FINANCIAL ADVISOR IQ
A Financial Times Service

Print | Close Window

Advisors Go Paperless for Efficiency and Growth

By Steven Lang July 28, 2015

From enabling clients to sign documents remotely, to reducing by half the time spent on compliance, financial advisors are creating and refining paperless practices to become more profitable, compete with roboservices and better attract, serve and retain clients.

Going paperless means trading in all the paper forms your practice used in the past and replacing them with technology that provides for online forms that can then be saved to the cloud and retrieved for use, modification and signing by clients and advisors alike.

There's no part of the practice that isn't benefiting from paperless efficiencies. Gone are file cabinets stuffed with regulation-required paperwork. Printing and mailing costs are eliminated. Advisors get remote comprehensive access to all client notes and forms. And clients reap the reward in a number of ways, including quicker turnaround because of electronic immediacy and the ability to read or sign a document hundreds of miles away from the advisor's office.

Enhanced paperless operation is one of the reasons Las Vegas-based **Wealth Consulting Group** chose LPL Financial as its broker-dealer last year, says managing partner **Marlo Stil**. "We have relieved ourselves and our clients of the nightmare of paper," she tells *FA-IQ*. LPL's technology enabled the practice to adopt electronic signatures, which now let the Group open and activate an account in 24 hours. The practice can now transfer assets the next day, a long way from the 10 days it took them before.

About six months ago, Wealth Consulting Group, which manages $400 million, finished storing all client documents digitally — thanks to LPL-provided services — and now practice members can retrieve any client doc remotely, Stil says. "We had an entire room of paper before this." Compliance man-hours also are halved by paperless records, she says. The practice can produce docs and find all necessary paperwork much quicker by calling it up on a computer screen instead of dispatching an assistant to retrieve different compliance-related docs time after time.

To Stil's surprise, staff and older clients have hewed easily to Wealth Consulting Group's paperless push. Adaptability to a paperless office is based on changing habits, not age, she says. And once senior clients were given tutorials, they were easily able to adapt to paperless statements, e-signatures and remote meetings.

Still, it can take a lot of man-hours to convert a practice to a paperless environment, according to **Michael Chadwick**, CEO of **Chadwick Financial Advisors** and **Place Financial Advisors**, which together manage $150 million. He says it took three employees six months to scan all his practices' papers and convert them to digital. He estimates the task cost $20,000, and it took about a year to recoup the cost through greater efficiencies linked to going paperless. Now he reinvests most of the money saved from the conversion and still enjoys a margin increase of "1% or maybe 2%."

Most of his competitors have not yet gone digital and probably never will, he says. "They think they'll be out in 10 years, so why bother?"

Marlo Stil

While paperless migration has many benefits, one concern advisors might have is whether the cost of the upgrade will come back to bite them if they sell or merge down the road. Not to worry, says **Scott Houston**, founder and managing director of **adviserXchange**, an Oxford, Ala. company that helps small- to midsize financial and investment advisors sell or transition their financial practices.

"I've never seen tech incompatibility kill a deal" he says, although he has seen slowdowns a couple of times.

Although two firms often don't have compatible technologies, it's never been a deal breaker. "They figure out a way," Houston says. "Tech can be expensive; and if all integrated flawlessly, it would be a perfect world. But, of course, it's not."

To make your firm ready to tangle with tech changes, **Brian Merrill**, partner at Houston-based, **Tanglewood Wealth Management**, which manages $850 million, suggests making tech proficiency one of the skills you look for in new hires.

"That's why we hire younger talent instead of others more set in their ways," he says. "It comes down to the people you have."

An Information Service of Money-Media, a Financial Times Company