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Demand for More Personalized Advice Prompts Financial Advisors to Shift Towards Coplanning Model, SEI Research Shows

Financial Advisors Enable Client Collaboration Through New Advice-Management Planning Models and Smarter Technology

OAKS, Pa., March 12, 2018 /PRNewswire/ -- As the advice-management landscape evolves, financial advisors are implementing new client-centric technologies and processes that can help increase transparency, create more value, and provide clients a more active role in financial planning, according to a new report published by SEI (NASDAQ: SEIC) Advisor Network and co-authored by Spenser Segal, CEO of ActiFi, a developer of software and solutions for financial services companies.

The fiduciary movement, threat of low-priced, digital advice disruptors, and the changing consumer dynamic are driving this shift from an advisor-centric world, where the advisor determines products clients would buy, to a more collaborative, client-centric model, where the client demands a different level of personalized advice. A follow-up to SEI's "The Next Wave of Financial Planning" paper, "The Next Wave of Advice Management" explores how advisors can make their client relationships more dynamic and have deeper engagement through coplanning and the implementation of repeatable processes.

New Advice Management Landscape is Here

The client-centric model closes the gap between service and value in today's "best-interest" environment. The report recommends advisors utilize a customized planning approach that is facilitated through technology and best fits their clients' distinct goals or cash-flow needs. This strategy includes a variety of planning methods, including project-based, modular, holistic, and segmented planning.

"Many financial planning approaches exist today, and the days of delivering only holistic advice to clients are gone," according to John Anderson, Managing Director and Head of Practice Management Solutions at SEI Advisor Network. "This report shows how an advisory firm can mechanize financial planning procedures with repeatable processes and the latest

technology, but still deliver customized advice to their clients. Each client brings a distinct set of goals, needs, and expectations to the table, and advisors can show value over time through more personalized planning."

SEI surveyed 542 advisors and found that only 41 percent view financial planning as their core value proposition. When looking at the obstacles they currently face, 24 percent of advisors responded that their biggest challenge is explaining the value of planning to prospects and clients. When it comes to executing the financial planning process, 26 percent said finding the right technology to effectively coplan with their clients is most difficult. While the various planning approaches may require different software, advisors can maximize the coplanning experience by using the right tools.

"In this era of intense competition, fee compression and increased regulatory scrutiny, advisors must become more efficient and do more for their clients, with less," said Anderson. "Technologies are pivotal, but advisors need to balance 'high-tech' with 'high-touch' to add capacity and value. While automating elements of the coplanning process is key, the human component remains central to the advice-management experience."

The Glue of Advice Management

An advisory firm's success hinges on its ability to standardize and automate business processes in order to increase the firm's value and deepen engagement with clients. The report suggests advisors focus on three business elements equally: people (clients and staff), process, and technology. Formalizing business practices can create repeatable planning processes, which can reduce the likelihood of mistakes; capitalize on data and metrics to identify successes and gaps; and optimize sales, service, and operations to create greater efficiencies.

In order to illustrate the value of implementing a "people, process, and technology" model, SEI Advisor Network partnered with ActiFi to track the performance of 46 financial advisory firms from September 2015 to December 2017. The before- and after-surveys sought to measure how systematizing routine task execution ultimately affected their businesses. Most importantly, these measures clearly demonstrated greater value to clients in the form of better-prepared and thoughtful client engagement.

Overall, the study found that advisors who implement automated repeatable processes saw significant benefits to their overall businesses, allowing them to coplan and further engage with their clients. Before the program, more than two-thirds (70 percent) of advisors agreed or somewhat agreed that they did not have enough time for client-related activities, such as financial planning, prospecting, and client meetings. After implementing process automation, there was a 41 percent decrease in the number of firms that still felt this way. They also saw a significant (66 percent) increase in the number of clients receiving financial planning services, which was due to regained efficiency through repeatable process implementation.

"Our study shows that automating certain processes can add more value to clients as their demands continue to evolve," said Spenser Segal, CEO and founder of ActiFi. "This shift is an opportunity for advisors to start treating their work of financial advisement as a business and not simply a financial planning practice."

Methodology

SEI's financial advisor survey was conducted in November 2017, generating responses from 542 advisors. The survey looked across the universe of advisory businesses, including

respondents from RIAs or hybrid firms (46 percent) and broker-dealer-affiliated advisors (45 percent).

ActiFi and SEI surveyed and tracked the performance of 46 firms from September 2015 to December 2017 through before- and after-surveys measuring the firms' views of how using key repeatable processes ultimately affected their businesses.

To view the full whitepaper, please visit: https://seic.com/knowledge-center/next-wave-advice-management?cmpid=ADV-PR-ADVICE

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