Ensuring That Clients Feel Valued

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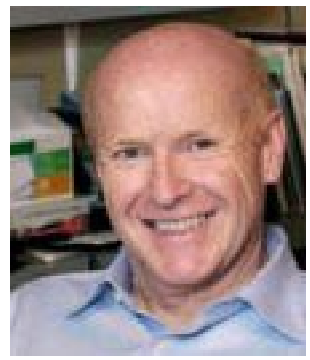

Ask advisors whether they value their clients – especially top clients – and care about their future success, and you'll get a funny look wondering what you've been smoking. The answer is so obvious that the question isn't worth asking.

But ask clients the corresponding question and the response is often quite different. Yes, their advisor would regret the loss of revenue should they leave, but beyond that many do feel taken for granted at least a little bit. Ask how much their advisor cares about the relationship and their success beyond the profits they represent and even more uncertainty creeps in.

The message is clear: Just caring about clients and valuing relationships isn't enough.

Clients have to know you care and know that you value relationships. To the extent that clients don't perceive this, in the words of Paul Newman in the Oscar-winning 1980's movie *Cool Hand Luke*: "What we have here is a failure to communicate."

I'll describe what my experience has shown to be the best approach, but first here are two traps that advisors typically fall into when attempting to create value in the eyes of their clients.

Trap one: Doing more of the same

The first trap is relying on doing an outstanding job to make clients feel appreciated.

One approach is by focusing on the deliverables you're paid for –developing better financial plans, researching investment alternatives, reading and attending conferences, finding better ways to rebalance portfolios.

A second approach is to ramp up client communication – increase the frequency of reviews, call to check in more often, host more breakfasts or send more newsletters.

The challenge with both these approaches is that by focusing your efforts here, you're generally delivering what clients expect for the fees they pay - *Of course you're going to do a great job of researching investments, building portfolios and communicating* .

Forget the fact that you do a far better job on these than most other advisors; all too often by doing more of the same, clients may feel reassured they're getting what they pay for, but they don't feel they're getting *more* than what they pay for.

And it's getting more than what they pay for that makes clients feel appreciated and valued. Don't stop doing an outstanding job on delivering value in your day-to-day process and in your client communication; in fact these may be a core part of your value proposition in keeping existing clients and attracting new ones. It's just that for many clients, this isn't sufficient for them to feel truly valued.

Trap two: Relying on recognition activity

A second strategy some advisors use is to invest time and money in activities that make clients feel recognized and appreciated. There are as many different ways to do this as there are advisors – dinners, boat cruises, wine tasting, golf outings – the list is a long one.

There are challenges to this approach. First, these events are costly. Second, given how busy people are, it is hard to get top clients out to them. Third, while the results can be positive initially, the impact lessens with repetition.

And finally, unless personalized in some fashion (example, an evening for clients who love wine), the very fact that you do something for a large group undermines the sense among your clients that this is especially for them. And depending on how cynical the client is, you may even get the sense among some clients that *"I'm paying for this."*

That's not to say that the right recognition activity can't send a positive signal, because it certainly can. The challenge is that the message may be hard to get through to all your key clients – and also may wear off over time.

An approach to let clients know you care

The good news is that in my conversations with clients over the years, I have run into many who absolutely believe that their advisor cares about them and their success. When I reflect on those conversations, there are a few recurrent themes.

Firstly, clients who say their advisors care almost always say they really feel listened to. Perhaps the simplest way to let clients know you care is to make including them in conversations your top priority – the more you ask clients to talk about their situation and circumstances and how they feel, the more they see you as truly caring. While this is basic, it is something that a remarkable number of advisors seem to miss.

Second, these clients generally like their advisors as people – they don't see their advisors as obsessed with material success or fixating on maximizing their financial outcomes. One interesting comment from clients who say their advisors care about them is that surprisingly often they feel that their advisor cares about other people too – they see their advisors as generous contributors to charities and other good works from which they derive no personal gain. If you make giving back to the community a priority, find ways to let your clients know.

Third, not every conversation should be about money. If all of your conversations are about finances, some clients wonder what motivated the call – your interests or theirs. Allocate a small portion of your conversations with key clients to things from which you derive no immediate benefit.

Finally, don't forget the little things. When I talk to clients who say that their advisors truly care, I am astonished how often it's the little things that make a big impact.

I recall one widow in her 70s who said that what really stood out for her was that whenever she went in for a meeting, her advisor remembered exactly how she likes her tea.

Another advisor described how 10 minutes each morning made a big impact. At the start of each day, his assistant gives him a list of clients celebrating a birthday. He calls them first thing to say nothing more than "*It's my annual call to be among the first to wish you happy birthday."* This inevitably leads to conversations about their birthday plans and life in general; even leaving a voice mail sends a positive message.

As you consider how you spend your time in the period ahead, by all means focus on the things that it takes to do a great job and the things you're paid for. But don't neglect to consider the other things, often unrelated to these, that make the difference in ensuring that clients truly believing that you care.

Dan Richards conducts programs to help advisors gain and retain clients and is an award winning faculty member in the MBA program at the University of Toronto. To see more of his written and video commentaries, go to www.clientinsights.ca. Use A555A for the rep and dealer code to register for website access.