Don’t Let Your Practice Go The Way Of The Dodo Bird

Robo-Advisors and Artificial Intelligence – Friend or Foe?

Where is the industry going and how do you position your practice to cope with these fast-moving changes?
"robot"

First coined by Karel Capek in 1921.

Czech word meaning: forced labor
ASIMO
by Honda
• More relatable
• Less threatening
• More human

• Very, very smart
• Getting smarter by the day
Machines That Will Think and Feel
Artificial intelligence is still in its infancy—and that should scare us
“Once we have figured out how to build artificial minds with the average human IQ of 100, before long we will build machines with IQs of 500 and 5,000.”

“But we don’t have the vaguest idea what an IQ of 5,000 would mean.”
“Artificial intelligence is breathing down our necks: Software built by Google startled the field last week by easily defeating the world’s best player of the Asian board game Go in a five-game match. Go resembles chess in the deep, complex problems it poses but is even harder to play and has resisted AI researchers longer. It requires mastery of strategy and tactics while you conceal your own plans and try to read your opponent’s.

Mastering Go fits well into the ambitious goals of AI research. It shows us how much has been accomplished and forces us to confront, as never before, AI’s future plans. So what will artificial intelligence accomplish and when?”
How many of you think that a robot might be a competing CDFA in the not too distant future?
Robo-Advisors

A robo-advisor (robo-adviser) is an online wealth management service that provides automated, algorithm-based portfolio management advice without the use human financial planners.

Robo-advisor (robo-adviser) Definition | Investopedia
www.investopedia.com/terms/r/roboadvisor-roboadviser.asp
DON'T PAY FOR EXPENSIVE FINANCIAL ADVISORS

Wealthfront is the fastest growing software-based financial advisor

INVEST NOW

BETTERMENT INVESTING REVIEW:
MAKE IT AUTOMATIC WITH BETTERMENT INVESTING
What the heck is an algorithm?
“an algorithm is a formula or set of steps for solving a particular problem. To be an algorithm, a set of rules must be unambiguous and have a clear stopping point. Algorithms can be expressed in any language, from natural languages like English or French to programming languages like FORTRAN.”

- Vangie Beal, Managing Editor of Webopedia.com
Examples of Algorithms

Recipe
CHOCOLATE CAKE

4 oz. chocolate  3 eggs
1 cup butter     1 tsp. vanilla
2 cups sugar     1 cup flour

Melt chocolate and butter. Stir sugar into melted chocolate. Stir in eggs and vanilla. Mix in flour.
Spread mix in greased pan. Bake at 350° for 40 minutes or until inserted fork comes out almost
    clean. Cool in pan before eating.

Program Code

Declare variables:
chocolate  eggs  mix
butter     vanilla
sugar      flour

mix = melted ((4*chocolate) + butter)
mix = stir (mix + (2*sugar))
mix = stir (mix + (3*eggs) + vanilla)
mix = mix + flour
spread (mix)
While not clean (fork)
bake (mix, 350)

Mix

Remove from Oven

Let Cool

Eat

Spread in Pan

Test With Fork

Bake at 350°

Ready

Not Ready
Robo-Advice

Initially
• Simplistic
• Asset allocation based on user’s answers to simple questions

Offered answers to:
- Risk tolerance
- Portfolio rebalancing

Now
• More sophisticated
• Uses complex algorithms and behavioural analyses

Offers:
- Retirement, trust and estate planning
- Help dealing with major life events i.e. college, marriage and divorce

Costs less
• Now offering robo-advice to less affluent clients
• Previously never wanted
• Never able to cost-effectively service
Is this something we should worry about?
Our work is different
Much more complicated
No two cases are the same

A Robo-CDFA can’t do what we do!
IBM’s Watson
What is Watson?

IBM Watson is a technology platform that uses natural language processing and machine learning to reveal insights from large amounts of unstructured data.

Watch now (02:14)
To embed its technology into KPMG’s:

- Auditing
- Tax
- Risk assessments
- For business

Will be using this to:
- analyze risk for lenders
- Mergers and Acquisition analyses
- Auditing services

IBM's Watson Lands A Job With KPMG

KPMG, the global global tax auditing and advisory firm, aims to use Watson's cognitive computing capabilities to look at volumes of data that, from a human standpoint, would be impossible to manage.

KPMG has made a new hire to help its knowledge workers innovate: an IBM computing system named Watson.

The global tax auditing and advisory firm on Tuesday said it will deploy the cognitive computing capabilities of IBM's Watson to bolster its professional service offerings.
Deloitte Forms Alliance with Kira Systems to Drive the Adoption of Artificial Intelligence in the Workplace

Mar 08, 2016, 08:45 ET from Deloitte

NEW YORK, March 8, 2016 /PRNewswire/ -- Deloitte today announced an alliance with Kira Systems to bring the power of machine learning to the workplace, an innovation that could help free workers from the tedium of reviewing contracts and other documents.
EY the first professional services firm globally to offer a predictive analytic software platform that models human behaviour

Tuesday 14th April 2015 - EY Australia has moved to acquire the business and assets of world leading Australian predictive analytics platform provider Intelligent Development Pty Limited, trading as ISD Analytics.

ISD Analytics’ co-owner and founder Dr Don Perugini and co-owner Dr Michelle Perugini will join EY Australia’s IT Advisory Enterprise Intelligence (EI) team as executive directors. ISD Analytics’ employees will be invited to join EY Australia.
Deep Learning

Has enabled vast improvements in computer vision and speech understanding.

Loosely based on how the human brain operates & functions.

Machine learning teaches an algorithm to recognize patterns in data.
Company - ENLITIC

- Focusing on field of radiology
- Using deep learning artificial intelligence to detect abnormal tissue in medical images
“Enlitic has tested its software against a database of 6,000 lung cancer diagnoses, both positive and negative, made by professional radiologists. In research soon to be published, its algorithm was 50 percent more accurate than human radiologists”, Enlitic said.
The U.S. government lab will begin testing a $1 million computer, the first of its kind, packed with 16 microprocessors that are designed to mimic the way the brain works.
• Called “True North”
• Developed by IBM
• Contains 5.4 billion transistors
• Stimulates 1 million neurons
• Developed to enhance the deep learning process
• Only requires 2.5 watts of energy
The article further stated that “Marstone's platform will offer digital advice supported by cognitive computing, which is self-learning technology that uses data, patterns and natural language. With Marstone Powered by Watson, advisers will help clients throughout the entire process of planning and managing investments by managing data, analyzing behavior, identifying trends and being predictive.”
“We believe that over the next decade, artificial intelligence is poised to transform our industry. The entire fabric of the financial system will be rethought, redefined and rewired.”

We’re firm believers that artificial intelligence applied to your actual behavior will provide far more powerful advice than what traditional advisors offer today. The reason is quite simple: actions speak louder than words. Observed behavior can’t be fudged on the phone or lied about in person. More importantly, observed behavior may reveal insights about ourselves that we aren’t even consciously aware of.”

“Today, we are on the cusp of something even bigger: the rise of artificial intelligence applied to financial services.”
“On March 9th, the world was stunned when Google DeepMind defeated legendary Go player Lee Se-dol. Over the next decade various forms of artificial intelligence will be brought to bear on every industry, including financial services.”

“We believe the ultimate financial impact of artificial intelligence on society will be far bigger than what we are building at Wealthfront. These changes will not just impact the next few months or years, they will continue to accelerate over the next few decades.”
Artificial intelligence and self-learning algorithms are efficiency-creating and cost-reducing, and soon they will be displacing service professionals and Ph.Ds just as they have factory workers. The Bank of England projects that 45% of jobs done by people in the U.K. will eventually be performed by robots. ArkInvest expects the U.S. to shed 75 million jobs in the next two decades.
“The financial crisis was bad for banking jobs. The rise of “fintech” could be worse.”

“A new report by Citigroup Inc. forecasts retail banking automation could spur a 30% decline in banking jobs across the U.S. and Europe over the next decade. That would be the equivalent of eliminating nearly 2 million jobs.”
“The future of branches in banking is about focusing on advisory and consultation rather than transactions,” the analysts wrote. They added: “Around 65% of banks’ staff are doing processing work that could be automated in the long term.”

“Branch jobs aren’t the only ones at risk, according to the report. Fintech startups, like “robo-advisors,” could threaten the number of financial advisers and analyst jobs.”
If top accounting firms are using artificial intelligence to:

• analyze mergers and acquisitions
• risk for lenders
• contracts and other documents behind business activities
• providing auditing services

What can we do to survive the inevitable appearance of the Robo-CDFA?

Why can’t artificial intelligence do what we do?
1st step

Acknowledge this is happening and will probably happen faster than you think.
2nd step

Fully embrace it!
Numerous firms currently offering a white label Robo-Advisor

Can brand with the look and feel of their websites

Can reach out to less affluent clients
Will open up an entire new segment of the population who were never able to afford your fees, but still desperately need help with the financial aspects of their divorce.
• Will democratize the availability of divorce financial advice for the masses
• Provided for a reasonable flat fee
• Fully automated, requiring little/no involvement
• Will bring in new and substantial revenue stream
Robo-CDFA

- Analyses and crunching of numbers done for you

- Automatically figure out possible alternate what-if scenarios, run the numbers, put it in a report and email to you and your client?
Robo-CDFA

- Much faster
- More efficiently
- More accurately
- More cost-effectively
Your Role

• Help interpret and explain the analyses

• Offer higher-level services
Knowledge without understanding is useless.

"Any fool can know. The point is to understand."
Higher-level Services

• More hand-holding and involvement

• More robo fees = limit hand-holding to a few high-paying clients
Higher-level Services

- Divorce financial services
- Finding divorce and other types of attorneys
- Helping them sell their house
- Buy or rent a new house
- Selling their art and jewelry
- Car purchase or lease
- Vocational training
- Starting, buying or expanding their business
- Home makeovers
- Body makeovers (private trainer, plastic surgery)
- Dating services
Concierge-type Service

Will need to get heavily involved in your clients’ lives
Concierge-type Service

Rewarding Top Clients: Concierge Service Tips - Ingrid Case

~ Financial Planning magazine, December 1, 2012

“offering these concierge services - which can be anything from securing opera tickets to vetting a potential spouse or setting up geriatric care for a relative - can be a way to strengthen relationships with clients.”

“When it comes to buying big-ticket items, for instance, some clients know what they want and where to get it, but they'd like someone else to negotiate on their behalf. It might be something they haven't done before, or they've done it before and it wasn't a good experience”

“…he does sometimes set clients up on dates. "We have a very good database and we take note of people who are interested in meeting someone”
Need to trust you way before you’ve met them or had a conversation

• How do you do that?
• How do you market your services?
• What are you currently doing and how is it working for you?
Niche Expert

Person or business that focuses on a very narrow and specific client base and develops products, services and marketing that are laser targeted directly to that client base.

- Accountant who specializes in working with home-based businesses
- PR consultant who works primarily with fashion industry clients
- Lawyer who primarily handles sexual harassment complaints in the high-tech industry

- Have a leg up on their competitors
- Are not generalists
- Have a narrowly defined specialty
- Are experts in their field
Niche Expert

What becoming a niche expert can do for your business:

• Will help you stand out from the competition
• Clients will know something about you
• You’ll know exactly who your clients are
• Easier for potential clients to find you

• Advertising gets easier
• Can tailor your website to attract them
• You’ll know what challenges your clients face
• A great chance for you to network
Niche Expert

The plan that will help you become a niche expert:

• Have a very narrowly defined group of clients
• Know their needs
• Provide solutions for them
• Stay active and visible in their world
Divorce Financial Advisor who works exclusively with women throughout the United States.

Could I have narrowed this down any further?

Who can tell me how?
Next Step

Why getting articles published in magazines, newspapers, and on the Internet will help grow your business.

Having your name in print immediately positions you as an expert.
This woman is an expert because she's positioned herself as an expert.

- Read a column on how to improve your business
- You try that new thing and it really works
- You go back and read her next column

Author becomes one of those experts you respect and rely on for advice.

Buy their book

Send copies to your friends
Are you already having dreams of being published in the New York Times or The Wall Street Journal?

“Is this the best placement for attracting new clients and making more money?”
If you sell tractors and seed to farmers, you need to be seen where the farmers will see you.

- Local newspaper
- The Farmers Almanac
- Weekly newsletter from the local supply store
- Popular farm trade journals
- Internet sites

Knowing your client base is essential to your success!
Know where your clients are.

- What they read
- What they watch
- What they listen to

Tailor your strategy to speak directly to them.
How to reach them

- What Internet sites are they going to?
- Forums and blogs?
- Important trade journals?
- Chamber of Commerce newsletter
- Church bulletin
- Local papers
How to reach them

Get copies of the latest issues of these publications and read them.
Know them inside and out.

- What kinds of stories they publish
- Their writing style
- Are articles long and detailed?
- Just the facts ma'am and informational?
- Are editors looking for in-depth pieces?
- Or short pieces with tips, hints and how-tos?
How to reach them

Biggest reason for a rejection is that the writer didn't read the publication and didn't send something that was in line with their message and style.

So read and get a sense of what they want BEFORE you hit the send button.
What to write?
What to write?

Keep a story file.

Issues that:
• Make you angry
• Make a great point
• Or simply of interest

Clip it and put it in a file.

• Creative answer to a problem that no one ever talks about
• Heated discussions
• Columnist who said something flat out wrong and you want to set people straight
• Latest celebrity divorce
• Proposed changes to the alimony laws
What to write?

• Write down one or two sentences that might make a great topic for an article
• Think about what your clients will want to read or find helpful and interesting

Remember…

Everything you write down can be erased.
Don't worry about getting it perfect.
Get your ideas on paper.
Retain your rights!

Make sure that you have retained all your copyrights and did not give them away to the publisher.

- Having a good attorney comes in handy
- Needs to be negotiated upfront with the publications
- Weigh the pros and cons
- It may very well be worth giving up your rights in certain cases

Intellectual property may be your most valuable business asset.
"Kick it up a notch!"

Use the media in your area to your advantage.
Tell people about it & keep telling them.

- Keep the press interested in you and your business
- Journalists are hungry for a good story - deliver it right into their hands

Every time you do something that's newsworthy:
- give a talk
- write an article or book
- create a new product
- provide a new service

You need to talk to the press about it.
“Kick it up a notch!”

Your story needs to be compelling and interesting.

- Needs to have an angle that grabs the reader
- Must be unique

Journalists are not easily impressed
How do you find a great angle for your story?

Need to consider your niche clients and what they would like to read.

Your goal:

- Inform and educate
- Be knowledgeable and interesting
- Ideas should help them learn something about how to solve their problems and/or improve their lives
- Don’t preach or talk down to them

Your hook should turn a dry idea into something provocative, controversial, quirky, or interesting.
Ideas to get you started

• Create a contest
• Solve a problem
• Make a discovery
• Host an event
• Make a prediction

• Be a philanthropist
• Be a hometown boy or girl who makes good
• Be the contrarian
• Become an advocate
Take that story to the press

Get them to sit up and notice you.

• Know your journalist
• Don't make the journalist work too hard
• Email them, unless they indicate otherwise
• Be flexible
• Make yourself available
• Say thanks
Very important to keep in mind!

May use all, some or none of what you talked about.
Take your quotes completely out of context.

• Thank the reporter for their time
• Do not bitch

Bite the bullet and thank them.
Press Releases

A great way to keep reporters and your niche audience informed.

- Create a compelling story angle
- Write out the details

Can go out to dozens or thousands of media outlets.

You can choose exactly where you want it to go.
Press Releases

A great way to keep reporters and your niche audience informed.

- Newswire services like “PR Newswire” can send your press release for a fee
- Email specific journalists you want to target

A great way to write down your pitch once and send to a lot of people.
Search Engines

Press release will be posted and archived by search engines

• Your niche audience can find your press release by doing a regular keyword search

• Journalists use the search engines to gather facts and information about the articles they are writing

Potential clients can find you!
Radio Interviews

• Great way to get your foot in the door with the press
• Target shows that speak to your niche audience
• Try to get your interview aired during drive time
• Tuesday and Wednesday best days of the week
• Pitch them your story angle
• Stay local to hit your niche audience
• Do fewer interviews with bigger audiences
• You never have to set foot in the studio
Radio Interviews

How to ace your radio interview:

• Be prepared
• Know the program and the interviewer
• Send promotional materials and information before your interview
• Be brief
• Be charismatic and excited
• Be personal and intimate
• Repeat the question

• Put a sign on the door to your office or bedroom
• Use a landline telephone
• Be yourself
• Keep your eye on the clock
• Follow up
Print Interviews

• Come to the table with something to say
• Be interesting and have timely ideas - be specific
• Be yourself

• Let the interviewer lead
• Speak slowly
• Keep your eye on the message
• Know your journalist
• Be easy
Print Interviews

4 things you should never say in an interview:

“I'll tell you the dirt but it has to be off the record.”

“Am I prattling on?”

“Let's meet for a drink.”

“How could you write that?”
Print Interviews

• Call her and tell her you enjoyed the piece and liked working with her
• Let her know you are available anytime and would be happy to be a source

You have no control over what the press will say in the article

Let it go and accept it as part of the deal.
A New Purpose

• To help you position your practice for the future
• To get you more connected to your clients.

A new purpose focused on meeting the demands of your niche audience with new products and services.
Teleseminars

Seminar or interview that you conduct over the phone

- Arrange a time for the seminar
- Post an invitation on the web for everyone to see
- Let your clients, colleagues and email list know all the specifics beforehand

When the time comes:
- They call into a specified phone number
- Listen to you answering questions in an interview format
- Provide your expertise
Teleseminars

Can also create an interactive exchange with small groups of your clients

• Can open up the lines so they can ask questions
• Freely exchange ideas with each other

Think of this as one big conference call where you can conduct weekly or monthly telephone coaching, consulting, and/or brainstorming sessions.
Teleseminars

What’s the best format for your first teleseminar?

The Interview
Where YOU get interviewed

• Format allows you to craft a list of questions that support your message
• Someone will interview you - should be someone who knows you and your business
Teleseminars

The Interview

Where YOU get interviewed

The interviewer:

- should speak slowly and clearly
- should know your business
- should not take away from your spotlight by talking too much
- job is to be the conveyor belt
- should introduce the teleseminar
- say a few words about your background and what makes you the expert
- should tell the audience what the guidelines are for the talk
Teleseminars

The Interview
Where YOU get interviewed

Preparation

• Write out the questions ahead of time
• Practice them and do several run-throughs with your interviewer
• Remove anything that falls flat or is off message
• Have the questions in front of you during the interview
Teleseminars

The Interview
Where you interview another expert

• Interview someone with some cachet in your niche
• A treat for your listeners

This is a team sport
Teleseminars

The Monologue

• You talking to your clients and them listening
• Great option if you’re a dynamic speaker
• Requires intense preparation

Don’t drone on about some boring subject

Needs to be compelling and attention-grabbing
Teleseminars

The Q&A

• A great alternative as a way to check in with clients
• Helps if you are skilled at coming up with answers off the top of your head
• Like hosting a coaching session

A compelling format for really working through people’s issues and challenges

Can be pretty grueling
Probably not the best choice for your first teleseminar
Formats for your first teleseminar:

1. The interview, where YOU get interviewed
2. The interview, where you do the interviewing
3. The monologue
4. The Q&A
Teleseminars

To charge or not to charge?

Suggest 1st one be a freebie:
• Will help you get your feet wet
• Create a closer connection to your clients
• Keep it simple

The freebie is a great way to establish yourself as an even bigger expert, increase your mailing list, and keep you informed about your client base and their changing needs.
Speaking Engagements

"According to most studies, people's number one fear is public speaking. Number two is death. Death is number two. Does that sound right?

This means to the average person, if you go to a funeral, you're better off in the casket than doing the eulogy." ~ Jerry Seinfeld

Public speaking can be a great way to let your niche audience learn about you and your expertise which will hopefully help you get new clients.
Q&A