



What Separates Great from Ordinary CRM Systems

By Gary Kinghorn

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The ability to market to, sell to and serve clients more effectively is the center of business strategy for successful advisory firms. But strategy is only half the success story. Client Relationship Management (CRM) technology makes the strategy work by providing the underlying infrastructure enabling advisors to get, keep and grow the client base so vital to success.

CRM encompasses everything advisors and accountants use to manage client relationships, from the capture and analysis of client information to analytics that leverage data to achieve better sales performance.

Why is CRM important?

It's cheaper and more efficient retain and generate ongoing or incremental revenue from current clients than it is to acquire new ones.

Retaining clients isn't easy, though. In this increasingly competitive environment, advisors must differentiate not only their product offerings, but their client experience. Client experience is emerging as the most important competitive differentiator between advisors. The focused ability to anticipate and respond to client needs separates top advisors from the crowd.

CRM systems are the foundation for providing exceptional customer experience and for making your practice increasingly efficient, especially if that involves coordinating processes among teams. As the repository for all of your clients' data, the CRM system also automatically tracks and manages all activity history with your clients, defines and creates tasks for individual team members, and manages all documents and report archives for each client. An ideal CRM deployment provides all information at a fingertip for the status of each client engagement, the client needs, current financial details, and automates and tracks each process for managing this client engagement. The faster you can access information, and the more efficient your team can operate, the better the client experience.

CRM systems also provide analytical insight into your book of clients to improve your marketing campaigns. By aggregating and aligning client needs, such as underfunded



education plans, advisors can identify revenue generating opportunities or common needs which the firm can target. This may result in a well-targeted seminar series for a specific group of clients, or a direct mail campaign to qualified clients and prospects based on needs identified from analyzing CRM data on clients.

Advisors can extend the capabilities of the best CRM systems as their business demands and customize the solution to their unique needs. Robust CRM systems can give a 360-degree view of the client when integrated with an email system, sales illustration tool, portfolio rebalancing and construction tool, comprehensive financial planning system, trading platform, and client dashboard or portal. This enables financial advisors to track every client "touch" and build profiles of each client to deliver a much more targeted set of advice and financial solutions.

Interoperability with business applications

According to a [survey](#) conducted by Advisor Perspectives, the single biggest frustration among advisors is the lack of integration between CRM, email, advice and planning, document management and custodial systems. Disparate systems mean advisors do not have a complete picture of the client or spend hours manually entering client information into multiple applications. This leads to inconsistency and errors.

Once you determine the applications (portfolio management, financial planning software, etc) to be integrated with your CRM system, the main selection criterion is how well the CRM system aligns with your advisory practice and work processes. A successful CRM implementation is not necessarily determined by the features of the system, but how well your business processes and peripheral applications are coordinated and reflected in the CRM.

The CRM challenge: Separating the good from great

A CRM system increases productivity and efficiency by automating, tracking and improving client engagement tasks. This can range from something trivial like an account opening procedure to everything you need to do with a client when they change marital status.

A lot of CRM projects go awry because of ill-defined processes, not using the system 100% of the time, or a lack of understanding of what is required to make the system work. Failure can be a result of poorly defined or immature processes as much as software limitations.

Too often monolithic CRM systems with large feature sets overwhelm advisors and lead to a failed implementation or unjustified costs for the portions of the system that are used.



A CRM system integrated with Microsoft Outlook is often ideal for a small office or team of advisors, since Outlook is the contact management and email communication tool for most advisors. The CRM can then easily make use of contact information, calendars, reminders, tasks, notes, and client communication activity.

But a CRM has to extend these baseline Outlook capabilities to provide the financial data, document vault, and business management reports that are the foundation of a financial planning practice. All of the clients' financial data, online documents, financial reports and compliance-related activity logs should be managed by the CRM.

Effective CRM system must be centralized applications where all team members can view, share and update information, such as client tasks, documents, data and portfolios. This ensures everyone has current and accurate information at a glance. CRM systems implemented as a hosted application (software as a service) act as a centralized repository of CRM information for the firm, sharing a common view of data as needed between advisors and teams. While this is also true of internally-managed server-based approaches, hosted applications provide further benefit by alleviating the firm from managing the applications and servers themselves.

Improvements in communication, collaboration and productivity should lead to tangible gains that justify the expense and overhead of implementing a CRM solution. If the CRM tool doesn't fit the practice, even the greatest technology will not provide that justification and ultimately lead to poor return on investment. Hosted CRM applications that are tightly integrated with other software platforms and advisor applications provide the right approach for small office, independent advisors who are looking to maximize their efficiency and offer superior service to clients without a great deal of additional overhead and complexity.

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