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inside information

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Raising the Win Rate

Synopsis: ***A close study of advisory firms' success at 'closing' prospects reveals some best practices which are, alas, rarely followed.***

Takeaways: ***Create a process for those initial meetings and followup that is just as well-orchestrated as client onboarding. And show some urgency—that you actually want that person as a client.***

In the past year or two, we've been hearing a lot about what I labeled *The Great Stall* way back in 2016—which I described (on these pages) as an unexpected slowdown in aggregate independent advisory firm growth. The slowdown has, of course, continued, and in 2021 I wrote that the low-hanging fruit in the consumer marketplace had been gathered.

Meaning? Consumers were no longer excited about 'comprehensive' 'fee-only' financial planning with a 'fiduciary' mindset.

The marketing relationship between the profession and the public had become more complicated, and the profession had not fully adapted to the shift.

Lately, I've been wondering about something that the freight industry calls the 'last mile challenge,' where it's relatively easy to ship key components from, say, a factory in Saigon to Detroit. But getting them from the Detroit airport to the Ford assembly plant off of Schaefer Road in Dearborn requires more complex logistical planning.

Similarly, financial planners

EARLY WARNING

The states always seem to be a step ahead of the SEC. NASAA is amending its model rule to ban anyone without an investment advisor or IAR license to self-describe using the terms 'advisor' or 'adviser.' Strong language in the proposal: *"The Project Group believes it is a deceptive and unethical practice for broker-dealers to mislead investors into believing the broker-dealers are acting in a fiduciary capacity with an ongoing duty of loyalty through misuse of the "advisor" and "adviser" titles."*

Predictably SIFMA and LPL have sent public comments strongly opposing the idea, while the financial planning coalition (CFP Board, FPA and NAPFA; link: *https://www.nasaa.org/wp-content/uploads/2024/11/Joint-NASAA-comment-letter-on-Business-Practices-Rule-Final-12.19.24.pdf*) and the XY Planning Network (link: *https://www.nasaa.org/wp-content/uploads/2024/11/NASAA-Prohibited-Titles-XYPN_FPA-Comments-121824.pdf#*) offered strong support. (But there is no proposed ban on using the title: 'Financial Planner.')

might be doing a great job of marketing, and getting the attention of people who need and want financial planning advice, only to fumble the 'close,' the equivalent of that last mile, in that initial client get-acquainted meeting. Getting the attention of prospects can be more straightforward than helping the prospect see the value of, specifically, working with your firm if/when there is a face-to-face meeting.

To get a clearer view of how advisors are handling—or fumbling—these opportunities with interested clients, I interviewed Andres Garcia, the CEO/founder of Zoe Financial (*https://wp-test.zoefin.com/join-as-an-advisor/*).

Student of the close

Garcia has a unique perspective on the ins and outs of the last mile of advisor marketing. After working with David E. Kelly on JP Morgan's U.S. Global Strategy team, he moved over to working with advisors all over the country and presenting to their clients. "I got to see the good and the bad in the industry," he says—including one memorable large bank meeting he attended where the firm was giving out sales awards to its 'top advisors.'

Garcia left to start Zoe as a way to help consumers find advisors who weren't collecting sales awards, real advisors who understood their clients at a deep level and provided (yes) holistic service on a (yes) fee-only basis that would benefit them in their lives. Since the 2018 launch, Zoe has invested in a social media and affiliate marketing program (affiliating with online publications and investment blogs, using SEO and paid marketing on Google, posting on social media, etc.) that is larger in scale than any single advisory firm could afford, marketing the services of the real professions to the public at large. Advisors sign onto the platform and collect leads from consumers who are interested in entering into a financial planning relationship.

Firms have signed on to Zoe just to get an extra two or three clients, and didn't follow up on additional leads it was generating for them.

The last mile, aka the 'close,' is up to them.

Zoe doesn't charge an up-front or platform fee; advisors pay only if/when a referred prospect becomes a client. "We've found that most advisory firms don't want to spend $3 million a year on marketing without knowing what will come out on the other side," says Garcia. "They say to us, *hey, you guys are much better at this than we are. If we don't have to pay anything up-front, we're okay with paying more from the clients you help us bring in*."

The back-end revenue model is what has made Garcia a student of how advisors win business. Zoe has a direct financial interest in how well, or poorly, advisors are handling the 5,000 leads (that is, people who actually schedule a call or visit) his firm will generate in a typical year. To maximize the value of those leads, Garcia began gathering a lot of data on which firms, and which advisors, were closing (monetizing) the leads he was providing.

What he learned led him to cull Zoe's advisor list from 230 in 2022 to just under 50 firms today—the firms that are best at turning prospects into clients and generating ongoing revenue to Zoe.

"We realized that it doesn't help to have 500 firms on the platform, of which 30 or 40 are doing really well and are great partners," Garcia says, "and the other 80% are upset at you because they're not winning clients."

Outmoded marketing

In his research, Garcia has uncovered a number of dysfunctions and, at the other end of the spectrum, a number of best practices—some of which are probably going to be new to the reader.

At the most basic level, Garcia has had firms sign on to Zoe, only to discover that they were really not enthusiastic about growth—and marketing.

"In the early years, I have

had people say to me, *hey, Andres, look; I have a great clientele already. I'm just looking to win two or three more clients*. We're not a great parter for them," he says, "because after they get those two or three clients, we go back to them and say, *hey, we sent you ten or 20 prospects; what happened?* And they'll say, *yeah, we already won three. I didn't show up for the others after that*."

There's nothing wrong with not wanting to accelerate your growth. But those complacent firms are unlikely to lead the profession out of The Great Stall.

Beyond that (still at the basic level), Garcia says that many advisory firms are still using marketing techniques that were extremely effective with Baby Boomers, but are definitely not working with next-gen clients.

"Many advisors default to what worked 20 years ago," he says. "I think of marketing as channels, and one of them is referrals through friends and family and existing clients. There's nothing wrong with that," he adds, "but in today's market, I don't think you can grow effectively if that is your only channel."

This doesn't address the last mile issue, but it explains a broader reason for The Great Stall. "Referral marketing works best with 60+-year-old clients who found their spouse through their family and friends," Garcia adds. "If you ask a 35-year-old how they met their spouse, there's an 8 in 10 chance they found them online. How they curate big decisions is not the same. In my town where I live, I would not ask my friends where they found their advisor; it would actually be weird to do that. I just go online to find an advisor."

Getting closer to the last mile issue, Garcia says that his data shows that people looking for their first financial planning relationship are in the 39-44 age range. "That is who most advisory firms should be focused on winning," he says, "because that's when people are in the market for their services."

Garcia adds that the marketing problem is not what most people think it is. "It's not that these advisors and firms are bad at sales or they don't know what they're doing," he says. "It's that they don't know how to win business from the specific cohort that is looking for a planner."

Many advisory firms are still using marketing tactics that don't work with the new cohort of next-gen clients.

Variable 'win' rates

Zoe's slimmed down membership is exclusively firms that want to aggressively scale up their business—the firms that WILL lead the profession out of the Great Stall. Many of them use Zoe as one of many digital marketing channels. "We work with RIAs that also use SmartAsset to supplement their own marketing channels to win clients; we're just additive to it," says Garcia.

To protect the revenue model, Garcia closely tracks what he calls the 'win rate' of each advisory firm on the Zoe platform—and combines that with data from the firms that he culled from the list. "We've had firms that only win 10% of the time with us," he says, meaning that only one out of ten consumers who schedule an initial meeting with an advisor will eventually sign on as a client.

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"Frankly, those firms don't stay in the network very long." Garcia explains. "We're paying for their marketing, and we only get paid if they get hired."

Other firms are winning roughly a third of the prospects who agree to a meeting, which Garcia believes is an acceptable rate. But when he drills down to the individual advisor level, he finds that some advisors are 'closing' 60% of the prospects who come in the door (physically or virtually).

What did he learn about the most successful firms on the platform, that other advisory firms can learn from?

"At the firm level, the number one characteristic that tells us that they are not going to win business," says Garcia, "is that they don't have a process in that first meeting to lead to a second meeting, and they don't have a process for follow-up. They treat each new opportunity almost as if it was a given that everyone should hire them."

Garcia finds it odd that other areas of their business would have well-defined processes, but the last mile meeting with prospects does not. "We ask advisors about their process for financial planning or investments, and they have that well mapped-out," he says. "But when it comes to winning business, they don't seem to believe they need a process."

Can he be more specific about what a successful 'win rate' process would look like? "They are asking in that first meeting, at the beginning of the meeting, for instance: *If this goes well, I am going to ask for us to schedule our second meeting, for you to understand the full value of what I could offer*," Garcia explains. "*Is that okay if I ask you at the end of the call?*"

Individual advisor 'win' rates range from zero to somewhere above 60%. The successful advisors share several traits.

Later, he says: I actually don't care what the process is: the key is that they consistently do it, that they HAVE a process."

Meanwhile, Garcia says that the most successful individual advisors share several traits. "The common thread around advisors that have a higher win rate is that they're great listeners," he explains. "You might think that the advisors who are speaking the whole time, who are selling hard in the first meeting, would be the successful ones," he adds. "But in our experience, the best closers tend to be great listeners."

Beyond that? "They tend to be good at everything," says Garcia. "At first, that was counterintuitive to me; I would have thought that the ones who are really good at winning new business would be just OK as advisors, because they're so focused on winning business. The advisors who really want to provide value and great service to people also really want to bring in and help new clients. It really does seem to be as simple as that."

Another trait is urgency. Readers might find this one to be particularly interesting.

"We've found that it doesn't work if they meet somebody, and then three days later they send an email followup," says Garcia. "What works is: they finished that call, and the followup email is actually ready to be sent out to them, saying: *Hey, it was great meeting you. Here's the next step. We'll schedule a call. I heard that you'll be bringing your wife Laura. I am looking forward to that*."

The promptness implies competence. "If you said you were going to do something and you did it right away," says Garcia, "that starts to build trust in their brains. *I trust this person because they did what they said they were going to do, and did it quickly*."

Advisory firms that are slow to follow up are doing the opposite; they're creating uncertain expectations about a possible relationship—which goes back to the importance of process. "They see that there's no structure to the first meeting," says Garcia, "and then they wait for the advisor to get around to responding. And the natural thing to think is: *is this how our relationship would work if I sign on with them?*"

And of course, most of those firms actually do have a very precise, very professional process for taking a new client through the onboarding and planning. But the prospect doesn't get that far to see it.

Urgency is more important than most advisors realize. "We ask consumers in our surveys: *why didn't you hire that advisor?*" says Garcia. "And a lot of times, it's not that they thought they weren't competent. The response would be: *I didn't get the feeling that they really wanted to work with me*."

As an example, Garcia asks us to imagine (this is a real world example) a technically-competent, professional advisor with the CFA and CFP designations, with 20 years of experience, going up against a 22-year-old broker who works in the Edward Jones office down the street.

The prospect meets with both and chooses the 22-year-old salesperson. "You ask, *how can that be?*" says Garcia. "The Edward Jones guy showed up at their house the next day and brought cookies. He showed an interest in them. They're still waiting to hear from the advisor with the CFP and CFA designations from a meeting two days ago. Our surveys show that if the prospects feel wanted, that disproportionately leads to you getting hired as an advisor."

What makes this interesting is that most readers know why also many advisory firms lack a well-defined 'close' process, and are not jumping onto a followup message—basically why they aren't displaying urgency. Most advisors, and firms, take great pains not to appear salesy. In order to project a professional image, they can appear indifferent to whether prospects sign on or not. This does indeed distinguish them from the Edward Jones office, but perhaps not in the way they intended.

How could a technically-competent fiduciary advisor lose business to a 22-year-old broker? The clients said that the broker actually wanted their business.

AUM sophistication

Garcia says that his whole model—and the vision for Zoe from the start—is to promote real, professional financial planners. "We are rooting for RIAs to succeed, and that is our whole business model," he says. "But we're also listening to the data, what the 40-year-old is telling us when they *don't* hire somebody, which I think is what we should be paying attention to."

The urgency issue is one response. Are there any others?

"We're also hearing people tell us: I understand the value of a financial plan; that's why I wanted to hire somebody. But do I want to pay 1% a year for the next 20 years, where they will be putting me into five ETFs that they rebalance once a year? It doesn't make sense for me to pay 1% for that level of service when I could just get the plan from the advisor and go to Wealthfront for 25 basis points, and they'll rebalance daily and may even have direct indexing and do tax-loss harvesting for me."

Advisors, Garcia says, will tell clients that they like to keep things simple and low-cost. And that was attractive to the Baby Boomer clients. "But the pendulum has swung back to the investment capability side for that 40-year-old," he says.

There are really two issues here. First, many advisors—generally those who are *formerly* on the Zoe platform—seem not to realize that their revenue model tells prospects that their primary value is asset management, when the value is really ongoing financial planning. They either need to change their value-related messaging or their revenue model in order to win this next generation of clients.

Beyond that, they probably need to change their asset management protocol to become more competitive to the next generation of prospects. To the 40-year-old, the asset management services that most advisors have traditionally provided looks somewhat lazy and certainly not tech-forward. Advisors are losing business simply because the next

generation doesn't relate to their traditional advice model.

This led Garcia to add to Zoe's feature set something called the Zoe Wealth Platform back in January of 2023. It functions somewhat like Parametric or Aperio (or Wealthfront), where clients can receive direct indexing portfolios, automated rebalancing and tax-loss harvesting, and they can exclude, perhaps, firms that are in the sector where they're employed. "Advisors can say: *I have those capabilities too, and here they are*," says Garcia.

Revenue model

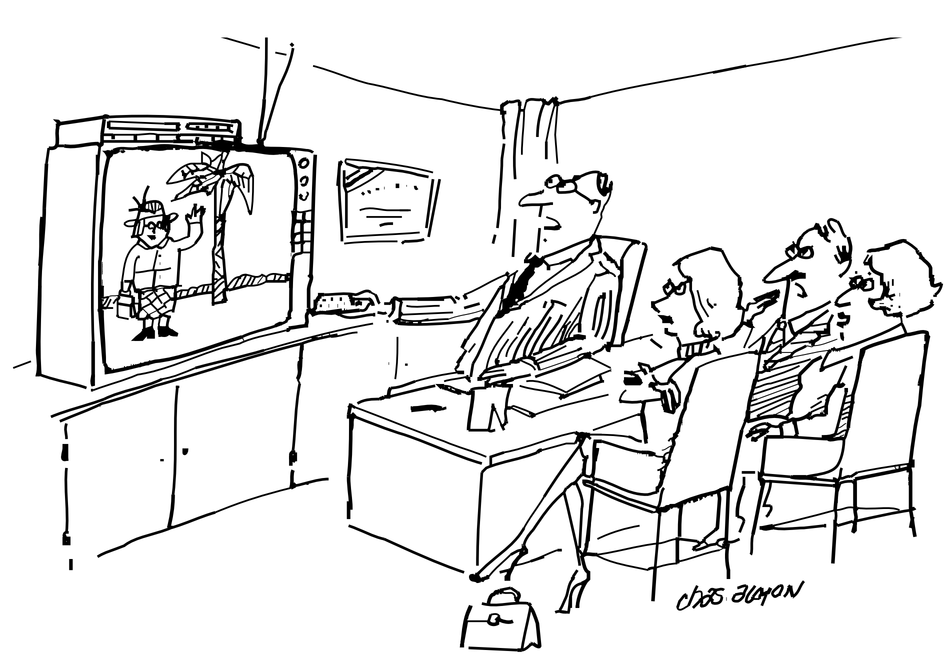
Zoe charges based on the ongoing AUM revenue that advisors receive from clients who are 'won' from the leads it provides: 35 basis points for the first $2 million, 10 basis points up to $10 million, 5 basis points thereafter. If the client came in through the Zoe channel, and the advisor wants to have that client on the Zoe Wealth Platform, there is no additional fee.

If advisors want to put other clients on the Zoe Wealth Platform, who did not come in through a Zoe referral, then the cost is an ongoing 15 basis points. "What we find," says Garcia, "is that advisors on the platform will look at their existing book of business, or new business that is coming in the door, and say, *hey for clients under two million who fit this kind of profile, it makes sense to outsource the investment work*." And they get those tech-forward portfolio management capabilities in the process.

Will these insights help advisory firms finally address their dysfunctional marketing relationship with the general public? For firms that aren't interested in growing, the answer is decidedly no. For the smaller percentage of firms that have a desire to grow aggressively, however, Zoe's curated data on winning and losing clients in the last mile could be extremely valuable.

Especially if they can get additional insight into how that well-defined prospect-to-client process might work.

Which happens to be the subject of the next article. ■



"Due to budget cuts, this year's sales award will be a video of last year's due diligence trip, when our top producers investigated the secluded beaches of Maui."

Closing Collaboratively

Synopsis: ***If advisors can reframe the 'sales' concept as something other than trying to overcome objections and market products, they can develop a winning process to help prospects decide to work with them.***

Takeaways: ***Create a process that gives the prospects space to explore how they would benefit from working with advisors. Build trust before the first meeting, and focus on the specific issues that prospects raise as their pain points.***

The last mile challenge in advisor marketing (see previous article) is summed up by marketing and sales coach Nancy Bleeke Noël (*https://www.salesproinsider.com/*) as a challenge many advisors are facing today. "Advisory firms work really hard to get someone to talk to them," she says, "but then there needs to be a skill and a process for conversion that aligns and makes it collaborative."

A related challenge is getting staff advisors and potential successors up to speed on making those conversions. How often do you hear founding advisors say that they sold to a PE-backed acquirer because nobody on staff was stepping up to the rainmaking challenge?

"There are so many firms that are stuck with the founder being the only rainmaker," says Noël, "and the founder is trying to take his foot off the pedal and work on other things. But once that started happening, the whole growth engine stopped working."

One word, two definitions

Noël is one of the few marketing consultants/coaches who focuses specifically on ways to make prospect meetings more productive, both for the advisor and would-be client. You coax a prospect to the very tip top of the funnel, and then, in the last mile of the pre-client (marketing) engagement, you follow a process that raises the odds that the prospect will become a client.

> ***Advisors are getting better at attracting the attention of prospects. But the relationship is often fumbled at the end.***

Yes, this is sales. But Noël says that there is sales and there is sales—meaning that there's an important distinction between having an agenda where you want to overcome objections in order to convince the prospect to move to a pre-ordained (product) solution, and when your goal is to mutually discover how you can help prospects with the challenges they bring to the office.

"I started out as head of HR and training for a large bank," she says. "I didn't have a very good opinion of investment people, because all I ever heard from our financial advisors was complaints about money, and nothing about what they were doing to help our customers."

Noël left to work with Brio Toys, and discovered that the sales processes there were far more collaborative and focused on mutually beneficial outcomes. "It was a completely different thought process around selling," she says.

Many advisors conflate the two definitions of the same word, and therefore back off from learning the skills needed to put prospects at ease. "The negative connotations about sales are really sad," says Noël, "because if that advisor cannot help people make a decision or guide them to the information that helps them feel confident in making a decision to get their help, they will never get to help them."

Twenty years ago, Noël began translating some of the lessons she learned at a larger corporation to the planning profession, working with advisors in a few study groups, and, after having provided training to Alan Moore, Moore asked if she would provide sales training for a new idea called the XY Planning Network.

"He said, *I'd like you to help our members just like you helped me*," Noël says. "At the time, he was imagining that the Network would have 100 to 200 members."

Sales in a professional context is not about convincing. It is helping the prospect get the necessary information to make a good decision.

Shared experience

So what are the key elements in a process that will reliably convert prospects into clients? At a high level, it's about collaboration.

"There's a skill and a process that makes that first meeting a shared experience," says Noël. "Everything should be collaborative and focused on what's in it for the prospect. If advisors can't make it about what's in it for them," she adds, "then they haven't earned the right for that person to care."

So let's imagine that I'm an advisors sitting across the table from a prospect, and I tell the prospect that I'm a terrific financial planner offering comprehensive planning, and I have the CFP credential and I am fee-only and practice in a fiduciary manner. They should be eager to work with me, right?

"For me, as a prospect, I don't know what most of those words mean, and whether there's any value to working with a fiduciary," Noël responds. "Most prospects really have no idea what the 'F' words mean: fee-only, fiduciary, or all those designations. Okay, you're a fiduciary. What does that mean to them?"

An alternative (equally unhelpful) approach is to lean into your technical skills and knowledge, hoping to impress the prospect. "That can actually overwhelm and complicate the process of moving people to decide you can help them," Noël says.

So my sales pitch didn't convince her to work with me?

This question hits on the distinction between one kind of sales and another. "You're not there to convince anybody," says Noël. "It's not about convincing. It's about walking alongside them and guiding them through the information exchange necessary for them to make a confident decision."

Noël's favored process is to prepare the client before the meeting. "It could be a short video saying, *hey, Bob and Joanne, I'm so glad we're going to be talking on Thursday. Here's a couple of things to make sure that we get the most out of our time together.* You set expectations and take away the lower levels of Maslow's hierarchy of needs," she says, "like: *here's the time this is going to take, we're going to be on Zoom*—show them a picture of what they can expect."

There are degrees of preparation. At the high end, Noël cites an advisory firm whose preparation starts in the parking lot. "Their pre-meeting note says, *here's where you park," she says. "When you come in the elevator, you want to get off on the third floor; the restrooms will be to your left. When you come through our office door, you are going to see Sherry sitting at the front desk with a smile for you and she'll have coffee*. They draw out this picture of what it's going to be like coming into the office," Noël adds. "So as people are getting out of their car, they're seeing everything that they've been told. It builds a certain amount of instant trust. Now I can show up and maybe have my guard down a bit, because you've just delivered on a whole bunch of promises."

Building trust before the meeting

In Noël's process, the meeting starts out with another bit of preparation.

"Most advisors start by asking a bunch of questions to see if the client is a good fit, and then explain how they'll be working together," says Noël. "It's I-I-I instead of: *in our time together today, there's information that I'm going to learn from you. And then I'll share whatever is relevant for you so that you have your*

information today too. And [the process goes on] *if it's determined that we're not right for you, we will point you in the best direction we know, and that's going to be okay*."

At that point, the advisor fills in the objective: whether you want to have a second meeting in the process, or have them decide if you're the right person to help them."

Then comes the key: "You say, at that point: *How does that sound to you?*" says Noël. "*What do you want to make sure we accomplish?*"

Sometimes prospects will bring up a very specific issue, and they're looking for a quick answer. This might trigger the advisor to break out of the prepared agenda and start making suggestions.

"It's natural to want to show them value, to show them how smart you are," says Noël. "But that can go wrong, because if they don't know the full picture, they could be giving them bad advice. Or they could be giving advice that, without further context and understanding, that person doesn't agree with, and now the prospect will cut out that advisor because they said something that, again, without context, they didn't feel comfortable with. So they can shoot their opportunity down really quick by trying to solve a first problem right away."

How do you redirect that? "You can say: *Bob and Joanne, your biggest issue is you've got this offer from your company about early retirement, and you have to make a decision by June 1st*," Noël suggests. "*So that will be our number one priority, and that is what we will make sure is answered in plenty of time. To do so, though, there is a process that we will go through that allows us to have full clarity on your financial picture, your goals, all the extenuating context around it, et cetera, so that then we will be completely confident in our the advice about your retirement, whether this is good for you or not*."

Advisors who are not wininng business should rethink what they mean by 'discovery' in the first meeting.

Redefining 'discovery'

Noël believes that most advisors should rethink what 'discovery' means in the prospect meeting.

"In the context of that first meeting, discovery isn't about the data and details that many advisors rush into," says Noël. "*How many years until retirement? How much do you guys make? What do you have in all of these accounts? Where do you have the money?*—that information isn't as critical as early as most advisors are digging into it."

Instead, your focus should be on making sure you understand their story. "As an advisor meeting someone for the first time, I need to understand what is going on with them right now, financially and the bigger picture that finances affect," says Noël. "What do they see coming? What are they nervous about? What do they really want to happen in a year or three years? What's good about their situation? What makes them comfortable? What are they happy with?"

There is no script for the next part of Noël's process. "This is the part of the meeting where you establish value and solution—but it has to be connected with what you've learned is important to them," she says. "I can't just say: *well, we'll do a comprehensive financial planning process*. If they want clarity around the buyout, then you say that *what we do is help you get clarity around your retirement goals, because you have an important decision coming up*."

This is why getting clients to tell their story is so important. "If you just say: *okay; we provide comprehensive financial planning*—there is no inherent value in that to anybody," Noël says, "until you show them: here's why this means something to you, and here's what we're going to do for you specifically. It's not: *we'll give you peace of mind*, or *we'll let you live your best life*. Those are great marketing taglines," she adds, "but they're not very useful

in a sales conversation. You have to make it personal."

Guiding vs. selling

Is that all? Noël says the most important part of the initial conversation is what she calls *facilitation*. "Facilitation means making it easy," she says. "At this point, I'm making it easy for them to get the information that's relevant for them to make a competent decision."

You invite questions, and the answers might be some of the things that many advisors blurt out initially when they're trying to impress the client with their process and expertise. But, importantly, they are given in response to client interest, not in a dump of your credentials and process and whatever else you think might overwhelm the client into working with you.

Finally, you bring it all together. "You say: *here's your situation. Here's where I'm confident that we can help you*," says Noël. "Then you check on readiness. *What's the best or most exciting thing we talked about today that is most interesting to you?*"

And you ask if they're ready to schedule that next meeting, or ready to become a client and let you get started.

Often, of course, prospects will tell the advisor that they need to think about it. "Most advisors will say, *okay; that's understandable. This IS a big decision. So you let me know if you have any other questions so you can decide*—and leave it at that," says Noël. "Instead of saying: *you know what; that's understandable. This is a big decision. And because we covered so much today, when the two of you have your conversation, you're not going to be able to just ask a question of me. When do you think you'll have that conversation?*"

And then follow that up with: *"If I don't hear from you by next Wednesday, can I contact you? And what is the best way; would you prefer a phone call, email or text?* I'm making sure I get an agreement to something specific," Noël explains, "but in a very conversational, helpful way."

The key to the entire first meeting, says Noël, is to show up as a guide, not a pushy salesperson. "I'm going to guide them to making the best decision for them," she says.

Founders instinctively know how to win business. For successors to be successful, they need a process.

Successor selling

Noël says that many founding advisors know much of this process instinctively, and their years of experience provides them the gravitas to deviate from a 'guide' role. Not so the G2 and G3 successors, who have no experience in closing a prospect, and regard selling as a degrading activity. (Remember the sales awards given out to banking 'advisors.')

As a result, much of Noël's coaching revolves around getting the successors up to speed on bringing business into the firm.

"The first goal is to get them comfortable with having those human-first, collaborative conversations, not pressure but definitely assertive guidance," Noël says. "Not every advisor can be comfortable with that, and if they go through the training and still feel that way, they're probably not going to be effective in any business development effort. There are other ways in a firm that they can be of value."

The second goal is to create a process that the successors can follow, which will be different from how the founder meets with prospects—a more structured approach that is repeatable enough that the younger or less experienced advisors can feel comfortable being (this is one of Noël's key terms) authentic in the prospect meeting.

"Founders can take shortcuts with the process, but the rest of the team needs to be consistent," says Noël, "which means you have to map out the steps that you'll take in each meeting."

Noël says that she has

routinely seen staff advisors move from abysmal close rates to 50-70 percent, and the founding advisors move out of the prospect meeting role without harming the firm's growth. She points to a firm in New York where the founder had been the sole rainmaker. In the last hear, he brought in fewer new assets than seven of his staff people, none of whom initially saw themselves in a marketing role.

I probably should have mentioned Noël's book before now, but I was afraid the title would turn you off until there was an explanation of sales that is not involved with persuading customers to buy a product. It's called *"Conversations That Sell for Financial Advisors."* A previously-published book was entitled *"Conversations That Sell,"* with more generic (as in, not profession-specific) advice. You can find Noël's blog here: *https://www.salesproinsider.com/blog/*.

The coaching involves 12 weeks of group interaction with Noël (typically 10 in a group), plus one-on-one consulting on how each member can build their firm's sales process, unique to their ideal client profile.

"For firms, I run four workshops for their team," Noël adds. "We usually teach somebody on the team to be the coach going forward, because you need weekly cadence and monthly measurement." Cost: $10,000 per individual.

The cost is high because the rewards can be equally high. "I'm working with a firm that is spending $300,000 for 50 advisors," says Noël. "But in the first 12 weeks, they attributed an additional $50 million of assets to the training. They weren't expecting that."

Between the previous article and this one, it feels as if the last mile challenge can be solved if advisors are able to redirect their processes. "If a firm's growth problem is conversion, there's a fix," says Noël. "My mission is to help advisors help more people make the decision to work with them. I actually got a little teary-eyed," she adds, "after listening to a breakout group of advisors talking about some of their examples, changing the conversations they were having with prospects and clients, and realizing, this is why we all do what we do: which is to help people. It's very rewarding."■

"I see a terrible crisis in the Social Security system around the year 2034."

Reinventing the Regulator

Synopsis: ***The staff cutbacks, elimination of senior positions and a new commissioner might induce the SEC to change some of its regulatory postures.***

Takeaways: ***The new Chairperson might be less inclined to inflict financial pain in the inspection process. If the SEC wants to be more effective in its core mandate and reduce costs, there are a number of opportunities.***

The DOGE-related cutbacks and White House initiatives to roll back regulations have had a particularly rough impact on the Securities and Exchange Commission. Roughly 500 staff members have accepted the government-wide buyout offer (12% of staff), with the Division of Enforcement and the Office of General Counsel reportedly the hardest-hit. The Los Angeles and Philadelphia regional offices are being closed, and the most senior positions at 10 regional offices have been eliminated.

Meanwhile, the Senate recently confirmed Paul Atkins as the new chair of the SEC. Among other things, Atkins has served as co-chair of the Token Alliance, a cryptocurrency advocacy group, and in his time serving as an SEC commissioner, he has consistently advocated a laissez faire, deregulatory approach to monitoring the financial services world.

Nobody is closer to the SEC's regulatory interactions with financial planning firms than Tom Giachetti, chair of the investment management and securities practice group at the Stark & Stark law firm. So I asked him to explain to me what he saw in this shakeup. And he surprised me by suggesting that the SEC is ripe for a total reorganization.

The SEC has suffered from significant staff reductions and leadership losses. What's next?

"From my perspective," he says, "the SEC has long since lost its way."

A less-punitive regime

The first change that Giachetti anticipates relates to the fines and regulatory punishments that have been a growing part of the SEC inspection regime. "Increasingly, the SEC examiners do not want to leave an office without causing an advisor some pain," he says. "They want to find a way for the firm to reimburse clients for something, or they'll search for an enforcement-related issue where they can bring an action and extract a substantial penalty."

Then he added: "You know they pay examiners bonuses at the SEC now."

Does that mean some of their compensation is tied to how much they can squeeze out of the firms they examine?

"I've been suspecting that for years," says Giachetti.

This emphasis on punitive oversight has had a significant impact on smaller RIA firms which A) can't afford to write large checks, and B) are being crushed by a rising tide of paperwork and regulatory busywork.

Under Atkins this should change. "Atkins has made it very clear that he dislikes the punitive posture that the SEC has taken," Giachetti says. "That doesn't mean he's not going to be aggressive," he adds. "But he's not going to be punitive as to the results."

What about the staff cuts at the agency? Will that have an impact?

"I don't think so," says Giachetti. "When it all shakes out, there could be less frequency of exams. Or, as the acting commissioner suggested, they would more likely push more RIA firms back to state regulation."

The current cutoff is $100 million. What might the new threshold be?

"My gut tells me it might be five to ten times that level," says Giachetti. "But that brings up the question of the ability of the states to

handle so many more firms, and the burden of the lack of commonality of regulation on advisory firms that currently only deal with the SEC."

Restructure opportunity

But if the new regime in the White House, and its hand-picked chair at the SEC, really want to streamline the government and reduce regulatory hassles that impede corporate growth, this might present an opportunity to deviate from business as usual. Here, Giachetti is clearly speculating, but over the years he has seen a rising tide of inefficiency, ineffectiveness and interference in how the SEC regulates the RIA world.

"They're starting to ask some very silly questions during exams," says Giachetti. Like: *Tell us how you see the markets. Tell us where your business is going*. That's not their mandate. The results of these intense examinations is generally nonsense; there is no benefit to the investing public."

Beyond that, Giachetti says that the examiners often don't know very much about the firms they're tasked with regulating. "They send out 68 questions before they come into the office," he says. "If the staff knew the advisor before they sent out the examination request list, they would know right off the bat that a third to half of the questions do not apply. And the other disconcerting issue is that, depending on the branch or the different examiners within the branch, you might get different exams. I've seen small fee-only asset allocators get a 68 question exam while large firms are getting the smaller 25 question exam."

So how can this intrusion be reversed? By going back to first principles.

The SEC really only has one job: prevent crime. There are two aspects to it-- and a scaled-back regime might be more efficient.

"If you take a step back and look at the big picture," Giachetti says, "I believe there are two mandates for the Commission, regardless whether you're a fee-only advisor or commission-based."

And those are…?

"The first thing is to make sure the money is where it's supposed to be," says Giachetti. "That's critical. The SEC's mandate is not to figure out whether or not my clients or your readers are good investment advisors or asset allocators. We live in a capitalist democracy where, if I'm not performing, the clients are free to leave. The SEC's job is to make sure we don't have criminality."

This implies a very different relationship with the SEC examiners. "What they can do, far more effectively than camping three people in an advisory office and go over nonsense for three days to a week, is to, on a regular basis, electronically confirm with the custodians that the clients' money is where it's supposed to be," Giachetti explains. "They can do that electronically. Every scandal we have experienced is where the money is not there," he adds. "When was the last time you heard, under the current inspection regime, an alert that says the SEC got bad guys before the money was gone?"

That's number one. Number two, Giachetti says, is protecting the integrity and confidentiality of the client's personal information.

Private funds and crypto

So does Giachetti expect that any of these reforms are coming under the new leadership. "No, no, no," he laughs. But if the new administration is interested in reducing the cost of regulating the advisor community, these are some of the areas where it would find savings and, potentially, become more effective at protecting the public.

"I believe that the majority of examiners are good people," says Giachetti. "I think many of them lack an understanding of the actual industry they seek to regulate, as do many of their supervisors. That's why I say there should be a restructuring from the top down."

But what about all those departing staff, eliminating regional offices and senior staff?

"The only place where the depletion of examiners gives me a little bit of concern is on the private

fund side," Giachetti responds. "There are too many investors now in private funds; we've made them available to mom and pop, and there's a question whether these individuals truly understand not only the enhanced risks, but the liquidity constraints of being in those vehicles."

As a proponent of cryptocurrency investing in his career, Adkins would seem to be likely to loosen regulation of the most visible alternative investment. "I do think crypto will likely become more available under the new regime, and I'm not a fan," says Giachetti. "I wouldn't go so far as to ban crypto," he adds, "but I wonder if the investing public understands that the underlying investment—crypto—is unregulated, and the level of volatility they are taking on."

Fresh dynamic

Overall, Giachetti expects Chairperson Atkins to bring 'a fresh dynamic to the table; less punitive, not totally laissez faire, but not taking a blunderbuss approach to regulation." This might be a first step to scaling back regulation to what's important—to uncovering criminal activity—which is actually the SEC's mandate.

"Regulation is almost always intrusive," Giachetti says, "because the overwhelming majority of people will do their best to do the right thing. We regulate for the fringe, and no regulation is going to stop the bad guy. Crooks," he says, "will be crooks."■

End-to-End Notetaking

Synopsis: ***GReminders combines calendar functionality with AI note-taking, with automated messaging, with a voice-activated user interface.***

Takeaways: ***Combining a calendar with note-taking opens up an end-to-end client/prospect meeting solution.***

The use case for AI*-driven client note-taking programs (the asterisk just means that there's no real intelligence behind it) is pretty open and shut. The various programs on the market—Jump, Zocks, Zeplyn, Fireflies et al.—are more thorough note-takers than the paraplanner, better (and much faster) at creating meeting summaries that can be sent out to clients as they're walking out of the conference room door, and the capabilities have expanded to reducing meeting preparation time from hours to minutes. Integrations with your CRM make it faster and easier to pull and push this data, and the better programs will also recommend workflows and tasks to be assigned.

A profession-specific calendaring solution has also become an AI* note-taking tool.

Add GReminders (*https://www.greminders.com/*) to the list, and as you walk through the demo, you discover additional functionality to this interesting new software category.

Fewer moving parts

GReminders does all of the above: it records client conversations whether in person, on the phone or through one of the remote meeting platforms. It provides an outline that advisors can pre-format depending on the type of meeting (prospect meeting, annual review, etc.). It synchs with Redtail, Wealthbox, Salesforce, XLR8, Hubspot and a number of others that are less commonly used in the advisor space. It automatically notices when a client meeting is coming up, pulls summaries from past meetings from the CRM and suggests an agenda in a format that the advisory firm has pre-selected. (For meeting summaries and agenda proposals, the form builder is particularly robust.)

GReminders follows the usual data retention settings that allow advisors to maintain or discard the recordings and transcripts after a certain period of time, and the

security protocols are similar to the rather stringent standard that other AI note-taking programs have set: no retention of client information in the system for training purposes, HIPAA-standard data protection, and SOC-2 compliance at the bank grade level.

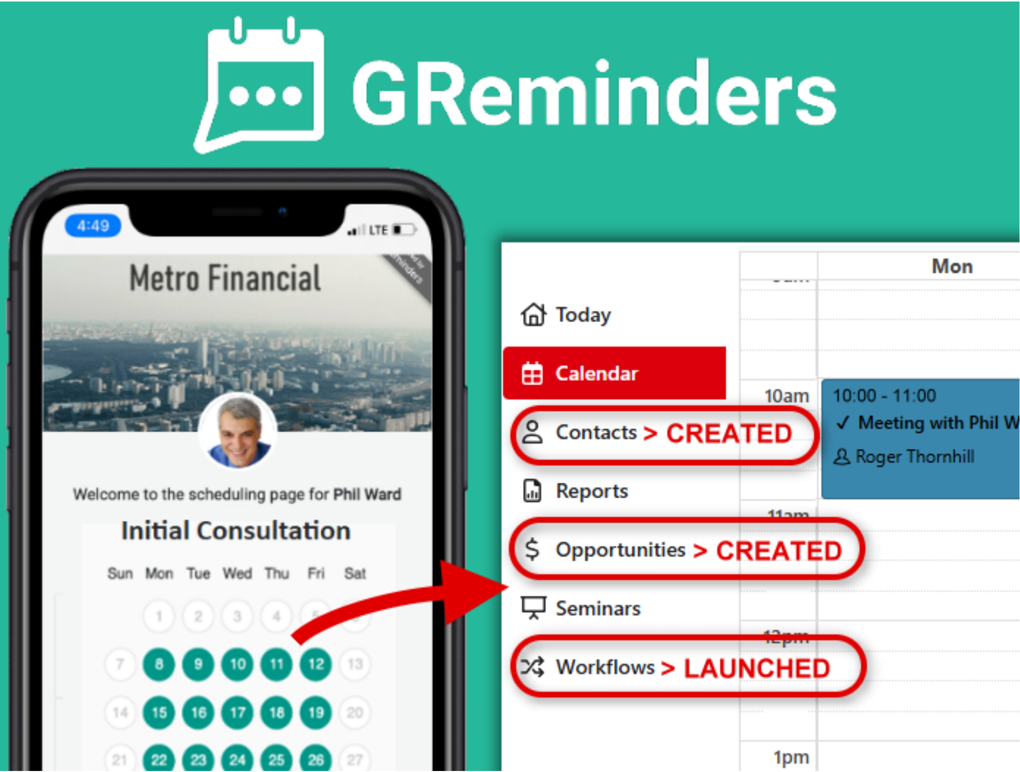
So what's different? There are two interesting features that GReminders offers that aren't (yet?) included in the other note-taking programs, which make it more of an end-to-end client meeting solution than anything else on the market.

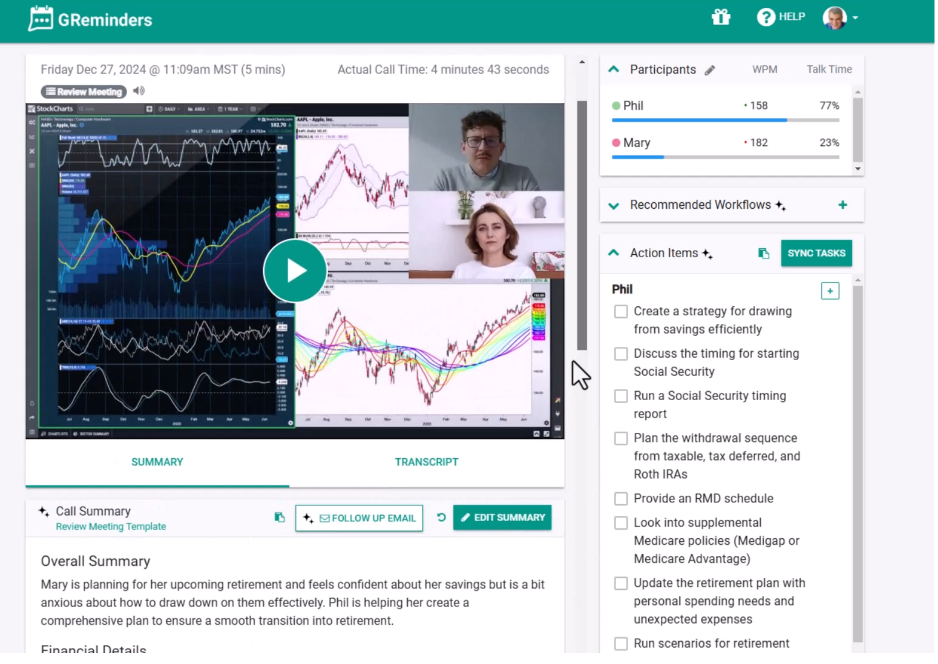
The first is a calendar function. "We started out as a notification platform four years ago," says company founder Arnulf Hsu. "The name is a combination of Google and Reminders, and our initial use case was sending notifications around meetings and events, pre- and post-meeting."

The initial customers were professional service organizations that bill for their time and tend to have a complicated calendar full of client meetings.

"It wasn't long before a couple of verticals started to stand out: healthcare and financial services," says Hsu. "We hired some people who came out of financial services firms and wealth management, and saw that there were some gaps specifically around scheduling."

Readers will notice in the annual T3/Inside Information Software Survey that Calendly is the most popular scheduling software in the advisor marketplace—and it's definitely not a profession-specific





solution. Advisors put a widget on their website so that clients can choose the most convenient time to put themselves on their advisor's schedule—and that's the extent of the feature set. Convenient but not customized.

"We realized that those systems end up doing a portion of what advisors need to automate,"

says Hsu. "So we went a step further to expand the calendar function into a comprehensive solution around the meeting life cycle."

GReminders does what Calendly does, but its platform allows advisors to send out template invitations to clients or prospects, and then track whether those people have responded. If the invitation hasn't been accepted (if the client hasn't yet scheduled the annual meeting, let's say), then GReminders will automatically send reminders until the meeting is on the advisor's calendar.

Advisors can pre-populate and schedule those invitations in advance. For example, if the advisor and client close the meeting with an agreement to meet roughly the same time next year (or next quarter), then GReminders can be used to automatically send an invite starting in a certain date 12 months hence.

"There are actually several ways to do this," says Hsu. "One of the more popular functions is to use the CRM, where you would label custom contacts for certain time periods. You can also create a custom field that lists the onboarding date, and then every time that onboarding date gets to a six month anniversary, we would trigger off of that and send out a link to use our booking system."

And, of course, GReminders will notice the upcoming meeting, synch up with the CRM and pull the past meeting notes for a pre-meeting brief.

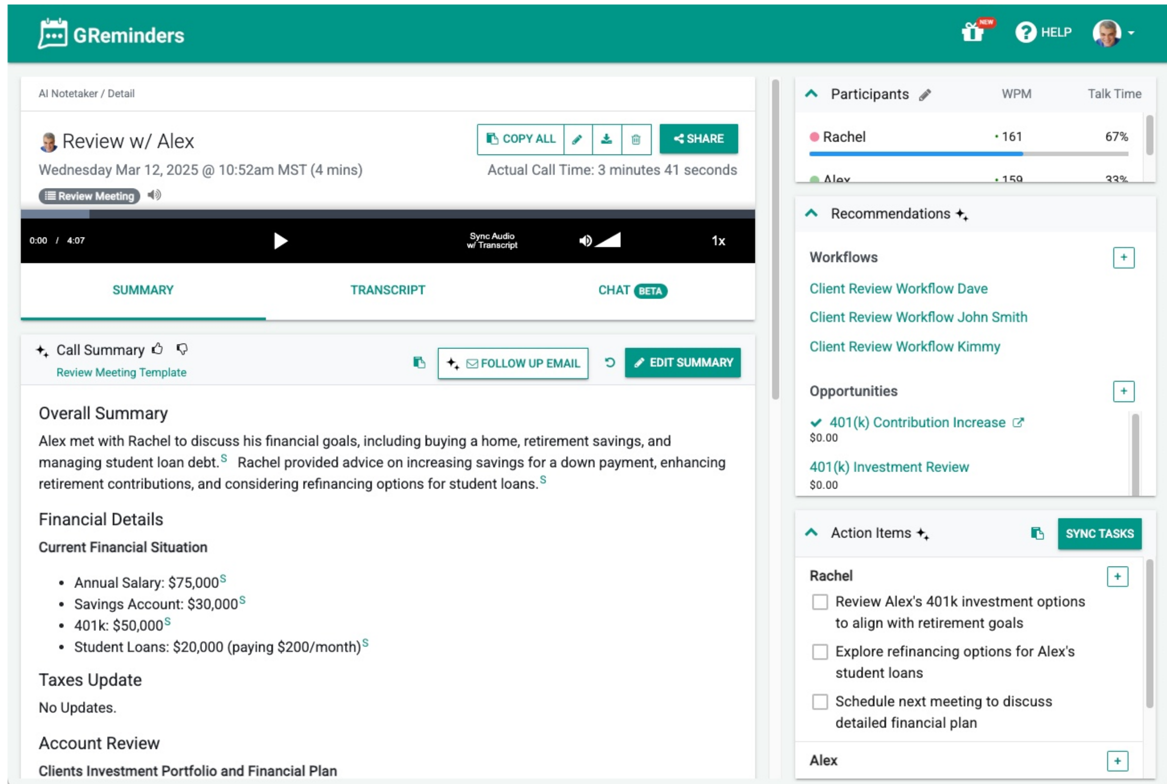
This is the second distinction: the template builder in GReminders also makes it easy for advisory firms to pre-create forms that can be send out with the messages. So, for example, a prospect has scheduled a Zoom meeting. By accepting the meeting invitation, the prospect has triggered a pre-meeting message that might say that the advisor is looking forward to the meeting, and here are some of the information that it would be helpful to have in hand before we talk.

If the prospect schedules a second meeting where data has to be onboarded, GReminders will be triggered to send out a form that asks for things like portfolio statements and tax forms—along with address, age, marital status, etc.

"We integrate with PreciseFP and Nitrogen," Hsu explains, "so I wouldn't say we are a full-blown form collector. Based on the client or prospect response, you can route the data into the CRM, so that it is all collected and stored."

The ability to store and schedule template messages adds an interesting additional functionality; instead of just using the calendar function to schedule meetings (what most advisors use Calendly for), GReminders allows advisors to create messaging sequences for prospects and clients who are appropriately tagged in the CRM, and store messages sent in the past that can be iteratively improved with each sending—like explanations of planning concepts.

They can also schedule automatic messages that will check the CRM and send out a best wishes message on the client's birthday, or remind the client about RMDs, or offer anniversary wishes. This, to some extent, replicates the functionality of client communication tools like Knudge, Pulse360 and Bento Engine, which



schedule automatic reminders and store template messages on their systems.

Hsu says that the 'gap' that his team is trying to fill is advisors having to deal with multiple programs (a note-taking app + calendar function + scheduling and reminder app + client communication tool) to handle client and prospect meetings end-to-end. "We generally believe that a smaller technology stack that has fewer moving parts is inherently a better system," he says. "Our approach to the market is to allow advisors to rely on one piece of tech rather than five or ten."

Voice command interface

Another aspect of GReminders, unique today, but will be less so in the future, is voice-commands. This is an assistant that is built on top of the client record, using generative AI to interpret the command and then search for whatever is being asked for.

The initial use case is something that most of the other note-taking apps include in their feature set: the ability to find what was actually said from the transcript or the audio recording if you want to ensure the accuracy of the summary. Instead of typing: *What did the client say about 529 plans?*, the advisor can say this to GReminders and be taken to the source.

But once the assistant was trained to do the task by voice that other apps are doing through the keyboard, Hsu's team expanded the capability into a voice-activated user interface. "I can say, *hey, go schedule a task to contact Roger Roget to go over his Social Security statement, and it will create a task in Redtail*," he says. "We can launch workflows, search for data across the CRM, pull up different client records—those are the most common use cases."

Currently, Hsu estimates that GReminders is used by 2,300 advisors. The cost is $33 per user per month for the scheduling function and $99 per user per month for the note-taking capabilities, but this is a situation where the sum is greater than the individual parts. $132 per user per month is the recommended price to get an end-to-end client/prospect meeting system plus a client communication scheduler.

Plus a rare opportunity to experience one of the early voice-command interfaces in the fintech world. ■

Parting Thoughts

Rankings as a Revenue Model

You probably received your invitation to participate in the Investment News 5-Star RIA Firms ranking, which, we are told, "will recognize the top wealth managers in the industry." (I did.)

'Top?' The rankings, the invitation tells me, will be based on assets under management (size), AUM growth and the number of new clients gained organically over the next 12 months.

Oh, and only firms with $10+ billion AUM will qualify.

The rankings will be released in August, and you can bet that a number of very large RIA firms are going to be touting, to credulous consumers, that they've been ranked a "FIVE-STAR RIA FIRM!" That must mean they're better than the office down the street.

Excuse me for being cynical, but I have to wonder whether size and rapid growth are what consumers should be looking for in a trusted financial advisor, or whether this exercise in recognition actually tells us anything about what's really important. Such as? Quality of service, expertise and company culture, for starters, along with quality of advice and, well, I can think of a dozen other criteria that are more relevant to someone seeking competent financial advice than pell mell growth or remarkable skill at 'gathering assets.'

The top producers at brokerage firms and independent broker-dealers are really good at what Investment News is measuring, while the qualities that make advisors real professionals are tossed aside as irrelevant.

I've said before that ranking 'top' advisors is a really dumb idea (would we rank 'top' plumbers? By what criteria? Growth?), and I think it's *extraordinarily* dumb to use these metrics. This exercise will give large firms a marketing advantage over advisors who prioritize service over growth, who have chosen not to grow beyond their ability to serve clients with extraordinary care. If these are the criteria, then why not just say that the brokerage firms are the 'top' firms in the industry—and by the way, this is a profession, not an industry.

I plan to think less of any firm that participates in this charade.

I often accuse myself of ranting and raving in these parting thoughts, but here I think I have a really good reason for it. If I can be cynical just a bit longer, I would surmise that Investment News is going to hit up these firms to buy a marketing package that will allow them to tout their status as a FIVE-STAR RIA FIRM to the consuming public. Based on the criteria, the winners will certainly be able to afford a very generous contribution to the Investment News bottom line in return for a bogus recognition.

But of course, the sordid revenue model actually goes further than that. After I complained online about the Investment News proposed 'top' rankings, Michael Kitces pointed out that the marketing package is the least of the enticements to create this bogus ranking. The real monetization for these kind of awards, he wrote, is usually not the marketing package (though that is part of it), but the recognition dinner.

The… what? The publication hosts the dinner, and the 'top' firms will pay hefty fees for tables where they can bask in the glory of receiving this wonderful recognition. Meanwhile (bigger dollars), Kitces said that whenever you gather the largest advisory firms in a room together, you can sell access to them. "Sponsors," he wrote, "will pay incredibly high dollar amounts when the event organizer puts that much AUM into a single room."

That, he said, is the economic engine that powers the top advisor recognition programs. But of course if the 'top' firms sitting at the various tables waiting to collect their 'top' firm awards are little tiny $100 million or $500 million AUM organizations, the publication won't be able to rake

in the same level of sponsorship dollars. So (one assumes the Investment News team figured) *let's limit the 'Top Advisors' to big fast-growing firms that the sponsors want to sit down with*.

Barron's has pioneered this bogus award lure to bring together a lot of AUM into a sponsored event, and Investment News is just copying the formula. The Luminary Awards by Investment Advisor magazine is, to my mind, a smelly offshoot of this. Not to mention all of the bogus magazines that routinely offer advisors a chance to be a 'Five Star Advisor' and their picture on the cover of a publication they can hang prominently in their office—but only if they'll pony up for an expensive marketing package. (I've been solicited to be listed as a Five Star Advisor on multiple occasions, in case anyone is curious about how valid the 'award' is.)

I know that many advisors are eager to find a way to stand out in the 'sea of sameness' in the financial planning community. Larger firms will probably view the cynical Investment News awards process as simply a part of their marketing program, and who knows how many Five Star Advisor magazine covers are hanging on various walls in various advisor offices around the country.

But is there any way to view these bogus recognition money-grabs by various magazines as a legitimate way to tell your story to a public in need of financial planning advice?

Maybe a legitimate publication should collect all the bogus awards together in one place and warn the public that these firms are willingly participating in a charade. That would make the 'top' firms stand out in the crowd, though perhaps not the way they would prefer to.

Addendum: The Five Star Professional Program, which solicited me, has selected hundreds of advisors over the years, including sales people at the Equitable, Ameriprise, Osaic, LPL, Merrill Lynch, Edward Jones, Wells Fargo, Morgan Stanley, etc. This is part of the boilerplate disclosure that the Program recommends advisors put on their website, which I have seen on several of them now, in far smaller font than the "Five Star Professional" words on the front page:

This award was issued on [Date] by Five Star Professional (FSP) for the time period [date through date]. Fee paid for use of marketing materials. Self-completed questionnaire was used for rating. This rating is not related to the quality of the investment advice and based solely on the disclosed criteria.■