

## An Unexpected Route to Ecstatic Clients

By Dan Richards

August 31, 2010

*Advisor Perspectives welcomes guest contributions. The views presented here do not necessarily represent those of Advisor Perspectives.*

I was puzzled by some recent conversations with investors, until I read a column in the *New York Times* about how to maximize the pleasure from vacations.

The column stemmed from research by behavioral psychologists on how to structure activity to generate the most impact – and led to some striking findings both for planning vacations and for structuring how clients experience their interactions with you.



### Understanding how “peak-end” works

One of the most important findings is something called the “peak-end” phenomenon.

Quite simply, there are two things that shape how people remember an experience, whether it be a vacation, a restaurant meal or an interaction with a financial advisor.

First, what people remember most strongly is what happens at the end of an experience. Even if the vacation as a whole was a bit on the ho-hum side, if it ended on a high point people tended to remember it more fondly.

In terms of timing, the next thing that sticks with people is what happens at the beginning of an experience – what takes place in the middle still matters, of course, but much less.

And next, people remember the high and low points, the things that really stuck out most intensely – what are called “peak experiences.”

### Structuring interactions for maximum impact

Which brings me to the client conversations that baffled me...

One elderly investor went on at length because her advisor remembered exactly how she took her tea and always had her favorite cookies on hand when she went into her office for meetings.

Another investor raved about her advisor because she’d sent her three books over the course of 20 years working together. The key thing about those books was that they all



responded to things she'd mentioned in conversation – she was taking up golf, her daughter-in-law was expecting her first grandchild, and she was taking her grandchildren on their first trip to Disneyworld.

The significance that these investors gave to the cookies and the books was way out of proportion to their actual importance. In a rational world, how could things that were trivial on the surface have this kind of impact?

The reason is quite simple.

Things that superficially seem to be mundane resonate with clients because they stand out for the level of personal acknowledgement – they provide that “peak experience” that psychologists talk about.

And in fact “peak experiences” is what advisors should strive for in every client interaction.

### **Getting the most from client entertainment**

An issue that advisors must consider in structuring client interactions is the “familiarity trap.”

Many advisors take their best clients out to lunch or dinner on a regular basis.

The problem: Even if someone was impressed the first time this happened, research shows the challenge is that people assimilate experiences – things lose their impact with repetition.

So instead of doing a number of smaller things to build relationships, advisors would be better off doing fewer but more dramatic things.

For example, rather than taking a client to an annual lunch, spend the same money to do something that will really stand out, ensuring that every experience is special and unique.

After a few years of working together, one advisor surprises top clients at a birthday lunch by inviting two or three of their best friends to join them – more money for certain, but also much greater impact.

The key is that he does this once and only once – and then the next time that he wants that client to feel acknowledged, finds another way to do it.

There's a simple rule of thumb at work here – if something is designed to deepen relationships with clients and let them know they're valued, you need to do things that make clients say “Wow.”



If it doesn't meet that standard, chances are that it won't have the desired effect.

Yes, this takes more thought and effort and costs more, but by doing things less frequently and making each activity truly memorable, you'll get a much better return on the expenditure of time and effort.

### **Looking for high impact experiences**

There are other important implications from this research, beyond issues around client entertainment.

There are a bunch of things that need to happen to deliver on our basic commitments to clients – updating financial plans, rebalancing portfolios and scheduling ongoing communication and meetings.

I don't intend to minimize the importance of delivering on these commitments – they have to happen.

The difficulty is that they don't typically stand out – even if clients are initially pleased to have a plan in place, they quickly take that plan for granted as something that they're entitled to as a matter of course.

So for top clients especially, periodically we need to supplement the “meat and potatoes” things that have to happen with something out of the ordinary that spices things up.

Earlier this spring, I wrote an article “Three words to blow clients away”, based on conversations with investors about the things that set their advisors apart.

In that article, I talked about an advisor who acknowledges the birth of his clients' children or grandchildren by having the birth announcement blown up and put in a silver-plated frame – and then sends it to them with a note of congratulations.

When he visits clients at home, the birth announcement is often prominently displayed in their living room. Clients regularly bring up those birth announcements years after they receive them.

The cost of doing this? Under \$100.

The key is to tap into experiences that are unique and personal for clients. As you think about how to provide “peak experiences” for your most important clients, things that will stand out and that they'll remember (and maybe even talk to their friends about), you may want to revisit this [article](#).



## Structuring the timing of an experience

The other thing to remember is how you stage an interaction.

High-end restaurants often begin meals with a complimentary “amuse-bouche,” a bite-size appetizer.

A good idea in principle ... but to maximize the impact, instead of an appetizer at the start of the meal, restaurants could consider offering a complimentary mini-dessert at the end ... so that guests walk away remembering that.

Along the same lines, bearing in mind that what happens last is what clients remember most vividly, you need to structure meetings to end on a high point – the most positive thing that you want to have clients leave with should be last on the agenda.

One of the pioneers in the field of designing experiences to reflect the reality of human memory is Don Norman of Northwestern University. [Here's](#) a blog on this topic.

And [here's](#) the column in the New York Times that originally got me thinking about this topic, titled “Better Vacations through Science.”

---

*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 and to reach him, go to [www.clientinsights.ca](http://www.clientinsights.ca).*

[www.advisorperspectives.com](http://www.advisorperspectives.com)

For a free subscription to the Advisor Perspectives newsletter, visit:  
<http://www.advisorperspectives.com/subscribers/subscribe.php>