

Building Client-Centered Web Sites

by Ed McCarthy, CFP®

Looking to the Web for information on companies and products is commonplace these days—often the first thing consumers think to do, and the first thing companies think to use in their promotion and marketing. Financial planning practices are no different. Yet some planners have been slow to embrace Web sites, unsure what they should look like or concerned about regulations. This article addresses some of those questions. What kind of Web site should you have? Can you build it yourself or should you hire an expert? How does your broker/dealer figure into this? What's good for your clients...and for your business?

Financial planners' Web sites vary widely in their complexity. At one end of the scale are the online "billboards," or brochures, that provide static content. These sites typically contain standardized information that would benefit a first-time visitor who knows little about the firm:

- About Us (principals' bios)
- Our Philosophy (approaches to financial planning and investment management)
- Useful Links (including financial sites, news sites, calculators)
- Account Access (for clients)
- Contact Us (directions, phone numbers, and e-mail addresses).

These sites can be useful because they give prospective clients sufficient information to facilitate self-screening. For example, if a firm works only with retirees who have \$2 million-plus portfolios, prospects who read that information and don't fit the profile are less likely to call.

A much smaller number of firms occupy the other end of the spectrum, taking a more interactive approach; they seek and implement the technologies that can exploit more of the Web's functionality. Their sites provide brochure information but supplement it with features and content that encourage repeat visits. On some sites, for example, the firm's principals or staff write investment market commentaries and articles containing financial planning or wealth management advice. Other firms outsource this function to content providers that supply them with professionally written material. Some sites provide secure online storage for client documents, while others also have conferencing functionality.

I visit hundreds of financial advisory firms' Web sites each year to find sources for articles. My impression is that the majority of planners' sites tend toward the static billboard or brochure model. That's not to imply a deficiency of any kind or to say that a fuller-featured site is a requirement: Many very successful planning firms have billboard sites. But this limited model ignores much of the medium's potential. Northern Trust's Passport suite (www.northerntrust.com) is an example of a site with extensive functionality. At the Private Passport site, clients can access account information, initiate transactions such as account transfers, wire or send money via ACH (Automated Clearing House), pay bills, take loan advances and make payments; and initiate Northern Funds transactions. Moreover, that's just one part of the site—other sections include tools for managing a family's wealth. The company also provides a full range of constantly updated content, some of which is in podcast form.

Admittedly, comparing the online capabilities of Northern Trust with its \$760 billion of assets under management to even the largest planning firms is a stretch. From a business perspective, however, it's conceivable that a small wealth management firm and a large financial services firm could both be pursuing the same high net worth prospects. That's increasingly likely to happen as banks and other large players expand the ranks of their private bankers and advisors who focus on wealthy investors. If a prospect values online functionality, a billboard-style site will pale in comparison with a competitor's full-featured site.

Don't Forget Social Networking

The emergence of social networking sites such as MySpace.com and Facebook.com is another Web-trend that poses a challenge and opportunity for advisors. These sites have become an ingrained part of our culture so quickly that we forget they didn't exist five years ago. MySpace has been ranked as the world's sixth most-frequently visited Web site; it has roughly 208 million users, and another 250,000 join the service each day.

Although the majority of these sites' users are under age 35 and not part of many advisors' target markets, that doesn't mean the social networking concept can't be adapted to older affluent audiences. The New York City-based Institute for Private Investors uses its online Memberlink® services to supplement in-person educational and networking resources for its high net worth members and participating advisors. A *Wealth Report* article in the *Wall Street Journal* ("My Space for Millionaires" by Robert Frank, November 30, 2007) described two networking sites for the high net worth crowd: (1) aSmallWorld.net with more than 250,000 members, and a new site, London-based Diamond Lounge (www.diamondlounge.com). The article concluded that maintaining exclusivity on social networks that use wealth as the primary criterion has

proved difficult.

That challenge hasn't diminished the concept's appeal, however. The recently launched Wealth Management Exchange was founded by an entrepreneur who sold his business and soon realized that managing wealth was more difficult than he suspected. He had unfavorable experiences with several advisors and decided to seek out other investors to learn from their experiences and insights. The following text from the site's home page (www.wealthmanagementexchange.com) describes his goal: "In speaking to friends and family who are in similar financial positions, I learned that many have similar concerns and issues. And while the mega wealthy (anyone with more than me) have family offices that take care of many of these issues, those of us with \$5 million to \$50 million in net worth (and one can argue that people above and below this level as well) need to stay in control of our estates. We shouldn't delegate the quarterback role to anyone."

Building Your Own

Planners' Web sites reflect several factors: their vision of the medium's potential; their development resources, in terms of both available funds and technical knowledge; and regulatory constraints. Although Dave Yeske, CFP®, a San Francisco, California-based planner, has had a small practice for most of his career, his Web site, Yeske.com, consistently included innovations that he implemented himself. (Yeske and Elissa Buie, CFP®, have married and combined their firms into Yeske Buie (yebu.com), which will maintain offices in San Francisco and Vienna, Virginia.)

Yeske groups planners' sites into three levels. A Level 1 site is the previously mentioned online brochure or billboard. It has static content and contains information that would be included in a printed brochure. He believes that approach is useful to a point. But if it's all the firm offers, then once someone becomes a client, the site becomes largely useless to them. He also believes it becomes a lost opportunity for ongoing communication.

With a Level 2 Web site, the advisor begins to add content beyond information about the firm. This content may include articles the planner has written or has the right to reproduce, such as articles related to financial planning and investment topics. Yeske believes the key is not to just have content but to have content that's fresh and regularly updated or expanded.

"At this point, you've created a site where individuals might have a reason to return because they know they're going to find fresh information or information on a topic of interest if some question comes up," he says. "The site becomes a useful portal for more than conveying information. Based on the articles you write or the particular articles you choose to present, you also can convey your philosophy. Not only is this a valuable reinforcement for existing clients, but it becomes an opportunity to share your investment or financial planning philosophy with prospective clients in a much more subtle way."

Level 3 sites, according to Yeske, accomplish several goals that less sophisticated sites do not. First, they foster advisor-client interaction by enabling two-way communication. In other words, the site moves from providing only advisor-to-client contact to allowing client-to-advisor communication. This can be done with click-to-e-mail icons, Web-based communications forms, or threaded discussions, all of which Yeske says are easy to implement.

Level 3 sites also facilitate interaction by including private, password-protected pages where planners can share information that is specific to each individual client. Yeske uses these pages on his site to post portfolio reports and updates to clients' financial planning projections.

"The private page becomes a shared workspace for managing the financial planning process," he says. "The first thing clients see when they log into their private page is an active 'action list' that includes all of the currently pending action items that have grown out of our ongoing financial planning process. Some of the actions may be assigned to various members of our firm, some to the client, while others may be assigned to another professional, such as an attorney or a CPA."

The action-item list takes advantage of the Web's dynamic features. Most of the items take the form of a hyperlink that the client can click to get additional information. For example, assume an action item is to make an appointment with an attorney to update their estate plan. When the client clicks on the item, it will bring up contact information for the attorney. Yeske says the linked-item format works with a variety of tasks. Clients implementing a dollar-cost-averaging format could be shown a schedule that tracks their investment progress and remaining investments. Another use might be a reminder to get medical insurance quotes because the client is retiring or changing employers—the link could take the client to an insurer's site where they can obtain quotes.

"It becomes a very dynamic space where all the relevant resources can be pulled together into one shared location," says Yeske. "I've found that for some reason it engages clients more in the process than almost any other thing we've done."

Yeske uses Microsoft Expression Web to manage the private pages, and his staff uploads portfolio performance reports monthly. He estimates that in a given month, 20 to 25 percent of his clients visit their private pages, although it's not always the same clients using the feature each month. When he posts fresh content to the public part of the site, each client receives an e-mail alert about the new material. He's also considering adding new technologies—podcasts, videocasts, and a blog—to

the site when his schedule permits.

“I saw early on the potential of the Web for this kind of client communication,” he says. “But I don’t see it as necessarily a substitute so much as an expansion of the communication channels. It’s a way of enriching the client communication experience, not substituting one form for another. We still meet face-to-face, have telephone calls, exchange e-mails, and so forth. The Web is just one more channel for additional information and communication.”

Outsourcing Development

Creating a Web site is simple. Site-hosting companies like Yahoo! offer easy-to-use templates that can create a site in minutes. Writing new content for a site is easy, too. Just start typing and Microsoft Word will proof your grammar and spelling before you post the material online.

Of course, developing a client-centered site and creating content that will hold visitors’ attention beyond five seconds isn’t so easy. Andy Gluck realized that in 1996 when he started Advisor Products Inc. (www.advisorproducts.com) and the AdvisorSites service in Westbury, New York. Gluck is a well-known writer for financial planning and wealth management publications. He realized that planners’ sites needed to move beyond static cookie-cutter templates and provide regularly updated, high-quality content to entice repeat visits. Consequently, his company started to offer site design and content, among other services.

Readers of Gluck’s columns will know that he has been focusing on “Web 2.0,” the next evolution of the Web that will permit user-generated content and greater interaction. AdvisorSites is working to implement that functionality with its personal client portals (PCPs), which the company started testing with a small number of advisors and their clients in late November 2007. These personal sites will include several features that have the potential to significantly increase the utility of an advisor’s site.

One major change will be that clients can specify the articles displayed on their PCP by selecting keywords, which act as a filter to select articles relevant to each client’s personal financial situation and interests. Gluck cites an example of an article written by his firm about investing in China. The article is tagged with a series of keywords: “foreign investing,” “emerging markets,” and “diversification.” Clients who select any of those keywords—or advisors who select them for their clients—will see that story on their personal portal.

“The keywords allow us to filter our content and tailor it to the individual,” says Gluck. “If you have a client interested in trusts, for example, you can select “trusts” as a keyword. We’ve also grouped the keywords into profiles that make it easy for the advisor or the client to select the keywords or profiles. So if your target clients are retirees, we’ve grouped a set of content keywords that retirees will want to see. We’ve done the same for business owners and pre-retirees. The advisor can choose to (or choose not to) allow the client to get other content by selecting other keywords.”

Gluck says clients will be able to click on a button while they’re reading an article on their PCP and ask their advisor about the information discussed in the article. “The idea is to leverage the Web to engage clients more deeply with their advisors,” says Gluck. “This will promote ongoing communication that strengthens relationships with clients, using the technology available to do it in a way that requires minimal work on the advisor’s part.”

Personal client portals can also display content provided by outside sources that feed into the site. If the outside source provides personal finance content, a member of Gluck’s staff reviews the material before making it available to portal users. Gluck reviews the outside personal finance articles for two reasons. The first is to tag the article with the appropriate keywords so it flows through to users who have selected that keyword. The second reason is to ensure that the article does not contain incorrect information or create a potential conflict with an advisor’s message.

“The advisor doesn’t want to bring in every story from Money magazine or MarketWatch.com because a lot of the articles contradict best financial planning practices or they teach clients how to fire their advisors and be self-directed,” he says.

The portals also will offer a blog option. Advisors can write their own blogs or subscribe to one produced by an Advisor Products writer who interviews the advisor. The advisor’s clients will have the ability to respond to postings and the advisor will review clients’ responses before allowing them to be posted for others to see. There is a risk that managing the blog could become a time-consuming chore for the advisor, but Gluck notes that advisors can limit the ability to post comments to clients and exclude the public. Additionally, blogs typically elicit only a handful of responses from readers, so the risk of becoming a full-time blogger is small.

Gluck plans to introduce several additional innovations with personal client portals that will facilitate the financial planning process. Each time clients log into their pages, they will see personalized financial goals that link to the online calendar. For example, if the advisor assigns a client the task of increasing his or her cash position or a child’s college savings to a specified amount by a target date, that goal will appear on the PCP. The advisor will have a “dashboard” to enter, view,

and manage those tasks.

Clients of advisors using PIE Technologies' MoneyGuidePro™ software can have their MoneyGuidePro data displayed on the PCP. (It's a graphics display over an encrypted connection—no data are stored on the client's PC or on AdvisorSites' servers.) The information includes a net worth statement and an asset allocation pie chart, and Gluck says the ability to display feeds of client data from several practice management applications is planned for release in the first quarter of 2008. Additionally, interfaces with several portfolio management applications are in development.

"Right now, advisors who display performance information often do it in an information vacuum," says Gluck. "I want to put it in perspective and make the context of performance information the long-term wealth management plan. I believe that's the right approach to wealth management, and it's consistent with the advisor's goal of not focusing on performance but helping clients achieve goals."

Another feature that Gluck hopes to add is the ability for an advisor's clients to form online communities with other clients who share similar interests. "Let's say one client lives in California and another in New York and they want to trade vacation homes or timeshares," he says. "We want to facilitate that sort of thing. It will be moderated, and it will include forums about things like art and travel—not forums discussing investments. It's more of a lifestyle thing—that will be in version 2."

The Broker/Dealer Perspective

Dave Yeske owns his own RIA and Gluck works with RIAs, but many financial planners are associated with broker/dealers and rely on those companies for their Web sites. I have spoken with numerous affiliates over the years about their B/D's Web strategies, and the respondents often complain that their B/D "just doesn't get" the Web's potential. But is that a fair criticism, or do those planners underestimate the efforts some B/Ds put into site development and the regulatory constraints the companies must manage?

Lori Yaverbaum is the director of Web Services and Usability for Commonwealth Financial Network in Waltham, Massachusetts. Her team focuses heavily on the end-user perspective, which includes both the advisors and their clients. Yaverbaum says her staff constantly seeks feedback about their sites' usability and functionality.

"We do everything from showing our advisors paper drawings to early prototype development to more sophisticated mockups and development," she says. "We devote a significant amount of resources and energy to making everything intuitive and user friendly—it's a top priority."

Commonwealth works to include the advisors' recommendations for site improvements whenever it's feasible. As an example, Yaverbaum points to advisors' desire to share documents with their clients, a feature the firm is working to implement. The ability to monitor clients' assets held away from Commonwealth was another request that led to site improvements.

"We built in an aggregation feature that lets clients pull in that information," Yaverbaum says. "They also can add additional assets that the advisor might not have access to, like a bank account or unique antique that they want to have as part of their portfolio value."

Commonwealth offers its affiliates a Web-design service called EasySite. Advisors can use the program to make changes on their sites; Commonwealth's compliance department then reviews those changes before posting them for public viewing. For many (non-Commonwealth) advisors with whom I've spoken over the years, that requirement is a source of considerable aggravation. They claim their compliance departments stifle online innovation and that the review process—even for small changes—is much too slow.

Paul Tolley, Commonwealth's chief compliance officer, is aware of these advisors' assessments. But he notes that Web sites pose a compliance challenge, and dual-registrant firms like Commonwealth must comply with two regulatory agencies: FINRA (the Financial Industry Regulatory Authority) on the B/D side and the Securities and Exchange Commission on the investment advisor side.

"Web sites are advertising because you can't control the audience," Tolley says. "As a result, principals of the broker/dealer need to review and approve the content of all advertising, including what is on a Web site, before it is disseminated. And they need to maintain those records. On the advisor side, there is no filing. The SEC does not review and approve advertising. They review advisors' advertising when they are conducting their branch office examinations of the advisory firm."

Tolley agrees there can be delays in getting approval, but the content's nature plays a role in the turnaround time. "Perhaps it is more difficult on the broker/ dealer side because you have to file it and wait for the approval in many cases," he says. "At other times, it is just filing within ten days of first use. So it really depends on the content."

In some instances, however, the principal-review requirement can stop the implementation of new technologies on B/D-affiliated advisors' sites. Tolley points to blogging as an example of a technology that Commonwealth would prohibit. "Blogs in and of themselves are extremely complicated to supervise and principal-approve," he says. "The blog is not correspondence—a blog is advertising. You cannot control the audience. And to the extent that the content requires filing, heaven help you if you start getting into discussions that would trigger the filing requirements because you can't possibly do that with a blog. I would be shocked if any broker/dealer out there were permitting blogs to be used—knowingly, anyway. And frankly, I'd be surprised if firms allowed them on the advisor side."

Clients' Expectations

The technology is available to build client-centered sites. Assuming those technologies meet compliance requirements, there is still an unanswered question: Do clients want these new tools and will they adopt them to a meaningful degree? The answer depends on whom you ask because some advisors believe that clients don't want or need additional interaction with their advisor's Web site.

Michael McNamara, Ph.D., CFP®, is president of McNamara Financial Services Inc. in Marshfield, Massachusetts. He works with Commonwealth as his B/D and uses the EasySite service to manage his Web site. McNamara's firm has approximately 1,200 households as clients, and he decides which clients have access to Investor360°, Commonwealth's online account management platform. He estimates that he's given that access to 100 to 120 of his clients and doesn't plan to encourage its use.

"If you're trying to promote long-term investment time frames, you don't necessarily want people to check the value of their accounts daily, depending on what is happening out there in the world," he says. "I don't think it's a good idea for clients to be able to push a button that instantaneously accesses all their account information. They certainly can, and they certainly do, but we don't tell clients about those services when we're opening an account. If they ask about that, we'll tell them, but I don't feel it's in their best interest most of the time to be able to go online and do that. That's why they have us."

In contrast, Andy Gluck strongly believes that the Web is becoming another communication medium for people. Although he doesn't expect the majority of advisors to start blogging and creating online forums for clients immediately, he believes some degree of adoption is inevitable over time. His company's history of supplying online tools to advisors supports that contention.

"With all of the products we've rolled out over the past 12 years that we've been in the advisor Web site business, we've had to lead advisors into them," he says. "When we did the first e-mail newsletter in 2000 or 2001, advisors didn't have e-mail newsletters back then and people asked me the same question: "Do you think advisors will want to communicate like that?" Now the advisors using our e-mail newsletter have great success with it. The forum thing may be three years out before it catches on, but the content personalization stuff, we're here—people need it now."

McNamara's experience—and that of other successful firms that don't promote their Web sites—proves that an advisory firm can attract and retain clients without promoting its Web capabilities. But there's a risk that approach will fall short with clients' children, and it certainly won't appeal to most of their grandchildren. According to a recent national survey of teenagers conducted by the Pew Internet & American Life Project, more than half (55 percent) of all online American youths ages 12–17 use online social networking sites. Television commercials humorously portray young people constantly exchanging instant messages online or by cell phone with their BFFs ("best friends for life," for those of us who are IM-challenged), but the ads reflect reality. Young people use these technologies extensively, and eventually those young people will have wealth and will seek advisory firms that support their preferred communications tools. As Andy Gluck points out, the Web is becoming a mainstream communications medium. Its role in our lives continues to evolve and clients' use of it for communications will likely evolve with it. While it may take several years to see the impact, financial planning firms that ignore these technologies and fail to create client-centered sites risk finding themselves at a competitive disadvantage.

Ed McCarthy, CFP®, is a freelance writer in Pascoag, Rhode Island. He's been using PCs since the first Compaq Portable model appeared in the early 1980s, but he admits that he rarely uses instant messaging and does not have a MySpace page.