seems have a bad fiduciary allergy and appears to be taking its marching orders from the corner offices of prominent Wall Street firms.

So I ask myself (and you): Could lobbying at the state level be any worse than what we're getting from Washington?

I actually think it could be much, much better. Here's why: while the SEC slips ever-deeper into the control of the brokerage industry, and Washington politics becomes purely a matter of who's willing to lay more money in the table, state regulators and a surprising number of state legislators seem to be genuinely concerned about protecting their citizens. When there's an ugly scandal at the local level, perpetrated by a large brokerage firm headquartered out of state, it becomes easier to talk about common sense regulation and how a fiduciary standard would clean up the streets.

Yes, but… wouldn't large bags of brokerage lobbying money go further in these other smaller jurisdictions? I used to believe that, but now I wonder. If there are 50 fires to put out, would the brokerage lobbyists win in all 50 states? They would have to, because once one state mustered the courage to halt predatory sales activities with a tough fiduciary standard, other states are going to wonder why their citizens are not receiving such protections—and their more idealistic state representatives are going to bring this up in session. State pride would be on the line.

The interesting example here, to me, is the marijuana laws. There is nothing quite so polarizing as legalizing a recreational drug which, until recently, carried a life sentence for possession in Texas, while people in Colorado, Oregon and California toke freely on the streets. The federal regulators, noticing the lack of police cooperation in these pot-friendly states, finally threw up their hands and gave up enforcement of the recreational marijuana laws still on the federal books.

This is where it gets interesting. Colorado and Oregon began the pot experiment, and they looked like lone wolves out there for a time, collecting their tax revenues and somehow not turning into drug-infested hellholes. Then they were joined, eventually, by the great states of Washington, Nevada, California, Michigan, Alaska, Maine, Vermont and Massachusetts. Does anybody think that New York, Connecticut, Maryland and Ohio are far behind? And as a growing number of states begin collecting taxes from pot sales that were previously off the books, does anybody think the others won't eventually follow suit? Or that, once they do, the federal laws won't grudgingly change as well, regardless of how many lobbying dollars are stuffed in shirt pockets?

What does that have to do with a fiduciary standard? It looks to me like the states watch each other, and seek out the benefits that

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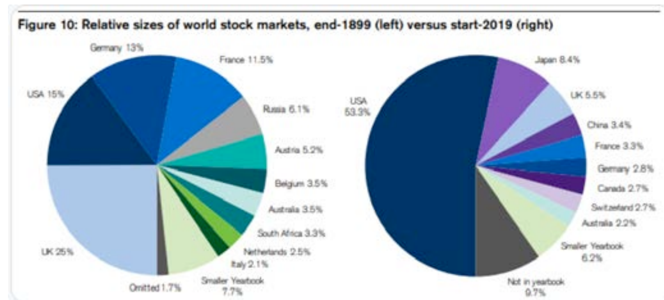

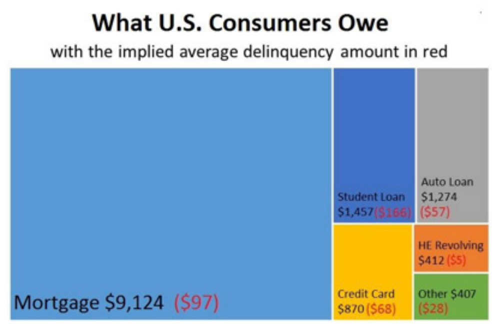

other states have managed to take advantage of. California and New York appear to be early-adopters of consumer protections, and other states, grudgingly at first, eventually follow along. In other words, I think a potentially-beneficial trend in the states, once something like the fiduciary standard takes hold in one or two influential locations, will gather steam—exactly the opposite of what is happening at the SEC.

The CFP Board and NAPFA appear to be enthusiastic about the fiduciary standard initiatives, but much less so regarding financial planning regulation—and you can understand the logic. Financial planners already feel a wee bit over-regulated and nit-picked about their investment advisory activities. Do they really need somebody telling them how they can and cannot recommend a Roth conversion or build a planned giving strategy?

Fair enough. But if financial planning is ever going to become a profession, it will need to be regulated to the point where the top seller of annuities in the local branch office cannot call himself a financial planner. I cannot, under state law, call myself a doctor and dispense medicinal remedies. I should also not be allowed to call myself a financial planner without proper credentials.

My point is that we probably ought to keep a careful eye on this interesting fiduciary trend that is going on at the state level, and encourage it where we can. If indeed the states start gravitating upward, and fiduciary becomes more common with more states (to the dismay of the SEC, FINRA, SIFMA and the FSI), then we might want to harness that state updraft tendency for financial planning regulation.

You know that regulation is coming sooner or later. Perhaps if we can introduce the best possible (non-nitpicky) regulatory regime at the state level, it, too, will propagate in a way that is beneficial to the profession. ■