



## Lifting Your Clients above the Fray

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Most years are full of surprises and 2016 did not disappoint. Markets pulled back sharply to start the year, stirring 2008 redux fears. Then came unexpected political outcomes – like the Brexit referendum and the U.S. presidential election – frightening investors again. The votes caught most media outlets and television “experts” off guard, adding to a sense of chaos. In a topsy-turvy world, Main Street investors were tempted to abandon carefully constructed financial plans for the perceived safety of cash.

Periods of fear and confusion are when your clients need you the most. On that note, here are several areas advisors should focus on to better serve their clients in times of need.

### Education

Whether they're still working or enjoying retirement, many clients don't want to spend their free time researching stocks, economies and markets. They have already spent a career (or a large part of one) gaining expertise in a specific industry, so whether it's a lack of desire, time or expertise, many don't aim to build that same muscle in finance. Instead, they seek out expert financial advisors for this responsibility.

However, to truly add value, advisors must know how to distill complex topics into clear, easy-to-understand language. The media makes this task more difficult by compressing news into hyperbolic headlines and fear-inducing sound bites. Loud opinions on cable television networks, slanted front-page coverage, advertorials and the proliferation of “fake news” stories often drown out thoughtful, level-headed analysis. To combat this, advisors should take every opportunity to provide necessary context – and education – on current events.

Use this as an opportunity to educate your clients. Besides regular contact from advisors, who are typically available to answer any and all questions, host client-education events on a regular basis and in a variety of formats. From large group presentations to more intimate Q&A dinners – and even online presentations – you can provide a rational perspective to your clients on the current state of markets. Most importantly, provide clients with a forum to directly ask questions about the issues

concerning them. And, if you offer a wide array of events and communication methods, clients can pick and choose the one that works best for them. While not all advisors can do all these things, emphasizing client education is important however you choose to execute it.

## **Communication**

Regular communication with clients is always critical, but finding the right balance can be tricky. Communicate more heavily with your clients when markets are volatile. Don't reach out only during big, important developments. On the flip side, bombarding clients with constant updates could be overbearing. A mix of communication works best. Regularly updated commentary on your website – ours is **MarketMinder** – allows clients to see your thoughts on day-to-day happenings if they so choose. Provide more robust materials on a quarterly basis. And nothing can usurp the importance of having a real-life human – one the client has a relationship with – available to talk to about any pressing concerns and worries.

## **Say what you think**

Sometimes the biggest benefit an advisor provides is tough-love advice. If your clients are right all the time, chances are you aren't adding value to their financial lives – they could do it themselves! Consider early 2016, when the correction bottomed in mid-February. Many investors wanted to exit markets and wait for the negative volatility to pass before reentering. Quite a few folks convinced themselves more downside was likely. Yet markets rebounded quickly and have been climbing ever since. Selling stocks and raising cash was a costly, difficult-to-overcome error.

This isn't an isolated episode. Throughout this bull market, investors have been slow to warm to stocks and anxious once in them. Bouts of widespread fear have been common. The eurozone crisis in 2010 and 2011. The debt ceiling debacle in 2011 – and again in 2013. Taper terror. Rate hike worries. China concerns in 2015. Dread over volatility following Brexit or a potential President Trump this year. Time and again, headline fears have led investors astray. Some in the media claim professional financial advice isn't worth the costs. Yet this bull market, arguably more than most, illustrates the huge value a disciplined advisor can add. An investor going it alone may have saved on fees, but if they avoided markets out of fear, held too much cash or exited stocks at the wrong time, the opportunity cost could easily be far greater.

## **Assurance**

While clients need straight talk, they also want assurance. They want to feel listened to, heard and understood. They want you to relate to their concerns. Though you can't offer guarantees, you can show clients the rationale behind your thinking. If you're educating, communicating regularly and speaking frankly, the feeling of assurance should mostly be there. But everyone is different, and advisors must understand the unique needs and personalized attention each client requires. That being said, clients may *want* assurance, but they *need* sound advice. Sticking with a well-constructed plan is key to successful investing.

The need for these qualities are more apparent during volatile times, but they're just as important in

times of stability. Boredom, impatience and greed are often as disastrous as panic. The best advisors provide a steady voice of reason regardless of the market environment.

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