

## Use it or lose it

Advisers can reconnect with C and D-level clients using web technologies. Those who fail to re-establish relationships risk losing those customers, Jan Kolbusz writes.

**A** question confronting the financial planning industry is what the future might look like for advisers who must routinely ask clients to “opt in” to an ongoing service relationship. Whether “opt in” is an ugly threat or a beautiful industry opportunity lies in the eye of the beholder.

One supportive view is that the proposed opt-in rules are a golden opening for advisers to cement vital ongoing relationships, perhaps reignite their lapsed clients or even migrate their dormant C- and D-class clients into Bs and As.

At the time of writing the advice industry was holding its collective breath awaiting clarity on opt-in and other proposals put forward under the Future of Financial Advice reforms.

Some advisory groups have decided that opt-in is a threat, a punitive regulatory option from federal assistant treasurer Bill Shorten.

If anything, opt-in should only be regarded as a “small o” rule, posing nothing more than a systematic speed bump – a chance for advisers to shore up their total book of client relationships and reinforce their core value proposition.

The debate about the potential erosion of traditional advisory business models, or of finding efficient and scalable ways to re-engage with lower-value clients is a distraction from the bigger picture issue that advisers must use their client lists ... or lose them.

We all know the story: an advisory business may have purchased a book of clients but the adviser has not yet met many of them, or an established business has a large legacy list requiring a fresh contact approach.

Just as the old saying goes that our health is always more valuable once we lose it, the advice industry is suddenly coming to grips with what happens once a healthy lower-value client relationship – the C and D level clients – is overnight

written down or written off the balance sheet.

These are the clients, who by choice or default, have a limited advice relationship, are reasonably passive in their service needs and are happy to receive occasional or nil communication from their adviser. Their needs are transactional, probably product-based. Individually, these clients represent a slim margin to the adviser. But collectively, the Cs and Ds typically account for a healthy present (and future) cash flow, and are therefore worthy of attention. No committed, fee-based advice industry participant I have spoken to recently is taking any such client for granted these days.

So how does the average financial advisory firm re-engage with their full client list without the Cs and Ds dragging them into a major loss-lead exercise? This is where technology comes into its own. Just as social media sites like Facebook or LinkedIn are an all-pervasive platform for web-based human interaction and commerce, we foresee a future based on clients opting in to their adviser relationship from the cradle to the grave. Think of this “ideal” technology model as a way of using web-enabled “conversational” technology to get inside clients’ heads. With their consent and enthusiasm, all of your clients – irrespective of their classification – would have at the time of their choosing a means by which to interact with their adviser in a secure way.

Think of this as customer relationship management without bounds, a deeper way to know your client through their expressed life-event triggers, their individual fears, hopes and dreams. And all of this relayed via a self-start, web based tool. Yes, it is an extension of your firm’s brand, and yes, it is a viable, scalable and efficient way to attract, engage and more importantly, retain all clients.

Technology support for opt-in is all about



enhancing the adviser-client relationship in new and exciting ways.

On the flip side, technology which electronically keeps a record of whether a client has “opted in” is a sad reflection on financial planning technology to date. Sad because it sees its role as merely keeping a record of the advice given, rather than supporting the adviser through the end-to-end process.

The ideal vision is really the ultimate opt-in functionality, as the client also does all the work – willingly and enthusiastically becoming more involved in how the planner’s advice is tracking them towards their future goals. The planner gets to focus on what they do best – advice based on the personalised, rich data functionality delivered to his or her secure internet browser via the client’s personalised URL.

And it’s not a fanciful idea. The technology exists today. I have seen it. And the best thing is nobody needs to die wondering what might have been had they been more energetic in their efforts to engage (use it) and avoid the pain of losing it. ☒

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