


Advisor Focus
JULY/AUGUST 2013

INSIGHTS
from the **ADVISORY**
BOARD



eMoney
Advisor

Mastering Change

Each year we hold our Advisory Board Meeting as an opportunity to collaborate with our clients, strategic partners, and thought leaders on where we are going, where they are going, and where the industry is taking us all.

This year we gained fresh perspectives from innovators, advisory coaches, a finance behaviorist, and other experts about how advisors must now adapt. Their insight sparked hours of thoughtful discussion as to how we can help advisors be better

“To improve is to change; to be perfect is to change often.”
- Winston Churchill

masters of change. With this issue of AdvisorFocus I invite you to the table to learn what we have learned: new strategies for mastering change within your practice. This issue of AdvisorFocus includes articles from all the presenters at our meeting.

In *Understanding Possibilities for the Future of the Financial Services Industry*, William Trigleth, EVP of Cannon Financial Institute, identifies the specific challenges you now face and proposes strategies to help you ride the waves of change.

Chuck Teller, SVP Products & Technology at Zumbox, describes in his article on page 6 how you can use Digital Postal Mail to attract younger, digitally savvy clients by reinventing how they receive, sort, and archive their mail to meet 21st expectations.

In *The Art and Science of Great Customer Experiences* you'll learn from Jon Picoult, Founder & Principal of Watermark Consulting, five principles for shaping your customer

interactions to reap the financial benefits of customer experience differentiation.

In *Trends in Coaching*, Ron Carson, Founder and CEO of Peak Advisor Alliance, shares the three biggest areas of opportunity he has identified through his work with over 1,000 firms.

C. Daniel Crosby, Ph.D., a finance behavior expert recognized by Monster.com as one of the 12 thinkers to watch in the world of organizational psychology, invites you to answer some tough questions on

page 12 about the true value you provide to your clients.

David M. Hill, President of Integrated Wealth Solutions and Strategic Coach, continues to get you to think about your value and challenges you to answer “Why do you do what you do?” in his article *Finding Purpose and Fulfillment in Your Wealth Management Practice*.

Finally, in *Can Healthcare Costs be Contained?* Dr. Luke Burchard shares why bad healthcare now results in greater profits for providers and suggests how we can help find solutions by thinking radically differently about healthcare purchasing.

As Winston Churchill said, “To improve is to change; to be perfect is to change often.” Here’s to changing and perfecting your practice.

Sincerely,

Edmond Walters

AdvisorFocus

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The Art and Science of Great Customer Experiences

By Jon Picoult
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“There’s a very real financial benefit to customer experience differentiation.”

Tired of competing for business purely on price? Exhausted by the constant struggle to combat commoditization?

As companies like Ritz-Carlton, Starbucks, and Apple have demonstrated, there is a better way: it’s all about the “customer experience.”

In most any business, financial services included, product differentiation and price differentiation are fleeting. But a truly distinctive customer experience (and the workplace environment supporting it) can deliver a unique competitive advantage.

What’s In It For Your Business?

The advantages of a great customer experience aren’t soft, intangible, or academic. There’s a very real financial benefit to customer experience differentiation. Here’s why:

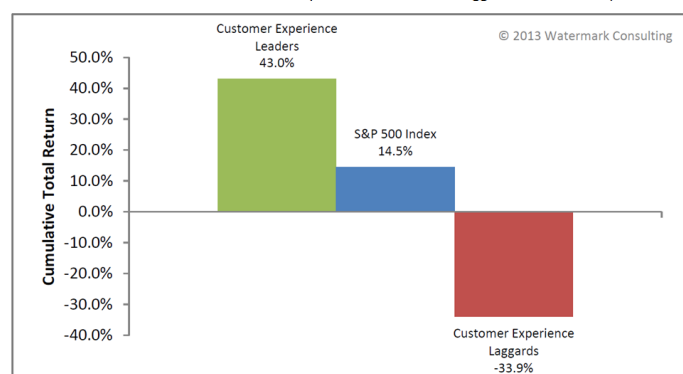
First, revenues are lifted by happy, loyal customers who (a) stick around longer, (b) buy more from you, (c) are less price sensitive and (d) refer others to your business.

Second, great customer experiences help control, if not reduce, operating expenses because (a) referrals lower new business acquisition costs, (b) people complain less frequently, putting less stress on your service infrastructure, and (c) long-term, loyal customers require less handholding.

Take a look at the results of this stock performance study, comparing the 6-year total returns of Customer Experience Leaders and Laggards.

Customer Experience Leaders Outperform the Market

6-Year Stock Performance of Customer Experience Leaders vs. Laggards vs. S&P 500 (2007-2012)



Watermark defines Customer Experience Leaders and Laggards as the top ten and bottom ten rated public companies in Forrester Research's 2007-2013 Customer Experience Index studies. Comparison is based on performance of equally-weighted, annually re-adjusted stock portfolios of Customer Experience Leaders and Laggards relative to the S&P 500 Index.

The Customer Experience Leader portfolio outperforms the S&P 500 Index by a 3-to-1 margin and completely obliterates the Laggard portfolio!

How Do You Make It Happen For Your Business?

Companies that do customer experience well employ some specific principles to shape their customer interactions, from sales to service. Here are five of those principles that you should think about applying to your own business:

1. Make It Effortless.

The less effort customers must invest to accomplish something with your company, the more likely they are to be loyal. Strive to minimize the physical *and* mental effort people must expend to understand your value proposition, navigate your product portfolio, interpret your customer communications, and secure post-sale service.

2. Stir Emotion.

Building loyalty is, in part, about making your customer experience memorable. Experiences laced with emotion are far more memorable than those that are not. Think about how you can help your customers *feel* good in some way: accentuate positive emotions (e.g., commend them on achieving a goal) and mitigate negative ones (e.g., allay fears by communicating complex concepts in easy-to-understand ways).

3. Capitalize On Cognitive Science.

There are proven ways to apply principles of cognitive science to improve people’s perceptions about their interactions with your business, such as giving customers the “perception of control.” We feel better when we’re in control of things and ambiguity is removed from our lives. Something as simple as clearly setting expectations for customers can make all the difference.

4. Be an Advocate.

It’s rare that people see companies that really put customers first. A company that truly advocates for its customers in a tangible way cultivates both stronger engagement and loyalty. Strive to accomplish such a relationship by fostering a workplace culture of exceptional ownership. When the people on your front line, those actually delivering the customer experience, take personal responsibility for *owning* every request that comes to them, it creates a refreshing sense of advocacy that will distinguish your firm from the “pass the buck” mentality that customers typically encounter.

5. Recover With Style.

Even at the best companies things sometimes go awry. When service failure happens, you need not resign yourself to losing a customer or compromising loyalty. By overcorrecting on the service recovery, you can provide an “experience peak” that not only eclipses the negativity of the service failure, but also yields a customer who is actually *more loyal* to you than before. When faced with service failure, think about how to impress your customer with the speed, thoughtfulness, and efficacy of your recovery.