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Seamless, Paperless

Can you really go paperless in our business?

One answer is: Yes, you can – if you are willing to persist all the way through a difficult, expensive task. It takes vision, time, money and patience. At the same time, there must be a reason why you are doing it.

But another answer is that everyone in our business should be working on ways to reduce paper. The benefits can be compelling and potentially surprising. The competitive advantages can supercharge a financial services firm. Just stop and ask yourself: “Why do leading professionals in other industries go paperless?” The answer is simple: *Time is money.*

This chapter describes our paperless strategy and what it took to implement it. It also relates the story of how going paperless helped us maintain a high level of client service during an unprecedented natural disaster in our market area. Keep in mind that long-term client retention is a primary goal at RFS, and almost everything we do is driven by this vision.

Starting in 2007, several factors came together to drive our paperless initiative.

- Our firm occupies about 4,500 square feet of space at 2 Park Avenue in New York City, between 33rd and 34th Streets, an area with some of the most expensive commercial rents in the U.S. At that time, we were using one large room of this space for filing cabinets full of paper documents. In my mind, I saw the potential to use this space for expanding our producers and support staff – if we could just eliminate paper. You see, taking the time to dream about the future helps to figure out where you are going. (An easier and quicker solution was just to lease more space. But in this case we took a long-term view and estimated that the “quick fix” would cost more over time.)

- Technology was making the world move faster. When clients called with a request, they expected a response ASAP. As paperwork kept piling up, we were falling further behind in our filing. Clients would call asking us for a copy of documents. After searching, we would learn that some items had been misfiled, while other items were not yet filed. (Does this sound familiar?) When we couldn't find what we wanted, when we wanted it, we just wasted time trying, and this increased stress among everyone in the firm.
- As our firm expanded, our staff's collaborative work was moving increasingly onto networks. Internally, we were sharing more e-documents and less paper.
- As I divided work time between New York and Florida, I was spending more time accessing files and moving documents between locations, with a growing level of frustration over the logistics.
- After 9/11, we were increasingly concerned about data and document security and off-site backup. We needed a solid business continuity plan for coping with potential disasters.
- Technology was improving and insurance companies were awakening to the potential of paperless. One life insurance carrier with whom we do business shared our paperless vision, and together we formed a search committee to evaluate the best potential paperless tech solutions. We also held high-level strategic discussions on possible paths to a paperless office.

In early 2008, RFS became a pilot office with our broker-dealer for going paperless. Then, we worked on strategic planning and budgeting for our own paperless initiative.

THREE STRATEGIC DECISIONS

At the start of the project, we made three key strategic decisions that ultimately influenced its success:

1. **Vendor choice** – We chose PaperClip, Inc. as the primary e-document management vendor. PaperClip provides a turnkey solution for e-document uploading, cloud storage, access, data security and backup. Since all

electronic document files reside in e-folders at PaperClip and are Internet-accessible, this solution meant we could permanently remove virtually all paper files from our office. Also, our staff would be able to access any file at any time and from any place with an Internet connection. PaperClip is not the only provider in this space, but it was the one that offered the best fit for us at that time.

2. **Going-forward or historic** – We had an option of converting paper files on either a going-forward or historic basis. The going-forward option is by far the easier and cheaper to implement because it requires only that any *new* paper documents be scanned. The historic option requires a firm to work through several time-consuming steps to purge, scan, document and shred *existing* files. We chose the historic option because it was the only way to fulfill our vision of a truly paperless office. (Going-forward would have meant retaining thousands of old paper files.) Again, our vision is long-term client retention and we felt historic scanning would support this vision.
3. **Insourcing or outsourcing** – We had the choice of outsourcing the conversion process to a specialist firm or doing the work with our own staff and resources. We chose to do it ourselves because the price of outsourcing appeared much higher.

Initially, we budgeted about \$60,000 for staff labor cost for this initiative. Our PaperClip license cost \$6,600 annually for our 14 users. We expected to finish the job in about a year, at total cost of \$100,000 or less.

In fact, it took us two and a half years and cost about \$200,000! If I had known this then, I might have chosen to use outsourcing in the third strategic decision mentioned above. In retrospect, using an experienced outsourcer probably would have helped our firm stay focused on serving our clients while making the process easier and cheaper. So, we live and learn, and maybe you can learn from our experience. If I had to do it again, I would outsource the work. In the end, outsourcing might cost a little more than doing it yourself.

Career Tip: Stay focused on what you do best...and outsource the rest.

A BIG JOB, STEP BY STEP

Once we made the commitment and finished the project design phase, the first big job was to purge historic paper files, and it was far more labor-intensive and time-consuming than we anticipated. Using a compliance-approved checklist developed between our firm and our broker-dealer, we went through every single file in our office to determine which documents needed to be kept and what could be discarded. This process continued through the entire summer of 2008, with several staff members focused on it.

As files were purged, we began scanning the required documents into PaperClip. To keep this work moving without consuming our staff, we hired part-time workers to round out a scanning team of up to five people. Even with this team working weekends, the scanning phase required almost two years to complete. In addition to the physical act of scanning pages, each uploaded document needed to be tagged with descriptive identifiers to enable search and retrieval through PaperClip.

In 2011, after considerable work by our broker-dealer to test our systems, we were granted permission to shred. We hired a commercial shredding service and began loading processed paper files into bins. But it's not that quick or easy, because compliance requires a commercial shredder to provide a receipt, documenting that each file has actually been destroyed. Logging the information required for these receipts was another unexpectedly time-consuming step.

The final step was to equip our staff members with the software, hardware and training they needed to continue the paperless vision. Fortunately, we received great help from PaperClip in this area.

RUNNING THE PAPERLESS OFFICE

Now, whenever paper documents enter our office, our staffers have their own personal scanners ready to convert them to electronic format. It is still a manual process to upload each document to PaperClip with required tags. But we have reduced the time and are much more efficient in how we approach this. Fortunately, more and more documents are all-electronic and don't need to be scanned.

For example, we are required to include a copy of any illustration used in a sales situation in the client's file. At first, we scanned the hard copy illustrations page by page and attached them to the client's file in PaperClip. Now, we can show the illustration to clients on a laptop or iPad, while simultaneously e-mailing electronic copies to the client and back to our office. This has eliminated the need to scan illustrations.

Also, we now have the capability to transfer documents in PaperClip into our CRM software, SmartOffice. PaperClip creates a CRM file for a new client automatically, without the need to manually re-enter the client's name, birth date or Social Security number. This saves time and helps to avoid data input errors.

Paperless applications, complete with electronic signatures, are the last bridge the financial services industry will cross in reaching this vision. The ultimate goal is to have applications accessible at the point-of-sale, so that a producer can download them to a laptop or iPad, fill them out on-screen, and have the client sign them electronically with a stylus.

We aren't quite there yet, but we are getting close. Our younger producers are using an iPad app, PDF Expert, to download PDF versions of applications at the point-of-sale. After completing the application on-screen, they use another app called Dropbox to send the completed application back to the staff in our firm. While this is an efficient process, compliance concerns have been raised about whether it assures a secure and tamper-proof signature. We expect that all financial industries will clear this hurdle soon, and paperless applications and e-signatures will soon become the new normal in our industry. We can't wait until the day comes when a client signs an application on his or her iPad and then automatically forwards it to the insurance carrier to start the medical underwriting as we walk out of the client's office.

Everything moves faster in a paperless world. When members of our firm visit a client for a meeting, we record notes into the Evernote app, e-mail it back to our staff before leaving the client's site, and our staff enters the information into the client SmartOffice record. Office staff can put follow-up actions into motion immediately, whether or not we return straight to the office.

Going paperless also creates the option of letting clients access their own personal documents online, with password security, which we do through eMoney. We are now exploring the best ways to introduce this capability, which we see as having the potential to be a major service addition and competitive differentiator.

One question I am often asked by other producers is whether we still have *any paper* around our office. The answer is yes, and it is of two kinds:

1. We are not allowed to eliminate master copies of some types of documents including signature pages of wills and trusts.
2. I keep paper copies of some confidential documents that I don't wish to make accessible to the rest of our staff on PaperClip.

In summary, one of the most gratifying benefits of going paperless for me was looking at the big room that once contained all of our paper files and seeing it totally empty. Well before that day, we hired an architect to design five new staff workstations to occupy that valuable space. Today that vision is a reality; these workstations have been built. Producers work in that space and they will help to increase our firm's productivity in the years ahead.

THE PAPERLESS OFFICE AND HURRICANE SANDY

On Sunday evening, October 28, 2012, Hurricane Sandy struck the East Coast of the U.S. with devastating force and record levels of tidal flooding. Our office at 2 Park Avenue in New York City, where our 19 employees work, lost power and went dark. Employees were not allowed back into the building until power was restored a week later. For me, and most of our employees, power also was knocked out at our homes. For one whole week, our staff's only means of communication was through iPhones and iPads.

At the time Sandy struck, we had been fully paperless for more than seven months, since March of 2012. Fortunately, this planning and preparation allowed us to keep functioning and communicate with clients throughout the crisis. Because our network and records now exist in the cloud, we are not dependent on a physical office space or its computers. During the week our office was shut, our staff members scrambled around and worked from any place they could locate Wi-Fi Internet access. I personally worked in the office of a client, a law firm on New York's Upper East Side, for two days.

Actually, we arranged to lease temporary space for our staff starting on Monday November 4, but we did not need to use it

because we were allowed back in our building the same day. Had we gone to temporary space, we would have been fully functional immediately through desktop and laptop PCs connected to our SmartOffice CRM system and PaperClip.

The week after Sandy hit was critical for proving our value proposition to clients. Almost all meetings were cancelled because most clients also lost power and nobody could get gasoline. We handled a high volume of client phone calls and e-mails, and it was very important to be there for our clients in a time of stress – just to listen to their problems and show compassion.

Sandy demonstrated to us how valuable a paperless initiative can be to producers and insurance agencies in disaster recovery planning. It's more than knowing what to do after a disaster hits. Going paperless also increased our confidence that we can meet responsibilities to clients and employees all the time, under the most extreme circumstances.

Ironically, the misfortune of Hurricane Sandy helped to reinforce our client value commitment and increase long-term client retention, our most important goal.

Career Tip: Being prepared for the unexpected is an essential part of excellent client service.
