

GETTING SERIOUS ABOUT

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Though advisers were slow to buy into social media, their understanding of its potential has finally clicked.

Like other advisers, Jeffrey Nauta has taken a gradual approach to using social media for business over the last five years, especially when it comes to using it as a tool to prospect for clients.

It is not surprising that he was caught off guard recently when a client informed him, out of courtesy, that a competitor had come calling on LinkedIn. “That hit me,” says Nauta, explaining his reaction to the news.

Nauta and his partners at Henrickson Nauta Wealth Advisors have decided to step up their game when it comes to social media. The firm is working with a practice

management consultant to develop a more robust strategy.

“Three years ago, the typical adviser was saying ‘we need to do this.’ We are now working with our practice management consultant to just do it,” says Nauta.

While advisers, as an industry, were relatively slow to embrace social media, that is apparently no longer the case. According to a national survey of more than 800 advisers by Putnam Investments, 81 percent of advisers are now using social media for business, up from 75 percent in 2014.

“The stigma is off of social media, and advisers have come to see it as normal



behavior. They realize that it's not going away, and they'll just have to figure it out," says Charlene Li, CEO of the Altimeter Group, a research and consulting firm. Li is also the author of *The Engaged Leader*, a book about using social media to establish digital leadership.

To be sure, some advisers remain leery. Some worry that they do not have the time or the knowledge to use social media effectively, which is not surprising given the small number of "digital natives" in this crowd. According to the research firm Cerulli Associates, the average age of financial advisers is 51, and 43 percent are older than 55.

Compliance-related concerns have also kept a number of advisers on the sidelines, although the industry on the whole now has a greater level of comfort with the compliance issue than in the early days of social media. (See sidebar on page 44.)

Today, the biggest concern among advisers is whether building a social media presence is worth the return on investment (i.e., the time commitment and any fees for professional help) from a business development standpoint, says Joe Steuter, director of marketing at Peak Advisor Alliance, an adviser coaching and practice management firm.

What many advisers fail to understand, says Steuter, is that marketing has changed over the past decade or so. Consumers now use as many as 10 different sources of information to research products and services before making a purchasing decision, he says. Very often, they use digital media to "get a 360-degree view" of an adviser after something, such as a radio or television ad, piques their interest.

"Social media is not meant to be a channel that produces ROI because you participate, but it absolutely contributes to the buying process," says Steuter.

Many advisers still believe their target



AND THEN THERE IS COMPLIANCE

When it comes to using social media for business, many financial advisers have decided that it is better to be safe than sorry from a compliance perspective. To be sure, social media compliance is a legitimate concern, but navigating the issue is not quite as complex as many advisers believe.

One of the first things advisers should do is familiarize themselves with the social media compliance rules of their firms, says Robert Sofia, co-founder of Platinum Advisor Strategies.

Surprisingly, the Financial Industry Regulatory Authority (FINRA) and other regulatory bodies have not issued any significant new rules governing social media. Instead, regulators have issued notices and alerts stating that firms' use of social media must comply with all provisions of federal securities laws, including record-keeping requirements for business communications and pre-approval by a firm's principal of static content (i.e., content that does not change regularly, like a LinkedIn profile or Facebook page).

Some advisory firms use social media compliance and archiving programs like Smarsh and Socialware. Such programs help them monitor social media posts, including client endorsements that can get them into hot water with regulators.

In the absence of significant new rules, advisory firms have significant latitude in how they interpret existing regulations as they pertain to social media, says Sofia.

"It's like how different people interpret the Bible differently," he observes. "So talk to your firm. It's up to your firm to interpret the rules on a general level."

Advisers should also know that what they say on social media must meet FINRA's suitability rule, Sofia explains. Under the suitability rule, advisers must have a "reasonable basis" to believe that a recommendation is suitable for a particular customer given that customer's general time horizon, risk tolerance and experience.

Since it is impossible to know the investment profile of everyone reading your social media posts, it is best to avoid making specific investment recommendations. Treat your social media activities like you would a public appearance or in-person meeting with an unfamiliar client.

"Don't do anything on social media you wouldn't do outside social media," says Sofia. "You wouldn't make an investment recommendation to a client in a seminar or meeting without knowing whether it is suitable. So don't do that on social media."

— Anna Roboton

audience, particularly older or affluent investors, is not active on social media, but they are sadly mistaken, explains Steuter. According to a LinkedIn study, more than 90 percent of high-net-worth investors use social media in some form, and more than 5 million of them use social media to research financial decisions.

"In every single demographic, including seniors over 65, the majority of people are using social media," says Li of the Altimeter Group.

If you are ready to jump on the social media bandwagon, the first step is figuring out which sites to use. The key here is to identify which sites most of your clients use and focus on those.

In all likelihood, LinkedIn, Facebook, Twitter will top the list, although other sites may be worth a look depending on your specialty. Some 85 percent of Pinterest users, for instance, are women. Instagram, meanwhile, is highly popular among young people. More than 90 percent of its users are less than 35 years old, according to published reports.

According to the Putnam study, 56 percent of advisers say their primary network is LinkedIn; 30 percent use Facebook as their preferred network; and 11 percent use Twitter primarily. The balance use other channels as their main networks.

"Select the tool or tools that will be most useful for your clients. Facebook, for instance, is popular with retirees. If 90 percent of your clients are retirees, it would be foolish to waste a bunch of time on Twitter," says Robert Sofia, co-founder of Platinum Advisor Strategies, a marketing and practice management firm.

To avoid spreading yourself thin, start with one network and master that before moving on to other sites. One of the worst mistakes advisers make is taking a half-hearted approach to social media.

If you plan to use LinkedIn, for instance, you will want to set up a complete profile — which should include a professionally written biography and high-quality images — and learn how to use the home-page newsfeed to "share" interesting articles, announce events or post other types of updates. You can also use the site's self-publishing platform to post blogs on topics





related to financial planning and investing, establishing yourself as a thought leader.

Neglecting your social media channels can actually work against your business, says Christina Martin, vice president of digital marketing for United Capital. Martin joined the advisory firm earlier this year and, with the help of a full-time social media specialist, develops engaging, compliance-approved content to support the social media activities of its advisers. The firm has 78 offices around the country and has seen its advisers take a growing interest in social media over the years.

“It’s easy to set up social media, but the bad part is that it is easy to set up social media. Ultimately, you have brand reputation at risk if you aren’t doing the proper amount of care and feeding of your social media channels,” says Martin.

“There is nothing worse,” she adds, “than what I call a Facebook graveyard — with one post every six months to a year — and a Twitter account with two followers.”

What steps should advisers take to avoid becoming social media slouches? One idea is to develop a content calendar outlining topics you would like to cover on your channels and a timetable for doing so.

In addition, do not be afraid to promote your social media channels to existing clients at meetings and events and via email. You might also consider leveraging their connections on LinkedIn and other sites to identify prospective clients, or joining groups that reflect your niche as an adviser.

“Most advisers don’t make the egregious mistakes on social media,” like engaging in political rants and alienating clients as a result, says Sofia. “It’s the more common mistakes that are dangerous, like failing to actively post or monitor channels, using social media as a marketing tool, rather than an engagement tool, or having a poor-quality presence that doesn’t match your brand or image,” he adds.

Many advisers fail to grasp the fact that social media is supposed to be, well, social. It is a tool, says Sofia, for getting clients and potential clients talking with you and about you. Simply posting blogs and

inviting people to seminars on social media, as many advisers are prone to do, is not likely to result in new business, says Sofia.

In addition to posting original content, advisers should be “retweeting” helpful articles and blogs, following thought leaders and uploading photographs from client events, among other activities. Using social media to highlight your firm’s charitable endeavors also makes a lot of sense.

It is also okay to post favorite recipes, pictures from family trips or other content that helps to “humanize” your firm, as long as you do not take that too far, says Sofia.

“You have to remember why people have a relationship with you in the first place,” he says.

One of Sofia’s adviser clients posted a video on YouTube of his first-ever ice climb, reminding viewers that he was depending on rope systems, specialized equipment and supervision by experts to keep him safe.

“This is not a do-it-yourself thing,” says Chris Abeyta of Accelerated Wealth as he ascends a frozen waterfall in the video. “Same thing with your retirement strategy,” he adds, before putting in a plug for his firm.

United Capital’s social media strategy seeks to strike a balance between investment-related content and content focused on the types of issues people think about every day, such as their work lives and saving to send kids to college.

That is certainly no accident. The firm recently did a survey and found that most people (93 percent of respondents) focus on working and spending, as opposed to saving and investing, when they discuss their financial lives.

The company has developed interactive, social media tools that reflect its survey findings, such as an educational trivia game for Facebook that covers working, spending and saving. Its vision-board exercise for social media asks users to answer several questions about themselves, such as naming their proudest accomplishment. The end result is a digital collection of photos that they can share with friends on social media.

“At the end of the day, social media is all about having a conversation with your clients as opposed to at your clients,” says Martin.

One relatively easy way to get a sense of what is important to your clients is to spend 15 minutes a day “listening” to what they are discussing on social media, says Li of the Altimeter Group. She suggests allocating some of that time to monitoring what thought leaders and colleagues you admire are discussing on social media, which will help inform your strategy and keep you up-to-date as an adviser.

Do not be shy, adds Li, about following up with a client (via email) after learning on Facebook that she plans to buy a second home, or take some other step that might impact her financial plans. Most of your clients will be glad you are paying attention to their lives, explains Li, who describes her book’s framework for getting started on social media as “listen, share and engage.”

“I’m not saying it’s easy, but don’t make social media any harder than it needs to be,” she says.

Of course, getting professional help is always an option. Some advisers hire marketing firms to set up their social media channels or retain firms such as Peak Advisor Alliance to provide regular content, as a supplement to their own.

One way to reduce the amount of time spent on social media is to repurpose content you are already producing, such as quarterly commentaries. You can push out content to various channels with a few keystrokes using social-media management programs such as Hootsuite.

Some advisers try save themselves time and effort by delegating social media activities to a junior associate. But that strategy can backfire. Running an effective social media campaign is a lot of work for any one person, let alone someone young and inexperienced, says Nauta of Henrickson Nauta.

“Getting help from someone who uses and understands social media is key to implementing your strategy,” he says, “but you don’t want all the work to fall to one individual. And you may not want your 23-year-old associate adviser to represent your firm.” ■

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