Practifi

Resiliency in business

How to Thrive Under Difficult Conditions and Uncertainty

Rising to the challenge

Many advisory firms came into 2020 with aspirations of expansion and growth, but have since tossed those plans aside in response to the COVID-19 crisis. As the pandemic spread across the globe throughout the first half of the year, the ensuing public health crisis and economic downturn strained normal operations and threatened business continuity for organizations all over the world. Under those conditions, firms have found it difficult to turn a profit, much less thrive and grow.

With the novel coronavirus pandemic affecting virtually every industry, market and country across the globe, financial analysts worry about its short- and long-term impact. For instance, the Reserve Bank of Australia expects the nation's gross domestic product (GDP) to contract 6% in 2020. Meanwhile, the International Monetary Fund (IMF) revised its 2021 global growth projections in light of the recent crisis, lowering its predicted global GDP by 6.5 percentage points.

As disruptive as COVID-19 has been, firms would be doing themselves a disservice to treat the pandemic as a one-off event that can be addressed and then forgotten about once it's over. There will always be another crisis looming over the horizon, whether it's a pandemic, natural disaster, social upheaval or transition of power between governments. Even events as routine as a presidential election could have far-reaching consequences for financial markets and, as a result, advisory firms.

Financial advisors don't need to be told that economic downturns are inherently cyclical, but it's important to keep in mind that difficult financial conditions will come up again and again. Firms need to be able to consistently deliver value to their clients even when their investments aren't growing at their expected rates. By making plans today and creating a proper business strategy to navigate times of uncertainty, firms can continue to prosper regardless of the future challenges they may face.

1 | Focus on a better digital client experience

Creating a positive client experience can be a major differentiator for all organizations, including advisory firms. A 2018 PwC survey found that consumers would pay up to 16% more for services if the provider delivered a high-quality, hands-on customer experience. However, that same report revealed that many organizations miss the mark in this area: 64% of respondents felt that these experiences often lacked a personal or human element.

At times, financial advisors can be just as guilty of losing that personal touch when reaching out to clients. Relationships built around irregular phone calls and annual portfolio reviews don't give advisors many opportunities to get to know their clients. The Rudin Group Founder and CEO April Rudin noted that, in some ways, the COVID-19 crisis has actually helped firms reconnect with their clientele by focusing on digital experiences. For instance, video conferencing tools like Zoom and Google Hangouts have surged in popularity over the first half of 2020, and show no signs of slowing down. A June 2020 Global Market Insights report predicted that the global video conferencing market will expand at a 19% compound annual growth rate through 2026.

Those video-based platforms offer an alternative to in-person meetings that may be difficult to coordinate, whether due to social distancing guidelines or just busy schedules. Advisors can meet with clients face-to-face at any time, seeing their reactions right in the moment, getting a read on their body language and even catching glimpses of their surroundings and home life. That's the kind of personal touch that advisory firms need to provide during difficult times.

"Digital interfaces have actually made people closer," Rudin explained. "Advisors have reported to me that they are better able to meet clients and reach them than in the past. It's deepening relationships."

2 | Guide clients through turbulent times

When the going gets tough, clients have a tendency to overreact. They might want to sell off large amounts of stock, convert liquid assets to cash and make other extreme adjustments to their financial plan. Financial advisors need to be the voice of reason that prevents people from veering off course with their long-term investment or retirement strategy and doing something they'll regret later. By providing both expert guidance and personal support, firms can help clients through difficult economic situations and build a stronger relationship with them.

Rudin noted firms that typically weather economic storms and thrive during a crisis are ones that keep in constant contact with their clients and offer hands-on support that's tailored to each person and account.

> "It comes down to your client's business continuity plan," she explained. "What does it really look like? Where are their assets? Who's holding them? For firms that do it well, they'll have built really deep and solid relationships. For those that haven't done it so well, that'll leave an opportunity for other firms to come in and grab those clients."

Advisors also need to tailor their services and approach to each client, and create an experience that's geared toward their personal needs and preferences:

> "There's no one-size-fits-all service," Rudin reiterated. "Every client has different sensitivities and sensibilities, and firms should be reacting to that rather than treat everyone the same."

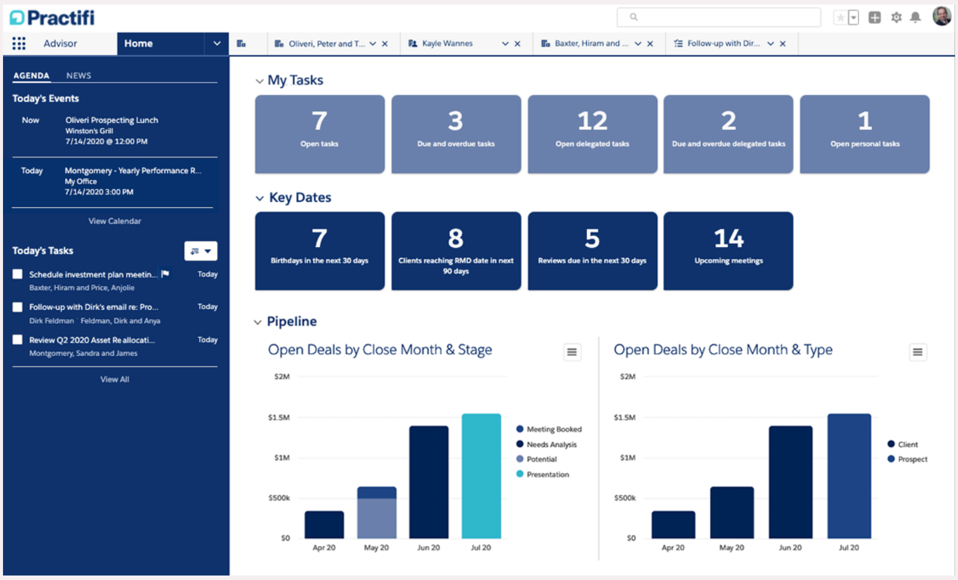
3 | Expand your value proposition with additional services

Organizations often fall back on what they do best when faced with times of uncertainty. That means reinvesting in services that have historically delivered the most revenue. Although it's always good practice to bolster your firm's strengths, it's just as important to plan for the future and look for opportunities to expand service offerings to better meet the needs of today's clients.

That's especially true when market downturns prevent advisors from showing a major return on existing investments. How can you deliver real value to your clients if their investments aren't growing at an acceptable rate - or worse, have actually lost money? The answer is by providing services that promise long-term returns regardless of how today's markets perform.

Global Adviser Alpha's David Haintz suggested that cash flow modeling tools, when combined with data-driven investing and expert wealth management capabilities, can ease clients' anxieties about volatile markets and show them a clear path toward financial success. Clients will feel more confident about their future investments and trust their advisors to continue guiding their financial strategy.

Unfortunately, institutional processes and frameworks can stand in the way of that line of thinking, preventing advisors from pivoting toward new approaches and services. Firms need to break out of the mindset that they need to deliver services or communicate with clients in a particular way and explore new opportunities to improve the client experience. That's where technology can help.



4 | Take advantage of the latest technological solutions

Staying ahead of market volatility is difficult, to say the least, but firms can tap into their existing data and wealth management systems to provide better financial advice for every single one of their clients. In many cases, that valuable information is spread out across different platforms, so the first step is to bring that data together in one place where it can be easily viewed.

Integrating business management solutions with other important platforms makes it easy to centralize and condense information ranging from market trends to invest portfolios. Advisors are in a better position to offer sound financial guidance when all of that information is readily available. They can see where markets are headed and what moves clients should make to respond to shifting economic conditions and protect their long-term investments.

Business management platforms also support better client experiences by removing administrative work that could otherwise take up most of an advisor's day. Haintz recommended that financial advisors spend roughly 80 percent of their time working directly with clients. In many cases, that's not possible because of the sheer volume of administrative tasks they need to address, such as onboarding new accounts or updating customer relationship management (CRM) systems. By automating those kinds of processes and workflows, firms can free up advisors to spend more time supporting their roster of clients and meeting with them over digital channels. When you remove back-end work from advisors' plates, they can focus on delivering the best client experience possible.

Automation also boosts organizational efficiency and removes bottlenecks that can slow a firm down and drive up operational costs. Businesses that extensively use automation are less exposed to human errors that require a lot of time and energy to go back and fix. During uncertain times, every firm wants to reduce unnecessary expenses as much as possible, and automation is a sure-fire way to get rid of manual tasks that pile on extra operational costs over the long haul.

Start planning for the future today

The COVID-19 pandemic is unprecedented in the way it has disrupted everyday life, normal business operations and global markets. It may be an extreme example of economic turmoil, but there will always be another financial downturn or economic crisis looming over the horizon. Markets are inherently volatile, and it doesn't take much to push them in the wrong direction.

On top of that, advisory firms need to contend with ever-rising costs, even as their revenues shrink and they find themselves managing smaller portfolios and meager returns. It may seem like a recipe for disaster, but there's a way forward. By fully committing to the client experience, financial advisors can build stronger relationships with their clients, boost confidence in their services and deliver value even when under poor economic conditions.

Business management solutions like Practifi provide the comprehensive oversight into client relationships that firms need to craft a hands-on, supportive experience. Advisors have more insight into their client relationships and market trends, so they can make better decisions about how to manage their investments and create a long-term financial strategy. In addition, the platform's extensive automation capabilities remove any distractions that might get in the way of the client experience.

It's easy to feel overwhelmed by anxiety during uncertain times, but firms should use these moments as opportunities to reconsider how they run at a basic level. In many cases, crises bring long-standing issues to the surface and force organizations to face systemic problems that they have managed to ignore. Weathering the storm is good; coming out the other side stronger than ever is even better. Practifi gives advisory firms the technological foundation they need to continue to thrive, succeed and grow even in the face of uncertainty.

Find out more

To learn how Practifi can help you better engage with your clients, visit our website:

practifi.com

Practifi