

4 STEPS TO

Become more  
profitable & make  
compliance easy.

by Shane Reid



 ümlaut

# Forward

Financial planning is a tough industry, and it's becoming increasingly tougher. Costs and compliance burdens both seem to rise every year.

Manual processes like collecting signatures or populating your System of Record (SOR) can eat up hours of time across your entire client base. Not to mention the critical risk of mistyping key details that comes with manual data entry.

Automating your Advisory firm's processes can help by directly reducing your administration expenses, improving accuracy and making compliance easier. Discover four ways it can improve your process efficiency, make your clients happier and make your business more profitable...

“ New compliance regulations, rising administration costs and more complex reporting requirements could all combine to dramatically shrink your future margins. ”

# Introduction

## A GROWING INDUSTRY WITH INCREASING COSTS

According to the Investment Trends 2018 Financial Advice Report, the financial planning industry is growing.

Over the next two years, an estimated 2.1 million Australians will seek advice from a financial planner. That's half a million more people than in 2017 – a growth of 31.25%.

Unfortunately, while the sector is expanding, the cost of doing business as a financial planner is also rising. This is partially due to recommendations from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

For example, their recommendation to phase out grandfathered commissions would significantly impact financial advisors' profitability. This one change could wipe out over a billion dollars of profit each year for advisors across the industry. An average advisor's income could fall by up to 42%.

In short: as a financial advisor, new compliance regulations, rising administration costs and more complex reporting requirements could all combine to dramatically shrink your future margins.

## AN EVER-INCREASING COMPLIANCE BURDEN

As the costs of doing business rise, so too does your burden of compliance. You need to meet stricter qualification standards, undertake more regular professional development, and document everything in more detail. Maybe you're even one of the 7,000+ financial planners who'll either need to retrain or leave the industry under changes proposed by the Financial Adviser Standards and Ethics Authority (FASEA).

Getting your new qualification will then be yet another financial burden on your business. And you can't pass all those increasing costs on to your customers without losing business. The only way you can maintain a profitable business is to decrease your costs by increasing efficiency.

## REDUCE YOUR EXPENSES BY INCREASING PROCESS EFFICIENCY

At Umlaut, we've helped hundreds of financial planners to overcome the barriers to making their business more profitable. We understand the problems of rising administration costs and time-intensive manual processes. Three of the areas most affected by these issues are:

- ✓ Signature collection
- ✓ Manual workflows - both within the firm and externally with licensee partners
- ✓ Integration with your System of Record (SOR)
- ✓ Together, issues in these areas add up to a huge drain on time and money.

Here's how process efficiency can help to bring down your costs to improve your bottom line.

“ Your strength lies in sitting in front of the client, giving them financial advice – not in filling out paperwork. ”



## BEAT RISING ADMINISTRATION COSTS DIRECTLY

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As a financial advisor, you're facing ever-increasing costs of sale. You need to pay for your licence, insurance, software, and possibly employees. That's on top of all the other operational costs of running your business.

All the increased compliance means you also have to provide more for each client than you previously needed to. Spending more time on each client further increases your costs.

### **COST OF ADMINISTRATION**

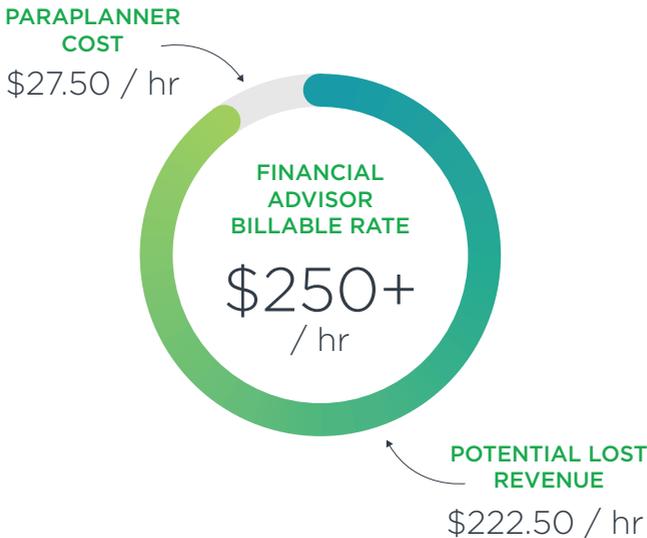
If you're like 78% of financial advice licensees, your firm is a small one with fewer than 10 financial advisors on board. You simply don't have the staff in-house to keep up with the increased paperwork.

That means you either spend your own time on administration tasks, or you're forced to hire admins or paraplanners.

It's probably tempting to try to do it all yourself to save on outsourcing. But your strength lies in sitting in front of the client, giving them financial advice – not in filling out paperwork.

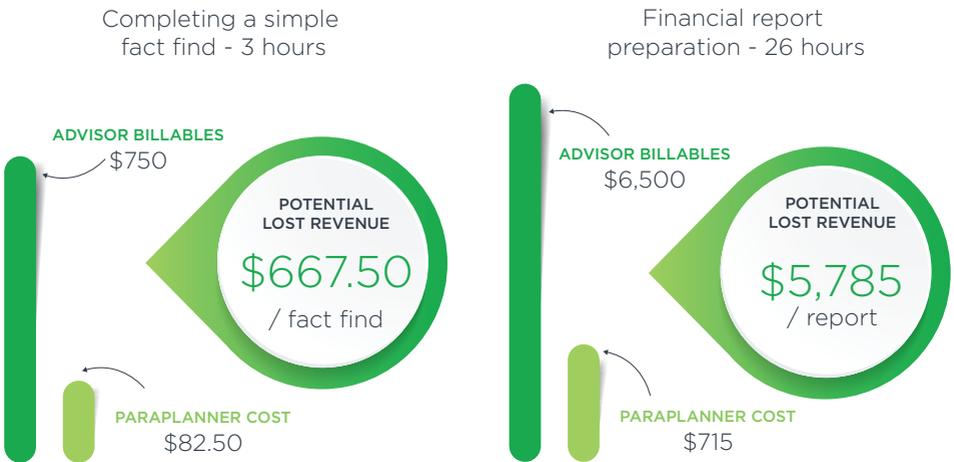
Besides, the average hourly rate for a paraplanner is \$27.50. You're probably billing your time out at \$250+/hour. If you're doing work that you could outsource to a paraplanner, you're potentially losing \$222.50/hr in revenue.

How much doing your own filing is costing you



A simple fact-finding document might take three hours of work per client to fill out forms and enter data into your SOR. Assuming you have a hundred clients, that's a lot of hours to lose to administration.

A more comprehensive financial report could take an average of 26 hours to prepare. Doing all that paperwork yourself could lose you literally thousands of dollars. And that's just for a single document.



Yes, taking on someone to help with the paperwork can shrink your margins a little. But it's still far more cost-effective than doing your own administration.

## **COST OF DOCUMENTATION**

As compliance requirements become more detailed, the documentation burden on your business grows.

You now need to prove you've created each client's document specifically for them. You need to meet minimum documentation standards to show the thought and decisions behind your advice and prove it was in your client's best interest.

More documents mean more administration, which – as we discussed above – mean higher costs.

## **SAVE MONEY BY AUTOMATING YOUR ADMINISTRATION**

Improving the efficiency of your processes by automating parts of your administration can save you significant time and money.

For example, both eForms and paperless digital systems for your internal documents help to reduce handling time. They reduce manual data entry, and therefore remove the potential for rekeying errors.

That also means far less manual administration to outsource to your paraplanner, directly lowering your business costs.

“ With digital signatures, clients can sign your form wherever they are. ”



## DO AWAY WITH MANUAL SIGNATURE COLLECTION

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The process of getting signatures on paper forms is laborious and time consuming.

Think about the steps involved in manually getting just one client to sign one form. You need to:

- ✓ Download the form
- ✓ Fill it out manually
- ✓ Liaise with the client for their signature, which may take several phone calls
- ✓ Follow up with the client when they haven't signed
- ✓ Pay for printing and postage if you need to send the form to them
- ✓ Finally, scan or lodge it with the licensee

Let's say you spend an average of two hours getting client signatures for a single job. Extrapolate that out to an average client base of 100 clients, and it quickly adds up. You probably waste hundreds of hours each year on simply collecting signatures.

Plus you have the costs of printing, posting and return posting, on top of paying your admin staff to handle it all.

Once you've sent paperwork off, getting it back can take days. Then, when it finally arrives, you need to reopen the client

records, re-familiarise yourself with the account, and check where the job is up to.

So what should take two hours instead drags out for weeks, all the while costing you extra time and money. And if your client has missed a single field on the form, you'll need to go back through the entire process yet again.

## **DIGITAL SIGNATURES EASE THE PAIN**

With digital signatures, clients can sign your form wherever they are. They don't need to wait for paper forms to arrive in the post, or have to come into your office.

The quicker the process goes from start to finish, the less time you have to spend reminding them or chasing up documents.

Automating the process of signature collection with digital signatures can save your firm hours of time. Plus, by speeding up the entire process, you'll increase your client satisfaction. They're going to be far happier with a process that takes hours or days, rather than weeks.

As a bonus, you can also make fields mandatory. That means you'll never have to repeat the process because a client somehow didn't see a field they needed to sign.

“ 84% of  
successful advisor  
businesses are  
likely to invest  
in operations  
and workflow  
in 2019. ”

**2019 NETWEALTH  
ADVICETECH REPORT.**



## AUTOMATE MANUAL WORKFLOWS

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Creating each client's Statement of Advice and other documents takes time. Compliance regulations demand that each document is unique.

But managing the document workflow as it moves between you, your paraplanner and your client can be time-consuming.

Consider a simple manual document workflow:



Your administrator or paraplanner prints the document



They give you the document to fill in



You move the document back to your paraplanner



Your paraplanner sends the document out to your client



Your client fills out their part of the document



Your client sends the document back



Your paraplanner checks the document and moves it to you



**Repeat** from Step 1 until the job is complete

At each step, someone needs to manually track which drafting stage each document is at. They need to ensure it moves on to the right person, and that it doesn't get stuck in someone's in-tray.

It's the same with all the documentation that your firm creates. The complicated process of filling out forms, chasing for signatures, lodging with the licensee, and making sure all of the documentation is correct is time-intensive and hard to keep track of.

## **SAVE TIME AND FRUSTRATION WITH WORKFLOW AUTOMATION**

You can make the entire document process more efficient by automating your internal workflows and digitising your forms.

"84% of successful advisor businesses are likely to invest in operations and workflow in 2019." 2019 Netwealth AdviceTech report.

Digitising your workflow allows you to automatically move documents where they need to go. You can track exactly where they are in the process, and immediately see if they've got 'stuck'.

You'll free up time and feel confident that you'll never miss any steps from the process. And of course, you'll stay compliant with ASIC.

How much of your workflow could you automate?

McKinsey Global Institute estimates that "about 60% of occupations could have 30% or more of their constituent activities automated." Even those in the highest-paid occupations (for example, financial planners), McKinsey says, can automate a

significant percentage of their activities by adapting current technology.

Automating your workflow frees both you and your employees up to work on income-generating activities rather than manual processes. As a result, your business becomes more competitive, and you get more time to spend on customer engagement.

Process  
Efficiency

=

Greater  
Competitiveness



## REDUCE MANUAL DATA ENTRY

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Having a System of Record (SOR) is critical, but manually entering data into it is time-consuming. Not only that, but it also leaves you open to errors and possibly risks non-compliance. Typos are all-too-easy to make, and deciphering some handwriting can be a challenge.

Using digital forms to capture and store client data can save this manual data entry step. But that will only happen if the information the client provides automatically populates into your system.

To cut out the manual step, integration is vital. Unintegrated eforms and webforms collect information and send it to an employee to manually retype. That person then needs to either print the information out to retype it, or view it on one screen and retype it into another.

That takes time and leaves you open to errors.

Common SORs like XPLAN are only as good as the data that goes into them. The issue lies in getting the data into the system in a way that's efficient and error-free.

Plus, if you use paper forms and manual data entry, there's a lengthy delay between the client filling in the form and you receiving their information.

## **SPEED UP THE PROCESS AND REDUCE ERRORS WITH INTEGRATION**

Automating the flow of data between your SOR, your internal systems and your external licensee saves an enormous amount of time. It also reduces the potential for costly errors. And it gives your customers a better experience by saving them from repeatedly having to fill in forms with the same information.

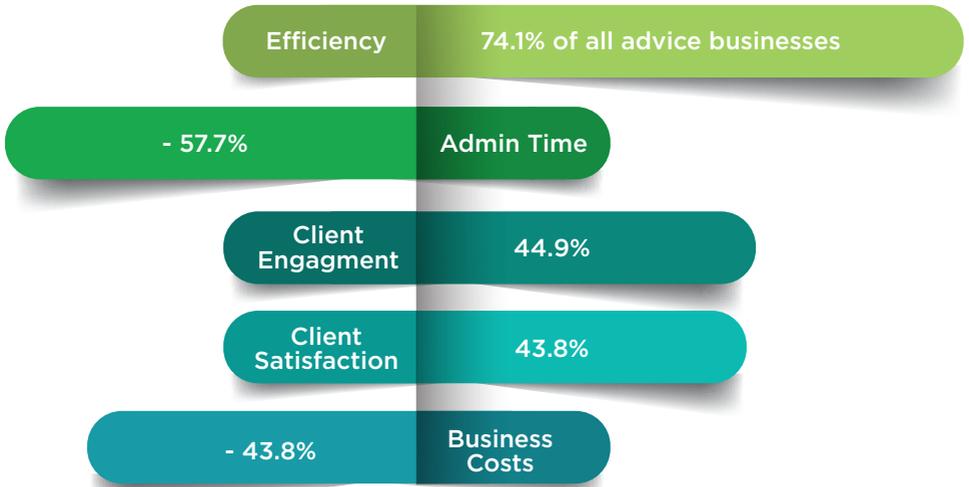
“Software that allows collaboration and streamlining of the fact finding process can transform this task from a paper based Q and A process, to one that incorporates data pulled from a client’s accounts and financial institutions and an overall dynamic and visual view of a client’s financial situation.

Considering that this process of planning takes between 2-4 hours, any timesaving introduced by the adoption of technological engagement can increase the client-facing capacity of the financial planner and thus lead to an enhanced client experience.”  
FPA Fintech White Paper

In short, integrating your data entry with your SOR means you can spend more time focusing on growing your business rather than manually handling data.

# PROCESS EFFICIENCY = GREATER COMPETITIVENESS

The 2019 Netwealth AdviceTech report stated that the benefits of using AdviceTech (technology to facilitate the financial advice process) include:



The verdict is clear. Implementing process efficiency and automation through digital forms, digital signatures and automated workflow saves your business time and expense.

It frees up time that you can then spend on growing your business to become more competitive. It also lets you scale your business so you can take on more clients without having to increase staff.

Finally, saving time on manual processes enables you to give more value to your existing clients, increasing customer satisfaction and longevity.

## ABOUT

# Shane Reid

Since 1998 I have pursued a career specialising in information and communications technology (ICT), general management and sales director roles. I've been involved in the production of data applications and worked alongside developers to implement those applications.

My passion lies in finding the best means of addressing each client's data challenges and determining how they will be integrated to deliver optimum outcomes.

**Book your free strategy session with Shane to see how he can help you increase the efficiency of your processes.**

**BOOK NOW**



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