

## How Do Objective Advisors Make Money Online?

**Start-up may have finally hit on formula for providing online advice.**

David J. Drucker | 10-29-03 | Practice Management

It makes sense that an ex-broker with Wall Street marketing and business development experience would be the one to think up [MyFinancialAdvice.com](http://MyFinancialAdvice.com). Then again, anyone in our industry can see that there's a huge gap in this venture's target market of prospective financial-advisory clients, which is that wasteland between the affluent and the do-it-yourselfers. It simply took Ron Peremel to create a new way to serve this middle market.

Not that the middle-income market has gone totally unattended in recent years. Anyone who's less than two years behind on his reading knows the name of Sheryl Garrett, the founder of the Garrett Planning Network of 200 or so advisors practicing her hourly-fee model of serving the less wealthy. Even with this new cadre of middle market advisors, though, Peremel estimates there are still about 60 million people not being served.

Furthermore, Garrett's model is practiced primarily by advisors who *just* want to serve this market. What makes MyFinancialAdvice unique is that advice will be provided by independent advisors who may not care to serve this market full time, but wish to commit a portion of their working hours to it. Says Peremel, MyFinancialAdvice's founder, chairman and CEO, "We require of participating advisors a minimum of two hours advice per day, five days a week."

MyFinancialAdvice currently has 63 advisors on board, expects 70 by its Nov. 3 rollout, and far more by the end of year one. "Our target is to serve 50,000 to 75,000 customers in our first year, so we're shooting to have 450 advisors by the end of 2004 to meet this load," Peremel says.

So how, exactly, will MyFinancialAdvice work for the consumer? Well, it all starts when one of the aforementioned 60 million folks hears of MyFinancialAdvice through one of the many consumer finance media sources Peremel will approach to publicize his venture. Consumers will visit the MyFinancialAdvice site, and their focus will be on its advisors. Says Peremel, "We are bringing these parties together over the Internet on a pay-for-use basis. Consumers search for and find advisors, read their profiles, and decide who they want to work with."

During their initial advisor search, consumers will state their planning objective, so the system can search by advisor expertise vis-a-vis the client's objective, and then by availability and rating. That will give consumers an array of suitable advisors that they can further sort by price or any other system variable. Then, they can drill down into the qualifying advisors' profiles to see which best meet their needs.

By "profile," Peremel means the extensive background information that is collected and displayed for each advisor participating on his site. That information includes employment background, education, ADV, photo, bio, areas of expertise, professional credentials, association memberships, hourly fees charged, languages spoken, personal interests, time schedule and availability to MyFinancialAdvice customers, and customer rating. In addition to the above, MyFinancialAdvice does an independent background check on all of its advisors.

"After every advisory session, the consumer rates the advisor he worked with by way of a post-session survey containing five core questions about the advisor's professionalism, timeliness, and the client's overall satisfaction," Peremel explains.

This information is then available for subsequent, prospective clients to review before engaging that advisor.

After reviewing an advisor's profile, the consumer may communicate with the advisor directly through the site by e-mail, a click-to-talk phone system, or instant messaging, which will be rolled out by the end of the year. The consumer then asks the advisor a question or states his or her problem; the advisor determines whether he or she can help the consumer and how much time will be required for the project.

The next step is for the advisor to submit an online proposal to help the consumer understand what will be delivered, the objective of the advice to be rendered, and the price the advisor proposes to charge. MyFinancialAdvice maintains a variety of forms for its advisors to use during the proposal process. The consumer ultimately accepts or declines the proposal, then enters his or her credit-card information to pay the agreed-upon fee. Each advisor maintains a fee schedule, rather than adopting a uniform schedule mandated by MyFinancialAdvice, and product sales are not permitted on the site. Says Peremel, "We clear funds and will pay our advisors monthly."

Has MyFinancialAdvice had any public exposure? "We beta-tested it about a year ago when we did an online demo and detailed survey with consumers through Forbes.com and Multexinvestor.com. Three hundred and ten folks, most of whom indicating they were dissatisfied with their current sources of financial advice, completed our survey after touring the entire site. The results were phenomenal. Fifty-nine percent said they were very likely to use our service more than three times per year."

Of course, various high-profile advisors to MyFinancialAdvice are part of its beta-testing, too. Dick Wagner of WorthLiving in Denver is particularly enthused about Peremel's creation:

"I believe financial skills are 21st century survival skills, and the 'survival skill' aspects of financial literacy are not so much technically complex as they require perspective, objectivity, and discipline. So when I have tried to envision systems for this sort of help for people of ordinary means while providing the advisor with a decent income, I come up with something that does not involve sales pitches but allows relationships to evolve naturally, with information. I see low overhead costs for the advisor without high sales pressures on clients. I anticipate a virtual community for advisors where community expectations are measured in

terms of genuine client benefits, not sales quotas. Frankly, I believe MyFinancialAdvice does this job."

Peremel is confident MyFinancialAdvice is going to succeed, and his reasoning makes sense. "First, we have a great team behind this project. Edric Starbird, our president and COO, is a seasoned executive with over 13 years of experience in product development and operational delivery of new technology-based, service-oriented products with companies such as USWest Group and MediaOne.

"We also needed someone directly from the holistic financial-planning industry, so we brought in Kevin Condon, Ph.D., CFP, an industry veteran and recently retired partner in the Ellicott City, Md., advisory firm of Baltimore-Washington Financial Advisors. And one of our strategic advisors is none other than Sheryl Garrett, founder of the Garrett Planning Network. All together there are six of us internally, and 20 people total including outside strategic advisors and tech people."

The other reason MyFinancialAdvice is going to work is that its vision and premise are solid. Peremel compares it to Financial Engines, a somewhat similar site engineered several years back by Nobel Prize-winning William Sharpe: "Whereas Financial Engines gives users an algorithm, our site and entire service is human-based. For that reason, the advisor community is very important to us because they're our suppliers of high-quality, objective, affordable investment advice."

And making sure that his advisors are well-trained on the system and happy with their participation on the site is a high priority for Peremel.

If you want to join the growing list of advisors affiliating with MyFinancialAdvice (five of whom, says Peremel, are members of the last *Worth* magazine "Best-in-the-U.S." list), contact Condon at [kcondon@myfinancialadvice.net](mailto:kcondon@myfinancialadvice.net) or 303-395-3355.

You can get a first-hand look at MyFinancialAdvice and visit with Peremel and Condon at next week's FPA Success Forum. They will be speaking about the "New World of Online Financial Advice" from 8:30 a.m. to 9:15 a.m. Eastern time on Monday, Nov. 3, in the Overlook Lounge, Room 303A--the day MyFinancialAdvice launches.

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