ROBO-ADVISORS

Are Targeting Your Clients

Fight Back With Authoritative Content

A White Paper For Independent Financial Advisors

by Brian Boys

author of *How To Write A White Paper In One Day*

Independent financial advisors are facing growing competition from web-based firms with lowered fees. But like David facing Goliath, independent advisors can make their competitors' size a disadvantage when it comes to winning clients.

Rise of the Machines

Web-based, automated investment firms (the so-called "robo-advisers") have used the promise of advanced technology and extremely low fees to lure new customers. While these robo firms have not yet made a significant dent in the market, they are growing rapidly and are expected to take a substantial slice of the investment pie.

“In as little as two years we're going to be blown away by the technology that just continues to evolve and improve,” says Deborah Fox, chief executive and founder of Fox Financial Planning Network. “Most advisers who don't evolve their firms to leverage the new investment tech, as well as repricing within the next couple of years will, at best, have a hard time winning clients and, at worst, begin losing clients.”

In response to this new competition, traditional banks and brokerages have ramped up their marketing efforts, pouring money into advertising and sales staff.

As a result, independent financial advisors are being squeezed out. They can't match the low fees of the web-based services. And they can't match the marketing blitz of the national firms. They have neither the technology or the brand name recognition to get serious consideration from a growing number of potential customers.

> "Robo-advisers are expected to reach $255 billion in assets in just five years."

If the trend continues, independent advisors will not be able to continue with "business as usual." They will either need to find a business model that allows them to be profitable with a larger number of clients at a much lower fee structure, or they will need to ally themselves with a larger organization and piggyback on their product and brand awareness—but lose some independence in the process.

According to *Investment News* at the end of 2014, assets held worldwide by robo-advisers totaled $14 billion, a small fraction of the total advice market. They report that the figure is expected to reach $255 billion in assets in just five years, according to a study from MyPrivateBanking.com.

The article states: "If that sounds farfetched, consider that Financial Engines Advisors, which is widely viewed as the original robo-adviser for the way it automated retirement savings, has amassed about $100 billion since 1996, making it the nation's largest fee-only registered investment adviser, according to InvestmentNews' annual ranking of RIAs."

Competing in the New Normal

Industry analyst Michael Kitces believes that there simply aren't as many "unattached" clients as there once were. He says that as more and more advisors step up to deliver financial planning and wealth management, simply being experienced and credentialed just isn't the differentiator it once was.

"In the coming year," says Kitces, "I anticipate we'll see a lot of advisory firms taking a hard look at their current marketing approach."

> Increased competition and the move toward automation have led to a price war on fees.

Advisors have tried a number of strategies to counter the trend toward lower fees.

One way is to simply cut prices to match the deep discounts. But to do this while staying profitable is a challenge for smaller firms. For lower fees to work, a practice must increase its client base without raising costs. But servicing significantly more clients with the same size staff can be a formidable challenge.

Another tactic that some firms are trying is to change their fee structure. Instead of a straight percentage for everything, they offer certain services on a percentage and an hourly fee for everything else. But in the end, they're still faced with the challenge of lower average revenue per customer.

The easiest course of action is to do nothing and hope for a bear market. The logic goes like this: Robo-advisors have flourished in a bull market, when gains are easy to find. But when the correction comes, chances are their investors will suffer significant losses, and without a relationship with a real-life advisor, pull their money.

Many analysts believe a correction is coming but nobody can say whether it's tomorrow or years off. Pundits, like David Tice on CNBC, were predicting a 50 to 60% correction in 2014. Needless to say it didn't happen. Jim Stack, editor of *InvesTech Research Market Analyst*, believes we are in the latter half of the current bull market. But just where in that half is anyone's guess.

Independent advisors hoping to simply ride out the robo-advisor trend may find the wait is longer than they have resources for.

In order for independent advisors to compete today without dropping their fees, they will have to demonstrate to their clients that they are providing an added value.

Authority Always Wins

While it's clear that independent advisors can't compete with the new web-based firms on computing algorithms or price, they can offer something that is worth more to the customer than both: authority.

Just as a patient with a serious condition will fly the length of the country to see a doctor who's an authority on their disease, serious investors will want to work with someone who is an authority on reaching their retirement goals.

Conversely, an advisor will not want to work with a client who sees no value in his or her expertise. Just as a medical specialist will not want to work with a patient who thinks he can successfully diagnose and treat himself on Web MD.

An advisor establishes his or her authority by not just writing or speaking on investing, but by demonstrating through this communication that they have a unique insight. In other words, showing that he or she is a thought leader. This can be established to some extent through blogging or podcasting. But the most convincing evidence of thought leadership is through *authorship*.

Forbes contributor Stephanie Chandler says that creating informational products—like ebooks, video series, and white papers—will differentiate an independent professional as an expert. "Buyers will instantly identify you as an authority in your field, and that can lead to other opportunities such as consulting offers or speaking engagements."

Because of their broad depth of experience with clients, most independent advisors have more than enough knowledge to fill long-format products like ebooks and video series.

> The problem with producing long-form content isn't the lack of knowledge, but the lack of time to create it.

With advisors already putting in an average of 10 hour days at their business, the idea of finding the time to write the 15,000 to 20,000 words required for a short book seems impossible. Even if the advisor can afford to have the book ghost-written, much of the benefit is lost. In order for authorship to genuinely convey authority, the book must be written by the listed author.

However, there is a form of content that conveys authority with authorship. And its shorter length makes it much more feasible to write.

At around 2,000 words, a problem/solution white paper is not only a more realistic writing goal for busy advisors, but if it is carefully structured and annotated, it can convey all the benefits of authorship.

The other advantage to its length is for the reader. A prospect is much more likely to spend the 15 minutes it takes to read an eight page white paper than the many hours it takes to read a book. A book can be more in-depth, but if a person has to read the whole thing to get to the main point, its impact as a marketing piece will be very narrow.

> Robo-advisors, large banks, and brokerage houses all understand the power of white papers.

Large investment firms and robo-firms alike make white papers readily available to their prospects. But when it comes to the benefits of authorship that come with writing a white paper, these large firms are at a disadvantage.

Their clients will most likely never get to sit down and discuss their goals with one of their white paper authors.

How White Paper Authorship Adds Value

In the mind of a potential client an independent advisor who has written a convincing white paper has more authority than a salesman for one of the large banks or wirehouses, and the experienced judgement that's lacking in the algorithm of an online robo-firm.

The potential client will perceive that the independent advisor's time and advice are worth more, and so will be willing to pay more in fees to get this advice. And the client's hunch is right. An advisor who has authored a paper that looks at all sides of an investing issue fairly will be more likely to advise the client in ways that are most beneficial to them and the value of this relationship to the client will increase over time.

> An independent advisor with authority will be able to charge a premium above the fees of robo-advisors and be seen as preferable to large investment firms.

Brian Horn, best-selling author of *The Authority Mindset*, agrees that professionals with authority can sustain higher rates. "When a customer hires someone to do a service or to provide a product, they will pay more for it if that person is considered an expert in their field."

They Want Both Sides of the Story

Consumers are wary of financial professionals with an axe to grind. They know that an advisor who works for a wirehouse will want to steer them toward one type of investment. It may ultimately turn out to be the product that's most effective in helping them reach their goals. But before making a major financial decision, consumers want to hear both sides of the story.

Unlike a sales brochure, a blog post, or a press release, a classic problem/solution white paper addresses all the leading solutions, including opposing points of view, before recommending a course of action. In writing this kind of content an advisor will have to be familiar with and address the best arguments put forward by competing firms.

To come across as authoritative, he or she will need to treat these alternatives fairly. It seems counterintuitive for a person trying to attract a new customer to lay out the arguments for competing alternatives. But for prospective clients, this transparency is foundational for trust. As a result they will see the advisor as a truly independent, less biased source of information. Someone who has their best interests in mind.

> Even a prospect who has no intention of working with you will read your white paper, because he will learn something of value.

According to John Resnick, VP of Marketing for Efficient Advisors, a firm specializing in equipping independent advisors to grow their business, white papers have been an effective marketing tool for the independent firms they advise.

"In our experience," says Resnick, "the independent firms who author their own white papers have been very successful with them. It's a great way for advisors to demonstrate their knowledge on issues that are critical to investing clients, raising the value of their expertise in their customers' eyes. That's why we recommend that all the advisors we work with write their own white papers."

Can *Any* Advisor Be a White Paper Author?

An independent financial advisor who has years of experience helping a variety of clients invest their money for retirement will have developed the two things necessary to author a white paper: expertise and a unique point of view.

According to Chris Koch, Editorial Director for software giant SAP, the point of view in a white paper is what creates the loyalty and the interest. He says that content marketing powerhouses like McKinsey and IBM get attention and a loyal following for their content, not because of the format they choose.

"While slicing and dicing material can help engage the readers, the content has legs because it has a really well-developed point of view," says Koch.

In communicating this point of view, the well-written white paper will seek to engage the general reader rather than try to impress him. Since the document will be aimed at prospective clients, who are not investment professionals, the subject matter does not need to be academic or intellectual in nature. The white paper simply needs to lead the reader logically step-by-step through an argument until they arrive at the conclusion favored by the author.

> The biggest challenge for the first time white paper author is structure.

After determining what the paper should be about, the person writing it needs to carefully map out the steps for his or her logical argument and then find published sources to bolster its major assertions.

There are a number of resources available to help the first time author plan and write their first white paper. These resources will also have suggestions for distributing the paper once it's done.

Chosen by Better Clients

Once complete, a white paper is a useful qualifying tool. For advisors to be profitable they must attract clients who value their personal expertise. The investor who believes he can achieve his long-term goals by filling in a ten question risk profile on a robo-advisor site will not want to pay more for the guidance of an experienced human advisor. But a prospect who does read the white paper and finds it useful is more likely to want to work with its author—and will place a higher value on his or her advice.

> White papers are effective customer retention tools as well.

When advisors' current clients read their white paper, it reminds them that they are working with an authority whose opinions are valuable and makes them less likely to take their business elsewhere.

White papers can be distributed many different ways. They can be used as "freemiums" to get people to subscribe to email lists, offered as information resources by allied businesses such as CPAs and insurance agents, and of course printed out to be distributed at speaking engagements and other events.

Because of their relatively short length—an eight page white paper can be read in about 15 minutes—they're more likely to be read in their entirety than other long-format content forms. People are less likely to set them aside for a future reading session.

The Content Piece That Turns the Tables

With robo-advisors on the ascendence and national firms looking to expand their client base, independent financial advisors are feeling the squeeze. But with a marketing tool like a self-written white paper, they can turn the tables, using the power of authorship to make their small size a strategic advantage.

ABOUT THE AUTHOR

Brian Boys is a content specialist and author of *How To Write A White Paper In One Day*, an easy step-by-step guide designed to help non-copywriters draft their own 2,000 word white paper in one day. Following a 15 year career in advertising, he's worked independently for the past 10 years, helping organizations of all sizes more effectively engage with their clients.

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