Reporting: The "Secret Sauce" that Delivers Better Productivity and Stronger Client Relationships

An InvestEdge Commentary

You've just gotten a call from one of your most important clients. She's in town unexpectedly and wants to meet with you this afternoon to review her investments.

What do you do? *If you're like many investment advisors, you scramble. You cancel other client appointments and calls. You put off other work. You call in support staff, and together you go on a treasure hunt, looking for information in a half-dozen Excel spreadsheets and PowerPoint presentations, pulling data from the firm's automated systems, then writing commentary and cobbling it all together into a report that looks… well, cobbled together. The meeting with the client goes well enough. But the materials you put in front of her—are they really a reflection of your and your firm's professionalism? Do they really tell an effective story about investment strategy and results? Maybe not. And as for the other clients and the non-client work that's been disrupted—it will likely be a couple of days before everything is back on track.*

Reporting is a major source of frustration for investment advisors and firms. Generating reports is a drain on productivity—which is itself a broader issue. And because so much reporting is improvised and looks it, the end product can fail to convey a good impression of the firm. And that failure is a significant lost opportunity. Reports matter to clients—they are one of the few tangible products that the client receives. An effective, attractive report might serve to cement a client relationship. A not-so-well-presented or uninformative one, while it might not be an outright disaster, might help encourage a client to seek out more professional-seeming advice elsewhere.

Characteristics of an effective reporting system: a checklist

- ***Simple****—With as few IT platforms as possible, or the highest degree of integration possible.*
- ***Easy for advisors to use****—With "Drag and drop" capabilities.*
- ***Customizable****—Able to tailor reports to individual investor questions and needs.*
- ***Attractive****—Readable and professional in appearance.*
- ***Branded****—Reflective of the firm's "look and feel" and its investment philosophy.*
- ***Flexible****—Can deliver reports in multiple formats to meet investor preferences.*
- ***Timely****—Information reaches investors when they can value it, use it and act on it.*

Connecting reporting and productivity

Advisors and firms are concerned about productivity. But many don't make the connection between productivity as a general challenge and reporting as a specific activity where productivity breaks down. Advisors who talk about productivity are apt to focus on generalized management issues like time allocation. And much of the productivity advice available focuses on broad management tasks—prioritization and planning, for example.[1] Certainly these things matter. But productivity solutions that focus exclusively on workflow miss the forest for the trees. Reporting is really the core problem—a specific task that advisors have to do, that if done badly can suck the life out of the firm, and that if done right, can cement client relationship and put you on track to being the "alpha advisor"—the one that the client relies on for the most important, most strategic advice about his or her entire investment portfolio. This is good for the firm as well—it translates into bigger share-of-wallet and higher-value, more profitable relationships.

If you do reporting right, you can solve a host of productivity problems and strengthen your client relationships.

Reporting for tomorrow's investor

Tomorrow's investor will receive and use information differently. You can count on the next-generation investor to:

- *Expect timely information on the fly.*
- *Value consistency across multiple platforms, including smartphones.*
- *Want to interact with their advisor—not just read a report.*
- *Rely on social media and peer-to-peer networks for investment ideas and to vet and validate strategies.*
- *Be quick to endorse and recommend when advice is effective, timely and on target.*

1 *Doing More with Less: A report on time management and adviser productivity.* Financial Planning Association 2014. http://www.onefpa.org/business-success/ResearchandPracticeInstitute/Documents/FPA%20RPI%20Report%20-%20Doing%20More%20With%20Less%20-%20April%202014.pdf

There are many reasons why reporting goes wrong

First, consider what's wrong with reporting at many firms:

- **The process is ad hoc and time-consuming,** with a great deal of manual labor involved. For too many firms, report generation consists of compiling information "by hand" from spreadsheets like Excel and others, and PowerPoint presentations. Even large firms rely on this approach.

- **The result of all that effort is often unsatisfactory—reports are unattractive and hard to read,** with no uniform look or feel. Or they might be very attractive—but at the cost of the enormous amount of time and effort that it took to get them that way.

- **If the reporting process is badly managed, report creation and delivery does not support the client relationship,** and may actually work against it. When it takes a great deal of time to produce a report, the report may be out of date by the time it reaches the client, and no longer actionable or usable in current conditions. Of course, not all reports can be generated instantly, but speed generally helps ensure that the report provides accurate, relevant and useful information.

- **When a report is hand-assembled out of previously existing Excel and PowerPoint material, or if it is drawn from multiple reporting platforms that are not fully integrated, it's less likely to advance the firm's branding.** This is true of both the appearance of the report, and the way it presents information (i.e., does it convey the firm's viewpoint and investment philosophy?) As such, it represents a missed opportunity to tell the firm's story to the client. It's important that the integrated, branded approach is fully scalable—in particular, that it scales up, and that a large firm that works with several different reporting platforms be able to produce a fully integrated reporting product with a uniform look, feel and "statement" of investment approach.

But surprisingly, many firms, including large ones, remain dependent on this improvised manual reporting. There are many reasons. Old habits die hard—even those that are a source of frustration. Beyond that, many firms are reluctant to give up data integrity, or otherwise delegate the reporting process, either to external providers or external platforms. This is understandable—but possibly harmful. Some firms and advisors rightly feel that certain automated systems also have their limitations, for example being able to produce only batch or overnight reports, not customized—or being unable to produce consolidated reports for client relationships. Creating an effective reporting system requires choosing the right automated tools so that multiple system inputs can be integrated into a single report solution. The most successful advisors will probably conclude that the benefits of a good report far outweigh the inconvenience of changing the system as well as both the real challenges and largely imagined risks of moving to an outside platform.

To get reporting right, start by understanding what makes for an effective report

If reporting is such a significant challenge, how can you improve it? Arriving at the answer begins with recognizing what an effective report should consist of, and what it should achieve.

What should a report be? What's a good report? One that is:

- **Attractive**—With a clear layout that reflects the firm's professionalism and sophistication.
- **Easy to read**—With information presented in a way that's clear and easily understood.
- **Orderly and logical**—Starting at a high level, then drilling down progressively into details.
- **Effectively branded**—Representing the firm and telling its investment story, and based on a style guide with a uniform look and feel that conveys the firm's brand.
- **Reflective of the firm's approach**—Reports should illustrate how the firm's strategy or investment "style" is affecting the client's portfolio. This is also an aspect of branding. For large firms in particular, having full control over the report's content may have compliance implications as well. From both a brand and compliance perspective, the value of a fully integrated report-creation system in which content and presentation are entirely under the firm's control is well worth the effort required to create an integrated system.
- **Responsive to the client's questions and concerns,** tracking performance against the client's goals, not just a generic set of benchmarks.
- **Timely and relevant**—Ensuring that the client values the information and understands the actions the advisor recommends or has taken.
- **Easy and efficient to create.**

The good news is that a reporting process that meets these standards is achievable. With the right analytics and reporting tools, advisors and firms are creating reports more efficiently with reduced cost and increased capacity for other tasks. The payback is demonstrable and tangible, with productivity gains of 20 to 40 percent.[2]

2 According to internal survey of InvestEdge clients

Simplicity and integration are at the heart of a better reporting system

How to achieve better reporting? How to create and implement a reporting system that increases productivity and enhances client relationships?

First, establish an effective, integrated IT platform—one that allows each advisor, in just a few steps, to pull customized information into a standardized, attractive template. Reports can then be generated on demand for each individual client—for example, to support a meeting with a client who decides on the spur of the moment to "drop in" to the advisor's office.

Ideally, the platform would be a single one. But this is often not realistic. Some firms, especially in the wake of integration, have no choice but to deal with multiple platforms. Nevertheless, any reduction or simplification—say from five to two or three platforms—will pay dividends in the forms of efficiency and scalability.

Some firms will resist this approach—which, to be honest, does involve putting more eggs in fewer baskets. But the benefits of simplification and integration arguably far outweigh the risks.

Questions to ask yourself and your firm

- *Are we spending enough time with clients?*
- *What do our clients expect from us when it comes to reporting?*
- *Are we meeting their expectations?*
- *Can our reporting get better in terms of timeliness and convenience? Customizability? Actionability of information? Scope of advice?*
- *Do we need to change our work habits? IT platform?*
- *What steps do we need to take to get from here to there?*

Think about the bigger picture: information delivery

We've established that reports are important—their content, appearance and the process of assembling them all matter. But reporting rests on an even more important question—how does the client get the information he or she requires?

Advisors and firms ideally should deliver information the way the client wants it. Client needs are individual and deserve careful thought. For example, options for information delivery vehicles should take client lifestage and demographics into account. Older investors may prefer paper-based delivery. Many investors may prefer to do without paper: They may be "green," and capitalizing on that preference can help the firm retain clients and save money (the cost of printing and postage) as well.

For a wide range of investors—not just the young—portal- and tablet-based delivery are important options. Portals are attractive in many ways—they are highly customizable "on the fly" by both the firm and the user. And they are the perfect way to reach and touch the client who gets up in the middle of the night and needs an answer. If that's available to a client, he or she may repay the firm with loyalty.

The next generation of investors—Gen Y or "millennials"—are more likely to use not just finance portals and online financial planning tools but also to get investment insights from social media. According to a 2014 Hearts and Wallets survey, 42 percent check their accounts via computers and mobile devices, with the use of mobile devices increasing rapidly.[3] These investors may also rely on their phones for reporting and advice. The lack of screen real estate on phones is a challenge that advisors must work to overcome. But screen size is growing, and the availability of investment reports by phone will certainly be appealing to next-generation investors who are used to doing everything on their phones.

Whatever the platform, information delivery should be based on these principles—it should:

- Be timely, accurate, accessible, attractive, and actionable.
- Keep the clients' needs in the forefront.
- Cover the complete investment picture—reporting on all the client's assets, no matter where they are housed.

3 *Affluent Gen Y Prefers Online Brokerage Accounts Over DC Plans.* http://heartsandwallets.com/affluent-gen-y-prefers-online-brokerage-accounts-over-dc-plans/news/hw-press-releases/2014/04/

At the end of the day, information delivery matters for a simple reason: If you offer sub-par reporting, you're at risk. Firms and advisors that excel at delivering client information on a timely basis—information that the client appreciates and understands—will:

- Maximize the opportunity to retain and grow the relationship.
- Benefit from referrals and increased share-of-wallet.
- Truly position themselves to be the "alpha advisor"—the investor's trusted, "go-to" source for the farthest-reaching, most critical investment advice.

Run the numbers to determine how reporting is affecting your bottom line

If you doubt that reporting is affecting your productivity, run a cost-benefit analysis.

- Determine how many people are involved in reporting and how much time they spend.
- Estimate the cost—as well as what you would save if you could reduce that cost by 20 to 40 percent.
- Plan where you would deploy those additional savings—into client prospecting, perhaps?

Once you have run the numbers, make plans to put a better reporting system in place. Create a good, flexible process. Your clients will notice. And once that's done, you can go back to what you do best—advising clients, growing their wealth, cementing relationships and ensuring you're the alpha advisor—the client's trusted, "go-to" source for the farthest-reaching, most successful wealth management advice.

Onboarding: another critical phase when reporting makes a difference

Reporting is always important—but this is especially true during the onboarding process. As the saying goes, you never get a second chance to make a first impression. Effective reporting in the early stages can help you ensure that the first impression is favorable.

Timely, effective reporting allows you to demonstrate to a new client that you live up to your promise: that you deliver quality information and insight, and that you are responsive and committed to the relationship. Effectiveness and efficiency count. If reporting is not efficient during this time intensive phase, the adverse impact on productivity can be especially severe.

During the critical "firsts"—the first portfolio review, the first statement—think of reporting as an essential support.