**Finding The Right Client Relationship Management Software**

By Dr. David L. Lawrence

Client Relationship Management Software (CRM) is generally regarded as a must-have solution for financial advisors. In a perfect world, CRM software can not only warehouse client data and historical information, but perform necessary tasks related to the client experience. Yet, despite sales claims from some vendors, CRM software is not a one-size-fits-all solution. That being said, there are a few that may come close. But, to find the right solution for your financial practice, you may need to do your homework.

Here are five steps that can help lead you to the right solution:

1. **Determine your needs** – you will need to take a hard look at your financial practice operations and list the functions that can make your firm perform more efficiently. Understanding your needs in the areas of client information storage, data aggregation and/or collation, employee task assignment, scheduling and automated workflow management are a few of the many functions that should be considered in this process. Often, firms want to filter these types of decisions based on the central theme of *“how is this going to benefit my client”*, rather than just considering the impact on the firm and its employees.
2. **Determine your budget** – Are there budgetary constraints that may affect the decision making process? As an example, a firm with a small client base may find it difficult to afford a top-end solution, particularly if the solution includes functions that may not be fully utilized by the firm.
3. **Consider your options** – In the world of CRM software providers, there are many types of solutions. You may wish to consider whether you should purchase off-the-shelf software, basic CRM software, a full-featured product or an integrated solution. And, even within each of these options, there are several choices. Things to consider are the features, functionality, integration with other softwares you may use and presentation of information in a way that fits your style of practice. With apologies to the many software providers, here are a few choices to consider:
	1. **Off-The Shelf Choices** – Act! (Including Act! for Advisors, [www.act4advisors.com](http://www.act4advisors.com)), Goldmine (including the Breaking Away Version, <http://www.ticomix.com/Customer-Relationship-Management/BreakingAway>), etc. While these are popular choices, limitations include potential inability to link client data from other sources, limited workflow management features, etc. Benefits may include lower one-time cost (with the potential cost of upgrades later).
	2. **Web-based Off-The Shelf** - **Salesforce CRM** ([www.salesforce.com/crm](http://www.salesforce.com/crm)), **Microsoft Dynamics CRM** ([www.crm.dynamics.com](http://www.crm.dynamics.com)). While both of these solutions are feature-rich and popular, they may require substantial customization to fit the way a financial practice operates. With per user subscription pricing, costs can quickly add up.
	3. **Financial Advisor Configured Solutions** – In this category, there are several choices, among them **Redtail Technology (**[www.redtailtechnology.com](http://www.redtailtechnology.com)**)**, a popular web-based solution that has great features including a flexible workflow management and task assignment system, multiple integrations with outside data providers and softwares, and competitive pricing. **Junxure (**[www.junxure.com](http://www.junxure.com)**)**, a server-based solution with highly customizable features and a feature-laden interface that is regarded by many experts as high-end. One surprising entry in this category is **Advisors Assistant** ([www.advisorsassistant.com](http://www.advisorsassistant.com)). It is surprising in that, although it has been around awhile, many advisors may have dismissed it based on its prior functionality. However, Advisors Assistant has increased its functionality, including a new, updated interface, easier navigation, improved workflow management and it contains broker dealer appreciated features such as master accounts and assigned databases, which is desperately needed by many B/Ds needing supervisory-type configurations. It is also useful with multi-advisor offices needing segregated databases with some centralized functionality (such as shared staff access to client information, etc.). It also has advanced capabilities to auto-capture insurance valuation data, critically missing in other solutions.
	4. Integrated/Holistic Solutions – Two notable choices in this category include **Interactive Advisory Software** ([www.IASSoftware.com](http://www.IASSoftware.com)) and **eMoney Advisor** ([www.emoneyadvisor.com](http://www.emoneyadvisor.com)). Both of these are outstanding solutions for what they do. However, consideration should be made for whether all of the pieces of the solution match what the firm is looking for. In both cases, though, they seem willing to work with outside integrations. IAS is a holistic solution, a true shared database with multiple modules that can tap into that database and perform complementary functions. eMoney offers integration of data across all functions, sometimes referred to as a silo system. Both offer outstanding client portals.
4. **Review the institutional issues** – Depending on how you are set up, you may be a broker/dealer affiliated firm, an independent RIA or other type of firm. If you work with an institution, custodian or B/D, chances are there may be choices available to you, some at discounted prices that could affect the purchase decision. In cases where a CRM is available through an institution at an attractive price, but the functional aspects of the software do not exactly match what you are looking for; it may be wise to see if a customized version can be created to better fit your situation and needs. In many cases, these institutional choices could be pre-configured with data integrations to make the task of automating the data aggregation/collation that much easier. And, they may also have been configured to share data with other programs offered by the institution that you need. (i.e. financial planning software, portfolio management software, etc.)
5. **Perform a Return On Investment (ROI) calculation** – This type of calculation can go a long way to convince a financial advisor on the wisdom of the particular choice being considered. In this calculation, you need to consider all of the costs associated with the purchase. That should include both the hard dollar and the soft dollar costs/benefits. Some of the line items that should be considered in this process include:
	1. **Costs**
		1. **Purchase price** (subscription cost) – hard dollar cost
		2. **Installation cost** (some software companies offer data migration services at no cost, others charge fees)– hard dollar cost
		3. **Customization cost** – using a third-party provider to customize the database or build add-ons – hard dollar cost
		4. **Employee conversion costs** (to spend time converting/verifying data to the new software) – hard dollar cost
		5. **Employee aggravation** – Soft dollar cost (hard to measure)
	2. **Benefits**
		1. **Increased Efficiency** – expressed in employee hourly costs saved – hard dollar benefit
		2. **Increased Profits** – potentially lowering operational costs can extend net profitability, even in cases where no additional gross revenue is realized – hard dollar benefit
		3. **Increased Capacity** – the ability of the firm to take on more clients, without necessarily hiring more employees, increasing office space or purchasing additional equipment. – hard dollar benefit
		4. **Increased Practice Value** – extending what a firm can do, expanding its reach, its potential and its services most often results in a higher practice value – hard dollar benefit
		5. **Creating a more harmonious work environment** – soft dollar benefit

Another key consideration in purchasing and, especially, replacing a CRM software that may have been used for a period of time by employees, is the potential for push-back by those same employees. Therefore, a key piece of advice to heed would be to include your staff in the decision-making process. Performing the ROI calculations might be helpful in this process as you could document the actual benefit to the employees (as well as clients) of utilizing the new CRM solution.

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