

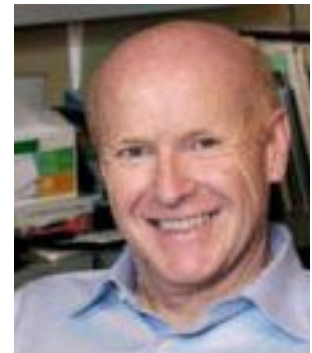
A Simple Email to Save a Client

By Dan Richards
February 21, 2012

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

A recent conversation got me thinking. Losing a client is a painful experience – even more so when you realize that something as simple as an email could have avoided that outcome.

Friends had invited me over to join them for a casual dinner party. As it happens, the guest who was seated by my side recognized me from my appearances on a business news show and in short order asked for advice.



“My wife and I have been talking about the possibility of changing our stockbroker,” he said. “I wonder whether you could suggest a couple of brokers we could talk to.”

The roots of dissatisfaction

I answered that there were obviously lots of alternatives, depending on what he and his wife were looking for and how much they had to invest. Before going further, I asked him to tell me more about his current advisor.

“We’ve been working with this woman for about five years,” he said, “and in most respects we’re not unhappy with her. Before starting with her, I’d been managing our own money. She helped us develop a bit of a plan, whenever we call she gets back quickly and when we finish our annual meeting to make sure we’re on track, both my wife and I walk away feeling our time has been well spent.

“The thing is, I think we need someone who’s more on top of what’s happening in markets and who’s more proactive in managing our portfolio. We don’t get much in the way of information from her between meetings, aside from her firm’s generic newsletter which is generally a waste of time.

“And when we do meet, all she says is that we have lots of time and to stay the course and we’ll be fine. That may be true, but I really wonder how on top of markets she really is and whether we’d be better off working with someone who is more proactive in identifying better opportunities. With all the changes going on, if we had the right investments a year ago, I don’t understand how those same investments can still make sense today.”



Today's desire for change

After hearing him out, I suggested that before exploring alternatives he and his wife should sit down and talk to their advisor and air their concerns. I haven't heard from him since, so perhaps they've had that discussion and cleared the air. Or maybe he got busy, as all of us do and never followed up with his advisor – and is vulnerable to the next advisor who approaches him.

Advisors reading this may shake their heads about how fickle and unreasonable clients are. And certainly, there are clients who are irrational.

Look at this, however, from our clients' point of view.

Given the market turmoil of the past four years, many investors take the view that if they haven't seen recommendations for changes in their portfolios, it is lack of interest or effort on their advisor's part. In today's environment, even investors with a long-term view want to feel that their investments are being actively managed. That doesn't mean you recommend changes for the sake of changes. But everything being equal, investors want to feel that their advisor is on the lookout for ways to improve their portfolio.

Certainly, you can recommend that investors maintain the status quo. Just understand that today you have to work harder to get clients to buy into a status quo mindset than to make changes. If you're recommending no changes in a portfolio, you need to demonstrate the alternatives you've looked at and to explain why maintaining their portfolio as is makes sense.

Another point relates to advisors using third-party managers. Many investors have no appreciation of the extent to which managers alter portfolios looking for better opportunities. If investors don't understand this, it's not their fault – it's ours for not communicating the key changes taking place within their portfolios.

Communicating that you're on top of markets

A related issue is letting clients know that you're on top of what's happening in markets. Regrettably, in today's cynical and skeptical world, if you don't let clients know the kinds of things you do to stay abreast of market developments, some will conclude the worst and assume that you're not investing the time to stay informed.

This isn't true of all clients, of course, but it does apply to a significant number. That's why you need to let clients know what you're doing to ensure you're providing the best possible advice.



So if you're going to a conference, consider sending clients a short note summarizing the speakers you heard and the key implications for them.

Another alternative is to send clients a monthly email with a link to one article or video that illustrates the sources you tap into as part of your ongoing research. The key is to have that article come from a credible source – the *Economist*, *Fortune*, *Forbes*, *New York Times* and *Bloomberg Business Week* are examples of sources that inspire confidence among clients. (I'd put the *Wall Street Journal* first on this list, but most of its articles are behind a paywall.)

In the perfect world, clients would trust us fully and we wouldn't have to go to the effort of demonstrating our efforts on their behalf. And while that's certainly true of some clients, a growing number want the reassurance of knowing that their advisor is on top of important developments. That monthly email with an article from *Forbes* or *Bloomberg Business Week* or with a link to that CNBC interview with Warren Buffett could be one of your better investments in reinforcing client confidence that they're working with the right advisor.

*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.*

www.advisorperspectives.com

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