

# WHEN YOUR TECH PROBLEM LOOKS LIKE A PEOPLE PROBLEM: WHAT TO DO

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As innovation and regulation continue to transform the financial industry, executives across the U.S. find themselves struggling to resolve new challenges. At first glance, some of these problems appear to stem from the firm's people.

CEOs often assume they have done an inadequate job identifying the right professionals with the skills to address their needs. They believe there are training problems negatively impacting the performance of their team members. More often than not, these people problems are red flags signalling a different sort of problem: Inadequate technology.

## SYMPTOMS OF TECHNOLOGY FAILURE

Technology problems often rear their heads disguised as people problems, and they can present some puzzling symptoms. For example, when information cannot be quickly or easily obtained from the system, it may look like advisors and support professionals are poorly trained or lack the skills needed to meet the demands of their job. What is more likely, however, is that the data is housed inaccessibly in legacy technology or disparate systems.

Often, clients expect their advisors to analyze large, complex data sets, and then turn the data into information from which they can draw important conclusions. It is not uncommon for mistakes and miscalculations to occur, but the shortcomings are not the advisors'. When data is housed in multiple disparate systems, many firms have to extract and collect it by hand in spreadsheets. Relying on manual operations in the data collection process yields mistakes that have nothing to do with the advisor's competency.

There are a few chronic symptoms of technology problems that executives can easily mistake for people problems. For instance:

- Unavailability of qualified professionals
- Frequent or excessive hiring
- Excessive spending on hiring
- Having to provide extra specialized training

These warning signs may indicate that firms are relying too heavily on people to accomplish what technology improvements could remedy.

## THE PITFALLS OF INADEQUATE TECHNOLOGY

Firms working within a separately managed account paradigm operate on fairly dated systems. Most have developed processes to compensate for the technology's inadequacies, but their workarounds demand people, specialized training, and customized workflows.

These solutions can be extremely expensive. It is costly to employ people to sort through large quantities of data or consolidate volumes of information by hand. Some organizations spend significant portions of their budgets hiring, training, and compensating staff to answer questions and perform administrative duties that self-service technology could handle more effectively and economically.

Despite the steep costs, organizations often cling to legacy technology and the processes they design to accommodate it because they embrace people-centric operational models. Processes and technology that applies business rules to systematically extract and analyze data or bypass people are more cost-effective alternatives to people-driven operations, but they can be challenging to adopt for organizations rooted in sharing tribal knowledge.

## HOW SUCCESSFUL FIRMS LEVERAGE NEW TECHNOLOGY

Newer, smaller firms have an easier time adopting advanced technology. They typically serve fewer clients, and they do not rely on outdated technology and its myriad workarounds. Robo advisor firms, for example, simply invest in new technology and wrap their processes around it to fully leverage the efficiencies and benefits of their new system.

Older, larger firms, on the other hand, cannot merely flip a switch to overhaul the way they do business. With hundreds of thousands of accounts to manage, they cannot afford a disruption in their service to clients while they reshape their entire operational model. The most sensible option for large, established firms to transition to a new system is a phased approach. If they segment their lines of business and move them to the new system one at a time, they can begin to gauge how their new workflow will look and feel as they gradually complete the switch.

## OPTIMAL TECHNOLOGY SOLUTIONS

With the right solution in place, organizations can alleviate the myriad technology problems that present as personnel or staffing inadequacies. The most effective tools support measurement and reporting, and offer different levels of access for users spanning across the organization. Technology that offers flexibility, scalability, and automation can perform a broad range of tasks to meet the complex demands of today's financial services marketplace.

Advanced technology empowers individuals to perform self-assessments and review problem areas independently. It also assimilates core data and makes it available for multiple functions so that data does not need to be moved from one place to another. These benefits drive efficiency and save firms considerable time and expense.

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