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Client onboarding

First impressions drive lifetime outcomes

Client onboarding – first impressions drive lifetime outcomes

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Introduction

A recent survey by a leading independent research and advisory firm, found that only 30% percent of wealth management businesses regard the client onboarding process as an opportunity to create competitive differentiation[1].

This represents a significant lost opportunity to c eate a positive impact with clients, and highlights the extent to which the onboarding process is overlooked when determining the life-time profitability of client elationships.

The risks of not developing and then executing a proper onboarding strategy are both high and potentially costly, driven by the fact that the client – having decided to switch from their current provider(s) – already has a degree of change momentum. In other words, the start of a new relationship is actually the time clients are least 'anchored' and are more likely to switch again.

Realising that their brand is very much on show during the onboarding stage may help advisers reframe their approach.

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What is onboarding?

How an adviser answers this seemingly straightforward question generally provides a good indication of the scope for improving the process and business outcomes. Do you consider onboarding to be about administration and paperwork, or about marketing and branding?

If onboarding is seen simply as the process of welcoming to the practice those who have just signed on the 'dotted line', with the centrepiece being a 'welcome pack' and a welcome meeting/phone call, then there is a real risk that your

onboarding process is actually 'unselling' the customer you have worked so hard to land.

On the other hand, if the process is seen as one which begins from your very first contact with a potential client, as one where your brand is on show with every interaction, and as one which can lock in loyalty and advocacy for years to come, then you are probably on the right track.

The risks of doing it badly

- Unhappy clients, who are already in switch mode and simply decide to switch again

- A reluctance to provide referrals

- Poor understanding of your value proposition and your breadth of offering (so reduced share of wallet potential)

- Time wasted talking to (or signing up) prospects who are not suited to your practice

- Misalignment between service expectation on the client's part and delivery on your part (resulting in over or under servicing)

- Lower staff engagement

Guiding principles for building a successful onboarding process that leads to higher value client relationships

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1. Start at the very beginning

Assemble your team. As the new client onboarding process should be a team effort that involves your client interacting with more than just the lead adviser, the process should be jointly defined by a c oss-functional team of representatives from each of the client facing functions. The more your client has a relationship across your practice rather than just with you, the less 'single point dependency' you have and the easier it becomes to offer clients first cal resolution.

Before you can define how your onboa ding processes should be updated, your team must first ensu e that you have properly answered some basic questions of your business:

- What does our brand/business stand for?

- Who do we serve / who is our ideal client?

- How would I like my brand to be perceived by clients and other advisers?

- Why do prospective customers come to our business? Are they coming because of referrals, or do we actively have to generate leads? What did they perceive of my brand prior to contact us?

- What is the state of our current onboarding process? What does it say about the brand? What do clients have to say about the process?

- If our business was designing the ideal client/brand experience from scratch, what would it look like from the inside and the outside?

Put more simply, think about why people chose you to be their adviser – what aspects of your brand and your practice's brand drives that choice? Does the process

reflect their choice? Does it eflect how you want your brand to be seen? (For example a young, tech savvy practice is likely to attract likeminded clients, and so where possible should make the process paperless; signing the client up for eStatements, use soft copies of PDSs and other documents etc).

> What aspects of your practice's brand drives clients to choose you? Does your onboarding process reflect that choice?

2. Make your process differentiating, engaging and memorable

If onboarding was renamed 'brand launching', you may look at it in a different light entirely. After all, you are in a relationship building process and relationships are not 'mass produced'.

As you go about redesigning and implementing your new onboarding process (or simply updating your existing one), remember that the human touch is needed from the start; it's not just about legal documents and technology, it's about connecting.

Address the ways your business communicates with prospects and enquiries, and plan a process that actively works and engages with clients for at least the first 6 months after the client has signed on the dotted line.

Map (visually or with a flow-chart) the ideal p ocess from a client's perspective, and then match that with the various actions and services your business can deliver. Develop a set of check-points that helps guide the process from step-to-step, employee-to-employee, ensuring that critical steps in the process are always completed in the right order and properly spaced so as not to overwhelm the new client.

> Formal client feedback should be sought at least twice in the first 12 months of a new relationship

3. Does this client fit my business?

Leading advisers are selective about who they take on as clients, applying a range of criteria to determine if the relationship is likely to be sustainable. They use the firs appointment as an opportunity to screen potential clients for suitability and fit with the practice, potentially saving lot of wasted energy down the track.

Implicit in this, is the importance of doing a true fact find; not a 'pre-SOA' questionnaire but a thorough interview to determine whether that client would actually be a good fit for your business (the best advisers do not take on everyone who walks through their door). Good fit is not just about their situation or assets; it's about their personality, their goals and aspirations.

Be honest with a potential client about every aspect of your service, and make sure they are honest too. Don't be desperate and don't set false expectations. Trying to make a relationship work when it is doomed from the start is not good in life or in business – so where there isn't a fit between the prospect and your business, it is okay to refer that prospect elsewhere (ideally to a referral partner you already know will be more suitable).

4. Remember that onboarding starts from the very first contact with your (prospective) client.

Remembering that the onboarding process actually starts before that first meeting takes place can be an invaluabl way of making a lasting first imp ession.

That first contact may be with your website, or on Google, or when they first call in for an appointment. So think

about that experience.

Considering first contact as the start of your onboa ding also forces you to apply the principles of consistency that should be reflected th oughout your entire process; consistency of experience, consistency of language and consistency of materials.

When planning changes to your onboarding processes remember to consider including changes to the initial prospecting phase, so that you deliver the best first impression possible. Then work to deliver on that initial promise.

> The first contact someone has with your practice maybe your website, so consider that part of your brand building and onboarding experience.

5. Put yourself in the clients shoes

Your client isn't a financial expert; that s why they need an adviser. The complexity of financial p oducts can be overwhelming, as can be the various documents, statements, and requests for information. Put yourself in their shoes, and work on the basis that they have no knowledge of the content, chronology, or significance o each step of the product issue process.

Life insurance in particular can be fraught, especially if a client has been issued cover with exclusions or loadings. If they receive documents with lengthy exclusions which they don't understand, it can undo all your hard work and assurances, so get on the front foot in explaining things to them.

When speaking with clients, avoid using industry jargon and acronyms without first p oviding an explanation of the terms.

And remember that as various PIN numbers and log-ins etc are generated and sent to clients, they may be a bit overwhelmed, so make sure you take the time to explain all this.

Also it's probably advisable to avoid directly telling your client that you're "onboarding them" or "signing them" – try more client friendly ways of addressing new client integration, such as "welcoming them" or "introducing them to the practice".

Think about ways you and your team can help guide new clients through the process, either in person or through helpful resources such as flyers or even videos (personalised or generic) on what to expect.

All those policy documents, PIN numbers and welcome packs can be overwhelming; do what you can to help your clients understand these items.

6. Match communication techniques to the client's preferences

On a similar note, communication is not a one-size-fits all proposition. No matter how closely your clients all fi into your picture of the ideal client for your business, their communication preferences may differ greatly. What works for one client may not be even remotely suitable for another. Some clients may like to hear from you more often than others, some as little as possible. For some clients emails and letters outlining information, that may be perused at the client's time of choosing, are fantastic; whilst others will prefer a quick (or long) phone call or meeting to review the details and ask questions.

Remembering this, your onboarding process must be flexible enough to t eat each client as the individual they are. Establish and make a record of your client's preferences early in the process. And make sure you ask, rather than assume (there are plenty of retirees who prefer digital communication and Gen Y'ers who want face to face meetings).

Don't make assumptions about your client's communication preferences, ask them.

7. Articulate your entire proposition

This may sound like the most straight-forward of instructions, but it is an important step often forgotten.

And your proposition doesn't stop with the financial advice provided in the prepared Statement of Advice. Remember to articulate the value of the service you are offering (your unique business offering), including the key points of difference in your onboarding process – after all, you've made a considerable investment in developing a proposition that adds value to the adviser-client relationship.

8. Packaging matters

The reason brands invest so much in packaging is because we DO tend to judge a book by its cover. Think about investing in good quality stationery, such as folders, document wallets etc. If you are really keen, think about value adds for clients such as expanding files with tabbe sections (life insurance, estate plans, etc). Empty tabs can be a great point to start a review conversation down the track. Some advisers have been known to give their clients safes and fi eproof boxes to help protect valuable documents.

Other tools you should consider include a 'Claims Guarantee' letter, which reinforces the value of the service you will provide at claim time (which is often hidden or unseen as claims are infrequent) and a wallet card with your mobile number, so your client knows they can contact you 24/7 (they are unlikely to call you at midnight but they are reassured to know that they could).

A 24 hour contact card can provide comfort to your clients, even though they are unlikely to call in the middle of the night.

9. Be very transparent

Honesty is a fantastic way to build a new relationship quickly. It goes without saying that transparency about fees and commissions is a fundamental demonstration of that trust (as well as being a legal necessity!).

Ensure also that all client facing staff have the same honest and open attitude, explaining the need for information or the completion of certain processes as they engage with the client. This will demonstrate quickly to your new client the consistent level of open and honest service they can expect throughout the relationship.

And should a problem arise, be proactive about addressing it with the client as soon as reasonably possible, apologising for any inconvenience caused. Even

the most brilliant and well thought out process can fall short, resulting in the occasional error or oversight. If you proactively address issues with the client, chances are they will understand and appreciate the honesty.

10. Establish accountability and responsibility

Allocate ownership of (and accountability for) the various steps in the process to the most appropriate individuals within your business. Certainly it is unlikely that having the lead adviser steer the client through the entire process is a sensible use of their time, as good as it may seem for the client.

Appropriateness can be based on many criteria, such as special expertise, client value, existing relationships etc.

The onboarding process is actually the perfect time to showcase the breadth of your offering and to build confidence in the abilities of your wider team – think of it as business continuity (or "if I get hit by a bus") insurance that you've actively created a positive relationship and level of trust between your clients and your wider business. (It also makes it easier for you to take holidays!).

And now is the time to assess if the process may require you to bring new people on board to manage client-facing tasks. Perhaps consider bringing on a client concierge; someone to help clients through the initial phase of joining your practice in a similar fashion to how a company HR team assist new staff as they join the business.

11. Don't forget the training

Having taken the time to reinvent your onboarding process, make sure that everyone in the business is up to speed on the new protocols and processes, and has the

necessary skills to perform their part.

This may involve specific training or e-training of some staff with regard to putting the processes into practise, training around better ways to converse/interact with clients (especially for staff who new to client facing aspects, who would have traditionally been considered back office sta f), or the utilisation or management of new software packages.

12. Use technology to automate where appropriate

Whilst technology is certainly not a replacement for a considered and client friendly end-to-end onboarding process, it has its place in the process. The transition of a prospect to a client can be a cumbersome process as you and the client jump through the various regulatory hurdles.

The right onboarding software can help save you time, and money by digitising and automating the process based steps of onboarding, such as account setup, and regulatory and 'know your customer' compliance tasks; reducing data collection errors or duplication, and freeing you to spend more time building that personal relationship with clients.

The *Top 10 Trends in Wealth Management 2018 report*[2] showed that the introduction of modern technology, such as robotic process automation (RPA) into the basic, logic based tasks of the client onboarding process such as a Statement of Advice can help keep costs down and accelerate the firms digital transformation strategy.

When considering which processes of client onboarding should be automated, look for:

» manual paperwork/document generation or compliance tasks that could easily be digitised and reduce the need to process or store paper-based information suck as Know Your Customer and other due diligence process.

» common points of duplication – have you asked the client for the same piece of information or document multiple times?

» chatbots can provde an efficent and user friendly way to engage with the customer to manage simple interactions such as updating customer information or simple Q&A in real time, without the need of intervention.

In deciding to implement a solution, it important that you and your business consider the way technology, such as RPA, can be used across all business functions.

Modern technology can enable firms to do things faster and cheaper by brining efficencies into the business. There is also enhanced security compared to human driven process.

Additionally, integrated business applications that are able share information (e.g. between your CRM, onboarding, and accounting software) or to automatically deduce the completion of key process steps, such as the completion of forms, requirement for additional forms, or provision of required identification (with limited equirements for manual input) are able to help your firm to automate, smooth and minimise the regulatory and contractual processes of onboarding, and build and accurately measure KPIs related to these processes.

13. Seek your client's feedback – at least twice in the first year

One of the easiest, and cheapest, ways to ensure that your new clients are satisfied with the service they a e receiving during onboarding is to ask. It is important to seek specifi feedback on your onboarding process and how well the experience fit the client s information and financial needs

Well-thought-out and well-worded client surveys are one of the best ways to engender client engagement and trust, and to measure the impact of your onboarding processes.

And don't just put the results in the drawer. If a customer has indicated a specific action or p ocess that they feel didn't meet their needs or expectations, be sure to look at ways to amend the process (and make a note to look into it further during your major process reviews).

14. Track and measure the process

Just as with your business, your onboarding process should be constantly evolving – ensuring it remains a point of competitive differentiation. Your process will never evolve at the rate required if it is not actively tracked, measured and adjusted accordingly.

Process measurement is an important part of keeping your onboarding process a relevant and distinctive point of differentiation. In addition to surveying the new clients you bring on board for their personal views, as you build your new onboarding processes put in place monitoring systems and measurable KPIs that help to identify parts of the process that may not be functioning to the greatest effect.

One of the most important metrics to capture and assess is obviously client satisfaction; ideally this is measured several times during the first 12 months of a new elationship. KPIs could include time taken between different stages, and conversion rates at those stages. You could also compare time taken when outsourcing aspects of the service such as tele-underwriting of risk applications. Retention rates could also be measured. Performance against any Service Level Agreements (with internal or external stakeholders) should also be checked regularly. Other aspects of the process to measure include overall throughput (volume and dollar value), amount still in the pipeline, and average cost per customer. Compliance KPIs are important too. Analysing these metrics by referral source, client type and age and by lead staff member can also prove useful.

Plan to use the data captured in your measurement process in a twice annual review of your overall onboarding processes, introducing changes as necessary.

One final note...

Lastly, make the process one your entire business is committed to delivering on consistently. Again, and again, and again.

Australian advisers and onboarding – latest research

Figure 1. When does the onboarding process start?

Base (n)	%
	(194)
The very first appointmen	51.0
Once the agreement to get an SOA done is reached	20.6
Once the SOA has been presented	5.2
Once the agreement to proceed with your recommendations is reached	15.0
Once all application forms associated with your recommendations are signed	5.2
Other time	3.1

Comments: *The majority of advisers recognise that they must start making a lasting impression from the very first appointment. If you see onboarding as being about your brand experience, then the true start of the process is when they first touch your brand (for example when they visit your website).*

Figure 2. How often do you seek direct client feedback in the first year of a new relationship?

Base (n)	%
	(194)
Once	31.4
Twice	16.5
Three times	6.7
Four times or more	8.2
I do not usually seek any formal feedback	37.1

Comment: *Ideally feedback will be sought at least twice in the first 12 months (the first time within three months). Almost three quarters of advisers surveyed didn't meet this threshold, with nearly 40% saying they don't seek formal feedback at all.*

Figure 3. Do you have a formal onboarding process and/or checklist?

Base (n)	(194)
We have a formally documented onboarding process	40.7
We have a formally documented onboarding checklist	39.2
None of the above	20.1

Comments: *Almost one third of advisers surveyed said they had a formally documented checklist. Just over a quarter said they had neither a formal process nor a formal checklist. The absence of such guidelines makes it harder to replicate the process consistently, which in turn can make it more difficult to train other members of your team and undermine client experience.*

Figure 4. How many people are involved in your onboarding process?

Base (n)	%
	(194)
One person involved	30.4
Multiple persons involved	69.6
Multiple:	
2	38.7%
3	20.1%
4	6.2%
5	3.1%
6	1%

Comments: *Seven out of ten advisers surveyed said that more than one member of their team was involved in onboarding any given client. Whilst this is an ideal team to showcase your value proposition more broadly and promote the depth of talent in your practice, having 4 staff or more involved may begin to make the client feel unloved.*

Figure 5. Who looks after the major part of your onboarding process?

Base (n)	(194)
The same adviser who delivered the SOA	55.7
The service staff member who was allocated to that client	25.8
Our dedicated onboarding manager	8.2
Any service staff member available at the time	5.7
Other	4.6

Comments: *As to be expected, in the majority of practices, it is the adviser who delivers the SOA who does most of the work in the onboarding process. Interestingly nearly 10% have a dedicated onboarding manager, a figure which is likely to increase as more advisers look to maximise the value of their time to their business.*

Research methodology

Research conducted during October 2017 by Lewers Pulse Survey, via online survey to 194 advisers.

Sources:

1. https://hubdesignsmagazine.com/2014/05/19/client-onboarding-for-competitive-advantage/

2. https://www.capgemini.com/wp-content/uploads/2017/12/wealth-managment-trends-2018.pdf

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