Three Tips to Improve your Technology Decision-Making

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Imagine losing a prospect solely because your competitor's prices were lower. You may question the prospect's decision-making process and wonder why she didn't compare your services to your competitor's.

But this is how many advisors make technology decisions.

"Which software costs less?" is a frequent question I hear from advisors. Another popular question is, "What is the best (CRM, portfolio reporting, planning, etc.) software?" My answer is they are all good. It's about which one is best for your firm.

Before advising on best practices, let's understand the difficulties with the current technology decision-making process:

It begins with information overload. How many products can you name for CRM, planning, document management, rebalancing, and portfolio reporting? Add categories like all-in-one or best-in-breed to the equation. Throw in work-flow processes, client portal, data security, client behavior, and integration.

Is followed by an easy route. At a T3 conference, I've heard advisors ask what technology others use and if they like it. The conversation usually stops there. Other firms may not use the software in the same manner as your firm's needs and may not have the same business model, investment strategies, and support staff as your firm. Technology features that others love may not be what you need.

There's little analysis of your firm's needs and data. When advisors tell me that their needs are simple and the data is clean, I know they haven't analyzed their needs or data. Regardless of your firm's size and history, there is complexity in your firm's structure that isn't considered while evaluating technology. Unfortunately, such complexities come to light during the implementation or conversion, and results in additional time and expense far beyond what was budgeted.

To avoid second-guessing your technology decisions, here are several tips to stay on the right decision-making path.

Engage staff in identifying needs

If you view technology as a provider of information, engage your staff to identify the information needed to do their jobs analyzing portfolios or financial plans, solving client problems, making investment decisions and communicating to clients via reports and portal. Evaluate how the current technology structure is, and isn't, delivering the information needed.

Improve communications with vendors

- If your firm is replacing technology, develop two lists: required features that your current system doesn't provide, and features in the current system (e.g. reports) that are critical in the new system. During the evaluations, advisors tend to focus on features they don't have and assume the new system will contain all the features currently used.
- Avoid yes/no questions. You want to know *how* the features work, not *if* they are there. The "how" conversations will confirm if the features work as you envision. How many times have you asked a yes/no question and later needed to elaborate with what you really meant? You don't want to have this conversation during the implementation process.

Know your data

Recent data may be fresh in your mind but transactions from the past 10-25 years may not be. How transactions were accounted for in your software years ago may not be treated in the same manner today and can pose conversion issues. CRM fields used for other purposes or no longer used may still contain valid data that requires conversion. Many conversations with advisors begin with "my data is clean" and end with "we need to better analyze what's in there."

Advisory firms, and not your vendors, need to lead the decision-making process. Successful evaluations and decisions require a deep understanding of your information needs, the right questions and data awareness.

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