

The Efficient Practice

Newsletter for
Financial and Business Professionals

Finding the Right CRM Software

Client Relationship Management Software (CRM) is generally regarded as a must-have solution for financial advisors. In a perfect world, CRM software can not only warehouse client data and historical information, but perform necessary tasks related to the client experience. Yet, despite sales claims from some vendors, CRM software is not a one-size-fits-all solution. That being said, there are a few that may come close. But, to find the right solution for your financial practice, you may need to do your homework.

Here are five steps that can help lead you to the right solution:

1. **Determine your needs** – you will need to take a hard look at your financial practice operations and list the functions that can make your firm perform more efficiently. Understanding your needs in the areas of client information storage, data aggregation and/or collation, employee task assignment, scheduling and automated workflow management are a few of the many functions that should be considered in this process. Often, firms want to filter these types of decisions based on the central theme of *“how is this going to benefit my client”*, rather than just considering the impact on the firm and its employees.
2. **Determine your budget** – Are there budgetary constraints that may affect the decision making process? As an example, a firm with a small client base may find it difficult to afford a top-end solution, particularly if the solution includes functions that may not be fully utilized by the firm.
3. **Consider your options** – In the world of CRM software providers, there are many types of solutions. You may wish to consider whether you should purchase off-the-shelf software, basic CRM software, a full-featured product or an integrated solution. And, even within each of these options, there are several choices. Things to consider are the features, functionality, integration with other softwares you may use and presentation of information in a way that fits your style of practice. With apologies to the many software providers, here are a few choices to consider:

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Special points of interest:

- > Finding the Right CRM Software
- > The Challenge of Workflow
- > Dealing with an Employee Termination

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Choosing the Right CRM (continued from Page 1)

- a. **Off-The Shelf Choices** – Act! (Including Act! for Advisors, www.act4advisors.com), Goldmine (including the Breaking Away Version, <http://www.ticomix.com/Customer-Relationship-Management/BreakingAway>), etc.

While these are popular choices, limitations include potential inability to link client data from other sources, limited workflow management features, etc. Benefits may include lower one-time cost (with the potential cost of upgrades later).

- b. **Web-based Off-The Shelf - Salesforce CRM** (www.salesforce.com/crm), **Microsoft Dynamics CRM** (www.crm.dynamics.com). While both of these solutions are feature-rich and popular, they may require substantial customization to fit the way a financial practice operates. With per user subscription pricing, costs can quickly add up.
- c. **Financial Advisor Configured Solutions** – In this category, there are several choices, among them **Redtail Technology** (www.redtailtechnology.com), a popular web-based solution that has great features including a flexible workflow management and task assignment system, multiple integrations with outside data providers and softwares, and competitive pricing. **Junxure** (www.junxure.com), a server-based solution with highly customizable features and a feature-laden interface that is regarded by many experts as high-end. One surprising entry in this category is **Advisors Assistant** (www.advisorsassistant.com). It is surprising in that, although it has been around awhile, many advisors may have dismissed it based on its prior functionality. However, Advisors Assistant has increased its functionality, including a new, updated interface, easier navigation, improved workflow management and it contains broker dealer appreciated features such as master accounts and assigned databases, which is desperately needed by many B/Ds needing supervisory-type configurations. It is also useful with multi-advisor offices needing segregated databases with some centralized functionality (such as shared staff access to client information, etc.). It also has advanced capabilities to auto-capture insurance valuation data, critically missing in other solutions.
- d. **Integrated/Holistic Solutions** – Two notable choices in this category include **Interactive Advisory Software** (www.IASSoftware.com) and **eMoney Advisor** (www.emoneyadvisor.com). Both of these are outstanding solutions for what they do. However, consideration should be made for whether all of the pieces of the solution match what the firm is looking for. In both cases, though, they seem willing to work with outside integrations. IAS is a holistic solution, a true shared database with multiple modules that can tap into that database and perform complementary functions. eMoney offers integration of data across all functions, sometimes referred to as a silo system. Both offer outstanding client portals.

4. **Review the institutional issues** – Depending on how you are set up, you may be a broker/dealer affiliated firm, an independent RIA or other type of firm. If you work with an institution, custodian or B/D, chances are there may be choices available to you, some at discounted prices that could affect the purchase decision. In cases where a CRM is available through an institution at an attractive price, but the functional aspects of the software do not exactly match what you are looking for; it may be wise to see if a customized version can be created to better fit your situation and needs. In many cases, these institutional choices could be pre-configured with data integrations to make the task of automating the data aggregation/collation that much easier. And, they may also have been configured to share data with other programs offered by the institution that you need. (i.e. financial planning software, portfolio management software, etc.)

Choosing the Right CRM Software

(cont'd from Page Two)

5. **Perform a Return On Investment (ROI) calculation** – This type of calculation can go a long way to convince a financial advisor on the wisdom of the particular choice being considered. In this calculation, you need to consider all of the costs associated with the purchase. That should include both the hard dollar and the soft dollar costs/benefits. Some of the line items that should be considered in this process include:

a. Costs

- **Purchase price** (subscription cost) – hard dollar cost
- **Installation cost** (some software companies offer data migration services at no cost, others charge fees)– hard dollar cost
- **Customization cost** – using a third-party provider to customize the database or build add-ons – hard dollar cost
- **Employee conversion costs** (to spend time converting/verifying data to the new software) – hard dollar cost
- **Employee aggravation** – Soft dollar cost (hard to measure)

Benefits

- **Increased Efficiency** – expressed in employee hourly costs saved – hard dollar benefit
- **Increased Profits** – potentially lowering operational costs can extend net profitability, even in cases where no additional gross revenue is realized – hard dollar benefit
- **Increased Capacity** – the ability of the firm to take on more clients, without necessarily hiring more employees, increasing office space or purchasing additional equipment. – hard dollar benefit
- **Increased Practice Value** – extending what a firm can do, expanding its reach, its potential and its services most often results in a higher practice value – hard dollar benefit
- **Creating a more harmonious work environment** – soft dollar benefit

Another key consideration in purchasing and, especially, replacing a CRM software that may have been used for a period of time by employees, is the potential for push-back by those same employees. Therefore, a key piece of advice to heed would be to include your staff in the decision-making process. Performing the ROI calculations might be helpful in this process as you could document the actual benefit to the employees (as well as clients) of utilizing the new CRM solution.

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The Challenge of Workflow

If there is one aspect of a financial advisor's daily operations that has drawn questions in light of relatively new computer software offerings, it is workflow. Workflow management is a key way to ensure the smooth and efficient operation of a financial practice while permitting staff to accomplish common sets of tasks associated with a workflow. Workflow management systems vary, but one aspect they share in common is the establishment of a series of tasks that generally can be configured to automatically assigned based on the completion of a prior task or workflow task set.

The advantage of these systems is the avoidance of missing steps in a workflow process and/or allowing things to slip through the cracks. Consistency and timeliness in accomplishing sets of tasks, particularly where it involves communications with the client, are important aspects of increasing the profitability and decreasing the costs associated with the practice. The reduction and/or elimination of errors and duplication of tasks is another potential advantage.

So, if it is clear that workflow is such a great benefit to financial advisory practices, why is it not more universally used? One reason may be the complexity involved in developing workflow procedures. Another may be the mis-perception that establishing standardized procedures in a firm detracts from the customized nature of the relationship with the client.

To better understand and apply the concept of workflow to your financial firm, it may be necessary to first understand what workflow is, how it works and what steps are needed to build workflow systems in your office.

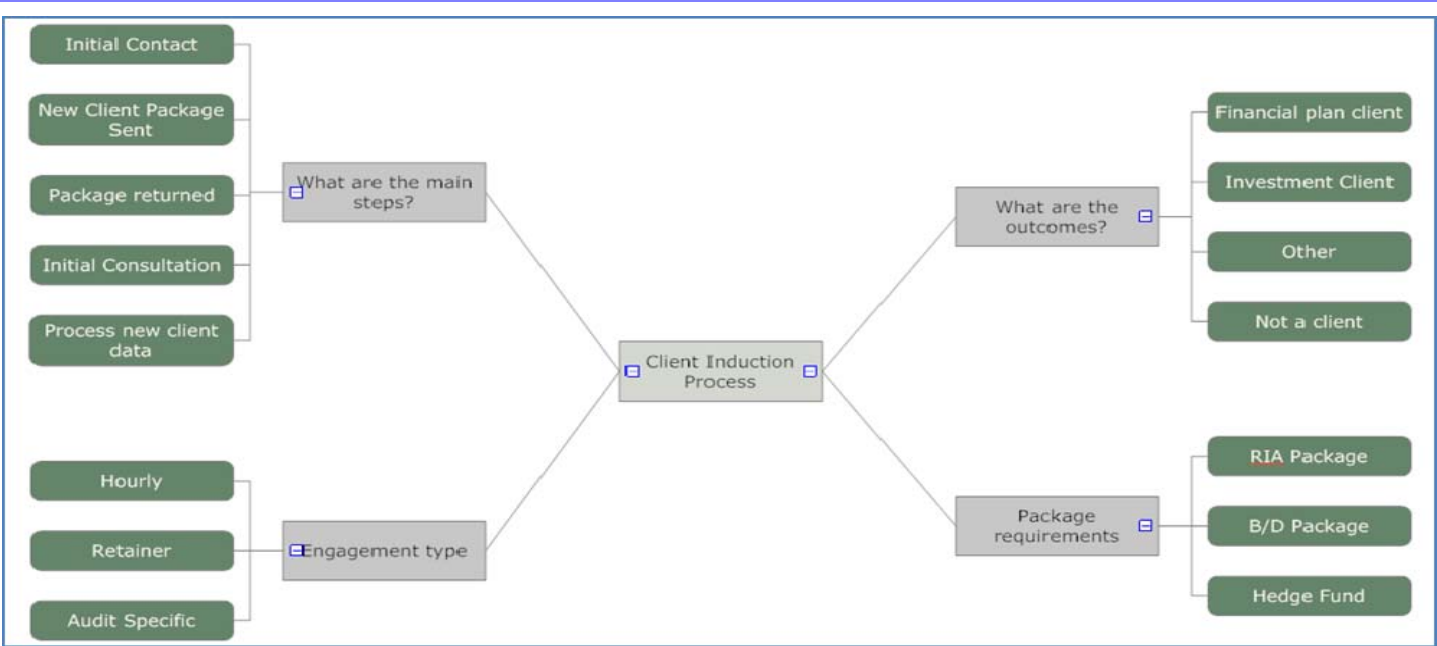
One definition of workflow is that a workflow consists of a sequence of connected steps. It is a depiction of a sequence of operations, declared as work of a person, a group of persons, an organization or staff, or one or more simple or complex mechanisms.

The development of a workflow should have at least three steps: 1.) **Strategic planning** step which might include developing a mind map that can sort through all the random thoughts associated with workflows and organize them in some way, 2.) **organizational step** in which a flowchart or other similar tool might be used to depict the flow of activities/tasks/events associated with a particular workflow task set, and 3.) **written steps** in the workflow.

For purposes of illustration, a mind map might look similar to the following:

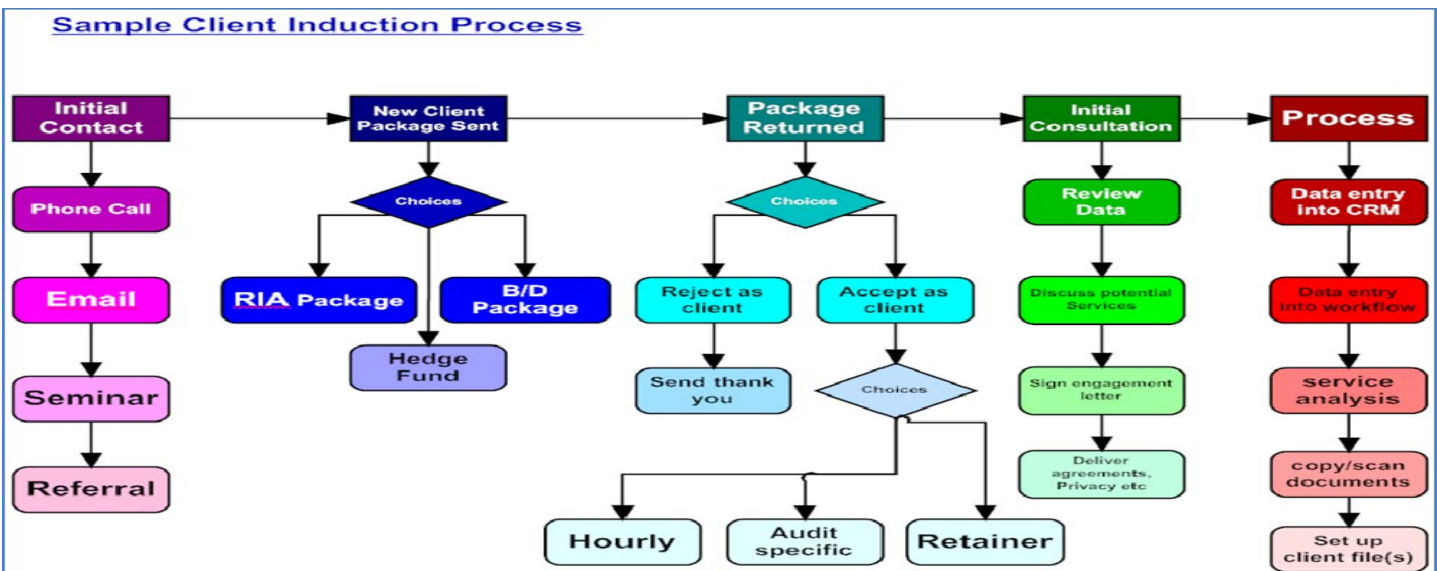
The Challenge of Workflow

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If you do not already have mindmapping software, you may wish to check out www.mindjet.com, www.mindgenius.com, or the free <http://freemind.sourceforge.net>. If you already own a version of SmartDraw (www.smartdraw.com), you may already have mindmapping capabilities. The beauty of mind mapping is the ease with which you can re-arrange blocks of ideas/information/topics to create an organized approach. Once organized, you may wish to transfer this to a flowchart to better understand and depict steps in a workflow process.

Flowcharting is done to illustrate steps in a series of tasks associated with a workflow. There are several flow-chart programs that can be used for this purpose, including the aforementioned SmartDraw.



The Challenge of Workflow (continued from Page 5)

The above is an example of such a flowchart. This particular one shows a variety of different kinds of elements within each task set. There are at least three possible types of task sets, Sequential, Non-sequential and decision trees. Sequential tasks are tasks that are accomplished one right after the other. In workflow management programs, generally the system ‘fires’ (begins) the next task based on the successful completion of the last task and so on. In non-sequential tasks, you may have several tasks that need to be accomplished all at the same time. This would be where the completion of one task could trigger the automatic assignment of several tasks at once. In Decision trees, what happened in the prior task might determine which of a list of future tasks must then be accomplished and the system could automatically create the appropriate next step(s) based on the how the prior step was completed or determined. These three typical choices are easy enough, on their own, to understand. The reality of complex workflows though is that a workflow task set very likely could be comprised of several different types of tasks adding to the confusion in developing the workflow. There is also the issue of tying workflows to a database. With some client relationship management software programs (CRM), workflow features are available and can be directly tied to the associated client database. This offers several advantages in that if one needs to check on the status of a workflow for a particular client, it can usually be found in the client’s record. Junxure (www.junxure.com), ProTracker Advantage (www.protracker.com), Redtail (www.redtailtechnology.com), Upswing (www.upswingcrm.com), Goldmine (www.goldmine.com), and several others contain workflow features (albeit on differing levels of sophistication). However, workflow is not exclusive to CRMs. There are stand alone workflow programs and workflow features can be found with such document management software as Laserfiche (www.laserfiche.com).

Another key aspect of efficiency in the use of workflows is in the management of the workflow process. Most workflow software products have reporting capabilities that can simplify the process of managing people and resources. Having the ability to view a list of outstanding workflows and/or completed workflows can free a manager from having to constantly ask employees what work is going on in the office. Having the ability to generate FYI type emails can also help, however in busy offices this can quickly become a burdensome list of emails for a manager to have to sift over each day. In those cases, generating a dashboard type reporting system or building lists for daily viewing is preferred.

In reviewing the lists, it is quick and easy to spot areas where slowdowns are occurring which can focus a manager’s attention on those items for follow-up and review. It may help in spotting training opportunities or system bottlenecks as well. For the system to work well, managers as well as staff must be trained in how to use it effectively. In the end, how efficient workflow can be in a financial advisor’s practice is going to depend on the buy-in by all parties involved in the process.

At the most recent Technology Tools for Today Conference, held in Weston, Florida on February 16-19th, Workflow was one of the most popular topics on the agenda. According to James Carney, CEO of By All Accounts, software ‘should work like a refrigerator’. By this, he meant that software should be easy to use, work the way it is expected and not require the user to understand how it works as much as that it works. With a refrigerator, we only want to be able to organize it to find things easily and that it keeps our food and beverages cold. We do not necessarily need to know how the compressor works. In workflow software, the goal is to make the process of accomplishing sets of tasks easier and more efficient, as well as simplifying the management process.

Dealing with an Employee Termination

Employee management constitutes one of the great challenges in managing a financial practice. Even when things are going well; it can be a challenge to keep and motivate employees. Keeping high levels of productivity in an office can also be a challenge. So, when there is a possibility of an employee termination, for whatever reasons, it only adds to this challenge. The question is, how do you handle an employee transition, regardless of the circumstances?

To answer this question, first is to determine what sort of termination is looming. There are essentially two types: **Voluntary** and **Involuntary**. Under the voluntary category, this could be a mutual decision by you and the employee to part company or it could mean that the employee has chosen to leave on their own. Either way, there is a procedure that should be followed.

Under the involuntary category, there is also a procedure, similar to the voluntary procedure, but with some needed extra steps. Let's take a look at the voluntary procedure first.

You should consider developing a employment termination checklist. This would entail a number of items to be considered such as company property to be returned (keys, laptops, handbooks, badges, parking passes, etc.). Also, there should be a list of computer-related issues to address, such as removing information from any home computer related to the company, locking access (remote or otherwise) to the office computers/servers, review and change of any/all passwords that apply, cancellation of employees email account(s) and automatic notification to clients that the employee is no longer employed by the firm.

Other issues include a determination of any wages or other compensation that may be due and payable (vacation accrued, etc.), continuation of health insurance coverage (Cobra or otherwise) and other employee benefits that may apply. Removal of the employee's information from the company website, removal of the employee's voicemail message and removal of the employee as a contact in press releases, etc. is also necessary and should be on the checklist.

If the employee had a company issued credit card or signature authority for any banking or credit accounts, this should be addressed as well. Security issues include the possibility of changing locks on doors and/or changing entry codes on keypad locks. Relocating petty cash or access to the company's checkbook may also be necessary. Don't forget to change passwords for online banking if applicable. The completed checklist should be placed in the employee's file.

And, while this seems like a lot to consider, it is only part of the steps needed to fully protect the firm. Some States have statutes that must be considered in employee termination cases. 'Right to Work' laws and 'At-Will' employment laws can have an impact on the viability and/or potential financial consequences of terminating an employee. For those States that have 'At-Will' employment laws, the definition of an employment relationship is one in which either party can break the relationship with no liability, provided there was no express contract for a definite term governing the employment relationship and that the employer does not belong to a collective bargaining group (i.e., has not recognized a union). Under this legal doctrine:



Dealing with an Employee Termination (cont'd)

any hiring is presumed to be "at will"; that is, the employer is free to discharge individuals "for good cause, or bad cause, or no cause at all," and the employee is equally free to quit, strike, or otherwise cease work." (Source: [^](#) Mark A. Rothstein, Andria S. Knapp & Lance Liebman, *Cases and Materials on Employment Law* (New York: Foundation Press, 1987), 738.)

Most States observe at-will employment. Consequently, there may be no legal consequences to terminating an employee for cause or no cause. However, there still may be financial consequences, particularly in the area of unemployment compensation and impact on the firm's Federal and State unemployment tax rate. For this reason, it is critical for the firm to document the reasons for the termination in the event that it must defend its position in light of an unemployment claim.

The aforementioned checklist is part of this process of defending the firm. An additional step that is strongly encouraged is an exit interview in which the terms of the termination are fully discussed. The exit interview should contain the following sections:

Employee Name _____	Termination Date _____
Employee ID # _____	Eligible for Rehire <input type="checkbox"/> Yes <input type="checkbox"/> No
Job Title _____	Job Code _____

Reason for Termination

Voluntary

- Another Position
- Personal Reasons
- Relocation
- Retirement
- Return to School
- Other _____

Involuntary

- Attendance
- Violation of Company Policy
- Lay Off
- Reorganization
- Position Eliminated
- Other _____

Additionally, the exit interview form should contain sections that record the comments of the interviewer and a section for the departing employee to fill out stating their side of the story along with a place for them to sign acknowledging that they understand the reasons. The purpose is to offer the opportunity for fair access to the employment record. The employee may feel unjustly terminated and without being given the chance to state their side of the story, could walk away with a bad feeling about the company that could result in negative publicity or legal action for the firm. While it is likely with involuntary terminations that bad feelings will result, the purpose of the exit interview is to, as much as can be possible, mitigate those feelings and permit the employee to, at the very least, fully understand the circumstances surrounding the decision to terminate their employment.

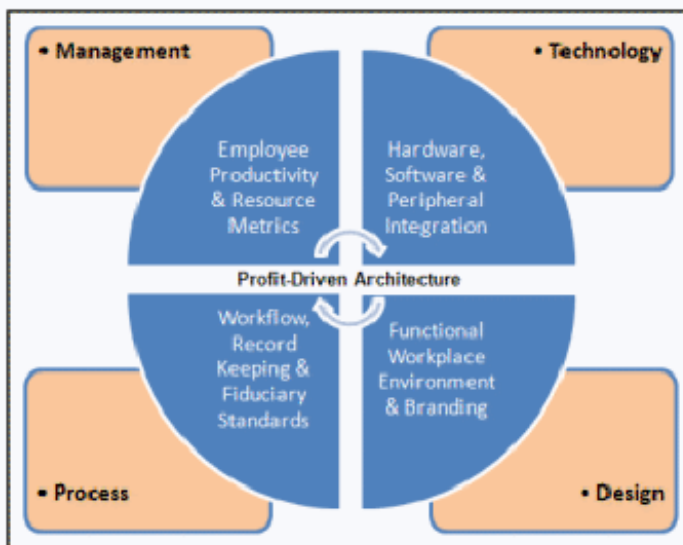
In cases where the termination is due to circumstances outside of the employee's control (such as the elimination of a position); it may be prudent to offer to help in the placement of that employee with another firm. This help may be predicated on the longevity of the employee with the firm and the applicability of that person's skill set to another firm's needs. But, at the very least, it constitutes a best-efforts attempt to help that should leave that departing employee with a better feeling about the termination.

Dealing with an Employee Termination (Cont'd)

Certainly, the financial considerations are also a way to leave a departing employee with a more favorable impression. Calculating what is fair and just in compensating the terminated employee is a key issue. In cases where the termination is for cause, the financial compensation should be limited to what is actually owed to the employee (such as accrued vacation time, unpaid compensation, etc.). With the employee who is terminated due to other reasons (such as the position being eliminated), consideration should be made for some forward compensation in addition to the accrued benefits. This forward compensation may be calculated based on longevity (more than 5 years on the job qualifies for x weeks' severance, etc.). But, it is critical to pre-document this scale in an employment manual with all the qualifiers. In the end, the goal of a termination is to leave the firm in a better place and to, as much as possible, leave the departing employee with a good feeling after the termination. Obviously, there are times when this may not be possible, but that is the goal. Fully documenting the reasons for termination and taking all the necessary steps can prevent future issues or security problems and protect the firm going forward.



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