



Compliant Social Proof

Synopsis: *Not sure how to collect testimonials in a compliant manner? Too busy? Then offload the process to TestimonialIQ.*

Takeaways: *The program comes with guardrails, including checks that prevent cherry-picking clients, entanglement and adoption that would get the firm in regulatory hot water.*

When you contemplate which restaurant to make a reservation at tonight, what do you do? You go on the web and look at restaurant reviews.

When you're looking for the next book to read, or a dentist, or you're buying a car, what do you do? You check out the user reviews online—and avoid anything that has an average one-star rating.

When somebody is looking for a long-time relationship with a financial planning firm, what do they do?

Until the SEC changed its rules, this was a trick question, because advisors were not allowed to include testimonials or reviews in their marketing, and were strongly discouraged from soliciting them on other platforms.

But today, that's changed. What else has changed is that, with the newfound popularity of remote meeting platforms like Zoom, financial consumers are starting to do nationwide web searches for a

financial planning relationship that will fit their needs, rather than noticing that there's a planning office on their way to work. They're going to do a search, they will go to your website, and then... they'll check the reviews. If there aren't

Johnson describes Testimonial IQ as a compliance engine that happens to collect testimonials.

any, then they'll treat you like they treat a restaurant that strangely has no online feedback from customers; they'll move on.

But navigating the new SEC rules for reviews and testimonials can be a bit complicated, and the process of asking clients to contribute one to five stars is time-consuming. The result is that most advisory firms are not taking advantage of what may be the most

important part of their outreach to the investor community.

Fortunately, there is now an easy-to-use tech “online reputation management platform” that they can turn to, something called Testimonial IQ (<https://www.testimonialiq.com/>). Social proof is now accessible and surprisingly affordable.

Testimonial Rules and Compliance

Testimonial IQ went live Last September, founded by former Navy officer and Facebook executive Andrew Johnson. Earlier in his career, Johnson had started a lead generation referral company called Datalign Advisory, (think: a SmartAsset competitor), which would help prospects find compatible advisors based on matching questionnaires.

“What I thought was interesting about that was that it worked,” he says. “I kept thinking: as a consumer, I don't use platforms like this to find any other product or service. I don't use a tool that matches me up with a restaurant to go to dinner, or what kind of shoes to buy or what vacation to take.”

Then the new SEC marketing rule came out, and Johnson decided that he would create a pathway to social proof just like the ratings and consumer reviews for every other aspect of our eco-

conomic lives.

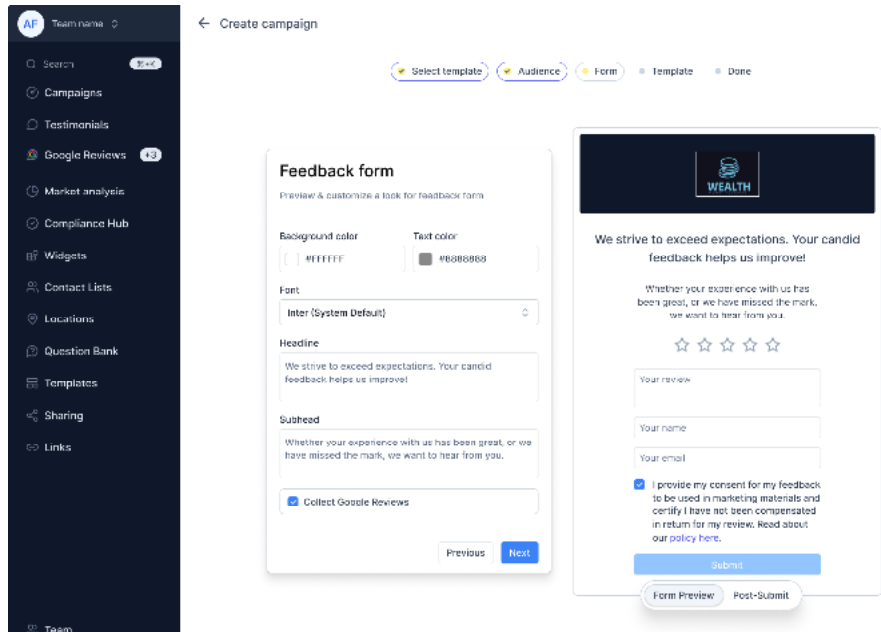
He quickly discovered that the biggest challenge was not collecting the reviews themselves; it was all the compliance that had to be crafted around them. “When people do research online, they turn to things like Yelp and Google,” Johnson says. “But when I talked with compliance officers at advisory firms, they told me the one thing we can’t do is sites like Yelp and Google.”

Johnson spent a few weeks reading through what he describes as the ‘really fun’ 400-page SEC marketing rule (there’s probably a circle of hell where unrepentant souls do this for all eternity), and created a platform that imposes exactly the guardrails that the SEC is demanding.

Boiling down a long boring document to its essentials, Johnson says the key is to focus on two important concepts: entanglement and adoption.

Entanglement basically means influencing clients to provide positive reviews. “The most blatant example,” Johnson explains, “would be if you pre-wrote glowing reviews and you gave them to your clients and said, *Hey, would you post this to Google?*” Do this, and the SEC will determine that you’re accountable for that content even though your client approved it. The review is recharacterized as a communication of the advisor to Google, and therefore becomes an advertisement.

There are more subtle ways that reviews can become advertisements. “Suppose you asked your



clients, *how are we doing on a scale of 1 to 10*, then only the ones who gave you an eight or above are asked to leave a review,” says Johnson. “Once again, you’re influencing the process.”

Adoption, meanwhile, means endorsing the content of your reviews. “A restaurant will put a Google Review widget on their site that says, *check out my 4.8 stars on Google.*” Johnson explains. “But if you’re an advisor, the moment you do that, you’re adopting that content, or you’re promoting it, and then you’re saying, *this content is good, I approve of it.* That makes it an advertisement in the SEC’s eyes.”

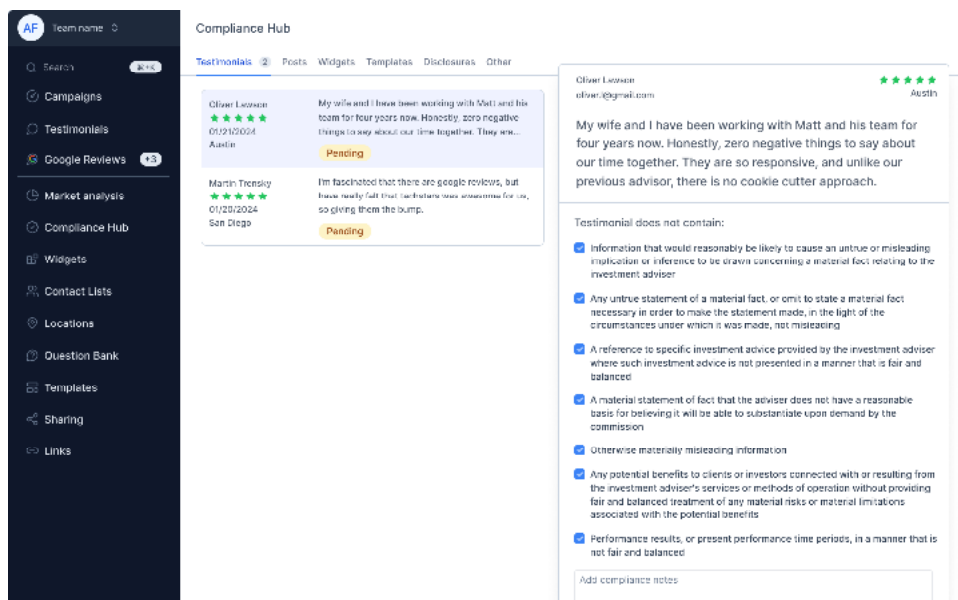
“The key deliverable with TestimonialIQ,” Johnson says, “is enabling advisors to encourage clients to leave reviews on public sites like Google in a way that doesn’t turn Google into an advertisement the way the SEC defines it.”

Compliance guardrails

How does it work? The Testimonial IQ dashboard allows advisors to put a request on their website (the program offers standard language, which you can modify if you’re brave enough), or it will automate sending that same request, with the same standard language, via email or text to all clients. The program uses a CRM integration to populate the addresses, and the message basically invites them to provide feedback on your service and rate their overall experience with your firm from one (terrible) to five (terrific) stars.

Clients receive the form, type in something that describes their experience, and hit ‘submit.’ Testimonial IQ sends an immediate response: *thank you for your feedback. Would you mind sharing this publicly?*

The client’s feedback is



right there on that screen. If the client clicks on the ‘*sharing it publicly*’ button, the client is redirected to the advisory firm’s Google profile. Click ‘*submit*’ and the testimonial is now public on the most popular consumer-facing social proof platform.

A client dashboard shows the average rating of all the reviews that have been collected so far, the number of reviews and, scrolling down, the actual text of each of the testimonials and reviews. If, for some reason, advisors don’t want the reviews to go to Google, they can click a button that disables the invitation to publicly share them.

So what are the compliance guardrails? “There are two key features,” Johnson explains. The first addresses the entanglement issue. “There’s no mechanism to influence who is encouraged to leave a Google Review,” says Johnson. “It’s all or nothing. We build in safeguards to prevent

advisors from trying to only send to certain clients or more generally to solicit positive feedback. If you turn on the ‘*push to Google reviews*,’ there is no block or way to interfere with that,” he adds. “Every client who fills out the form, regardless of what they type, will have that same option to push it to Google.”

Even if the review is negative? Yes. And various studies have shown that prospective buyers are more likely to trust reviews that are not exclusively five stars across the board; the occasional negative review helps them trust that the review process was an honest one.

Testimonial IQ provides a website widget that automatically pools all the testimonials that have been approved by marketing, allows the firm to edit the formatting and font, and then every time a new testimonial or review is approved through the firm’s compliance team, it is automatically pop-

ulated into that review widget and displayed on the company website. There should be no exceptions.

This leads to the second compliance guardrail. The Testimonial IQ system provides pre-loaded disclosures taken directly from the SEC marketing rule text. This can be edited, but once again Johnson urges caution. And the widgets mean that the firm never has to directly reference Google when the reviews are posted or shared.

But you can edit those disclosures, right? And some can be excluded; right? “You CAN exclude some of the reviews, but you have to specify how they are going to be excluded,” Johnson explains. An example is a policy not to publish a review that contains vulgarity, or one that discusses specific investment performance.” The compliance team is allowed to correct spelling errors, but cannot alter, abbreviate or edit in a way that would cause the review to be misleading.

Every testimonial that comes in will have to be subject to the same rules, and Testimonial IQ will have a record of what oversight criteria was used, the original and edited versions of the reviews, and this can all be handed over to the SEC auditors if they’re curious about why this or that review didn’t make it onto the advisor’s website, or why the wording (or spelling) is different from the original review to the posted one. The only rule there is that the firm has to be consistent about following its own (disclosed) rules.

“The importance of this

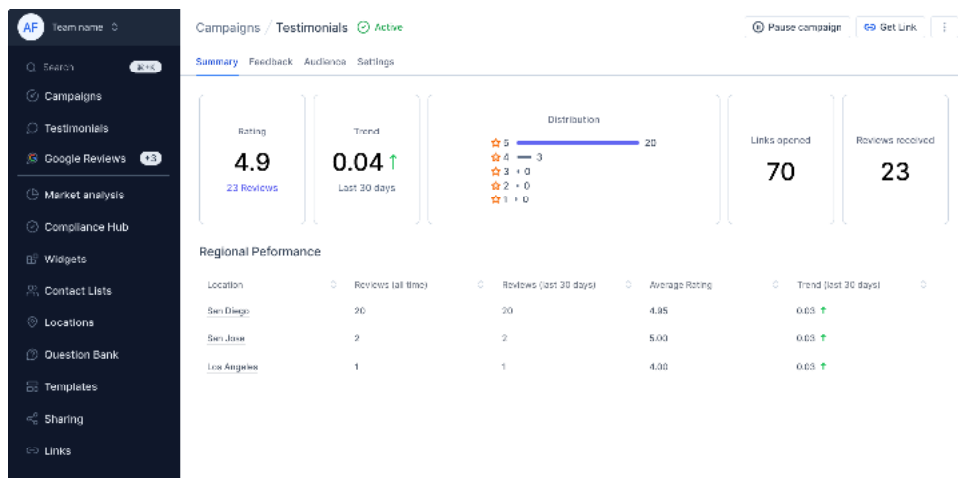
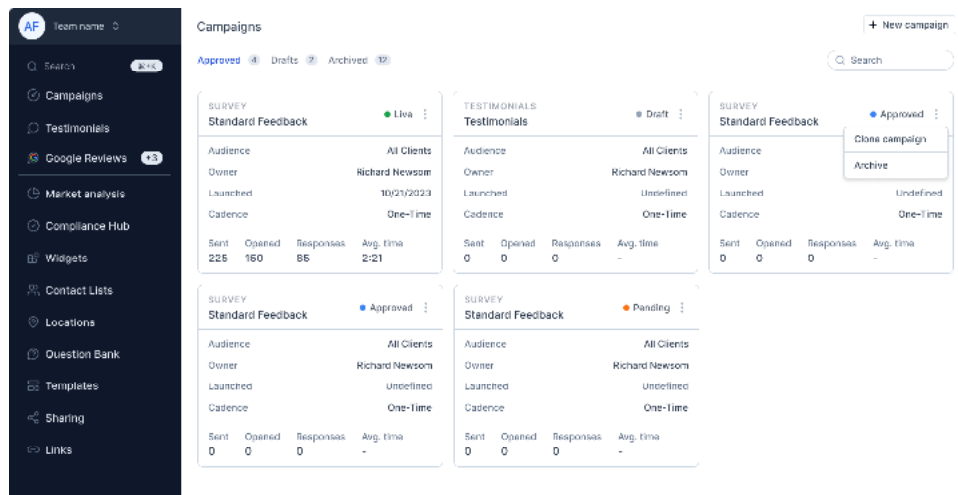
process comes in when your marketing department decides to build social posts on LinkedIn or some other social media site,” Johnson explains. “Compliance can choose to integrate with three platforms, and the three we’ve gotten the most requests for are LinkedIn, Twitter and Instagram,” he adds. “If those connections are enabled to those platforms through our system, then whenever a post has been approved, you can go through and click to share it directly to those platforms.”

The marketers only have access to the testimonials that have been approved to go on the company website. Those testimonials are automatically displayed once approved, and (another guardrail) Testimonial IQ forces pre-built disclosures (which, once again, can be edited by the compliance team) that tells the viewer the rules around how those testimonials are selected and posted.

Testimonial conveniences

Johnson describes Testimonial IQ as more of a compliance platform than a review-collection mechanism; he says that his development team spent much more time on the compliance aspect than the dashboard, soliciting, collection and automated posting features.

“We store absolutely everything that happens in this platform,” he says. “All the data is stored in warm compliant storage with an audit log of all the changes, so when there's an SEC inspec-



tion you'll be able to show them, hey, this is the template that I used. This is the language that was used to request feedback. These were the terms that we used to oversee the feedback process. This is who was reviewing and who was approved. This is when we changed our policies and procedures and implemented something new about the oversight process. All of that is stored.”

But there ARE conveniences built into the software beyond just the automated collection/posting processes. One is a direct synch to an advisory firm’s Google business profiles via an API. “If

you’re logged in and signed up with us, and you’ve given us permission to access Google, you’ll see your social proof profile, similar to how you see all the reviews on the dashboard,” says Johnson. And you can see the reviews coming in in real time.”

Advisors can set up alerts that tell them whenever they receive a review that is below a certain star threshold, so they can alert the compliance and marketing teams. Johnson says TestimonialIQ’s automated display of reviews can have a surprisingly large impact on search engine optimization. “There are estimates

that having reviews is 15% to 20% of what determines your SEO ranking,' he says. "The top ratings on a Google search tend to be the ones that have the most reviews."

At the recent T3 conference, Johnson announced a couple of new features on the TestimonialIQ platform. With CRM integrations, advisory firms can now use TestimonialIQ to send out satisfaction surveys to their clients on an automated basis—which, of course, can be customized to solicit feedback on different current or proposed services. "The platform allows you to get instant analysis of client satisfaction across your different segments, using the CRM data," Johnson explains. "Whether it's by AUM threshold,

geography, how long they've been a client or gender, you'll see the breakdowns."

Finally, advisors can set up the dashboard so that Testimonial IQ will pull in the review profiles of specified competitors in the advisor's marketplace, with summaries.

"The Chief Marketing Officer can see at a glance what's different about her firm's reviews and a competitor's," says Johnson. The dashboard will show not just online reviews, but public filings and search rank data—basically offering a comparison of your digital reputation compared with the firms you view as your peers or competitors.

The cost for all this is \$299

a month per office. That includes unlimited users, review requests and storage. There are discounts for firms with multiple offices and there's a discount if you buy annually rather than monthly.

Johnson hopes that Testimonial IQ will lead the advisory profession toward the day when consumers will be able to 'shop' for advisors the way they evaluate any other purchase, experience or relationship.

"It's really hard for consumers to find, real, honest, transparent information about which of the 300,000 plus financial advisors might fit them best," he says. "In the future, they'll get better information directly from advisor clients." ■

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