



## **Build Loyalty through Annual Client Reviews: Four Questions All Advisors Must Ask Their Clients**

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The key to building a business is loyalty, and the key to building loyalty is by earning client trust.

Even experienced financial advisors are finding it difficult to attract new clients. More than usual, successful firms are growing their businesses by winning over investors who are dissatisfied with their current advisors.



That's why, to succeed, you must focus on cultivating client loyalty. In today's highly competitive marketplace, you'll never be able to grow your business if you're losing clients. Trust fosters loyalty – but how do you build that kind of trust with your clients?

The annual review is one of your best opportunities to build trust.

Successful firms expand the review meeting agenda beyond investment performance, investment policies, and market outlook to uncover client needs and concerns. Use this meeting to assess unmet needs and identify areas of dissatisfaction. Then, use this knowledge to act in ways that strengthen trust and deepen loyalty.

### **Four questions to ask during the annual review**

Based on research I've conducted with advisors and high-net-worth investors, I've identified four questions you should ask during the annual review to help build a loyal client base.

*Question #1: "What are your biggest financial concerns?"*

Surprisingly, many advisors neglect to ask this question. No matter how well your clients' portfolios performed over the past year, you should ask about their concerns in every review.

Economic conditions have changed since your last review, and so have the concerns of your clients. Areas where they were at ease 18 months ago may now be sources of



tremendous worry. Alternatively, a concern from last year may not be as important to them this year.

If you don't ask this question in every review, you risk not learning about their needs. And if you don't know about their needs, you won't be able to help them in ways that they most value.

My firm recently interviewed more than a dozen individuals in their late 30s to late 50s who held investments well in excess of \$1 million. The interviews revealed several major concerns:

- Having enough funds to cover higher education for their children
- How much money they will need for retirement, especially for health care costs
- The possibility that rising tax rates in the future will reduce their after-tax income from accounts intended to generate income in retirement
- Unanticipated cash outflows to cover costs associated with care for elderly parents
- Ongoing changes in tax laws that might adversely affect the amounts of their estates available for children and charity

### **Understand your clients' worries**

How do they feel right now about these and other potential problems? Look behind their expressed concerns to see what's driving them.

Demonstrate a genuine interest in your client's welfare by providing the knowledge and guidance they need to make good financial decisions and ease their concerns. If you can't help them, they will do the research to find someone else who will.

When clients express a concern or worry, they are asking you for help. Failure to listen and respond puts you at risk of losing the relationship.

*Question #2: "What additional services can we provide to help you be more confident in achieving your goals?"*

After uncovering your clients' needs and concerns, use question #2 in your annual review to identify their desires and expectations. Find out what services they want you to provide.

You can't personally meet all of your clients' wealth management needs. It's unwise to even try. But you can and should help them develop effective strategies to get all of their wealth management needs met. In doing so, you will exceed their expectations.



As you listen to your clients, determine what services:

- You should develop and offer in-house
- You want to provide by bringing in outside experts
- Are best provided by referring clients to outside experts

Suppose a number of your high-net-worth clients are concerned about having enough money for retirement. Enhancing your in-house retirement planning services to better serve these clients might very well be a good investment that would improve client loyalty and ultimately, your efforts to grow your practice.

On the other hand, if you have clients who are concerned about caring for aging parents, it might be preferable to host an event and invite one or two guest speakers who could talk about options for care, the associated costs, and other related issues. After the event, they could make themselves available on an ongoing basis to meet specific needs.

In this scenario, you need only recruit qualified, trustworthy professionals and host the event. That's a small investment that stands to pay tremendous dividends in client satisfaction and loyalty – not to mention that these outside experts will probably be a future source of referrals for you.

While it's impossible for you to meet all of your clients' financial needs, it's imperative that you help them get those needs met. Cultivate a network of experts you trust who offer services you have decided not to provide in-house; then forge those connections for your clients. When you serve clients in this way, you build loyalty. When you don't, you risk losing their business.

*Question #3: "In what ways have we exceeded your expectations?"*

Loyalty is built by exceeding expectations and creating a personal connection. Use the review to understand what you are doing particularly well in the eyes of each client. You may be surprised by what your clients will share with you, and you can leverage these successes across your entire client base.

One investor told me the following about his advisor:

"She does an especially good job of reviewing how I am tracking against my goals. Twice a year we have a face-to-face meeting to review not only my investment performance, but also where I stand relative to my goals. This knowledge helps me organize the rest of my affairs."

Ask clients to identify specific things that make them feel confident about working with you. Then institutionalize these activities and services across your client base.



*Question #4: "What are two or three ways our firm could improve how we serve you?"*

I saved the toughest question for last. Most firms never get around to asking this question because it makes them too uncomfortable. But if you want to improve your performance and grow your business, you need to know where you're coming up short.

There's another reason I put this question last on my list: your clients may also feel uncomfortable answering it honestly in face-to-face discussions, so build rapport first by asking questions #1–#3.

Actually, this question need not cause discomfort. You want to know how you can serve your clients better. If your clients sense that you are sincerely interested in their welfare, they will feel comfortable giving you the information you seek.

If your client is hesitant to provide specifics, try probing for feedback in areas related to communications and service. Below are a few approaches you might try:

- We are reviewing the effectiveness of our quarterly reporting. Can you tell me how valuable you find the reporting we provide? Is there enough information? Does it clearly explain how your portfolio performed? Why or why not?
- We pride ourselves on being responsive to client requests. Are there ways we could improve the timeliness and effectiveness of our responses?
- Are there any improvements we could make in how we service your account?
- Are there ways we could improve our communications? (Cite a specific communication piece, such as investment commentary, marketing outlook, or newsletter.)

A dissatisfaction that is known is an opportunity to improve. Don't miss out on these opportunities by waiting for clients to complain — by that point, the damage may already be done. Invite negative feedback to guard against surprise defections and propel your business to new heights.

### **Implementing this process**

If you're accustomed to an annual client review that focuses on the basics, this process may take you out of your comfort zone. You'll need to adjust your approach and your priorities – but the results are worth the effort.

After all client reviews, send follow-up e-mails thanking them for their business and acknowledging the needs and concerns you discussed in the meeting. Be sure to express your commitment to addressing these needs in a timely manner that exceeds their expectations.



When your clients sense that you genuinely care about them and will help them solve their financial problems, they will gladly give you their loyalty. And as we've said, increased client loyalty leads to increased profitable growth.

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