Transcription details:

Host:	Bill Coppel, First Clearing Chief Client Growth Officer
Guest:	Doug Fritz, CEO and founder of F2 Strategies

Transcription results:

Intro	Welcome to The Next Frontier, where we examine what the role of the financial advisor will be in a world that's being disrupted by artificial intelligence and algorithms. Our mission is to spark new conversations that create stronger connections and build greater client confidence. Join us as we look at our industry and others through a new lens and explore the opportunities emerging at the intersection of high tech and high touch. It's time for a new conversation. Are you ready?
BILL COPPEL	Hi, this is Bill Coppel and welcome to this episode of The Next Frontier. Let's face it my friends, change is upon us. And this change has irreversibly altered client's sentiments and expectations. Why? Because so much of what we've delivered and labeled value is now being replaced by apps, artificial intelligence, and algorithms. As our lives become more digitized, our clients are likely to expect more from us. I believe the current financial advisor model is rapidly eroding, and the industry is simply not moving fast enough to meet these demands. To help us better understand this reality, we've invited Doug Fritz to talk with us today. Doug understands how advanced technology can address the widening gap between expectations of affluent clients and their wealth management experience. His perspective will help us understand what is on the horizon, and explore this intersection of high tech and high touch. Doug is CEO and founder of F2 Strategies, a leading technology and marketing consulting firm to the wealth management industry. His experience has led him to be an authority on robo advisors, artificial intelligence, natural language generation, and machine learning, and how advisors can leverage these digital assets today and what to expect in the future. Doug, welcome to The Next Frontier.
DOUG FRITZ	Well, great. Thanks for having me. I really appreciate you guys giving me the opportunity to talk about F2 and what's going on in the industry.
BILL COPPEL	Well, that's great. We're glad to have you with us. So let me start with this kind of overarching question. You know, Doug, you and your team have been sitting sort of at this intersection. What I mean by that is what financial service firms have today and probably what they're going to need in the future, and exploring with them this wave of technological disruption as it looms closer each year that goes by. Tell us what you're seeing out there among the firms you're working with and particularly what's the impact been like for the financial advisor?
DOUG FRITZ	Yeah. Great question. I think a year ago if we were having this conversation there were still people on the other side of this podcast that would maybe doubt that there was a change happening and that their own practices and business models might be able to escape unscathed and unchanged for another decade. You know, I think in 2018 that the advisor community, everybody we talk to now almost without exception understands that change is already upon us, and change is something that they're going to have to adapt to and probably should have started adapting to past decade or decades ago. And that's scary to a lot of people. That fear of missing out that, that confusion about what the heck to do about it and where to even start is pretty massive. And that's really what we do, and what we see the real need in the

marketplace right now is just a guiding hand, somebody that can come in and help sort out the complexities of change and what things are meaningful to you and your clients, and what things are just noise. And there's a lot of noise in the market today.

DOUG FRITZ

So I think and to answer the question very briefly, I think the challenge for advisors is just, "Where do we start? How do we go from using a computer for trading, and for printing off PDF reports for clients for [inaudible] to their clients engaging with you digitally?" That's the real challenge right now is how do you address the fact clients are going to want to pull you up on their iPhone, their iPad at 2:00 in the morning and get to understand their portfolios and to communicate with you in a way that you're not right now prepared to communicate with your clients.

BILL COPPEL

Clearly, Doug, that's what we're seeing as well. If I take a step back and think about this, most financial advisors, myself included, really saw their value ultimately and our ability to manage a portfolio on behalf of a client, you know, that's being directly disrupted today with things like artificial intelligence and machine learning and data analytics. Can you comment on those terms and maybe break down for our listeners exactly what's happening relative to something like AI, artificial intelligence?

DOUG FRITZ

The background-- the step back 100,000-foot level answer is that computers have gotten faster. And I know that sounds kind of not correlated to our problem, but it's actually directly correlated and you have to be able to chart this course into the future and understand it, you know, machine learning, AI, analytics - that's just the start. I mean, we're just really at the start of this. But computers have gotten faster and subsequently the products those computers calculations have gotten easier to do, lower cost, and are making their way out from university settings to the iPhone, where people can upload their iPhone and to augmented reality games. I mean, this is a good example of what clients are going to want to start to do with their advisor. So artificial intelligence, machine learning, they take copious amounts of data, like mindbogglingly large sets of data and can run very unique algorithms, very unique algorithms, very unique calculations against the data to not just come up with answers, but to come up with answers so rapidly as to be able to test those answers versus facts, and hone those answers into a different question altogether. You look at some of the machine learning, deep learning algorithms, the computer scientists that are actually building some of these algorithms themselves don't really yet understand how they work. Which is frightening and bizarre until you get up close and actually see it.

DOUG FRITZ

So how does this have an impact on the advisor community? I think the answer [inaudible] we don't really know yet. I don't have a huge laundry list of existing firms that are currently using these technologies on a daily basis with their clients. Morgan Stanley has launched a next-best action artificial intelligence, which just helps advisors think about three additional things they can do with a client on the phone. Very useful, very low-touch, not terribly intrusive. It's not taking over someone's job. There are some computational machine learning algorithms that are working more at the institutional level. We don't really see that happening pervasively at all on an advisor's desktop.

DOUG FRITZ

Or the one use case that we're seeing actually making its way out to advisors is something called, it's a version of artificial intelligence that's called natural language generation. Which means it takes data and it writes words basically. And this technology's actually been around for over a decade. But what it's allowing us to do as advisors is to take structured data - think about like a performance report or a client statement - structured information that's always basically in the same place. And it's at such a minute level that, honestly, none of us should ever expect our clients are going to go through a performance report and a statement and understand everything. But the AI can go through that and write context. Tell the client or tell the advisor what that really is telling, "I'm overweighted in this, and that's related to an outperformance in this. I'm underweighted in this, and it's potentially risky because this index has been dropping that it's correlated to over a period of two market cycles." Things like that that are good at time savings, and it demystifies some of the data into natural language. I like that use case more than anything. And it's the one area of AI that's actually making it out to advisors [more frequently?].

BILL COPPEL Well, it seems to me that those are really interesting efficiencies that this is beginning to create, and this notion of machine learning, which I find fascinating, is this ability for the algorithms and the computers that are leveraging them continue to analyze and gather data. And from the data they learn certain aspects of what's going on, but say in a portfolio and they build on that with additional data that comes through. So this, in a sense, the machine continues to get smarter based on the data. But that's great to a point, right? So what exactly are we trying to solve for in your mind, as it relates to the client experience? Because certainly it's interesting to me that clients want to understand where they're overweight and underweight, but really at the end of the day, does that really matter? And how does that matter directly to them?

DOUG FRITZ I think it's a nuanced answer, but I would say that the most meaningful thing to a client about computational advancements like machine learning and AI is that the clients themselves can get insights that an advisor would otherwise have to pull more frequently and with less human contact. Does that completely disintermediate the advisor? Completely not. I don't think this intermediates advantages one bit. What this allows people to do is when you as an advisor are fast asleep and your client is up [inaudible] reading, potentially be able to go and find information and either understand a little bit more about what's going on in the markets in their portfolio. Or get a qualified answer that you would have otherwise been able to provide when you're not available. You're still going to want to hop on the phone and walk the client through the scenario.

DOUG FRITZ When it comes to data analytics and insights from data these new tools are going to be game changers in the industry. And one thing that I like to talk about just so in terms of "game changing" is that these won't necessarily lead with investor management and advice. The clients are going to begin to expect this service from things like Amazon and Netflix. And so they won't necessarily come to you and say, "A guy that I golf with, he's got this artificial intelligence [inaudible] on his phone. It tells him a lot of things about his portfolio." It's probably not going to come from that angle. The competition's going to come from what we call "liquid expectations", which is that your clients are getting these experiences outside of wealth, like maybe medical records. And they'll start to ask you for that type of a service, or that type of an experience from their wealth management data.

BILL COPPEL Or maybe they won't ask you. Maybe they'll just walk away from you. So as I reflect on your comment, Doug, it seems to me that the advisor-- if the machines are doing what we're talking about, and I think you're spot-on here. And I also think that you're going to see this expectation, or this what you refer to as liquid expectations, which I interpret as the changing sentiments and expectations of our clients, ultimately, which are evolving in real time very quickly. The role of the advisor has got to move further and create a different definition of value. I mean, certainly they can help interpret what the client did, but my guess is that things like augmented reality and some of the other things that we're working on in the industry, leverage this technology, will translate some of these complex mathematical evaluations, or analysis that are being done today into pictures, or real-life experiences. Talk a little bit about where you see the role of the advisor going in - using your words - not being disintermediated by this, but how are they going to complement this experience?

DOUG FRITZ This should absolutely be the number one thing on people's minds right now as they take away information from this conversation, is that what does it mean to me as an advisor, specifically me? Because the laundry list of all the things you could do - the new websites, Robo Advisor integrations, automate the onboarding experience, the AI machine learning stuff we're talking about - the list of things you could do is infinite. It grows by the day. And that analysis paralysis, I see a lot of firms get really stuck in there, where they just say, "Oh, my gosh. There's just too much to digest. Am I Sears or am I Blockbuster now? Am I completely gone because I can't make a decision." I think that the key answer is that all these things are going to change how advisors work with clients, but they have to be done in a way that - to risk sounding a little hokey here - really aligns with the culture and the experience you have today. All the advisors listening have clients. All the clients got to build that relationship with that advisor somehow. And as I go around the country and I talk to many, many, many hundreds of advisors, all of them have a different meme, or schtick, thing about them, their firm, their practice that has gravitated people to them. Often they can't articulate what that is. They don't know, but people like me, I'm a fiduciary - whatever that is. They don't spend a lot of time figuring out why people come to work with them. But I would contend that it's that thing that advisors have to focus on and be really great and innovative at that one thing.

DOUG FRITZ So for example, if you're a planful advisor and you lead with planning. And planning is the number one thing that you believe that people come to you and stay with you because you provide great planning, I would say start with automating your planning. Make it more ubiquitous. Go find a planning app, or a technology that has a mobile version of that plan and lean heavily into planning. Does that mean you have to forego account opening automation, or better performance reporting or risk analytics? Not necessarily. But I wouldn't dedicate a whole bunch of time in being great at those things if the majority of your clients are coming for the planning. It's a sort of a way to think about innovation in the future in a much more narrow focus of what makes you great. That's the primary goal I think that advisors ought to think about around what's going to change for them.

DOUG FRITZ And also get used to this happening faster and faster. That's another thing I think the advisors should be ready for. I think that the pace of innovation that we've seen up until now, we should not think at all that this is going to plateau off. The pace of change is going to steepen. And things are going to come at us faster and faster. I think you mentioned augmented reality and virtual reality. We're not that many years off from our clients at holiday time getting a gift of a virtual reality headset and there being three or four applications that work on the virtual reality headset and suddenly there's this clamor for where's my advisor app in 3D. And it's going to hit us in the side of the head.

DOUG FRITZ And so I would say, get ready for that. Think about how much we're spending in innovation. Think about how much we're spending on getting people within our organization ready for some of these changes. So that when it come we're kind of ready to act on them, we're not blindsided.

BILL COPPEL Yes, Doug, I agree with you. In fact, the pace of change is extraordinary. In fact, I think that the whole definition of change is changing, if you think about it, right? The magnitude and speed of change today brought about by digital is phenomenal. And it reminds me of a story around this notion of how things like as mundane as grocery shopping can be disrupted.

BILL COPPEL

So last year Amazon steps in and buys Whole Foods, right? And when you start to look at the rationale behind why Amazon did this, I don't think anyone would argue against the fact that they have revolutionized retail. They step in and buy a grocery store thinking that how would anyone order lettuce and have it delivered to their home? But that wasn't their real focus, right? Their focus was recognizing how much people value a great experience. And they believe humans are human. And the fact of the matter is, they want to be entertained and they want to have an experience. And I know that, for example, they opened up a Whole Foods in my neighborhood here in St. Louis and on Sundays it's not uncommon to find my wife and I and sometimes our 14 and 12-year old, say 4:30 in the afternoon on our bikes, going over to Whole Foods and to gather some things for dinner. But the reason we go there is for the experience. How do you measure this relative to your experience with F2 and when you're working with firms, talking about experiences and how this is becoming a bigger part of what financial advisors should be focusing on?

DOUG FRITZ

You know, talk about a shot in the dark. No one really saw that coming, that Amazon on this experience, digital, you know, get-it-there-tomorrow, buy anything, would ever, ever jump into a grocery store market. And I think that the real example we can take it from industry for that is that those great expectations of "I get it when I need it. Amazon knows me." That they can deliver a consistently improving experiences and prices and really value the time you spend on Amazon. Like it maximizes your time spending with it can translate really easily to something like retail grocery shopping. And it also gives Amazon this whole other sort of footprint and you're marketing more than just the place you go on your iPhone, or your iPad, or your computer at home, it's a place you go to actually experience Amazon as well. And so take that forward to wealth management land, we're locked in these offices where the markets are volatile and we may send an email out to our clients or explaining, mid-term elections come in, like what's going on. Well, we're not there with our clients frequently when our clients go to their iPhones and their iPads and they're having these Amazon experiences - we're not there. We're not ubiquitous like Amazon now is becoming. And so as an industry thinking about how we can either avoid disruption by Amazon-like company, or compete and be more like that. I think we have to think about where are our clients, and where might they want us to be where we are not.

DOUG FRITZ

And one good example, I think as an industry we haven't really taken to heart is things like planning. Not just estate planning, but also life planning, goal planning, socially responsible investing. These are areas where clients are evolving and emerging these kind of concepts of, "Hey, now something is now important to me and it wasn't before." If we're not reacting and leading the way into some of these experiences, someone else is going to do it for us. Digital is a good example as well. If we're not providing great digital insight into our portfolio and the companies that we own and the performance and how that all sort of corresponds to our goals and our life and our plans, someone else is going to do it. But the aggregators are already doing a great job of pulling in all that data. They can really inexpensively overlay research information and combine things together from our checking accounts and our investment accounts, and start to give our clients real meaningful insight. You know, somebody's new offers are coming out with free planning. If you're a wealthy individual and your advisor is not planning for you, and you've got an app on your phone that allows you to go through a free planning exercise, why wouldn't you do it?

DOUG FRITZ

And so this is where kind of that Amazon, Whole Foods disruption is starting to creep into our markets where those liquid expectations of, "You know, I've seen something outside. I'm starting to expect my advisor, or my wealth management firm to provide

	me with these types of services, with these types of experiences," that are really starting to pick up in 2018, and it's just going to get worse and worse if we don't react to it in 2019 and 2020.
BILL COPPEL	Well, it seems to me the secret then also lies not only in the sophistication of the technology that we need to be considering in our industry, and how we connect in the different modalities that exist and how we communicate. But it also seems to me that at the heart of this, if in fact this experience-based asset - I call them subjective assets, this notion of life experiences and relationships - my research has shown that that's the most important thing in people's lives. As advisors - it seems to me based on what you're seeing and saying - is that we have to spend more time at really understanding people. And what an algorithm does, in some respects, is it monitors your activity to begin to develop a profile on what's important to you. And I'm not so sure we, as human beings, while I think we're much better at that, have really embraced that to the degree we need to. Kind of to the Amazon effect, which actually starts to show me things on Amazon that actually are important to me, and I find that valuable because why? It saves me time. So do you think there's an opportunity for advisors to even go beyond simply the traditional financial planning approach to unearth those things that are important, Doug, that today technology can't quite do the same way?
DOUG FRITZ	Probably drives the heart of why this coming change of expectation from our clients, and the needs and tastes of our clients changing probably impacts advisors psychologically the most. Which is that as their expectations and what they want from us increase, our capacity to react to that is not increasing. We don't have suddenly, magically an extra 40 hours a day to call our clients on the phone and ask them how they're doing with their planning for their child's graduation, we don't have that time. We've got compliance. We've got to get ready for performance reviews. All these things are going on in our lives and we as advisors don't have that magic time. And we also - if we're really honest with ourselves - a lot of advisors don't have that strength of their personality. They didn't get into this business 30, 40 years ago to hand hold people. They got into this business to manage portfolios and make great investments.
DOUG FRITZ	And so recognizing that this is very challenging for our advisors, there is hope. There are tools that you can use, technology that literally allows you to profile your clients slightly better. Bucket your clients into certain types of be it personality norms, or tastes, or levels of engagement preference. Then be able to treat those clients sort of as mini cohorts. We've done this in my work historically as well. We can begin to bucket clients a little bit about how they want to engage, types of things they're interested in. Then as you're having those conversations with those individuals - oftentimes these are our CRMs that do this for you - you're sort of alerted like, "Oh, this client is really concerned about inflation." And then I can have the inflation conversation. But I didn't have to keep 150 or 200 clients in my brain actively at any one time to manage those relationships and have those one-on-one conversations. I'm letting technology do some of that work for me.
DOUG FRITZ	And that's what, really, if you think about Amazon and some of the other sort of more technology-driven great experiences, they do that. They learn from how often you engage. You know, it's a little bit scary and it's kind of almost normal now when you go google something, magically the next day, the thing you googled pops up as an ad on the side of your email. You know, if you use Gmail, it'll pop up on the side. Well, of course, like it's tracking you and your preferences and what you want, and it's going out there and trying to give it to you consistently. And we got to get over like, "That's

scary and our clients don't want that." And into the land of, our clients are increasingly expecting that from us.

DOUG FRITZ Interestingly, artificial intelligence, if we're going to see anything in artificial intelligence in our industry in the next few years, this is an area where AI just kind of working in the background of what we're doing can start to propose some of these things to us. Like "Hey, this client calls you twice as much as your other clients. And now they're calling you again this week. Chances are they're missing something. There's something about this relationship that's not working. Spend a little bit of time on the phone with that client to unearth what is it that they're lacking. Maybe we can get to the bottom of that." And maybe, "Hey, this client has called you every month for the last two years. Now two months have gone by, they haven't called you. Maybe there's something going on there." And it's very difficult as a human to be able to cross like hundreds of relationships to keep track of that. The technology can help you to incrementally be a little better. And you're not going to be Amazon, but you'll certainly be better than you were historically and you'll be able to react better, more in an Amazon way.

BILL COPPEL That's very interesting because what I hear you talking about are patterns, right? So the better we are at beginning to recognize patterns as information versus obstacles, you know, "Oh, that client calls me too many times." Well, there's a reason for that as you point out. And kind of digging below and trying to understand what that pattern means as a way to redefine what's important to that individual is something that can help begin to redefine the value that that advisor can actually bring to the relationship. Does that make sense?

DOUG FRITZ Yeah. Absolutely. Absolutely.

BILL COPPEL So let's take a step back again because I want to kind of go back to this notion that we talked about a little bit earlier in our conversation about these liquid expectations and its linkage to the speed of change. We contend that client's - what I say - client sentiments and expectations have been irreversibly altered and are never going to go back. And they're accelerated. Yet, our behavior has largely been somewhat status quo. When you look at the world that you're immersed in, this intersection we talked about at the top of the conversation between this wave of technology and the disruption, and how it is affecting every aspect of this business. Talk to me a little bit about what you're seeing as it relates to this issue and how advisors are beginning to respond to it. How are they becoming better at navigating this thing so as to redefine their value in the relationship with their clients?

DOUG FRITZ To some extent this change has happened-- we've all known it's happening, I mean, nobody is living under a rock thinking their clients don't google everything, and they don't FaceTime their grandkids. You know this happens. You've known for a long time this is happening. There's never been one sort of big moment that pushed people forward. We certainly know advisors - and hopefully many of them listening to this [inaudible] - that have taken that step two, three years ago and said, "Hey, I'm getting on board with the future and I'm going to bring in new tools and I'm going to move my practice forward." There are a ton of advisors that are just kind of waiting for to see something to happen, or hoping that it doesn't destruct them personally before they retire and move on with their careers. And these are the folks I think are probably going to be in the worst position over the next five years. Because we're going to start to see clients leaving because the experiences are better someplace else. The digital experiences are better someplace else.

DOUG FRITZ There has been research that shows that even clients at like 50, 60, 70-year-old age increasingly using these technologies outside of our industry are going to start gravitating towards, and leaving the existing relationships for an advisor experience that is better, has a better sort of consistent, holistic digital and in-person kind of an experience. And I think you talk to most advisors they believe it'll never happen. But the recent research coming out of the industry is showing that it is in fact happening and it will increasingly happen soon. And I mean, what do you do? Like how do you react to that? Do you react to that? And the best reactions that I've seen from advisors that opportunity to take on, and on what's changing is to open your eyes, read all of what's going on, attend some conferences. Oftentimes there are a lot of conferences that are available that people can just pick up on. Try to talk to other advisors. Pattern your practice off of more high-tech practices. Sometimes that's a new tool, and there are a handful of great, very low-cost tools that help you do some of this stuff better.

DOUG FRITZ

But to your earlier point in the conversation, the number one thing that I want advisors to do is to ask themselves that question like what makes you unique and different and great? And then lean in to that thing. Because you can't be great at everything. You can't be great at performance, and planning, and client hand-holding, and the markets, and security selection, and due diligence - you can't be great at everything. We got to focus on what's going to make us really unique and different. And I find that the advisors that do that can be successful faster.

BILL COPPEL

And I think that what I hear you saying also is the fact that the technology is going to only increase. And it's going to make the way in which we interact with clients-- it's going to enhance the way in which we interact with clients even more over the next two to three years. But what I'm hearing you say - which I think is really the essence of this - is that the technology serves a means of providing a line of communication, but it doesn't define the scope of that communication. And the value add that advisors can bring to this is to help clients through the process of decision making. Which today technology isn't really necessarily aimed at that. It's really aimed at making it easier, meaning less effort to do things.

BILL COPPEL

And advisors can also perform something that I think is very important, which is making it less complicated. And decreasing the amount of complexity that's out there. And that is where their ability and the value they can create is much, much more valuable than simply portfolio management. Because most everything we've ever done today is going to be better served, in my opinion, leverage that technology that's out there. Again, you're on the forefront of what's happening out there. You're seeing a lot of development work. Can you point to any of the technologies you're beginning to see come in to the sort of intec space, if you will, that are really aimed at those things that are not traditionally associated with our business? For example, are there technologies that are on the horizon that really begin to focus much more on things like, as I mentioned earlier, experiences? Or helping clients better define what's really important in their life, beyond how much money they need in retirement. What are you seeing emerge out there on the technology front?

DOUG FRITZ

Oddly enough one of my favorite technologies for experience are some of the automated onboarding, automated operations tools. Some information's come back from some of the Robo Advisor launches over the last three, four years. And then they ask clients, "Why did you pick this? Why did you do this?" And we all thought it was the digital, it was the beta, it was the low-cost-- a lot of times the answers are coming back saying, "You made it easy to do business with you. I could just sign up online. I was like, I checked it out, and it was like open an account button. I answered a handful of questions and whoof, I've got an account open." That was literally the number one reason why people would sign up for these services.

DOUG FRITZ

And having those initial experiences with your advisor be great and digital and predictive and seamless and effortless, it sets an expectation in your mind as a human that all the subsequent experiences are going to be great. And I try to talk to my clients about this as well, like if you can make the first experiences really great, your clients are going to anchor that all through the relationship. So the markets are up and down, maybe you got a fund in the account that hasn't performed terribly well. The client's anchored their impression of you as a great high-service, great to work with-type firm, you're going to get a couple of passes on performance. But you blow that initially account opening phase where you didn't follow up with a signature to get the assets transferred. Maybe the cost-basis information didn't come across, it was very manual - all these problems that go on when you don't have it automated, the clients get frustrated. And that's their first impression. And if something happens with performance down the road, and you've already got a couple of strikes against you, I mean, it's going to be tougher to turn that relationship back to a high-referral, you know, happy kind of relationship.

DOUG FRITZ

the other ones I like that are outside of this experience a little bit are some of the, they call them PSM, so the personal financial management tools. Historically, we look at like the investment. Can the investments reach this goal in the future, and do you have enough cash flow in the future to achieve what you want to achieve? There's a lot of our client's lives that happen financially outside of their investments. How much are they spending? Are they budgeting correctly? Where is the money going, etc. And some of these PSM tools, a lot of them come from the banking space, but they're creeping into wealth management, like [inaudible] just announced a launch of PSM this year. They're helping your clients on daily decisioning around their "finances" which is outside of their investment realm. Does it add anything to the investment relationship? I would contend it does. You get a much better, cleaner picture of what your client's daily life looks like, like what they care about, where they shop. And potentially where they have other investment relationships, if you have that information. And you're being more to your client than just managing the investments. You're helping them sort of on a daily basis, sort of [track goals?] and things. Which is just super helpful.

DOUG FRITZ

Yeah. I would say those are the main ones. The last one I would say that I think definitely falls outside of the realm of the standard investment management advisory relationship is - and this may sound a little bit wacky - but it's news and alerts. If you think about what most people do that have an iPhone or an Android phone, you know they're between, they're waiting in line at the bank, at Starbucks - they're on their phone and they're looking at news. You know, Twitter-level snippets of news. And there's all kinds of news in our industry that we have and we're sitting on, but we don't give to clients. And some of it's relevant, but some of it's not relevant at all.

DOUG FRITZ

If you think about like the average person with an iPhone, the average news article you read may be legitimately relevant to my life, maybe like 5% is legitimately relevant to my life. The rest is like wacky stuff that just gets sent up to me and I read about news from other states and other countries and other things that has very little relevancy, but it keeps my attention. And the more as an industry we can lean into being a supplier of content and news and alerts, that's just generally educating our clients and keeping them aware of what's going on in in the industry and is compelling, that sort of content that newsy content, we hold their attention longer. When we found protesting client sentiment is that a lot of that just news and alerts and sort of simple, easy subjects [inaudible] quality content actually counts as a touch point with the client. And we know clients want more touch points, but we didn't really think until we started measuring it that some of these smaller, little snippets of information count as a touch point with you as an advisor. And so it's beneficial. But it does fall outside of the realm of-- pretty significantly outside of the realm of what we historically think about ourselves as.

BILL COPPEL Interesting. You know, it's a tough balance, right, when you're thinking about it, Doug, when there's so much information out there that is creating a lot of confusion. And you know, in the era of "fake news" that we live in today, it even becomes more difficult. What you're talking about here is actually helping clients navigate, hopefully from a trusted source, to mitigate the anxiety that is building around this firehose of nebulous sometimes hard to determine whether it's true category of information. That's an interesting idea. It makes a lot of sense. Let me ask--

DOUG FRITZ And there are some new services that are coming on. You'll see them most from Robo Advisor, from the digital providers, where they're turning some of these news feeds on. I think in 2019 you'll start to really see, maybe it won't be that Amazon buys Whole Foods moment, but you'll start to see some of these services really provide the interesting news feeds to your clients that hold their attention longer.

BILL COPPEL Interesting. Well, it's certainly an opportunity. Advisors should be having more time to spend as the industry continues to automate. And one of the opportunities that you're pointing out here is that they could become a commentator and try to help create news or information for their clients that's really relevant to that client's life, as opposed to having them try to sort through everything on their own.

DOUG FRITZ And these are automated services. They just send the notes out to the clients directly. There's no advisor involvement really at all. It finds the portfolio, finds news that relates to the portfolio, and then, you know, much like the side of your Gmail account has an ad, you'll start to see news and alerts about companies you own, you know, managers that you're invested in, sectors that you're invested in, things like that.

BILL COPPEL Oh, that'll be very interesting. Let me wrap up our conversation with a final question, if I may. If you take a step back, when you think of it from this perspective, what is it that CEOs and advisors should be asking themselves right now, in the face of this acceleration of digital disruption and change that is impacting the world we know? What's that question that they should really be asking themselves as a catalyst to start to move forward, perhaps in a new direction?

DOUG FRITZ Yeah, I think the question they should ask themselves is, what does our firm look like in five years? What does our firm look like in ten years? That includes staffing. That includes the types of clients that we're going to win. It includes the pricing and the types of portfolios that we're going to manage on behalf of our clients. But it obviously is going to cover how we change, how we become that firm. I'm always surprised at how little that question gets asked. How little like imagination people have about the type of firm they want to become. Either by emulating some other firm that's larger, or slightly different. Or just trying to become a modern enhanced version of themselves. If you can't really answer that question, you can't answer and see that clearly of like not just do we want to grow? Everyone wants to grow. But very few people can tell me like this is how we're going to grow. Or the types of clients that we're going to attract, and why we're going to attract them in order to grow. It's getting really crisp on that. I mean, technology obviously is my background and it's where my heart is. And that's part of it, but it's not all technology. A lot of it is that the advisor-client relationship. A lot of it is operations. Where can we maybe react to cost pressures by having different investment vehicles in our client portfolios, or possibly custodying someplace else that's less expensive, or has a better toolkit, things like that.

DOUG FRITZ	So that's the number one question I would think that the CEO [inaudible] that's really needs to be super crisp on. And if they can't answer the question, I'd say immediately, that's the next needed answer.
BILL COPPEL	Well, first, I want to say thank you, Doug, for the time you spent with us today and all of your insight and wisdom you shared with our listeners. I'm sure it'll be well-appreciated. And to that point, how can our listeners contact you to learn more about the services of F2, and take advantage of some of the materials that you've produced over the years?
DOUG FRITZ	I got into this business after having done it and delivered it at big firms, big technology innovations at very large firms. And I do this because I love working with advisors, and I love getting people to think about what their future looks like. And then helping them take a couple of steps in that direction. So this is absolutely what drives me and our company forward. And so at f2strategy.com, check out our website. I'd say for sure come out to LinkedIn, follow us to the company on LinkedIn. We post a lot and we repost over Twitter a lot. Lots of news and alerts of all that's going on. We try to be relevant, we don't just retweet everything. We try to have original content and things. And then absolutely if you're really committed to doing this, and you just don't know where else to turn, shoot me an email, it's doug@f2strategy.com. It's also on the website. I'm happy to set up a conversation and just talk to you about where you are, and what opportunities people have. And it's absolutely my favorite thing to do is talk to new firms about their challenges and help people up. So it'd be a pleasure to help your listeners.
BILL COPPEL	Thank you very much for joining us here on The Next Frontier. And to all our listeners, until next time, be well.
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CAR-0222-00356