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Game-Changing Technologies: Be Anywhere, Know Everything

by *Shelley A. Lee*

What more do you really need to know about bacon? And what does it have to do with technological change in the financial advisory space?

According to a late 2009 study done by Geeknet, consumers of all stripes are embracing their inner geek as never before—66 percent of those regularly online admit they have “geek tendencies.” And diehard geeks are viewed as being at the vanguard of sweeping social change because, as Scott Kauffman, Geeknet’s CEO, told *Adweek* magazine recently, we believe “there’s a deep intelligence behind [geekiness].” Freed, our inner geek lets us dive deeply, through technology, into our real passions. Which brings us to bacon.

According to Kauffman, bacon-as-a passion is a good example of a geeky tendency come to life. (Type “love bacon” into an Internet search and see what we mean.) Now, geeky consumers know bacon isn’t particularly healthy but, says Kauffman, “if they’re going to go off the rails, they do it with gusto.”

For many consumers today, doing things with gusto means not only using every tech tool available to scratch an itch or indulge a passion, it means letting the world know about it—and assuming that important people are paying attention. And therein lies a lesson for financial planners.

When the company where Bill O’Conor, now the CEO of GaleForce Solutions, previously worked was acquired, he never heard from his financial planner. The planner, says O’Conor, had done a terrific job with O’Conor’s financial plan and portfolio management, but he was lousy with client management and communications. Had he been better at keeping O’Conor’s life events on his radar screen, he might have kept O’Conor as a client. He also missed the opportunity to get a referral to members of the new executive team.

“He didn’t ‘touch’ me very often,” says O’Conor. “Months after the sale, I ran into him at a Starbucks—and that’s how he found out. This is pretty basic stuff and you’d think every practicing adviser was doing it, but they’re not.”

In the old days, “money in motion” was gleaned by planners combing newspapers looking for those with a big job change or other major event. Now, more than even the executive announcement or the company sale, prospects and current clients are tweeting, updating their status, joining online groups, and starting discussions on social media platforms.

“As my case proves,” says O’Conor, “loyalty to a planner today requires much more than him or her just ‘doing a good job.’ It’s imperative that planners are aware of what’s going on in a client’s or prospect’s broader world. Did this person just buy a new house? Do they own a yacht? What boards do they sit on—and who are the other members? Who’s in their alumni group you’d like to connect with? What websites are they visiting? What is the level of their interest in wine, sports, theater?” Or bacon, for that matter.

It’s discovery, it’s filtering, it’s connectivity trees, it’s the broadening and deepening of intimate relationships—and it’s all out there for the knowing, says O’Conor. If you use both current and emerging technology tools the right way.

Organic, Non-Linear Touching

Technology has been criticized over the years for taking us further away from the “natural” order of things, particularly relationship businesses that require real, live human connection. But in many ways, it actually brings us *closer* to the natural order of things—it can encourage and support a non-linear, more organic, more free-flowing approach to “touching” people and becoming part of their lives. Of course, the biggest benefits of technology for financial planners are those of productivity and efficiency, thus freeing planners to be more connected in meaningful ways with their clients. Customer relationship management (CRM) systems have evolved into tools with the capability to be a robust dashboard for total client management. Many, such as GaleForce Solutions and Big Contacts, are adding social media connectivity and monitoring modules that give fresh meaning to “know your client.” Bob Walton, CEO of Big Contacts and a former financial adviser, calls the new social media monitoring tools that Big Contacts is adding in a new release scheduled for late 2010, “a way to bring information about your clients into the light”—by having it fed directly into your CRM system.

Unfortunately, the 50,000-foot view of how planners are using these efficiency-enhancing tools is that planner use is still not where it should be.

“As far as adviser adoption and *effective* use, on a scale of 1 to 10, I’d put most advisers at about a 5,” says Walton. “It’s a little frightening how manual some advisers still are.”

Greg Friedman, CFP®, of wealth management firm Private Ocean, and who also is the president and founder of CRM Software Inc., the developer of the client and office management system Junxure, boils technology’s primary benefit for advisers down to better client communication—“It allows me to tell better stories,” says Friedman.

But Friedman believes that 50 percent of practicing planners really struggle with adoption of the right software.

“I joke that there are now more technology tools for planners than there are planners,” says Friedman. “Technology has

absolutely mushroomed and, unfortunately, in their effort to have the 'cool' or 'it' factor, many programs have become difficult to use. And too many planners never adopt it to a level where it has a meaningful effect on their practice management." Junxure, for example, offers a private client portal, but Friedman says the adoption rate among planners is very low—"and I consider that option training- wheels stuff. Part of the problem is simply the pace of change, which is breathtaking. People in general, including planners, don't know where to enter on the treadmill."

According to the FPA-ActiFi Adviser Technology Reports: CRM Edition, released in February 2010, most advisers are not fully leveraging their use of current CRM software. Many planners lack a clearly articulated business strategy for using a CRM, many choose the wrong system for their needs, and many, perhaps most, are merely scratching the surface of what their CRM technology can do—in effect, says the report, "still treating the technology as if it had only the capabilities of [Microsoft] Outlook." That begs the question whether financial planners will take advantage of the benefits of new social media tools. Perhaps more than anything else, the biggest benefit is simply this: *being where "they" are*. And, as industry technology expert Dusty Huxford puts it, "Meeting them with the tools they use."

A Social Media Explosion

Many planners, says Huxford, are struggling with transition: for themselves—if they are in their 50s and 60s, and the average age of FPA planner-members is 54—and for their client bases.

"If 80 percent of your clients are age 60-plus, you'd better be thinking about getting some younger clients," says Huxford. "And in order to be relevant to them, planners really will *have* to embrace a lot of the new technology, even if it feels slightly 'dangerous.'"

But what could be dangerous about grandmothers on Facebook?

Assume the premise is that you're happy with your age 60-plus client base and that it's actually growing. Now assume the premise that they, like younger people, have moved with gusto into the online worlds. Along with seniorjobs.com, seniornet.org, seniordiscounts.com, snowbird.net, caregiver.org, and grandloving.com, Facebook is where the older crowd is gathering and sharing. A December 2009 Nielsen study revealed that the number of seniors (65 and older) using the web increased by six million in the last five years; in addition, these seniors spent more than 58 hours per month online. Not only that, but nearly half of online seniors regularly visit Facebook or YouTube, making those sites their third and fourth most visited online destinations. In fact, according to Pingdom.com, 61 percent of Facebook's users are over age 35—it's no longer the province of the college crowd. According to Deloitte data, 2009 was the year that social media bloomed for baby boomers, with nearly 47 percent of boomers actively maintaining a profile on the social web, up 15 percent from 2008.

The micro-blogging service Twitter skews somewhat younger in its demographics, but 31 percent of those using Twitter are ages 35 to 49 and 21 percent are over the age of 50. The average age of a Twitter user is 39.

LinkedIn, with its business focus, has a predictably higher average user age of 44. And according to Edison Research/Arbitron Internet and Multimedia Research Series, nearly two-thirds of active Twitter users access social networking sites using a mobile phone. More importantly, as social networking has entered the mainstream, it has also quickly become not just an occasional diversion but a habitual part of American life. In 2009, 18 percent of social networkers in America checked their sites and services several times a day. Just one year later, the number is 30 percent, even as the total number of social networkers has grown. With both numbers growing dramatically, the actual number of Americans with "the social habit"—those who check their social media sites multiple times per day—has more than doubled, from approximately 18 million to 39 million.

With the explosion of social networking, there have been many studies in 2010 about planners' use of social media. One, from American Century Investments, indicates that 73 percent of those surveyed have a profile or account with one or more of the social media sites and that of those who use social media for business purposes, one-fifth do so daily—either once a day or multiple times a day. Another survey, conducted by On Wall Street magazine and LederMark Communications, says that 85 percent of financial service professionals under the age of 50 are using social media; more than 40 percent of younger users said it has led to increased business.

On one end of the spectrum is Timothy Sykes, a young, upstart stock analyst and investment advice-giver—ubiquitous on the major social networking sites, cocky, and sure of himself. (If you follow Sykes on Twitter, you'll get a stock tip followed by, "You're welcome.") The self-appointed "stock guru to the little people," Sykes says on his website that in college at Tulane University he traded penny stocks and turned \$12,415 in bar mitzvah gift money into \$2 million—and started a hedge fund during his senior year.

On the other end of the spectrum is 59-year-old Curtis Smith, CFP®, a fee-only planner in Sugar Land, Texas. Smith thinks of himself as not particularly tech-savvy—"My adult children got me on Facebook, but really I follow what my IT consultant sees coming"—but is adamant about why he's on Facebook and Twitter. "After 30 years in business, I'm now in my second generation of clients—I've had the parents, now I've got the kids. This is what totally changed me. If you've got newer clients, in their 30s and 40s, you'd better be using social media. Too many financial planners are in love with their data and are not thinking about connections 'out there.' In my opinion, woe be to the financial planner who doesn't use new technology and isn't on social networking sites. The next generation of your clients *expects* you to be there."

Smith has a blog, a Facebook and LinkedIn profile, and regularly posts on Twitter, where his posts range from inspirational quotes to links to interesting articles, including from his own newsletter, and alerts to discussions on LinkedIn. Smith says he is highly efficient because of his use of technology and because of how he makes it work for him—he uses the HootSuite application to schedule his tweets in advance, spending no more than two hours a week, every Friday, writing his posts for the next week. He's also more purposefully segmenting his target market, following on Twitter (and, he hopes, being followed by) dentists, physicians, and the politically connected.

"Sometimes when I talk to other planners, they'll say social media is a generational thing. But I'm not a young pup myself," says Smith. "Older planners need to catch up with this. I think clients at least think, 'He's got it together.' They may not read everything, but they at least know I'm trying to stay with them and *ahead* of them. We should be leading ourselves and our clients into the future, not just following them there."

Shiny New Tools

There are now 45 million smartphones in the United States and, notes San Diego-based marketing consultant Kristen Luke, "Five years ago we weren't even thinking about how smart a phone could be." Luke sees connecting with clients via mobile applications as the next big wave, putting a totally different spin on meeting your clients at Starbuck's.

Already, fundamental planner tools have made their way to smartphones and are now being introduced for tablets—in July, Pershing, for example, introduced a version of its brokerage and advisory platform for the iPad™, after previously introducing it for smartphones. A new wave of tablets will cash in on the iPad's instant cachet as the shiny new tool for planners who want to meet with clients in non-office locations and without printing out and dragging along reams of paper reports. Luke recently met a planner at an industry conference who showed her how vibrant, interactive, and comprehensive a client presentation on the iPad can be—wherever he and the client might be. For planners, data visualization and presentation are key. And unlike a laptop, which is not really a collaborative tool, the iPad and its likely successors encourage the client's engagement through its easy touch, pinch, and sweep features. It's a subtle physical *and* psychological shift to working more personally, more like partners, and one that puts planner and client *literally* on the same side of the table (or couch).

Bill Winterberg, CFP®, a Dallas-based technology consultant who works with financial planners, agrees with Luke that mobile apps and tablets are where technology for planners is going.

"These new tools have legs," says Winterberg. "It's going to explode. Innovative firms will adopt these tools, no question. In particular, it will be appealing to firms looking to attract successful, upwardly mobile entrepreneurs who are *always* early adopters of technology. But even for the masses of other clients, they are likely to think, 'My planner wants this experience to be good for me, so she's investing in the technology.'"

Flipboard is just one example of a new tablet application that could radically change how planners monitor their prospects' and clients' social media posts. Flipboard turns Facebook and Twitter into something that looks like a magazine—import your clients' news streams and get a powerful and engaging way to see what they're doing, reading, and linking to. Robert Scoble, a blogger and former "technical evangelist" at Microsoft, wrote that Flipboard is "totally right to bet on Facebook and Twitter ... These are the default information sharing systems for most people now." When you "get" how Twitter can serve as a primary news source for people, brands, and world events, says Scoble, you'll also understand that Twitter "isn't just about telling people what you're doing."

Winterberg sees an application like Flipboard giving planners the ability to really broadcast in a rich, visually stunning way what their firm is doing to a larger audience, in addition to being a great way for a firm's current clients to keep in touch with what the firm is doing, and at the client's own convenience.

"And using that meeting-at- Starbuck's scenario, you'll never run the risk of forgetting a document—they're all accessible through the tablet device by connecting to and downloading it from your document management system," Winterberg says.

That, though, depends on whether planners are using a document management system accessible through the web. For many planners, all that information still resides on their desktops. Dusty Huxford sees that as a security blanket for many planners. Curtis Smith sees it as fatal.

Your Elevator Pitch on Your Phone

If it's true that you can tell a lot about people by looking at what's on their smartphone, it may be that your prospects and clients will be able to tell a lot about you by reviewing your "elevator speech"—on your smartphone.

The elevator speech is, of course, you and your service in a verbal nutshell. The old rule of thumb is that you should be able to deliver it in the time span of a typical elevator ride—a maximum of 30 seconds and in 130 words or fewer. What if you could deliver your elevator speech in a "hand-it-over" environment? You can.

Michael Schrage, a research fellow at MIT Sloan School's Center for Digital Business and author of the book *Serious Play*, wrote in an August 19 guest blog on the *Harvard Business Review* about an amazing pitch from an entrepreneur whose elevator speech included a video clip and audio testimonials on his smartphone. According to Schrage, "The object—and

our interaction with it—became an intimate part of our conversation ... [He] used the device as a medium to both reinforce his conversation points and invite new questions and comments from me. I can say without hesitation that this felt technically and interpersonally different from 'laptop-on-the-table' presentations I'd experienced 1,000 times.... The 'hand-it-over' nature of the iPhone made it feel more like a value-added conversation rather than a scaled-down presentation." Even more valuable, says Schrage, is the technical beauty that allows the onscreen imagery to be emailed, Facebooked, forwarded, or LinkedIn as desired.

"Hand-it-over conversations seem destined to create new genres of salesmanship and interaction," wrote Schrage. "It will become an innovation best practice. In fact, people will be surprised, and disappointed, if you don't have anything to hand over."

Into the Cloud

For Smith, all it took was Hurricane Ike, in September 2008, to convince him that he needed to move everything to the web. Flooding and power outages throughout the Houston area knocked his office out for two weeks. It took him the better part of a year to transition all his data to web-based services—he still has a desktop, but "I'm just waiting for it to die." He has absolutely no concerns about security and looks forward to the day when his clients will be interacting with him through web portals.

Smith views this move to everything on the web—or "in the cloud"—as having him poised for the future. "All I need is my iPhone and my laptop."

Huxford agrees that "going to the cloud" is the next big step for planners. It's less expensive and quicker to set up—a boon to younger planners just getting established—offers limitless scalability, and allows for ultimate mobility. But many planners, older ones in particular, according to Huxford, just aren't ready to accept the risk of potentially compromised data.

"Younger planners seem to be more cavalier about security and the risk. They put a lot of faith in the ability of the web host to secure the data," says Huxford. "The reality is that you can never totally eliminate the risk, so the moment you come to the conclusion you can't, you must either embrace or ignore the cloud. But you won't be able to ignore it forever."

Virtual Worlds

Nor will we be able to ignore, or consign to the "for gamers only" world, the slow but probably inexorable rise of 3D virtual worlds. Heard of Second Life? It's an online, 3D virtual world imagined and created by its residents—part "immersive" learning laboratory, part social environment where you (actually you-as-your-avatar) can pick your virtual neighbor's brain using your own voice. (It's also got a reputation for being the place for virtual adultery.) It's so difficult to explain Second Life that one of its big proponents says, "It's like describing purple to the colorblind."

OpenSim is a virtual world platform with tremendous potential application for business, including virtual meetings—a "killer app that's somewhere between face-to-face meetings and web conferences, and allows for more interaction and immersion for attendees," according to Maria Korolov, editor of *Hypergrid Business*, an online publication that focuses on the enterprise uses of virtual worlds. While Second Life and OpenSim look the same to a visitor, OpenSim actually runs on a company's own servers and is hyperlinked. Second Life could be compared to AOL; OpenSim is more the entire web. For a company, says Korolov, being able to create and run their world—with their own domain name, user names, and full control over access and content—is very important.

Korolov attends conferences and small-group meetings through OpenSim, noting that IBM and other big corporations use the technology not only for conferences, but for collaboration among teams, training and orientation of new employees, and virtual storefronts. Manufacturers are using OpenSim to model, build, and demonstrate products in 3D environments—clothing, furniture, cars, houses, ships, boilers—with designers, builders, inspectors, and customers collaborating from far-flung locations. Korolov knows of a company that actually held a board meeting in Second Life. Some open source platforms for virtual worlds even allow users to teleport themselves from one world to another.

So why should financial planners care? Here's how Korolov describes her daily meetings with her business partner in the China Speaker's Bureau, which she also runs: "My partner is in Belgium, but we meet in a virtual office. His office is on the second floor, mine is on the first. We've created our office on an island, so we have the ocean and palm trees all around us. We get together and talk about projects; other people stop by. I haven't actually seen him in ages. This could be like a solo practitioner planner meeting with study group members, or with clients in remote locations. The key point is this: I get a sense of being with him, of his presence."

Still very early in development and application for typical business users, Korolov believes that in 10, maybe even 5 years, we'll be asking how did we ever not meet clients, prospects, colleagues, and business partners in 3D virtual worlds.

"If you can remember transitioning from DOS to Windows, you'll relate," says Korolov. "There was a lot of resistance to learning to use a mouse and actually clicking on things. There will be resistance to this too, with many dismissing it as 'for kids.' But the immersive environment—for training, collaboration, and the marketing and sales process—has the potential to become huge. You and your client can be together, look at the same things, walk and talk together."

Last December, approaching the end of the first decade of the new millennium, the inventor and futurist Ray Kurzweil ("the ultimate thinking machine," according to *Forbes* magazine) offered some thoughts on how technology will change humanity by the year 2020. Cutting edge technologies will spread to every corner of the world, portable computing devices will become part of our bodies, memory devices will be integrated into our clothing, and solar power will be on steroids. And although we're still adapting to how smart smartphones really are, our ideas of that will change, too: rather than look at a small screen, our glasses will beam images directly to our retinas, creating a high resolution virtual display that hovers in air. This virtual display will be able to take over our entire visual field of view, putting us in a 3D full-immersion virtual reality environment, even touching each other virtually.

Technological advances will continue to affect almost everything we can imagine—from wireless networks to the number of songs and videos we can store on a handheld device to, yes, how we'll meet and interact with each other. These advances force existing leaders, not to mention followers, to change their business strategy.

But, as Greg Friedman describes, "not knowing where to get on the treadmill," there will likely be a part of all of us that will not know how or whether we can get off—or just hit pause. Change is hard; extremely rapid change is even harder.

"Technology certainly forces you to make changes," says O'Connor, "even though you may want to be mentally stuck in your old world. I mean, I still use the term Rolodex. How old-school is that?"

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