

## Case Study: Waterway Wealth Management

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*How Waterway Wealth Management Uses Behavioral Finance Systematically to Effectively Communicate with Clients*

### About Waterway

Waterway Wealth Management, founded in 2012, is an independent financial planning firm that provides comprehensive financial planning and asset management services with \$400M+ in AUM.

Based in The Woodlands, Texas, and Albuquerque, New Mexico, Waterway takes pride in its close relationships with clients to empower clients to live a full life right now.

### The Set Up

Meet Jack Cowling, Portfolio Manager at Waterway, who joined the firm in 2019. Cowling partnered with the financial planning team to upgrade their risk tolerance assessments. Cowling and the Waterway team recognized a need to revamp their client onboarding process to make it more efficient and more appealing to clients, particularly the risk tolerance questionnaire. They were also looking to use behavioral finance systematically to get to know clients more deeply.

“Before teaming up with Andes Wealth, we had a paper risk tolerance questionnaire that probably belonged in the Smithsonian,” Cowling now laughs looking back. “There was an overwhelming consensus within the group that we needed to modernize the questionnaire process through technology.”

“As we searched for a solution, we knew we needed to offer a streamlined risk tolerance assessment, but we wanted to go much further than that,” Cowling said. “We needed something that would help us systematically identify the investor types and behavioral biases for our clients and prospects.”

“ I met Helen Yang, Founder and CEO of Andes Wealth, during the technology vetting process and learned she had worked closely with Dr. Andrew Lo from MIT. When building the Andes Wealth Platform, Helen incorporated Dr. Lo’s research on investor types and behavioral biases. This stood out as a unique way to not only help us better understand our clients and prospects, but also help our advisors better understand themselves so they could better relate to clients.

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To the Waterway team, this meant finding a way to incorporate behavioral finance concepts into the risk assessment. Waterway came up with a rubric with exactly what they were looking for: user-friendly, scalable, and with a behavioral component. “At the end of the day, Andes Wealth Technologies was really the true standout,” Cowling said.

## An Above and Beyond Implementation

After getting positive feedback from the internal team, Waterway rolled out the Andes platform to select clients to get direct client feedback.

“ Throughout the entire process—and still today, Helen Yang has been very accessible and very receptive to feedback from her user groups, which I think is unique in this industry. She’s always focused on identifying new ways to enhance the user experience. ”

“It was very collaborative in terms of the feedback. We were able to take the feedback to the Andes Wealth development team and get the help needed to adapt to our needs,” Cowling said. “Based on the feedback from clients, we knew this will help us move the practice forward in a meaningful way.”

## The Payoff

As time went on and the tool was being used more everyday by Waterway’s advisors, the team collected the data and started to see the patterns forming that would ultimately help them realize if their investment philosophy and how they view risk was a good fit for potential clients.

“We have used the tool to have some of those tough conversations with clients which I think has been good because it has allowed us to step back a bit and look at things more objectively,” Cowling said. “We have had some honest, genuine conversations about how there might be some gaps.”

Providing access to the Andes Wealth tool has become a common theme with the Waterway team because it allows them to give their clients better-informed advice and help generate conversations to get them more fully invested towards what the true risk target is.

“I think in the past there has been some negative connotation around risk tolerance questionnaires and just checking it off the box - fill it and then forget about it,” Cowling said. “I think the positive surprise has been that advisors have seen that this tool can be very generative in terms of the conversations they are having with clients. Clients are very receptive to doing it and learning about it.”

Cowling believes it has very much been a useful tool to guide the conversation as opposed to viewing it as a chore for compliance reasons. “When you marry the technology and the theoretical side of it, particularly the behavioral finance component, it can really add value to some of the conversations we are having with clients,” Cowling said.

Waterway believes their experience with Andes Wealth has been unmatched. From receiving timely responses to making product enhancements to meet their needs, the Andes Wealth team has provided a collaborative process not seen with competitors.

“It’s a great platform but it’s more than that. It’s about working with Andes Wealth and understanding how this is being used and the openness to the feedback,” Cowling said.

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*We have been having a great experience integrating the Andes Wealth platform into our workflow. It has really helped us scale the risk tolerance assessment and client profiling to make it more efficient. The team behind their technology has been able to deliver a solution and experience that is unique in the marketplace.*

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## About Andes Wealth Technologies

Andes Wealth Technologies is the first company to combine behavioral finance with risk visualization to provide a new way to deliver wealth management. Helen Yang, CFA, founder and CEO, is a winner of the prestigious Harry Markowitz Award in 2011.

For inquiries, email [inquiry@andeswealth.com](mailto:inquiry@andeswealth.com).

To learn more, visit [www.andeswealth.com](http://www.andeswealth.com).