TOP 5 QUESTIONS ASKED BY XTIVA CUSTOMERS AND PROSPECTS

As part of my role as Xtiva's Product Leader, I have the immense privilege to interact closely with many customers, prospects and industry colleagues. Not all people in my role have that opportunity, but at Xtiva, we view it as paramount that our product team is deeply involved in customer conversations.

Of course, I'm often asked about what Xtiva is doing and why, and I jump at the chance to tell our story. But, what I find more valuable are the questions customers and prospects ask me about their own businesses. There is an incredible consistency to the questions people are asking across the businesses I interact with. So, after a recent period of reflection, I decided to share these questions and the answers I offer our clients and prospects.

Here are the five most commonly asked questions by leaders of financial services businesses – and my answers.

1. HOW DO WE BEST ACCELERATE OUR PERFORMANCE?

To offer a bit of context, this is usually asked by someone in the head of the line of business, the CEO, the COO or a senior field leader. The answer to this question is simple: Stop thinking like you always have. If you want different results, you need to start by thinking and acting differently. Hardly a new thought, but the truth is that when we observe top performers they always have different or fresh approach to some aspect of their business.

Begin by challenging your organization to ask 'why' you do everything you do. Examine your assumptions and paradigms. Your constituents aren't advisors or investors – they're both. The customer experience isn't a set of distinct functions, but rather it is a complete, multi-faceted and intertwined journey. BUT more importantly, you must recognize that the advisor journey and the customer journey is interlaced. You can't accelerate them independently. Once you recognize that, make smart decisions in understanding and optimizing the performance of your advisors across that entire interlaced journey. Reward them. Generate intelligence and capture data to help them. Enable them to be effective. Invest in developing and growing their talent.

2. WHAT ARE THE BIGGEST MISTAKE WE MAKE IN OUR ADVISOR COMPENSATION PLAN?

When it comes to compensation, it's rarely just one single mistake, but usually many that add up.

The most common mistake I observe is not aligning the compensation strategy to the corporate strategy. Incentive compensation offers some of the most powerful levers for harnessing advisor actions to achieve your goals. Turning a ship is much easier when everyone is contributing – yet incentive compensation plans often lag far behind business strategy.

Failure to make compensation personal is another mistake. Advisors interpret the compensation plan as an editorial on their value and if you do not communicate effectively and directly, and connect your compensation plan to your corporate strategy, you will create friction in the relationship that can negatively impact on advisor performance. Understand the impact of the design on each advisor in detail and make it your responsibility to ensure they fully understand as well. That means you can't send them a memo on compensation changes, you must engage them in fostering their understanding.

Finally, avoid misalignment between advisor and manager compensation. The relationship between advisors and managers is a complicated one with many layers. Financially, there is a symbiotic aspect to the relationship, so when advisors flourish, managers should succeed as well. But conflicts arise and these can typically be traced back to differences caused when managers have an overly short-term focus especially related to delivering profit. Do everything possible to eliminate conflicting incentives. Managers should derive all success from the success of the advisors they manage.

I've written a whole article on these and more common incentive compensation mistakes in advisory firms.

3. WON'T IMPLEMENTING A NEW INCENTIVE COMPENSATION (ICM) AND SALES PERFORMANCE MANAGEMENT (SPM) SYSTEM TAKE A LONG TIME AND COST A FORTUNE?

The simple answer is: it doesn't have to. In reality, it depends on how complex and messy your business processes are today. Over time, what seem like small operational workarounds to accommodate acquisitions, one-off deals and other special arrangements accumulate to form a kind of operational and technological debt. At some point, you have to pay that debt down.

A small team of experienced experts (internal and/or external) should be able to accomplish an implementation of a new ICM/SPM system in one or two quarters. If there is relatively more operational mess to clean up, that timeline might be extended. If you are tackling another major technology or front office change at the same time, that will also extend your timelines. In the end, we're not talking about years and millions of dollars – and nor should you.

4. CAN WE INCREMENT OUR WAY OUT OF OUR TECHNOLOGY DEBT?

You can try, but it probably won't be worth it. The burden of operational and technological debt is not linear. It grows over time and the burden spreads to other parts of your business. More importantly, competitors with less debt can move faster. It takes monumental strength in other areas of the business to counterbalance the weight of that technology debt. That accumulated debt can weigh on both your forward momentum and your ability to change directions quickly. Traditional competitors with less technology debt as well as new entrants free to move at lightning speed can easily outmaneuver a debt-laden incumbent.

I can speak from experience at Xtiva. We made the decision a couple of years ago to 'go to bare metal' and eliminate our technological debt. And in doing so we created the opportunity to bring what we estimate to be 20 times the value to our customers and faster than ever before. Don't get me wrong, it was scary as hell. But now we have a leg up on any competitor and we have created new value categories in the process. This is very powerful for our customers.

5. HOW CAN WE GIVE OUR CUSTOMERS MORE VALUE?

At Xtiva we speak a lot about the concept of Maximum Advice. In our view, it is critical that advisory organizations obsess about delivering the best advice to the greatest number of customers for the most time possible. But how best to do that? Here are some ideas:

Start with deeper and more profound customer knowledge. Don't guess what value customer need. Know it. Get ahead of it.

Demand extremely high performance standards from advisors. But also invest in constantly advancing their skills and capabilities.

Recognize that advisors are not instruments of operations and administration, but rather are the instrument of all organizational value. It should never be acceptable for advisors to be burdened with solving for poor operational or administrative processes.

Embrace digital transformation. It's the fastest path to a richer customer experience and more leverage of advisor value. Tackle both the customer and the advisor journeys.

Don't pay it lip service. If you aren't measuring the value delivered to customers you aren't serious about the issue. Period.

As I said at the outset, these questions come up repeatedly in my conversations with customers and prospects. Perhaps some of these might be on your mind as well. If you want to talk about any of these issues, please contact me and I'd welcome the chance to have another conversation and learn more about what challenges you're facing in your business.