Two Minutes that Cost a Client

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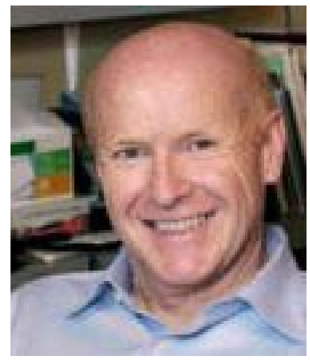

An advisor's call to salvage a client relationship is the subject of today's article.

In August I wrote that when it comes to hearing from clients, no news is definitely *not* good news; just because you haven't heard from clients doesn't mean they're not stewing about the impact of market events on their portfolio and wondering why they haven't heard from you.

Recently, an advisor's failure to take two minutes out of his day for a critical task made this point painfully clear. This advisor – Mike – read my August article and decided that right after Labor Day he'd begin to systematically touch base with clients, asking if they'd like to meet.

Before he could do that, events intervened and he paid a big price for waiting to make those calls.

The call every advisor dreads

Just before the Labor Day weekend, Mike got a call from a substantial and long-standing client.

"I'm calling to let you know that Susan and I have decided to move our account," the call began. Not a great start, but it got worse.

"I'm disappointed to hear that" was Mike's response,*" but I can understand how you'd be unhappy given what's happened to markets over the last while."*

His client's answer surprised him:

"Obviously markets have been tough but that's not really why we're moving. In early August, Susan and I were talking about the fact that we hadn't heard from you for a while and were wondering what was going on.

I was going to send you a note but got busy. Then I got a call at work from someone who introduced himself as a financial planner at my bank. He said that he was calling in the *event that that I hadn't heard from my advisor recently and would like to sit down and talk about what's happening in our portfolio.*

We ended up meeting for a coffee and then Susan and I sat down with him. Ultimately, we just decided that we're not a big enough client to get the kind of attention we're looking for and we'd be better off working with someone who'd be able to give us more priority."

Mike apologized for not being in touch and said that in fact this client was on his list to call the following week. He asked for another chance, promising to stick to a schedule of regular meetings. His soon-to-be former client thanked him but said that he had his wife had talked this over and really had made up their minds.

The price of procrastination

Chances are that the exact same amount of time that Mike spent trying to salvage the relationship without success would have prevented this problem in the first place. A two-minute call at the beginning of August to check in is all that it would have taken.

I've had advisors tell me that given how busy they are fighting fires and responding to client calls, they don't have time to make proactive calls. This misses two important points.

First, the impact of a call that you make is dramatically greater than one that your client initiates. You'll spend the exact same amount of time on the phone or in a meeting, but if the client took the first step, they'll often conclude that you would never have called on your own. In effect, you can't be relied on to stay on top of things without prompting – not a good feeling for clients.

Second and related to this, the time making proactive calls isn't an extra expenditure of time. Rather it's a reallocation of the time you'd be spending responding to clients – except that you're getting a much higher payoff from that time.

I've written in the past about the impact of taking 30 minutes a day to make proactive calls to clients you haven't spoken to recently. Advisors who've done this told me they were skeptical initially, but once they tried it realized that they were getting a better impact from this 30 minutes than to any other half hour their entire day.

Persuading clients to stay

A final note on my advice to Mike on salvaging this client.

When a client tells you they're leaving, begging them to stay typically won't change their mind. I made two suggestions to Mike.

First, part with class. Tell departing clients that while you're disappointed, you obviously respect their decision and offer to do whatever you can to make the transition a smooth one. That can include expediting paperwork and following up with head office to ensure that things are being processed. The last thing you want is for departing clients to feel that you're dragging your heels.

Second, provided of course that you'd like to work with them in future, tell clients who are leaving that you'd like to stay in touch. I suggested that Mike keep the departing client on his mailing list – and after six months, check in to see how things are going. If Mike is lucky, the client may say that things with his advisor have not ended up being as rosy as promised and be open to coming back.

Of course, all of this could have been avoided with a short phone call. This is one of those "*pay me now or pay me later"* propositions. You may decide that you don't have the time to make those two-minute proactive phone calls. Just recognize that by failing to make them, you're setting yourself up for aggravation down the road dealing with problems that would otherwise have been prevented.

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.