



## 3 lessons from Betterment on building a customer-centric financial service

BY HEATHER HUDSON

When Jon Stein graduated college in 2001, he knew he wanted to help people make better decisions and live better lives. He applied his studies in economics and behavioral psychology on Wall St., where he was embraced by the financial services industry. The experience gained in those early years—“helping banks make more money”—proved to be invaluable.

But something was missing. “Many of these big companies, while very well intentioned, weren’t customer-centric. As we designed new products, we’d talk to internal constituents and think about risk, pricing, and all this back-office stuff, but we’d never talk to a customer,” he explained to Zendesk’s Chief Customer Officer Elizabeth Zornes in May 2019 at [an event](#) in New York City.

“We make a lot of mistakes in our financial lives, and no one thinks enough about their finances,” Stein said. “But it’s really, really important to get it right. You can live a happier and better life if you make great financial decisions.”

This insight led him to found [Betterment](#), a smart money manager and online financial advising service, in 2008. The company’s mission is to empower consumers to save for personalized goals and make smart

investments without having to learn how to choose stocks or make trades.

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Betterment employs a sophisticated algorithm that’s “repeatable and reliable” to create an individualized portfolio that addresses the goals of each client. The portfolio is designed to automatically reduce risk, optimize tax benefits, and accrue the most money possible for the investment over time.

Today, Betterment is on a journey to be the most customer-focused financial services company in the world, and to that end, here are a few things Stein has learned along the way.

## **1. Invest in scaling customer service at pace with growth**

In 10 years, Betterment has exceeded the original dream that Stein had for the company: Helping customers do what’s best with their money so they can live better lives. Today, it manages \$17 billion for more than 425,000 customers. “We can earn our clients 39 percent more cash in retirement than if they were to invest on their own,” he said.

However, the company’s rapid growth put pressure on its customer-centric vision. In 2018, Stein set a goal to bring the customer to life in Betterment. “We’d gotten away from it as we scaled,” he admitted “Decisions were coming from customers inside our own walls and not enough from actual customers. As you grow, and your CX team doesn’t sit in the same place as executives, it’s harder to hear the customer voice. I was concerned we were losing touch.”

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Betterment made a commitment to invest in the customer journey by focusing on a number of key tactics, including:

- Implementing tools like [Zendesk](#), that allow for automated workflows, tagging and tracking, to gather more quantitative data and create an enhanced customer experience.

- Ensuring Stein and other executives answer calls and emails with a customer support agent at least once a year to better understand what that team hears on a daily basis.
- Assigning executives to different parts of the customer journey instead of working from a central product ownership model. “This brought us closer and helped us make tighter decisions,” Stein said.

## **2. Create relationships—both on and off the cloud**

As a fully virtual company, Betterment has little face-to-face contact with its customers. So Stein and his team create opportunities to get to know who they serve. “I love to find new ways to build relationships,” he said. “We do things like bring in customers who have certain problems and invite others to focus groups, but what you don’t get in that is your run of the mill, most typical customers.”

That’s why he started a program called “Coffee with Customers.” Over Christmas and Thanksgiving, when the team goes home to wherever they’re from in America, they look up customers by zip code, email them, and ask them to meet over coffee.

Stein himself squeezes in a few coffees when he travels back home to Dallas. “There’s something interesting in just talking to great, satisfied customers who may have interesting things going on in their lives and are not there for customer service or to be a focus group. You get to understand their lives and who you’re helping,” he said.

## **3. Use customer data to continuously improve**

With multiple teams gathering lots of customer data, Betterment put in place a dedicated customer operations team to invest in customer research and broadcast insights back to the rest of the company.

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“We’ve found this to be a super valuable part of our team. We’re not just waiting for a response but saying, ‘Here’s what we’re hearing, here’s what needs to be fixed in the customer journey,’ and pushing that information

to the right place in our organization. It's a major win for us in terms of prioritization and how we focus," said Stein.

Customer analytics have heightened Betterment's efficiency and boosted job satisfaction. Stein says the company has attracted motivated employees who instinctively zone in on the right metrics and take action to move the company forward.

## **The gold-paved road ahead**

"If 2018 was all about listening to [customer] feedback, with greater intentionality, 2019 will be about turning that feedback into Betterment experiences we hope you'll love," Stein wrote in an [impassioned blog post](#) to kick off the year. That means looking closely at everyday savings and what that means for Americans.

"If I can get you to save 5 percent more a year, that's going to make a huge difference when it comes to long-term happiness," he said. "Helping our customers save more and hit savings goals earlier, to earn more on those savings, is a very exciting next step for the company."

And if you're in Dallas for the holidays, he'll tell you all about it over coffee.