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Special to this issue:

Testimonial Compliance

Synopsis: ***Indigo Marketing Agency is collecting and posting client testimonials for advisors in a regulatory compliant way. Here's how they're doing it.***

Takeaways: ***Solicit from all clients, and help them craft a compliant, helpful message. Allow them to modify the final result without interference. Resist the temptation to highlight the most favorable ones or leave out the ones that contain constructive criticism.***

I'm not sure any aspect of advisor marketing is more important than the avenues opened up by the SEC's new testimonial rule—and, of course, like everything coming out of our regulators these days, the issue is also kind of complicated—as in, 400 pages complicated. You're allowed to include client testimonials on your website, but only if you follow certain protocols for obtaining them. You might be required to put them in a certain order. You have to disclose how you went about it. You can actually pay clients to give their testimonials, provided you clearly disclose it.

The rule went into effect May 4, but the SEC would only begin enforcing it after November 4. Don't try to make sense out of it.

I think we can all agree that when clients tell prospects about your services, particularly if the reviews are favorable, that can be the most powerful marketing message you've ever had at your disposal—way more powerful than

EARLY WARNING

I (Bob Veres) will be conducting a webinar on Tuesday, August 30, when I join DPL Financial Partners on a topic I've been discussing for decades: finally the insurance industry is looking beyond the sales channels to create fiduciary (no commission) solutions for advisors. But where do you start incorporating this interesting product line into your advice model? There's a followup webinar September 6. (You can register for four webinars here: *https://event.on24.com/eventRegistration/EventLobbyServletV2?target=reg20V2.jsp&eventid=3836299&sessionid=1&key=49899EEED2D375FE1C6B3EBBECFD33E3&groupId=3900369&partnerref=DPL&sourcepage=register*)

On August 17, I'll be hosting a webinar with something new: Sora Finance, which searches all the public databases looking for the best mortgage/personal loan rates in real time, comparing them with what your clients are paying currently. Date: Wednesday, August 17 at 4:00 PM EST. (Register: https://docs.google.com/forms/d/e/1FAIpQLSfRlseQd4lXKhJ5URxVJenQCd8pQHnXeOVDVW7E3daCh1qpyw/viewform)

And, of course, the Insider's Forum conference is coming up, September 28-30, in Salt Lake City. (http://www.insidersforum.com) a blog or flashy website. But my sense is that everybody is waiting for somebody else to take the lead into this new marketing terrain, worried that whatever they might do as pioneers will meet with regulatory disapproval.

I was about to ask my readers how THEY have been (cautiously) gathering and posting client testimonials, when I discovered that a prominent marketing consultant had already cracked the code.

Indigo Marketing provides writing, posting and marketing analytic services to advisors who have expertise in a particular type of client.

Niche advisors

In my marketing-related articles over the past few months, I have, in passing, mentioned Claire Akin, founder and CEO of the Indigo Marketing Agency (*https://indigomarketingagency.com/*) for advisory firms. In the world of advisor marketing, Indigo offers something unique to a unique group of advisory firms; it writes customized blogs, articles, and messages, and then promotes them on social media, posts them on the firm's website, and otherwise handles the marketing chores that normally take up so much of an advisor's time.

But there's an interesting twist: the firm does this for a particular type of advisor.

"Most of the advisors that work with us are specialists," Akin explains. "Maybe they work with very very high net worth families, or employees of a certain company. Some of them work exclusively with doctors or dentists. We have one advisor whose clients are farmers in California, giving advice on all the subsidies and opportunities that they have in the state.

"Because they are specialists," Akin continues, "they need specialist content, and that's what we create for them. We position them as the go-to person in their niche, through the articles that we write for them each month. We upload them to their websites, we send them out by email, and we share across all their social channels. It really gives them a presence as the expert," she says. "And that is our goal: to get them more referrals of their ideal clients."

Indigo's niche is advisors who have a niche.

But Akin has experience working with more generalist members of the advisor population, and in fact has a background in the profession; her father is an advisor, and she worked at his firm before taking a position as a marketing manager at Faulkner Media Group, now FMG.

"Working there, I realized that most advisors need more help in their marketing," she says. Akin started offering outsource marketing to advisors who were befuddled by the complexities of setting up their own Google My Business page, keeping track of their business LinkedIn and Facebook accounts, tracking who opens what or which links they click on. "They want to just tell us what they want done, and we do it for them," she says, "and they don't have to deal with any of the technologies."

Gradually, the firm moved into providing the niche content that requires customized writing activities. But the testimonial marketing offer is taking the firm back to serving a more general advisor audience: just like it serves as an outsource for navigating the complicated social media technology, Indigo is now taking on the chore of managing an advisory firm's testimonial marketing.

Google reviews

How does it work? Most advisors begin their Indigo relationship with a basic setup process which costs $3,500 up front. "We do a 30-day deep dive with the advisory firm," says Akin, "to identify their ideal clients and what their clients might be interested in."

From there, the firm sets up the marketing technology: MailChimp or Constant Contact, the firm's Google My Business page, Google Analytics and the social media pages and profiles—plus a marketing plan that includes a marketing calendar.

"After that, we charge $695 a month to write an article each month that is sent out by email and posted to all their social channels," Akin explains. "We send them a monthly marketing scorecard that has their data and metrics, so they're aware of how their numbers are trending and they get at least a snapshot of their performance."

Then advisors have the choice of adding the testimonial service to this package. If they do, then Akin will craft a testimonial invitation which the advisory firm will send out to every client.

Does it have to be every client? Couldn't you exclude, say, that crabby person who just doesn't have a positive attitude, and maybe that other person who has stopped coming to client meetings and may, at this moment, be having exploratory conversations with other advisors?

No. "The SEC requires you to offer it to everybody," says Akin. "Under their rules, you can't cherrypick. But," she adds, "not everyone is going to respond."

Over the next few weeks, a number of clients WILL respond. Akin will then ask the advisory firm which of those responding clients are reasonably tech-savvy, and are likely to have a Google profile. The goal is to get the testimonials posted first on the broadest search option—which is Google reviews. If the client doesn't have that Google profile, he or she will not be able to post a Google review.

"The advisor gives us five names of clients that they think are going to be tech-savvy," Akin explains. "So, going back to the SEC requirements, it is not based on their happiest clients, or their least-happy clients, or people with the best investment results. It's who do you think is tech-savvy and has the ability to do a Google review."

When you solicit testimonials from your clients, you can't cherrypick who will receive your invitation.

Akin's team then contacts those five or so individuals directly. "We follow up with those clients, and we help them write the review," says Akin. "The reason we do that is we don't want them talking about investment returns or specific recommendations or their financial performance. We just want them talking about the things that we know prospects care about: *why did you choose this advisor? How do you like working with them? Do you find them to be knowledgeable, trustworthy, nice, easy to work with?*"

Notice that these are open-ended questions, which can elicit a positive or negative response. That, too, fits the SEC's requirements; you DO want the review to be compelling and on point, but you aren't allowed to put words in the client's mouth.

Finally, Akin puts her writing team to work. "When the interview is over, we help the client to articulate what they've told us into a story that they can write into a review," she says, "so the reviews come out to be compelling to prospects."

Instead of just seeing five stars, the prospect will see (actual example): *I chose to work with this advisor because I was thinking about selling my business and I needed help planning for the future. He helped me to get a valuation for my business, to sell it, and then to invest the proceeds to last a lifetime.*

Or (another actual example): *Greg helped me through a really hard time when my husband was going through an illness, and we were financially unstable, and he was able to help us get through that and plan for the future, and now we are happy again and everything is great.*

"The idea here is that an interested prospect is getting the story of the type of client that the advisor helps," says Akin. "When prospects read that," she continues, "they can self-identify and say: *that is what I need. That sounds like somebody who could help me.*

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And that way, the advisory firm's conversion rate goes up, and they are getting prospects who are a better fit for them."

In the final stage of the process, Akin's team will send the clients that story they've helped them write, with a link to post it—making it easy for them to cut-and-paste and click the link and drop it in. But (and this is important) the message accompanying the co-written review will tell the client to edit or change anything they feel is inaccurate or misleading before posting.

That, too, helps the process fit inside the SEC's guidelines; it insulates the firm from being accused by the SEC of manipulating client reviews. Clients are given the final say, and if they post the testimonial, then they are effectively saying that it fairly and accurately communicates their views of the advisory firm's services.

Adding my own opinion here, I think it helps that an outside firm is doing this work, rather than the advisory firm itself. This insulates the RIA from an accusation by an SEC examiner that it had a heavy hand in manipulating its testimonials. I think it also helps advisors that somebody else is providing the wording asking for the reviews. Asking somebody to take the time to help your marketing can be slightly intrusive and embarrassing—but perhaps less difficult for an outsider.

Careful compliance

Indigo has posted several webinars where Akin talks with compliance attorneys Leila Shaver of MyRIALawyer and Chris Winn of AdvisorAssist, delving a bit deeper into the rules surrounding this process. Akin notes at the beginning that more than 90% of consumers will check out online reviews before they buy a product—and the absence of advisor reviews has been, in the past, a glaring oddity in the business landscape.

First and foremost, according to the attorneys, please don't try to include any performance data in your testimonials, and find a way to weed it out if clients offer it. There are a lot of rules around whether that data is indicative of any other clients' performance, how it compares with composite performance, whether anyone cherrypicked a time period or particular accounts—and it's not hard to envision an SEC examiner finding fault with anything about performance that gets included in a testimonial, no matter how careful you are.

There needs to be a clearly defined process for obtaining the testimonials that would be deemed fair by the SEC. The Indigo process lays out a fair process: contact all your clients, and put up guardrails like 'don't discuss investment performance.'

Winn said in the webinar that this might necessitate archiving what you sent to and received from clients, and be able to explain why (if this is relevant) certain client testimonials never found their way onto Google reviews or your website.

You need to be careful how you post testimonials on your web page. Shaver said in her webinar that the SEC will be unhappy if its examiners discover that you put the most positive reviews on top, and the least favorable (or bad) reviews on the bottom. She recommends posting the reviews in strictly chronological order.

Akin notes that if there are not-totally-positive reviews in the mix, that can actually enhance the credibility of the other ones. "If you get a 4-star review with constructive criticism," she says, "or if you have a 3-star review that says, *I really liked him but I decided to go with a different advisor because he knew about my specific employer's benefits package*, that tells people who are reading the reviews that they're true, and they give the whole page authenticity."

In your testimonial marketing, don't try to include anything related to investment performance.

Of course, if there's a review that accuses you of fraud or malfeasance or otherwise calls into question your integrity, you might want to pull all the testimonials down.

You want to include clear disclosures about the process you went through to obtain the testimonials, and it should say that these testimonials may not represent the views of all your clients. You should disclose whether or not each of the people whose testimonials are posted are actual clients, currently, so that visitors to your website can decide if this is an actual experience.

This should be easy: You need to disclose whether or not the clients who provided the testimonials on your website received cash or non-cash compensation (a year of free advisory advice, for example) as an incentive to participate. The overarching goal is to help a prospect identify any conflicts of interest.

Winn offered an interesting suggestion: create a robust disclosure library on your website, a single page that contains all the disclosures regarding testimonials and any other issues that the SEC would like to see discussed (limitations of liability, email disclosures etc.). You can provide a link to this place on your website in emails, at the end of your social media postings and below the testimonials on your website, and perhaps also somewhere on the first page that people see when they go to your website. That way, the SEC will know that clients and prospects have been encouraged to see the various required disclosures.

Advisory clients can be encouraged to post Facebook reviews—but that means that you have to invite all of them, including those who would give you less than five stars. The SEC is going to look for any evidence of cherrypicking clients.

After this interview and watching the webinars, I feel like the whole complicated testimonial process can be made a lot simpler than the SEC's 400 pages would make it seem. But I also think that having an outsource provider handle the testimonial-gathering and massaging process might be a best practice, at least during the period when everybody is figuring out the rules. It also might save advisors time so they can be spending more with their existing clients—and prospects who like the testimonials about their services. ■

Processing Power Tool

Synopsis: ***Nest Wealth has been rethinking the way advisors and their clients process their custodial paperwork.***

Takeaways: ***Check a few boxes, and the program will select the documents you need for the onboarding or transfer process. It will identify the information needed to fill in the documents, and let you (and the client) input this information in a logical format.***

As most of you know, I'm putting the finishing touches on the next iteration of the Custodial Alternatives report, providing some background information and profiles of custodial firms that people caught up in the Schwabitrade merger might want to consider. I received back quite a number of responses, telling me about untrained service reps and service downgrades at both Schwab and TD Ameritrade Institutional, to the point where they (the advisors who responded) were becoming extremely frustrated.

There were also complaints about how the Schwab culture was creeping into the lives of TDAI advisors in the form of a lot of new legalese that advisors had to sign, which would insulate Schwab from any possibility of liability.

But here's the interesting part. Most of the people who described this unsatisfactory experience also reported that they planned to stay through the ultimate switchover on or about Labor Day weekend in 2023.

Why? Because, they regard the client repapering process with the same joyful anticipation as a root canal or colonoscopy procedure.

But let's wonder for a moment. What if somebody could create a software program that would allow clients and advisors to input all the information required in each custodian's account setup and transfer forms into a centralized system in a logical way: name, address, marital status, account type, etc. just as if you were entering data into a CRM, one step at a time. Of course, we would also want this program to automatically pull in all the client data that's already scattered around your tech stack.

> ***A client's first impression of your service is the messy, complicated, inefficient account opening process.***

Then this program would automatically pull in all the transfer and account setup forms from the custodian, and accurately populate the blanks with the prospect/client data already in your CRM.

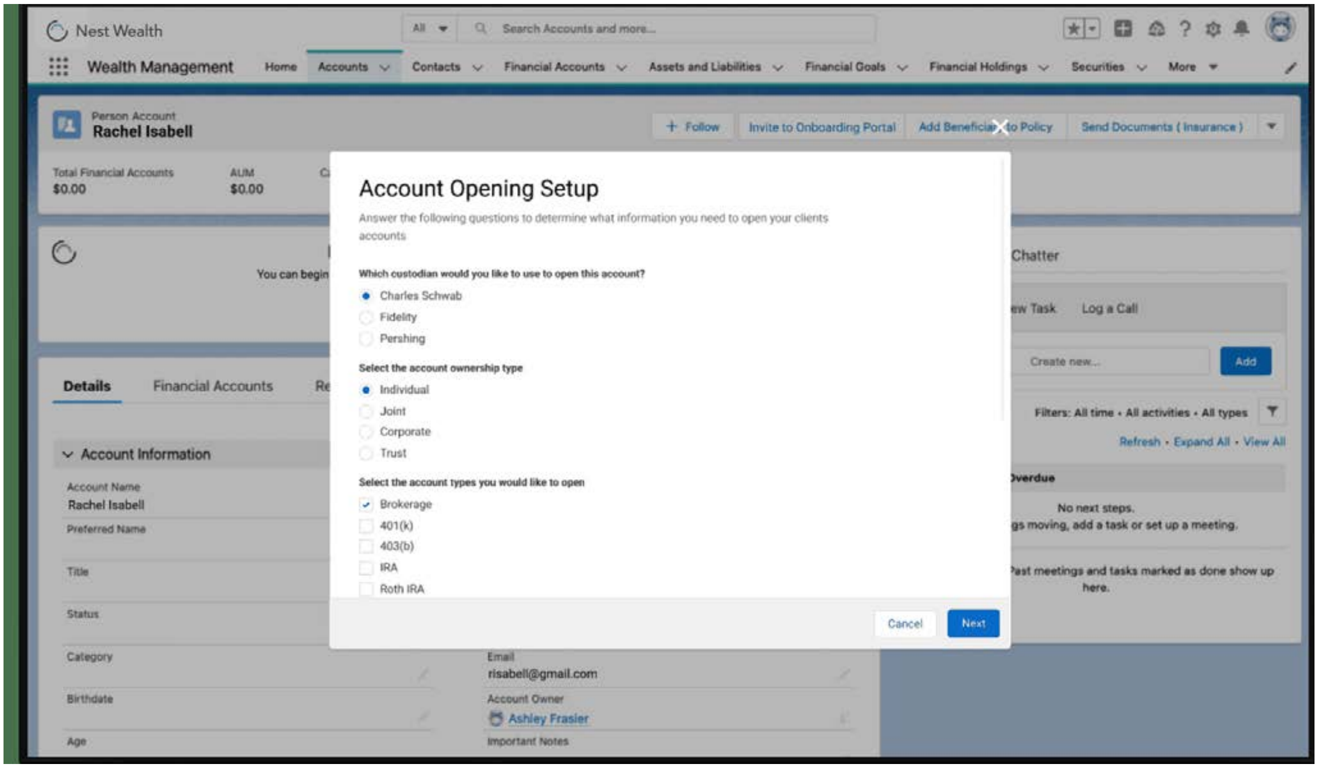
If anything is missing while you're going through this process, you and the client could simply skip over it and go back later; the system would only populate the forms when it has sensed that it had all the information needed to fill in all the blanks. This would reduce NIGO returns.

Ideally, this program would be a standalone solution, so advisors could plug it into their existing tech stack and pull client data wherever it resides, rather than an adjunct to a particular CRM, portfolio management or other program that you might not be currently using.

I recently saw a demo of this fantasy program. It's called Nest Wealth (*https://nestwealth.com/*), and it's been populating custodial forms in Canada for the better part of a decade. Now it's available here in the U.S. advisor marketplace.

Rethinking paperwork

I saw Nest Wealth at a booth at the T3 conference, after watching company CEO Randy Cass give a very blunt, direct presentation about how the account opening process was a client's first impression of an advisory firm's service, and that the typical account opening process was complicated, messy and time consuming. Is this really the impression advisory firms wanted to leave with every new relationship? And, as we saw at the top, nobody looks forward to putting



themselves or their clients through a traditional account transfer process because the paperwork hassle tested their loyalty to the firm.

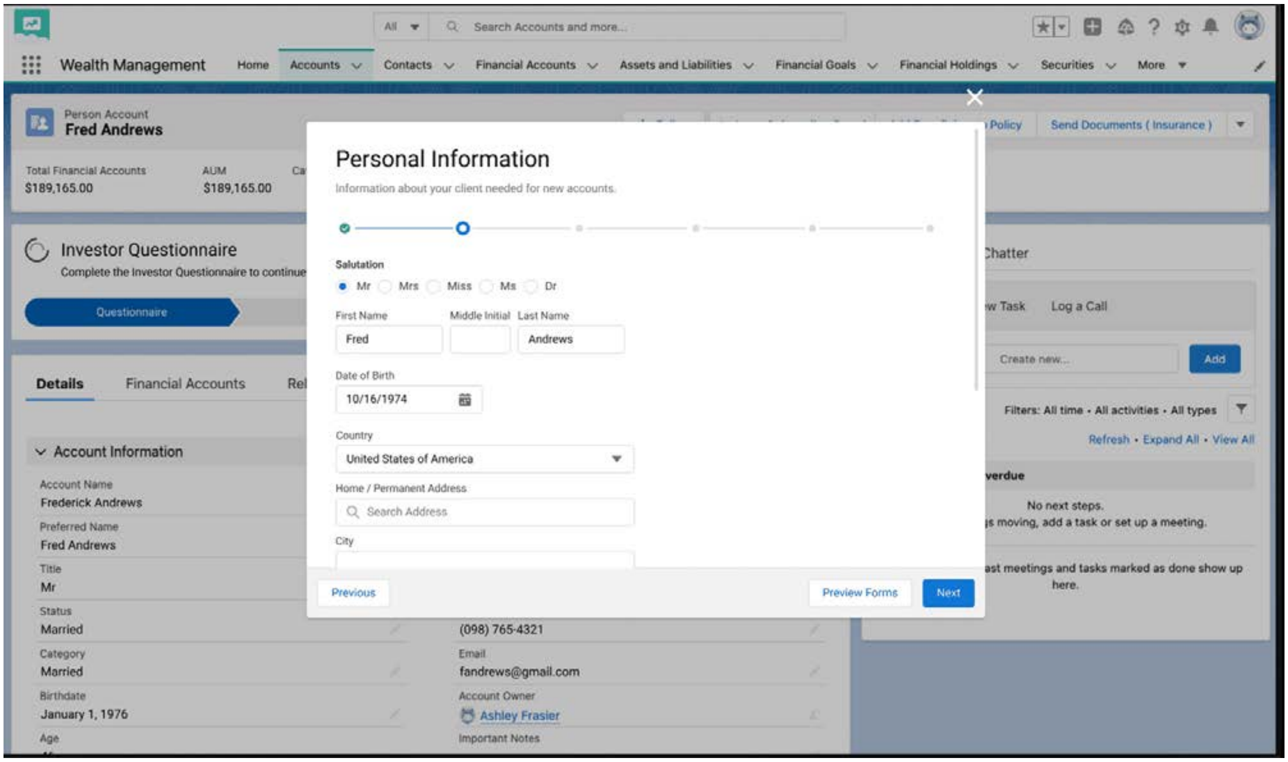
Cass said that most of today's digital account setup and transfer processes made the same basic mistake: they simply digitized the same tedious process that advisors had been using with physical pen and paper. You still have to look for the proper forms, and you still have to fill in a lot of blanks in the order in which they are presented on those forms. The only difference is that now you pull up the forms on the screen and fill in the blanks with a keyboard instead of a pen, and clients can sign digitally rather than in person in your conference room.

Digitizing the wet signature process (Cass conceded) certainly represents a slight improvement in efficiency. And it has the advantage of being a procedure that every back office staffer is already familiar with, so there isn't a lot of additional training required. But this unimaginative approach doesn't take full advantage (really any advantage) of all the potential conveniences that technology can offer us.

"We actually started with that same process in Canada," Cass told the T3 audience. "And over the years, we kept refining it, until one day we realized that there was no reason to do the paperwork linearly, and collect the client data in the order in which it is presented in the account forms."

This allowed Nest to rethink everything about document processing, and incrementally they added technology that would allow the advisor to specify the type of accounts and custodian, and Nest would pull in the proper forms automatically. The real breakthrough came when Nest's technology was able to identify every piece of information that all of the forms needed, and where they were needed, and present a data gathering form that organizes that data into much more straightforward categories.

The result was not only simplification and efficiency; the streamlined approach meant that a higher percentage of clients followed through with the process, and many of them were willing to participate in the data input. "When we rolled out our digital onboarding solution in Canada, clients started saying, *hey, I can initiate my own fund transfer*," says Cass. "Advisors thought clients would regard this as extra work or an inconvenience, but they actually regarded it as greater flexibility and convenience, where they were able to do things without having to pick up the phone every time they had a ques-



tion.

"We started this process in 2014," Cass continues. "Now, after all the refinements, we have three of the six largest Canadian banks using our technology. As of the end of 2022," he adds, "85% of the firms in the Canadian wealth management space will be using our technology to onboard and open accounts."

Simplified input

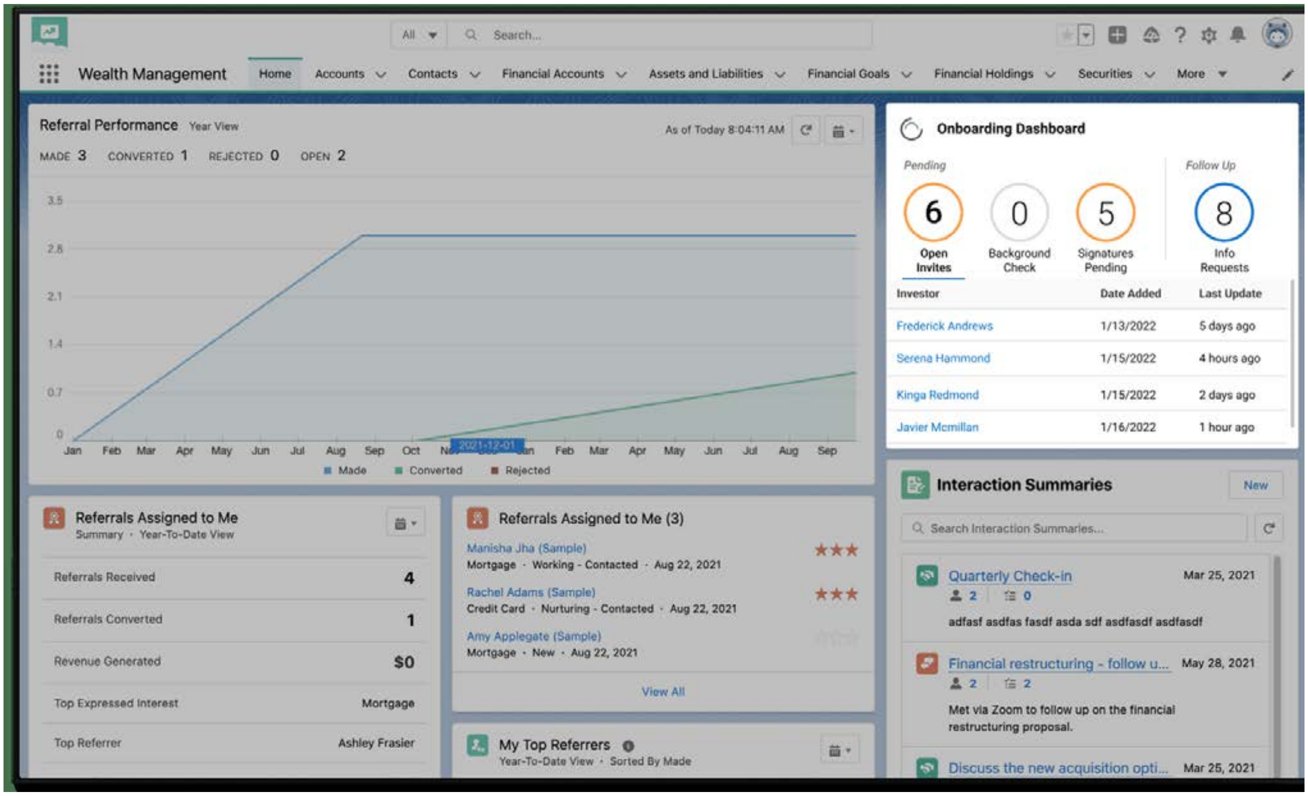
Let's take a simple example: you have a new client, and your CRM only includes name, address, phone number and email. You access Nest as an app through your CRM, and specify the type of account and custodian, checking off boxes. (The same basic procedure works for an account transfer.) Nest accesses the forms that will be required to set up a new account.

"What's really impactful about this is that gone are the days when the advisor has to cycle through the different saved files on their desktop to find the right form bundle," says Cass. "We're going to tell you exactly which forms will be required, like new account application forms, the IRA designations, and also any optional forms you might want to append to the account opening package." (The client agreement and acknowledgement of receipt of the ADV would be popular additions.)

This is actually more complicated than it looks. "We have a decision tree base on the answers the advisory firm is giving, which leads to different bundles of forms," says Cass. "So if I answer yes, yes, no, yes, I am going to end up with four forms that would be the investment policy statement, the disclosure statement, the account opening statement, the ACATS forms—everything you would need." Most advisory firms add their own forms, including the advisory firm's client agreement.

Next, Nest identifies the information that will be needed, collectively, from all the forms it has pulled, and reorganizes it all into a simplified collection format. This starts with personal information (name, date of birth, address, marital status, etc.) and then goes to employment information, then financial information, then to regulatory questions, then identity verification fields. The point here is to map data collection back to a format that everybody is familiar with, as opposed to the non-intuitive way that information is collected by filling in the blanks on a custodial form.

And that builds in some flexibility. "If you don't have the



information to fill in one of these fields, that is totally okay," says Cass. "The advisor can work with the client to gather what data they have, and skip over what they don't have for the time being."

The key is that this is no longer a linear process. "And there is only one ask per piece of information," Cass adds. "No matter how many times you need that information to fill in the various forms, if we have it in your CRM or desktop portal, Nest will grab it and populate it into every form, wherever it is needed."

The Nest software will flag any omitted or incomplete fields, which is how it helps reduce the hassle of NIGO returns. For instance, let's say the field says the client is married, but the system doesn't have any spousal information. Nest takes you to the place where that information is missing.

Canadian users, and a small number of American early-adopter firms, are gravitating to a process where the client and advisor can see the forms at the same time from their respective computer screens. Clients can fill in the basic things, error-checking as the process goes on, perhaps correcting the spelling of a spouse or the street address. The advisor can walk them through more complicated fields, like the accounts on the ACATs forms, where clients can select their account, fill in their credentials (invisible to the advisor) and select that account and click a 'set up a contribution' or 'set up a transfer' button on the computer screen. Alternatively, the client could upload an account statement of the accounts they want to transfer, and the data can be entered directly.

Finally, Nest will populate and create the actual forms required by the custodian and advisory firm. Most of the time, the bundle of account set-up or transfer forms will be checked by a compliance person or team leader internally, before presentation to the client for e-signature. Nest will indicate where signatures are needed. The firms are sent electronically, clients e-sign, the paperwork is bundled together and sent to the custodian electronically.

Paperwork analytics

There are a few additional features to mention. One is that the data intake screens can be customized. What you get out of the box is what Nest has found to be best practices, the most logical order in which to gather client information. But if the process seems inefficient, or if there are hang-ups at one particular stage of the process, then the intake form can be changed.

Nest actually did this early-on in its experimentation; at T3, Cass told the story of how some Canadian advisory clients were bailing out of the onboarding process at an early stage. Looking deeper, the team discovered that early in the data gathering process, the system was asking for the Canadian equivalent of the U.S. Social Security number—and prospective clients viewed that as a stopping point where they would rethink whether they really wanted the advisor to have such personal information.

The solution? That data field was moved to the back end of the process, after the client had already given a lot of information, increasingly personal, and was more invested in the process and committed to the relationship. The percentage of prospects going through to completion went up accordingly.

Nest also comes with a dashboard, where advisors or (more likely) the back office ops people can see where each client and prospect is in the paperwork process. If a firm is transferring multiple accounts to a new custodian, then this dashboard lets them keep track of the overall progress from the top to the bottom of the client list.

In addition, the integration with the CRM is two-way, meaning that any data the firm collects in the paperwork process will be mapped to the appropriate fields in the CRM. Of course, there may be data that doesn't belong in the CRM; that would reside in Nest.

Cass notes a point of differentiation, which was alluded to earlier. "Our vision is not to try to be everything," he says. "Advisory firms don't have to learn a new UI or new program; we work with their CRM solution that they're already using." Advisors can download the Nest Wealth app from the Salesforce or Redtail app environment, and the program can also be embedded in Microsoft Dynamics. In Canada, it is layered onto the custodial software.

Next on the list of features to add to Nest are the metrics of all these paperwork exercises. Meaning? "This process opens up the possibility of collecting a lot of data analytics, where you can look back and see where your flow is slowing down, where there might be friction in the process," says Cass. "Are you taking too long in compliance to approve a new account? Are things not working between you and your custodian because it takes too long for them to open an account? Is there a question where people keep stumbling where you need to rewrite or figure out how to get around? Do you have the information blocks in the right sequencing? There are also incredible amounts of data that are locked into this process, that advisors are not able to extract yet," Cass continues.

He envisions a day when advisory firms will no longer think 'root canal' when they contemplate routine client account opening or transfer paperwork. "The combination of making the process fluid, smooth, dynamic, easily accessible by all parties," he says, "and then being able to extract the data that comes along in the process to make the organization better, reduce expenses, increase the capacity to scale and service end clients in a way that's meaningful—all those things can come from being extremely deep on this one important part of the operation."

And, to go back to the initial point of Cass's speech at T3, paperwork processing is a highly visible part of a client's experience with their advisor. If THEY think 'root canal' every time they're confronted with paperwork, then the experience is less than idea.

"We feel that onboarding makes an important first impression," says Cass. "The likelihood of success of a further relationship is correlated with how the client feels about that initial process."

There are some issues with Nest that will hopefully be resolved in the next few months. One is that the software is currently focused on filling out the custody paperwork required by Schwab, Fidelity and Pershing, which means it is not yet an ideal solution for transferring client accounts to some of the other custodial alternatives that I'm reporting on in my white paper. But since there will be a non-trivial number of those transfers away from the Schwabitrade merger in the next 12 months, I would expect Nest to enter into discussions with Shareholders Service Group, SEI, Axos and Equity Advisor Solutions. (TradePMR and Altruist already have something similar in their custodial onboarding technology.)

The other issue is pricing. In Canada, Nest works with very larger firms that qualify for institutional pricing. The program is new to the U.S. marketplace, which includes thousands of smaller firms who would blanche at the tickets that giant banks are paying north of the border—which is a long way of saying that, initially, Nest is evaluating every advisory firm that knocks on its door and negotiating the pricing arrangements. After a few of those negotiations, standardized pricing should emerge.

That said, I think digital onboarding is about to change—in a logical direction, in ways most of us will wonder why we didn't think of before. If Nest can become a viable account transfer option for advisors contemplating the Schwabitrade alternatives, perhaps negotiating a pricing arrangement with each of them, then I think the repapering process will become less intimidating, less like a root canal and more like a dental checkup.

The result will be better client experiences, and perhaps more competition in a custodial landscape that is currently driven by inertia and paperwork intimidation. ■

Recruiting & Retention Rules

Synopsis: ***Advisory firms are going to have to adapt in today's increasing competition for new talent and if they want to retain their increasingly restless advisory staff.***

Takeaways: ***You have a big recruiting advantage if you've developed an internal training program that is proven to help young advisors advance their careers. Otherwise, offer a new recruit the chance to create that program. And rethink whether you really need your advisors to work at their desks in your office.***

Caleb Brown, with New Planner Recruiting (*https://newplannerrecruiting.com/*), has seen everything when it comes to the advisor HR landscape. Or, at least, he thought he did until Covid changed the workplace forever, and then the Great Resignation hit, and meanwhile the brokerage and insurance firms were scaling back their recruiting while Vanguard, Schwab and Fidelity replaced them as significant hiring firms at the college campuses.

> ***The odds of landing the young advisor you're recruiting are, at best, one in three.***

Brown says that recruitment and retention of advisor talent is far more complicated today than it was just a couple of years ago.

"Most of the students coming out of the CFP programs are getting at least two or three offers, and sometimes five or six," he says. "I warn advisory firms that there is just a one in three chance that the person is going to accept their offer."

In reality, the odds are actually lower than that, because typically the advisory firm is offering the lowest starting salary. "Some of the kids know that Vanguard is not the best place for them," Brown says. "But if they're offered $65,000-$70,000 a year with no experience, and Vanguard is paying for all that training, and they aren't going to be required to bring in assets, generate revenue or have a book of business, that's going to be appealing."

Meanwhile, the advisors on staff are looking around at their options. "If you are a CFP with a couple of years of experience, you have all the chips right now," Brown says. "In years past, they had a lot less leverage than they do now. There are so many jobs out there, it's easy for them to get curious about who else is offering more money, more benefits, more freedom, ownership—and with what some firms are offering, they probably SHOULD look out there and see what kind of offers they can get."

The best story you can tell a young recruit is that you have a training program that will accelerate his/her career. The next best is that you want him/her to design one for you.

Training pitch

New Planner Recruiting is the leading outsource solution for advisory firms that are looking to hire one or more advisors, experienced or right out of college. However Brown's role often expands a bit, into consulting for firms that wonder why the best candidates he brings to them so often end up signing on elsewhere. He'll be speaking about the best practices for advisor attraction and retention at the upcoming Insider's Forum conference and taking questions from the audience. But his general advice is that the advisory firms that have successfully recruited and retained their advisors have created an attractive workplace environment and a process that will accelerate the careers of their staff advisors.

Brown says that this new reality is so complicated to navigate that some advisors have simply given up. "Some of the firms out there have said: *'Screw this! I'm out of here,'*" he says. "And they join a bigger firm like Creative or Buckingham or Mariner, and let them deal with it. Or they might give up on recruiting and look to merge with another firm in order to acquire talent."

So what's his most basic, fundamental advice for firms that are still in the game? Brown starts with recruiting. "The top grads want to know your story," says Brown. "They have Vanguard and maybe a sales firm and another RIA or two talking to them, and they're asking, *how would I fit into your firm, and how can you help me grow?*"

In the past, Brown says, the answer might have been: *Oh, you'll get to sit in on some of our client meetings, and maybe you'll also get input into the planning software if we ever decide to make a change*. That pitch isn't resonating anymore.

"You need to show the recruit that you have a track record of taking new advisors who come to you out of school and get them client-ready in 24 months, with the possibility of getting to an ownership level in five years," Brown says. "They want to know the metrics."

That, of course, means you need to have a training program in place, which is where most advisory firms struggle, and why so many students end up going to Vanguard to start their careers.

What kind of training are we talking about? "It is still an apprenticeship model, and I don't want to sell that short; there is a lot of art and science in it," Brown explains. "But in the formal part of the process, in the first six months, they're learning the business aspects of the RIA firm, how to run a firm, how the marketing works, here are the revenues and expenses, here is the profit margin—getting the person involved in every aspect of the business."

At the same time, the advisor is involving the young planner in thinking through client situations. "I see advisors say, *we have a new client and they have a bunch of ISOs*," says Brown. "*Let's go into the conference room together and see if we can bang out a strategy for them*. For someone who's 22 years old, and they've been on the job for two months, that's a really cool opportunity,' he adds. "They may not be able to add much value, but at least they can observe. Whereas somebody else at another firm is inputting data into the financial planning software all day long."

The first six months are also about helping the young planner gain familiarity with the firm's processes and software, the clients, the workflows, the meetings schedule, etc. Then, after a year, the firm would want the young planner to be comfortable with the financial planning software, and be able to run a discovery and data gathering meeting.

From there, the training becomes very customized to the firm. "After three years, they should be a solid second chair," says Brown, "where, if there are 100 clients in the firm, they would be the primary contact for 25 of them, and the backup contact for the other 75."

After five years, assuming the firm has grown enough, the young, now-seasoned advisor would be given a chance to buy some equity shares.

What if the firm promises all this stuff but doesn't deliver? "They do that all the time," Brown laughs. "Advisory firms have heard me and other people say how important these things are, so they bring that language to the recruiting process. But," he adds, "your top-tier candidates are going to know after about six months if the firm is truly serious. And if the firm is not serious, I'm going to get a call saying *hey, get me out of here*."

Brown adds that college candidates have become wary of empty promises. "They've all heard from their buddies who went to work with firms that promised all this stuff and never delivered," he says. "They're skeptical based on what they're hearing out in the world."

As a tangible example, suppose an advisor, in the recruitment meeting, talks about ownership opportunities. "The top candidate," says Brown, "is going to come back with: *okay; when did you have FP Transitions in your offices?*"

Ground-up recruiting

Let's make a tentative assumption that many advisors reading this article haven't created an internal training program with anywhere near the depth that Brown is proposing. What could they say to a young would-be recruit?

If you don't have any success stories to show the recruit, then you have to start creating them. And you can make that part of the offer.

"Just be honest," says Brown. "Say, *I'm trying this, and this is what I want for you. I want you to design your own training program, for yourself, and then for others, and I'll help you along the way. If it works, then you'll manage it going forward, and you'll have a lot of say in how it works*. If you can find the right person," he adds, "then that offer can be very appealing."

There are a couple of additional issues to consider. One is that an RIA firm wins if everything else is a tie. "Candidates know that the RIA firm is going to be the most planning-centric and fiduciary environment that they can go into," says Brown. "That's where most of the students want to go eventually." He adds that his firm has been successful at placing people who worked at Vanguard right out of college, who are now trained (somewhat) and ready to move to the place they originally aspired to be.

The other issue is diversity and inclusion, which is getting a lot of press lately—or, as Brown prefers to call it, a lot of lip service. Is it still harder for women and especially minority candidates to get offers?

Many advisory firms are still not willing to hire women or diverse candidates. But many young candidates are turned off if your staff picture includes nothing but white males.

"I hate to say this, but based on what we're seeing, unfortunately, the answer is yes," says Brown. "It's very frustrating. Everybody says they want to hire people who look like that, but they are just not pulling the trigger."

That reluctance to hire diverse candidates is likely to backfire from a recruiting standpoint. "Today, whenever our candidates look at a firm's website, one of the first things they do is check out the diversity," says Brown. "They'll come back to us with something like: *I like that firm; they have a lot of racial and gender diversity; let's go forward*. Or: *All I see is sameness up and down the staff*. This," Brown adds, "is becoming a real issue that students of all types are paying attention to: if everybody at your firm is a white male, you may not have the opportunity to hire the people that you want to bring on."

Yes, this includes white male candidates as well. And Brown says that women prefer not to be a firm's first female hire.

Retention shift

Are there any big picture observations about retention that advisors should know about? Brown says that he's seen an evolution in what young advisors want in their workplace. "After the last two years," he says, "it has gone from: *I want to make a difference; this challenges me; this stimulates me, I can also make money; I'm building a career*; to: *I want to have fun; I want to take care of myself; I want to be able to take some time off; I want to get some self-care*. That," Brown adds, "is a message that everybody needs to take seriously."

As mentioned earlier, many experienced advisors now have almost unlimited options in the marketplace, particularly with firms that are recruiting remote workers. When an experienced advisor comes to New Planner Recruiting looking for a change of scenery, the ability to work remotely can be one of the biggest recruiting advantages. "We'll put out a job posting, and if the company is all virtual, we'll get 50 people interested," says Brown. "If we put out a job posting for a company that specifies in-person at the office only, we might get five interested. There's a 10X multiplier."

Overall, Brown believes that recruiting and retention is moving up near the top as the biggest challenge that advisory firms are facing in this environment, and the competition for the most productive, effective younger advisors seems to be in the early stages of heating up.

There will be more details, and detailed advice, at the Insider's Forum conference session, and of course the marketplace is evolving fast enough that there will be new developments by the time we meet in September. Brown's most important message is that advisors who have overcome so many other challenges in the profession's constant evolution can also overcome the recruiting and retention challenges that have emerged over the last few years.

"I want to leave this on a positive note," he says. "If the firm invests in and listens to their young advisors, they can do this. More advisors are going to have to learn the skills about managing and hiring leadership, mentoring, getting their advisors moving up the career ladder, vs. what they may have been doing before, which was hiring and forgetting. It can be done," he says. "There just has to be a commitment."■

"We were way over our quarterly budget buying legislators and regulators, but our rogue brokers are booking record profits."

The Everything Program

Synopsis: ***Here's a rare example of an all-in-one software solution that is rated at or above best-of-breed in all of its categories.***

Takeaways: ***The customizable dashboard can display very different information for people who work at different roles. Alerts, the new trading/rebalancing feature and access across the internal tech stack provide operational convenience.***

No company participating in our annual T3/Inside Information Software Survey was more pleased with the final results than the all-in-one program called Advyzon (*https://www.advyzon.com/main/index.html*). In the survey, 300 or so programs received user ratings, where we averaged all the survey participant ratings on a scale of 1-10—and any composite rating over 7.0 is considered extraordinary and indicative of high levels of customer loyalty. Advyzon received an 8.18 user rating for its CRM component, an 8.49 rating on its portfolio management capabilities, and it led the all-in-one category, by a high margin, with an 8.33 rating.

The easy-to-draw conclusion is that the people who use the program really like it. And it is certainly attractive to have one integrated solution that combines so much client data in one integrated package. So I had to wonder why Advyzon didn't have a dominant market share in any of these categories.

One possible answer is that, despite the advanced feature set and internal integrations, the program, until recently, lacked a capability that most advisors regard as necessary to a fully-functioning portfolio management solution. That was addressed last April, when Advyzon announced that it had added Quantum Rebalancer, a full-featured trading, rebalancing and tax-loss harvesting component to the program.

Any Software Survey user rating over 7.0 is extraordinary. Advyzon's were consistently over 8.0.

In addition, the company added a new dashboard that can function as a company-management platform, which offers aggregate information on the business as a whole, fully customizable so that different users can work with different dashboard views. And the CRM now includes a calendar feature that allows each individual at the firm to synchronize their schedules and see at a glance what client or staff meetings are coming up.

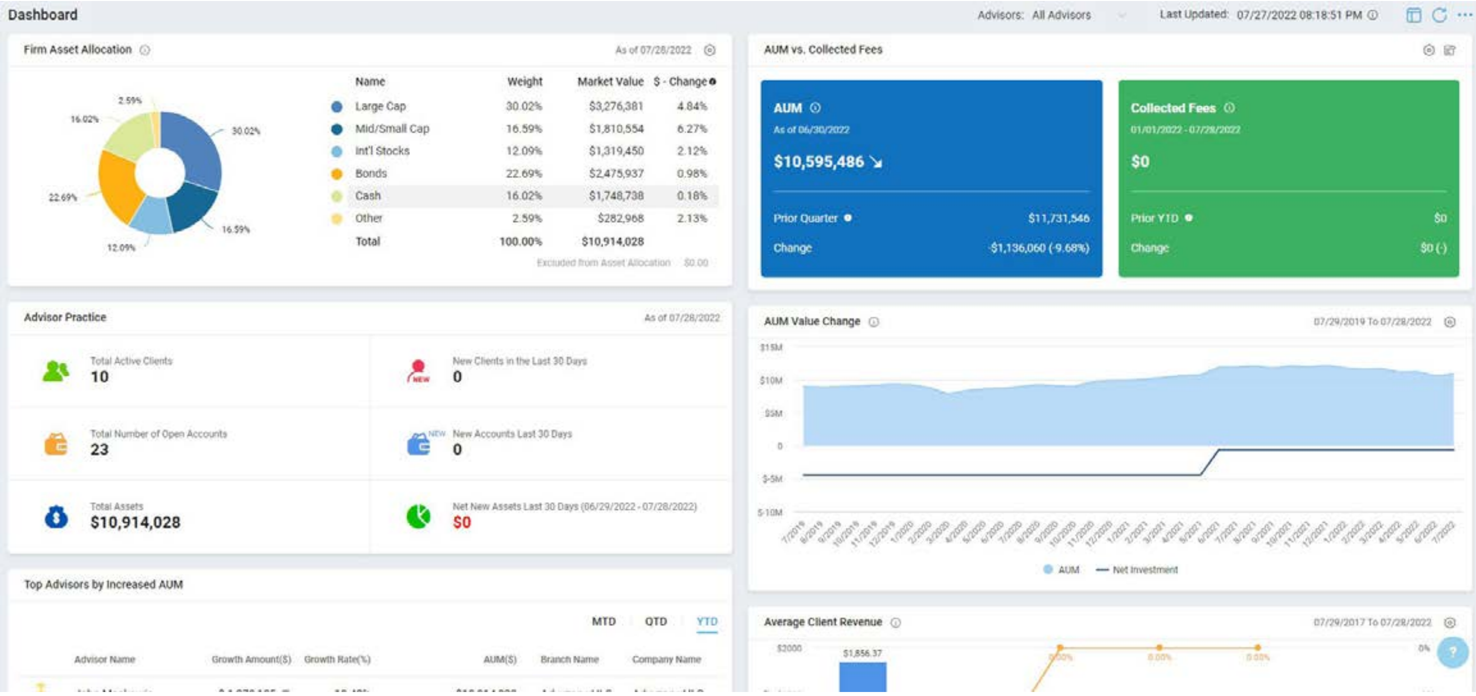
But I think another reason why one of the highest-rated software programs in the advisor space is still flying under the radar is that, like a lot of the higher-rated firms in our survey, it puts more effort into functionality, customer service and the user interface than it does in marketing.

For many advisors, the question is: what is this all-in-one program, and what can it do for our firm?

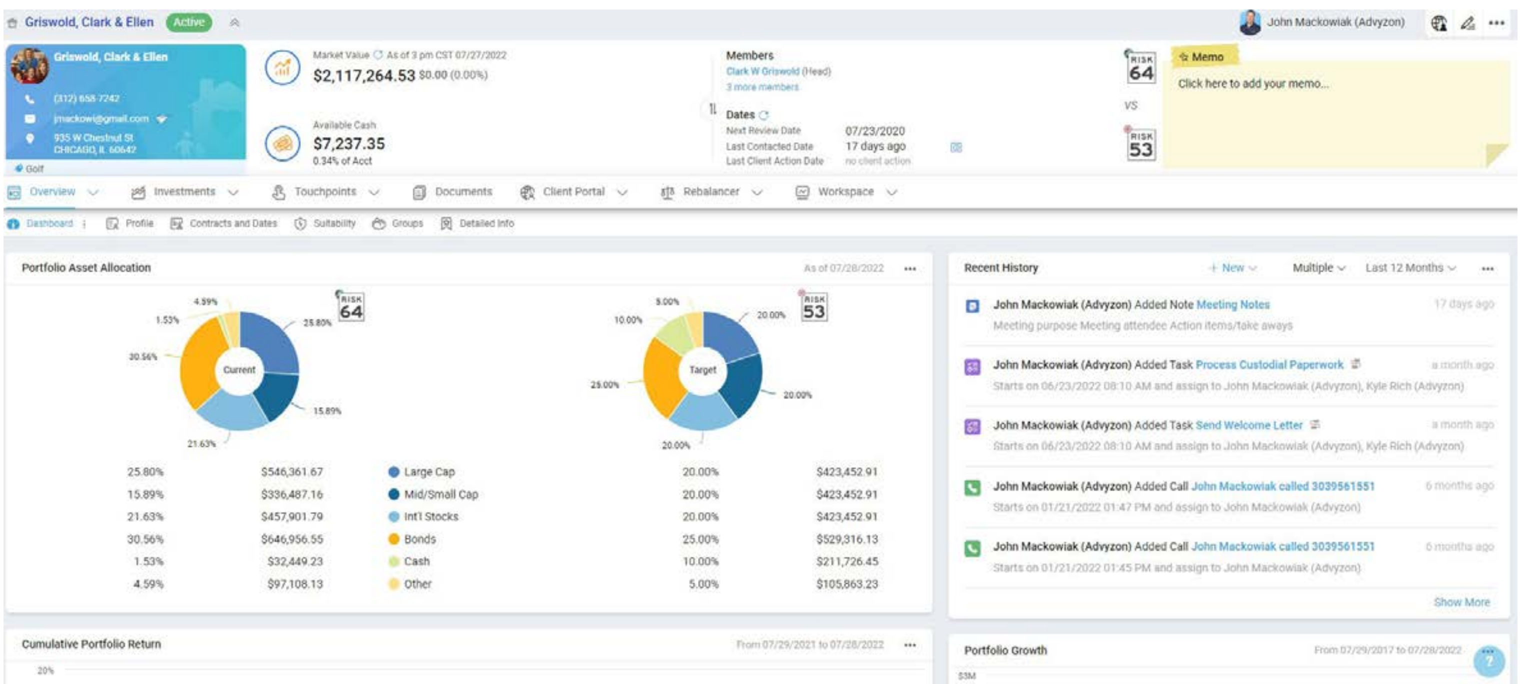
Dashboard widgets

Advyzon was born almost accidentally, back in 2012. The founder, Hailin Li, had been the chief architect for Morningstar office, and in that role he proposed a very ambitious development agenda that would, if implemented, have propelled Morningstar Office to the forefront of advisor technology. Ultimately, Morningstar decided to acquire rather than build various tech components, and Li decided to leave and follow his own blueprint with an independent firm—building every feature in-house.

The portfolio management tool was launched in 2014, with zero marketing and a small core of enthusiastic beta users. The CRM, client portal and billing features were included when the program was first made available to the broader advisor marketplace. "Everything we have is proprietary," says John Mackowiak, Advyzon's marketing director who

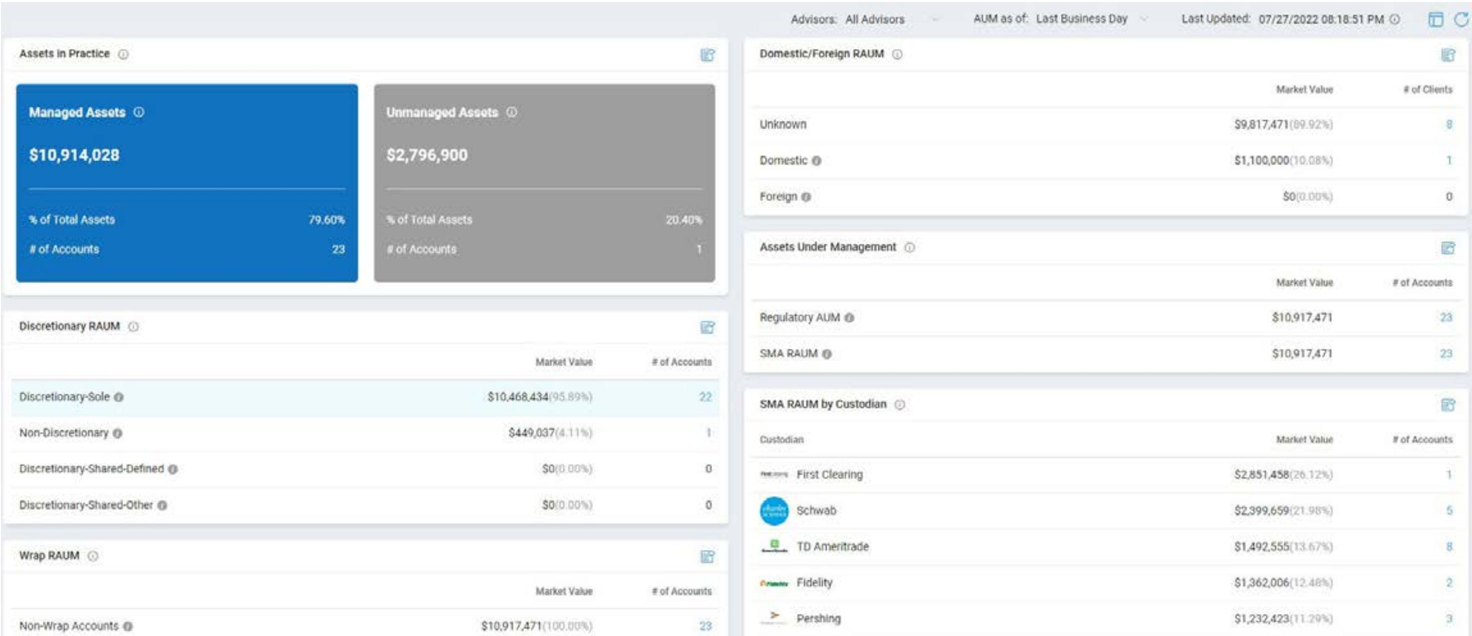


Dueling Dashboards: What the CEO might configure Advyzon's opening screen to look like (above) vs. what advisor might see (below). A customized compliance view (next page, top) is also possible.



had been the first marketing manager for Morningstar Office back in the day. "And that has allowed us to tightly control the user experience. The survey ratings, a lot of that has to do with being able to focus on our users."

The program today includes the core reporting and billing, a document management system, a white-labeled client portal with a mobile app, the CRM, a Growth Suite that functions as a business management tool (and which benefits from having so much of the client and company metrics/data/information stored within the program), and the new Quantum trading/rebalancing functionality. Three years ago, the entire user interface was refreshed, and the



dashboard become customizable, where each user can drag and drop any of the 48 different "widgets" that display information from the different components anywhere on the screen.

That means that individual advisors might have a screen showing recent prospects, top 10 clients by investment assets, recent emails, recent notes, alerts, client settings and a window into MoneyGuidePro. The chief compliance officer might see the regulatory AUM and unmanaged assets, discretionary and nondiscretionary, and AUM by client category (item 5 on the ADV), broken out by individual clients, multiple clients , trusts, etc.—and, from the CRM, the dates that the ADV had been delivered to each client.

The CEO, meanwhile, might have a screen which displays the firm's total AUM and any changes over different time periods, firm asset allocation, new and closed accounts, gross revenue growth, distribution of client fees, distribution of revenue by client age and maybe the firm's top ten holdings. The operations manager or COO would see the widgets showing workflows in progress, new accounts, ByAllAccounts in error status, projects in progress, recent documents, and advisory contracts and notices.

Whoever is managing client investments (CEO, CIO, advisor) would see the firm asset allocation in one window, plus AUM performance, active accounts by custodian, top and bottom ten investment performers, and the performance of the various model portfolios.

"This is the best example of why it's helpful to consolidate all the technology and have six different applications all running together," says Mackowiak. "Suppose a client calls in unexpectedly with a specific question and then brings up some broader issue,' he continues. "You can see, all in one place, all the recent communications that anyone has had with that client, the notes from the meetings, phone calls and emails, plus the account information."

The screen will include widget access to the document management feature, so the advisor can look at client tax documents or quarterly statements, and another widget might access the CRM to display the contact information for the attorney(s) and CPA(s) that the client works with. And, of course, the next review/meeting date. The client's most recent financial plan would be on the screen as well.

Each user can click on any of these widgets to get more detailed information. "The goal is to get the advisor up to speed on that client instantly, instead of having to go to the reporting system, and then the CRM and then the document management system," says Mackowiak. "You aren't bouncing around among different programs looking for what you need to provide your advice."

CRM functions

Of course, each member of the staff will live in different parts of the program, and access deeper levels of functionality. Advyzon's CRM functions as a fact finder tool, so prospects and clients can enter their own data online; advisors can send an invitation to the prospects, choosing what is required or not required, and start a back-and-forth data gathering process before the first meeting.

Advyzon's CRM functions as a data gathering instrument, then an onboarding tool, and finally as a scheduler and workflow engine.

From there, the CRM becomes an account opening tool that pulls in the required documents from Schwab, Fidelity, TDAI and Pershing. "The CRM will populate the required forms, which, according to a study, cuts down NIGOs by 94%," says Mackowiak. "There was an article about an advisor in Los Angeles who is a surfer," he continues. "He would meet people surfing, and give them a link on their phone to his fact-finder, so they could kick the whole process off, and he would complete it with our digital account opening tools."

The CRM also includes a workflow engine which feeds into the task widget. There's a workflow template that the operations team can use to break a broad activity (client onboarding, meeting preparation) into stages, which are then broken down into specific tasks that are assigned, in sequence, to different members of the staff.

Once a stage is complete, the next one is initiated, the next person is alerted to the first task of that new stage, and so on until the activity is completed. "You can always go into an individual client record and initiate a workflow manually," says Mackowiak. "But in most cases, as soon as somebody moves from prospect to client, the workflow is automatically triggered." Schedule a client meeting, and two weeks or a month prior to the meeting date, the CRM will trigger the meeting preparation workflow.

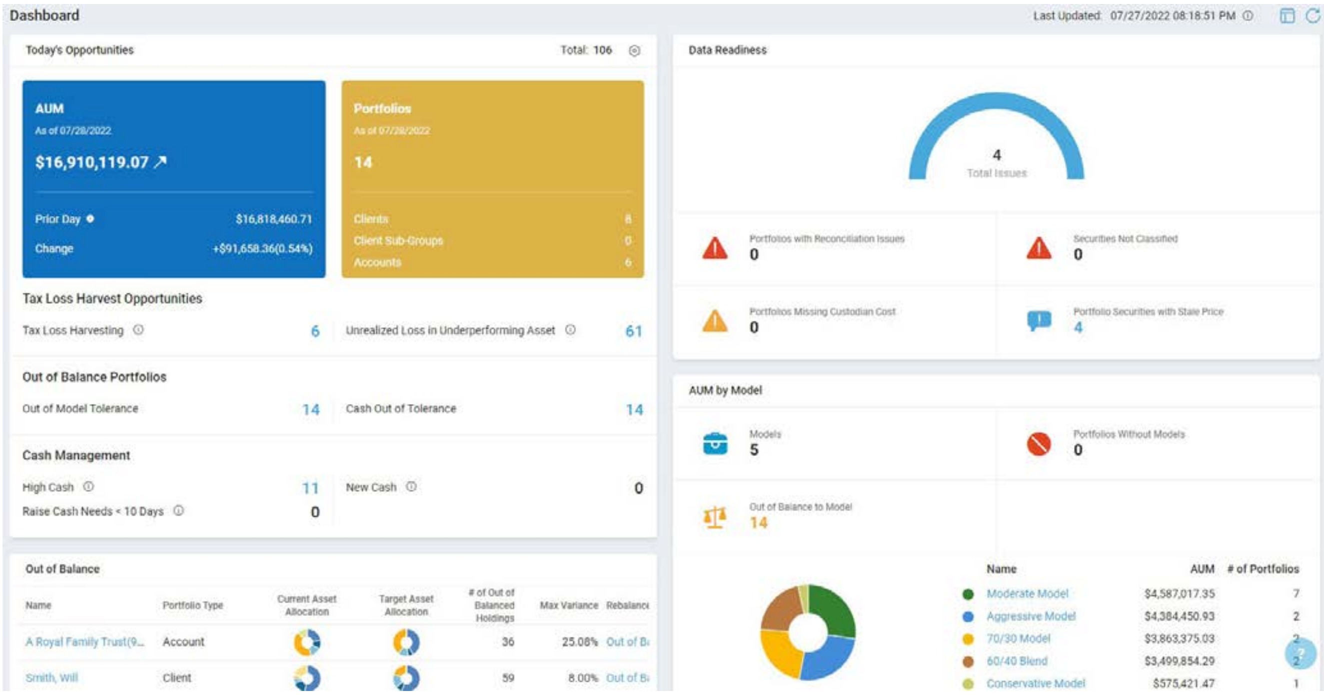
Finally, the CRM drives an alerts tool that accesses all the data from the various components of the feature set. If the client's cash balance drops below the fees that are about to be debited, there's an alert. The system tells advisors when to schedule the next meeting with individual clients—and some can be on quarterly, semi-annual or annual schedules. Has a particular client uploaded a requested document into the document management system yet? Has the client met with the attorney to get the estate documents finalized?

Portfolio management functions

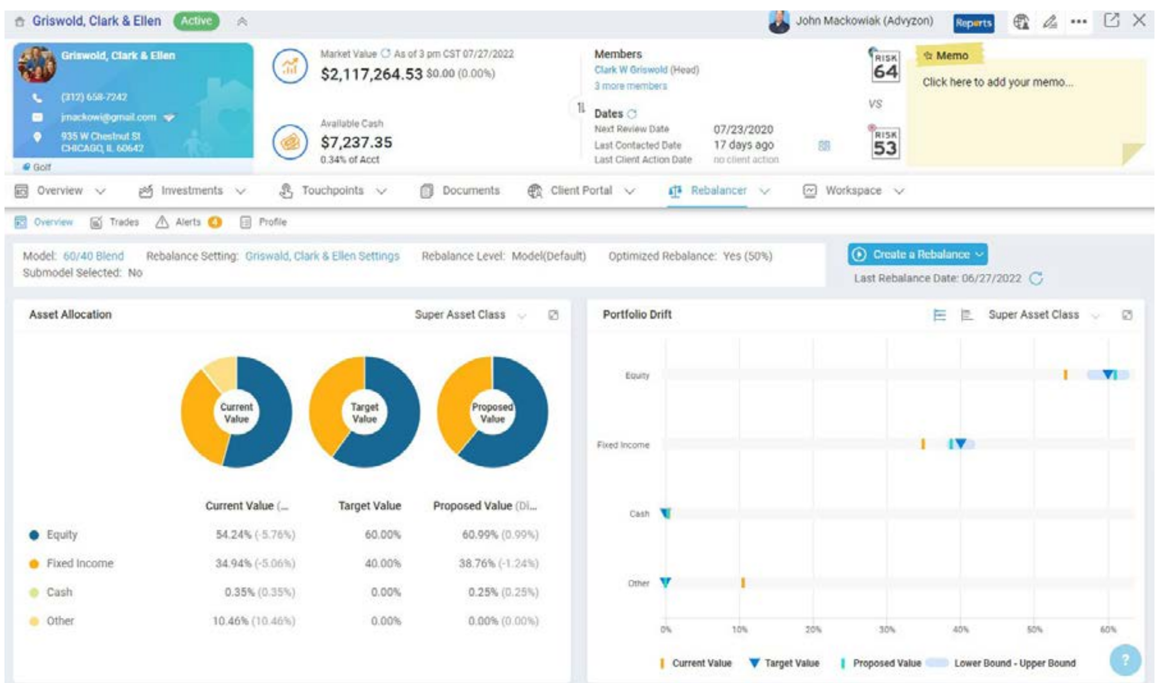
Portfolio managers can start with the same total list of clients households, but their first click will access aggregate or individual portfolio data. Each portfolio's risk and return statistics that are listed underneath the opening performance graph, and both will display for different (customizable) time periods. The reporting capabilities will break down the client's allocations according to (this seems like overkill) 41 different asset classes. (The advisor can group them together to simplify the asset allocation donut chart.)

The trading and rebalancing function (Quantum) is the newest set of features. One-off trades can be specified in Advyzon and then executed with a click-through to the custodian. If there's a need to replace an ETF or fund with another one, they can trade a sleeve of the model portfolios for all clients as a single transaction. Advisors can also use Advyzon to create those model portfolios step by step, from the broad allocations to more specific sub-categories, and finally accessing the individual ETFs, funds or securities that become the underlying investments.

Typically an advisor would click on a client household, and see the aggregated market value, the risk tolerance score (there's a Riskalyze integration), the MoneyGuidePro confidence meter, and with a click, he or she can dig into



Advyzon's Quantum trading/rebalancing dashboard (top) allows the CIO or advisor to dig into the client specifics (below) for rebalancing or tax-loss harvesting.



the gain/loss and performance information overall and with each individual holding. The screen will show any required minimum distributions next to the cash available.

The automated rebalancing feature is primarily set for model portfolios, but advisors can also set it up for portfolio-by-portfolio views. In either case, the advisor would specify tolerance and/or time intervals for automated rebalancing, and Advyzon will produce a set of proposed trades that advisors can review, which also shows short/long term gains or losses on each individual trade at the lot level, selecting the most advantageous lots to trade from a tax standpoint. Advisors can approve or cancel any of the trades before uploading them to the order blotter. If the advisory firm is working with multiple custodians, Advyzon will recognize which custodians to send the trades to.

Portfolio managers can also call up positions that have significant losses according to tolerances set by the firm, on a global or individual account basis. For individual accounts, these can be sorted from largest to smallest. Advyzon has a tool that automatically presents equivalent replacement securities (which could be individual equities, ETFs or funds) to the assets whose losses will be harvested, that can be held for the required 30 days before the original assets can be repurchased.

Advisors can set the system so that the trades for any individual household won't exceed harvesting more than $3,000 or $5,000 (or, of course, other numbers) in net capital gains. There's a minimum shares setting, so that advisors aren't trading four or five shares at a time, and the rebalances can be set to include any additional cash holdings, so that the security purchases that move the portfolio back to the original allocation includes both the cash raised from the sales of overweighted assets plus the cash. Across the board, advisors could specify that they only want to harvest losses if the loss is over 5%, and certain legacy assets can be placed into a protected "do not sell" category.

When clients put new cash into an account, advisors can see the portfolio drift of different asset classes, sub-asset classes and individual investments, and use the cash to shore up positions that are below tolerance. They can enter a proposed trade and see the impact on the overall asset mix vs. the initial one before sending the trade to the custodian for execution. The system also calculates asset location metrics across households, based on settings entered by the advisor.

The new Quantum trading/rebalancing features include automatic drift monitoring, automated rebalancing and the ability to see the impact on the portfolio before pulling the trigger.

The portfolio management function includes a variety of fee calculation options, which feed into the fee billing part of the program. Mackowiak says that the program supports everything that the firm has come across in the last 15 years: billing in advance, arrears, a variety of frequencies, average balance or end of period balances, blended or discrete tiers, is accrued interest counted or not, should some assets be excluded from billing globally or individually, etc., etc. "We advise the advisors we work with to keep this simple," he says, "but some of the firms that we've been working with have dozens of different settings, which means they're entering in a lot of individual customizations."

Mackowiak adds that after a conversion from a different portfolio management firm, a large advisor was able to reduce the billing and reporting from several days at the end of the quarter to as little as ten minutes. "Depending on the custodian, we can download and upload the fee file, with all the formats built in, and it will push that right over. The statement page is automated, so every client will receive a single PDF, with a cover page, a couple of pages of content and a billing statement, all generated automatically."

At the request of users, Advyzon added a workflow around the fee billing and statement process, so that some member of the staff could check them for errors before they were sent to the custodian and client.

The reporting engine, meanwhile, is built for customization—which, these days, is not unusual, but Mackowiak says the look and feel is different now than it was a year ago.

"We received feedback from a couple of large breakaway teams that came to us after looking at Orion and Black Diamond," he explains. "They complained that the level of reporting in the advisor world was not as well-designed and crisp as what they had at the wirehouse," Mackowiak adds. "So we embarked on a total rewrite of ReportBuilder, that could pull in data from everywhere in the program, with a new look and feel that incorporates gradient and coloring that add to the polish of the report—all customized by the advisory firm."

Document management features

According to our Software Survey, many advisors are gravitating to non-industry-specific document management systems, or simply using folders in Windows to sort them by client. But Advyzon's document management capabilities illustrate the advantages of using a system designed for advisors. There are built-in foddering capabilities, and documents can be permissioned to the client portal so clients can review their own most recent plan, trust document, will or insurance policy. Advisors are alerted whenever a client uploads a document PDF, and these are automatically routed to redundant folders; the client agreement, for example, going in a master compliance file and also in the client's individual folder.

"The interesting thing is that we were finding that advisors were starting to use the vault feature with prospects," says Mackowiak. "They might say, I'll give you access to a vault where you can store your documents all in one place," and based on that convenience, the prospect would eventually become a client. So Advyzon added a portal specific to prospects.

For existing clients, the portal is capable of pulling in the updated (as of yesterday's close) MoneyGuidePro financial plan, so clients can see if they're still in the safe zone after yesterdays 1.3% drop in the S&P 500. They can see their portfolio information, of course, and their documents (if permissioned) in a separate vault. Clients can also pull up their vault, branded to the advisory firm, on their phone. Spouses, if they choose, can have their own different portals.

"We redid the portal with three things in mind," says Mackowiak. "One was aesthetic, bring it up to speed with everything else we've been doing around the look and feel of the program. Second, we made it very easy to edit. Version one of the portal was based on ReportBuilder, which, we were told by users, was a little too much," he adds. "Some people would take those data columns and build something that generated a lot of scrolling and confusion. So we tightened it up, made it a better user experience for both the advisor and clients. Now it shows the top ten holdings, and you can choose what you want to display in five columns."

There's a Twitter integration where the investor can see the advisor's action on social media (should the advisor want this to be displayed), and a bottom line net worth history that shows how the client's total financial situation has changed (hopefully for the better) over the life of the relationship.

Advyzon's client portal integrates with MoneyGuidePro, the portfolio management functionality and the document management features.

A final interesting aspect of Advyzon is the pace of development. "We do a major product release every two months," says Mackowiak. "I haven't figured out a way to market or communicate how rapidly we're developing new features," he admits.

Another aspect that probably ought to be mentioned in any marketing message is the fact that each advisory firm that uses Advyzon is assigned a primary relationship manager, with a team of two or three people backing him/her up. "I think a big part of our user ratings in your survey comes from the service element," Mackowiak says. "The day-in, day-out service we provide, starting with onboarding, implementation, ongoing support—we really do go the extra mile."

He admits that roughly 20% of Advyzon users are mostly using it for the asset management functionality, preferring to use another CRM on the side. This is something that every all-in-one platform has to contend with: advisors are simply accustomed to using different vendors for different aspects of their tech stack. "But," says Mackowiak, once they get the reporting implemented, and see what they can do when their CRM lives in Advyzon, they'll come to us after the fact and migrate their CRM data over."

Cost? Advyzon's $6,500 a year (up to 150 accounts) should be compared with what a firm is currently paying, a la carte, for seven different software components. "I think," Mackowiak adds, "that we're almost penalized for being so cost-effective, because the assumption is going to be that something is being sacrificed. All I can say to that is to run through a demo with us and judge for yourself."■

Parting Thoughts

Monkeys Go Home

If you're as old as Methuselah, like I am, you might remember a pivotal moment in the evolution of the planning profession, when *Forbes* magazine noticed that brokers, life insurance and tax shelter salespeople were starting to call themselves 'financial planners.' Many of them were creating financial plans, using computer programs where they would carefully enter a client's detailed financial information, and no matter what client data was typed into those fields, the output, in the form of a very professional-looking financial plan, would strongly recommend that the customer put his/her entire investment portfolio in the stocks that the broker had been told to recommend via the morning's squawk box, or the high commission cash value life insurance policies that the agent happened to have in his briefcase, or a random bunch of tax shelters.

The cover article talked about this professional bait-and-switch, and the cover of the magazine featured a monkey in a business suit, with the caption: *"These days, everybody is a financial planner."*

Shock! Chaos! Pandemonium! I happened to be editor of *Financial Planning* magazine at the time, working in the offices of the International Association for Financial Planning, and the sight of that cover image turned the organization's leadership and board members purple with righteous outrage. They drafted an angry letter to the *Forbes* editorial staff demanding a retraction of its defamatory depiction of a financial planner as a monkey. They demanded that I write a stern editorial denouncing *Forbes*, the article and the questionable ancestry of whomever approved that offending cover.

But then we heard from the membership, and their response, based on their real-world experiences, was not outraged at all. I remember one letter (no email back them) where an advisor suggested that we 'chill.' *"I know that monkey,"* he said. *"He works right down the street from my office. I'm working with clients who used to work with him, and I can't tell you how hard it has been to clean up the messes he's made with their financial situations."*

I bring up this ancient history because it has taken this long before somebody decided to do something about the monkeys. After what appears to be a lot of discussion at the Board level, the Financial Planning Association has decided that its highest advocacy priority, going forward, will be to create some form of legal title protection around the term 'financial planner.' The organization will pursue state or federal legal recognition of the term, and put standards around who can and cannot call him/herself a financial planner.

In the press comments that followed, including my quick interview with FPA President Dennis Moore and FPA CEO Patrick Mahoney, there was a clear recognition that A) this is a pretty big task, and B) this is a necessary step if financial planning is ever going to become a real profession. Doctors, lawyers and accountants have all achieved government recognition of their professional status. In our interview, Moore pointed out that literally anybody can hang out a shingle as a financial planner. (Yes, there are regulatory requirements to register as an investment advisor. But not as a financial planner.)

So what will this look like? We don't yet know, because, instead of drafting those standards and creating a proposed framework in isolation, the FPA is going to listen to suggestions from all interested parties. "We want to be very inclusive as to what this looks like and how it happens," says Moore. "We're not looking to create additional unnecessary regulatory burdens," he adds. "But we do want to protect the title 'financial planner.' Not only to help establish our profession, but also to provide protection to consumers. They should be able to know what a financial planner is, and when they engage the services of a financial planner, they should know that that person will be held to a set of standards that are on the same level as other professions."

I think this means that the FPA is open to suggestions from the financial planning community, prominently including NAPFA, the CFP Board, the AICPA, the Committee and the Institute for the Fiduciary Standard, academics and the collective wisdom of all those advisors who have been functioning as true professionals in the absence of a true professional framework.

Mahoney says that right now the organization is looking at a blank slate. "Currently there are no minimum standards for competency or ethics for those professing to be financial planners. There are," he says, "some credentialing bodies that have their own prescribed standards, but policymakers have established nothing at the state or federal level."

It's an interesting question, how you get the government involved in deciding who can and cannot call themselves a financial planner without running the risk that the government will be intruding deeply into what kind of advice can legally be provided. But we might get a hint of the ultimate solution from those other professions. Doctors, accountants and attorneys are fundamentally responsible for their own regulation, enforcing standards they have set internally by working closely with the regulatory bodies.

In the planning world, there have been occasional efforts to create a self-regulatory organization (SRO) for financial planning. But those initiatives were greatly hampered by the remarkably awful example of FINRA, which started life as an SRO for broker-dealers, and ultimately became a powerful lobbying organization that now dictates what many of us regard as consumer-unfriendly regulatory policies to the SEC—when, of course, it's supposed to work the other way around. Even financial planners were leery of letting another FINRA loose on the American economic landscape. And, of course, the pursuit of an SRO opened the door for FINRA (previously the NASD) to argue that it should become that SRO, which would give it free rein to strangle and eliminate these annoying client-first competitors to wirehouse sales agents and asset-gatherers.

The other elephant in the room is the CFP Board, which has, at various times, explored becoming a regulatory body. Its initiatives might have gained more traction had the organization exhibited a consistently fair and even-handed enforcement policy. But a disturbing number of advisors who go through its appeals process have used the term 'kangaroo court' to describe their experiences, and of course the organization has, in the past, leaned over backwards, nearly breaking its back, to accommodate wirehouse CFP brokers. A lot of us are still angry at the decision to take down compensation data on advisors who were listed on the organization's website, rather than confront the fact that thousands of brokers and asset-gatherers had slyly listed themselves as 'fee-only.' The organization did not help its case as a regulator by carelessly allowing advisors to omit their (often significant) regulatory history that they were supposed to disclose in their web profiles.

Finding common ground with an ambitious CFP Board, with NAPFA (which is sure to suggest that anyone who earns commissions is not a professional) and with the AICPA (which regards 'personal financial planning' as a subset of the CPA profession rather than an independent profession) is going to be daunting. It may be even more complicated to get FPA members to agree on what standards they prefer to live under—though Mahoney says that internal polls show that 80% of them support this new initiative at the concept level.

But just because this is hard doesn't mean that it's not worth pursuing. I think anybody who dismisses the FPA's new focus as tilting at windmills should remember that financial planning cannot become a profession—ever—so long as people like this author could decide, on a whim, to hang out a shingle and start charging unwary consumers for incompetent advice on taxes, insurance and investment policy.

Mahoney says that advisors across the board are fed up with the status quo. "I run into members," he says, "who say to me, *you know, I'm up to speed on all my competencies. I'm meeting all the highest ethical standards. I'm delivering high quality plans to my clients. And meanwhile, that individual down the road is not doing anything that I'm doing, and yet he calls himself a financial planner.*"

Addressing me directly, Mahoney adds: "I think that a lot of the conversations that you've been privy to over the years have finally come to a head. There has been a growing interest in our membership to be respected as members of the profession to which they contribute and support. Just like medicine or dentistry, law or accounting, this profession is a noble one, and it deserves respect. And the only way to generate that respect," Mahoney continues, "is to make sure the things that we do that make us who we are for the American consumer are held to the highest degree of competency and ethics."

We don't know where this initiative is going to take us. But I hope that, in the end, the result is to finally chase away the monkeys. ■