



RETHINKING
ADVISOR ONBOARDING

As the race for top financial advisor talent heats up, Broker dealers are increasingly setting aside higher recruiting budgets to attract top financial advisors from their competitors. Any given month, AUM north of 500 mn dollars is moving from one broker dealer to another.

The financial advisor's first interaction with the prospecting firm is via the advisor onboarding process.

A TYPICAL ADVISOR ONBOARDING PROCESS INVOLVES THE FOLLOWING STEPS:

- A lead is created in the recruiting system
- The prospect is asked to fill out 20+ pages of onboarding kits with a lot of duplicated information. The information collected on these forms ranges from demographics and business information to details of outside business activities details and personal accounts.
- These paper forms are then scanned and sent to the various broker dealer teams (recruiting, compliance, licensing and registration, transitions) for their review and decision on overall fitment with the firm.
- The advisors are then given out a bunch of agreements to affiliate them with the firm.
- Post affiliation, advisors are set up in the various broker dealer systems eg. Commissions systems, licensing and registration systems, advisor work station etc.

Needless to say, the process is very manual, time consuming and opaque. Quite often, the advisors and even internal teams struggle to know the progress and status of advisor transition. As the advisor population continues to get younger with more and more millennials replacing the baby boomers and gen X, the wealth management firms will be forced to look at a more integrated and automated advisor onboarding process. As per estimates, over 40% of the advisor population is over 55 years , so the coming years are likely to see the next wave of advisor retirements and accelerated millennialization of the advisor population. The new age advisors are going to demand a smoother e onboarding process and will not fill out the paper kits. With the firms looking to digitally transform their businesses, a lot of focus is on the outward facing processes, but another equally important lever for your digital transformation is your operational processes and using digital technology to streamline operations. This whitepaper is going to focus on how firms can

use e onboarding to have a more efficient onboarding process that cuts out the inefficient steps, provides full transparency to the various fields and home office users and automates the end to end workflow. The first golden rule of digital transformation of any process is to think about the transformation as an opportunity to re-architect the process. Quite often, the firms just take the current manual process and try to create an online version of that. That is a cardinal mistake. Even though, such digitalization will deliver some incremental benefits, the results may be underwhelming. Therefore, Reanalyze then Digitalize to Realize optimum benefits. If your current process requires 25 different pages to be filed, analyze if all the information is necessary or can you cut down on the information collected. If the process requires 6 different review steps, analyze if there is any duplicity and if any steps can be eliminated. Ultimately, any reduction in on- boarding cycle time directly increases the time your advisors can focus on their client relationships.

A good workflow driven Online onboarding process can deliver a transformational experience to the advisors and the home office teams and drastically cut down on the affiliation cycle times. Incedo has worked with broker dealers, banks, TAMPs in implementing workflow driven processes. Below, we have distilled the key tenets of a good onboarding system from our various engagements with these clients.

FLEXIBLE: A good process builds for alternate scenarios and does not straight jacket the workflow. For example a producing rep onboarding may require more elaborate process with multiple levels of approvals required, while onboarding of sales assistant might be a much simpler process. Exception workflows need to be provisioned for. If for some reason an application needs to be sent to additional approvers or back to the prospect, the whole process should be seamless. It should allow for notifications and detailed explanation on additional review/ documents required and should allow easy tracking of any changes made since the last submission.

GUIDES AND GUARDRAILS: E onboarding should eliminate NIGOs by building help tips and guardrails to ensure that all the correct data is captured upfront. For example if your outside accounts details page requires holding statements to be uploaded, the system will ensure that recruit uploads a holding copy before moving to the next step. A wizard based tool alerts the recruits about errors and shows subsequent questions based on the answers given. For example, if the recruit is only going to do brokerage business, there is no point in confusing them by asking them IAR related questions.

VISIBLE: We have seen multiple clients express frustration about the opaqueness of the manual

onboarding process. E onboarding should provide detailed dashboards to track the application and maintains a complete audit trail of the process and provide full visibility to all teams to track the process. Dashboards also allow the various supervisors to track which team members may be over allocated or under allocated. For some clients, we have also implemented intelligent task allocation which automatically allocates task based on team member's skill level.

MEASURABLE: As mentioned above, think of E-onboarding as an opportunity to measure and improve efficiencies. A good workflow based system allows for setting and measuring SLAs for each step of the process. SLA reports report on time taken for each steps provide transparency and easy identification of bottlenecks and hot spots in the overall process and enable focused efficiency measures.

Straight Through- E onboarding will not serve any purpose if it does not integrate with the overall app ecosystem. A good process should allow for straight through processing from the lead initiation to final document archival and setting up the Advisor profile in the licensing and registration system. In some of our engagements, we have also integrated with WebCrd to allow for U4 information to be directly updated on FINRA.

TO SUMMARIZE THE WORKFLOW DRIVEN ONBOARDING PROCESS PROVIDES MULTIPLE BENEFITS.

- The onboarding process that takes days to complete and had very limited visibility can be completed within a few hours thus generating major time and operations efficiencies
- Audit records of all the steps , documents and comments uploaded during the process provides for ready reference of all onboarding information and can be easily stored in a document archival system

- Advisors get a great first impression about your organization and will be more enthusiastic about your technology capabilities.
- Ready availability of all information and data in a central place allows for easy reference for future audits

The new age advisor wants to primarily focus on client acquisition and client relationships. The broker dealer processes will also need to evolve to serve their needs and cutting down on non-value adding activities. An e-onboarding process may look like a game changer against the current manual process but in a few years, it will be considered table stakes and your process will have to further evolve to provide a differentiated experience. The principals and tenets mentioned above can equally applied to automate your client onboarding process and other manual process. Operations digitalization will provide you with building blocks for a robust integrated platform which can provide your business with sustained differentiation.

- Lastly, straight through processing eliminates human errors and cuts down on non-value adding activities involved in setting up the advisors in multiple systems.

One concluding thought and this is not specific to advisor onboarding but will equally apply to any process transformation. With all the benefits, digitalizing your process may seem like a no-brainer, but the firms should never forget the change management aspect of the process transformation. If a clear change management project plan is not in place, it may result in scarce adoption or in worst cases resistance against automation from the various teams. Moving from a manual process to an automated process is a journey and the journey can have its road blocks, detours, slowdowns. It also requires that the passenger onboard this journey are fully aware of the objectives and the destination of the journey. A clear communication plan on the reasons, benefits and seeking feedback from all stake holder makes the difference between a detractor and advocate.



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