

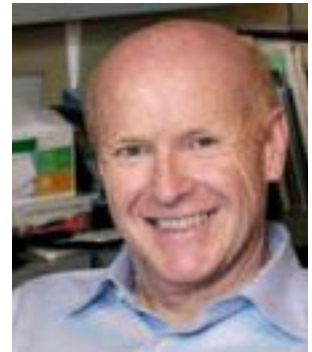
## Warren Buffett's Advice on Effective Client Meetings

By Dan Richards  
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Last week I spoke to an investor who got a call from his advisor's assistant about scheduling a time to review his portfolio.

*"I had the same reaction as when I get a call from my dentist's office,"* said this investor, whose account was worth over \$1 million at the end of 2010. *"I recognize it's important and something that I have to do, but also know it's not likely to be pleasant – so put it off as long as I can."*



For many clients, the regrettable reality is that meeting with their advisor is no longer an uplifting experience. Instead of anticipating meetings with enthusiasm, they look to meetings with foreboding. Instead of walking away optimistic about possibilities, they leave burdened down by limitations

This situation is unhealthy and unsustainable for both clients and for advisors. Here are three steps to make meetings with clients a more positive experience, so that they're not seen as akin to a visit to the dentist.

### **Step one: Be upbeat**

For many advisors, the challenge of creating positive client meetings starts with being positive. Unless you're upbeat, there's no chance that your clients will be.

Markets like we've seen of late can obviously make this a challenge – but that doesn't make this less of a priority. Being positive doesn't mean that you're oblivious to the challenges we're facing – clients are looking for realistic optimism, not someone with a "don't worry, be happy" view of the world.

In February of 2009, I [wrote](#) about 12 ways to stay positive. Here are some sample strategies:

- Start by recognizing how important this is – being positive is the necessary first step to effective interactions with clients;
- Exercise at the start of the day to give you a boost – even a short brisk walk can help;



- Find ways to fight fatigue and renew energy during the day – get some fresh air at lunch, schedule a short walk between client meetings, and throughout the day take energy boosting snacks like fruit;
- Take short breaks – schedule a short walk between client meetings;
- Be alert to signs that your energy level is dropping – before making a call or going into a meeting, take 30 seconds to focus on lifting your mood; and
- Seek to surround yourself with positive colleagues – those who give you energy.

### **Step two: Look past the bad news**

It's hard to maintain a positive outlook when you're drowning in a sea of negative headlines.

When meeting with clients, start by acknowledging the real challenges faced by global economies.

But don't let the gloom wear you and your client down – introduce some offsetting good news. For example, point to three or four quality companies whose prices have been beaten down – and shift the focus of the conversation to the value in recognized market leaders like McDonalds, Nestle, Pfizer and WalMart.

### **Step three: Focus on what you can control**

Warren Buffett inspires confidence among average investors – look at what happened to Bank of America's share price after his investment was announced. When he discusses the performance of Berkshire Hathaway in his annual report and his investor meeting each spring, he never mentions the share price, focusing instead on its book value. In essence, he changes the scorecard by which his performance is measured, shifting from share price to something he has control over.

Advisors should try to do the same. You obviously have to talk about what's happened to client portfolios, but go beyond that and talk about things which you can influence. For example, you can set a goal of a 3% annual cash return from your client's portfolio – and as part of your conversation, talk about their cash flow in the recent period versus that goal.

Or you can talk about the monthly income that clients will receive in retirement from all sources based on today's portfolio and some conservative assumptions about future performance – and compare it to the base-case needs in their financial plan. Of course, market declines means that their projected monthly income will be down compared to what it would have been at the start of the year, but depending on how much of a buffer they had in January, their projected income may still be above their base needs.



And if there is a shortfall, chances are that it will be less than clients fear – and you can have an open conversation about the options to close the gap, reminding clients that if future performance is better than the assumptions, these may not be needed. Again, your goal is to focus on things you can control.

One final note. I've written in the past about the research showing that the most positive impact from vacations doesn't come from the experience itself or the positive memories afterwards, but rather the process of looking forward to them. The implication is clear – in addition to periodic longer vacations to recharge your batteries, you should have lots of shorter, more frequent holidays, say a four-day weekend away once a quarter.

As part of your strategy to stay positive, schedule these short holidays – and encourage your clients to do the same. That way, at the end of your meeting, you'll be able to briefly compare notes with your client not only on your recent trip, but on those that are coming up.

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*Dan Richards is a top-rated presenter at advisor conferences and an award winning instructor in the MBA program at the University of Toronto, as well as author of Getting Clients Keeping Clients: The Essential Guide for Tomorrow's Financial Advisor. To learn more about his conference keynotes and workshops, email [dan@clientinsights.ca](mailto:dan@clientinsights.ca).*

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