

## Finding Hidden Revenue with Existing Clients

By Dan Richards

October 30, 2012

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Investor skepticism and an uncertain economy are challenging advisors to maintain revenue growth and practice profitability.

That's why I was intrigued by an advisor who's used a simple strategy to achieve substantial growth in assets from existing clients, even though she already managed most of their money.

### **Become the “only advisor” for clients**

This advisor – let's call her Jane – came into the business about 25 years ago as assistant to a successful advisor. After a few years she got promoted to associate and six years ago took over his clients when he retired. Today she manages just over \$80 million for about 300 households, supported by an assistant of her own.



The advisor who hired her always had the goal of being the “only” financial advisor for his clients. Her mentor encouraged Jane to get her CFP with a view to developing financial plans for every client, in the process often uncovering assets that clients hadn't previously shared. For clients with investments held elsewhere, Jane still offers to develop consolidated quarterly statements – all that the client has to do is fax or mail a copy of their other statements.

As a result of this focus on becoming their clients' “only advisor,” when Jane took over she had a very high penetration of client assets; in fact a survey of clients commissioned by her firm ranked her in the top 5% of advisors based on “client share-of-wallet.”

That's the good news. The bad news is that this high share-of-wallet limits the opportunity for capturing additional assets from existing clients. Earlier this year, however, Jane found a way to get around that problem.

### **Looking deeper for opportunities**

Each January, Jane schedules reviews with her top 20 clients to update financial plans and discuss any outstanding issues. These meetings go into considerable detail and typically run from 90 minutes to two hours.



This year, she added a new item to the agenda: “Conversation re powers of attorney and will.” Largely due to her prompting, almost all clients have up-to-date wills and powers of attorney for property and personal care, generally appointing the same individual as executor for the will and with power of attorney for property. In most cases this is a spouse, adult child or other family member, although in a few instances the person who assuming this responsibility is the client’s lawyer, friend or business associate.

When they reached the agenda item for “powers of attorney and will,” Jane explained that, even though people had agreed to serve as power of attorney for property or executor for a will, in many cases they had only a vague understanding of the client’s financial affairs and wishes. Unless they were dealing with a spouse who was already up-to-speed on finances, she suggested that to avoid potential problems, they schedule 30 minutes for Jane and the client to sit down with their executor, during which Jane would provide a high-level overview of the client’s financial situation and answer any questions.

Once clients thought about this, most agreed that it made sense; meetings ended up taking place for 12 out of the 20 clients. Jane’s compliance department provided a form for clients to sign, consenting to share this information and in the spirit of “no surprises,” Jane typically sent clients the overview for them to review two or three days before the meeting. (Some clients who were at first reluctant became more comfortable after Jane explained that they’d be able to approve the information that would be shared.)

### **Opening the door to future conversations**

The meetings generally went very smoothly – both Jane’s clients and their executors were relieved to be having this conversation.

In a couple of instances, the people with whom Jane was meeting asked if she was open to talking about helping manage their investments. Jane said that she’d be delighted to have that conversation and would follow up after the meeting to set a time to talk.

In the other cases, after the meeting Jane followed up with clients to get their feedback. In that conversation, Jane asked if clients were okay if she followed up with the family member or other individual who they’d met with to offer to add them to the distribution list for her monthly newsletter and invitation for the annual outlook lunch she hosts for top clients. Jane also told clients she’d like to mention to the person they’d met with that, should at any point there be interest in sitting down to talk about managing their investments, she’d be happy to do so.

Clients had no issue with this and Jane got a good response to the offers to add people to her newsletter and luncheon invite list. When it got to the conversation about managing their affairs, a number thanked her but said they were happy where they were and from others she got the ambivalent response that often follows that suggestion to someone you



know. That said, there were a few cases where the response was more positive and follow-up meetings took place.

As a result of this initiative, in 2012 Jane expects to add \$4 million in assets – not Earth-shattering but not trivial. Equally important is that those come from new clients with the potential of more down the road. Think about whether this approach makes sense for you and your top clients. It worked for Jane, who already manages the bulk of client assets, so chances are that it will work even better for you.

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*[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](http://www.clientinsights.ca). Use A555A for the rep and dealer code to register for website access.*

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