Making Your Research Pay Off in 2014
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For all the time that advisors invest in conducting due diligence on managers and markets, most do a miserable job of leveraging the hours they spend in communicating with clients. Here’s how to change that in 2014.

Every advisor spends lots of time reading, doing research, listening to speakers and attending conferences, all with the goal of providing clients with the best possible advice. And that’s as it should be – even if you delegate the selection of individual securities, staying on top of developments is part of your job.

Let’s be clear, the vast majority of clients have little interest in the minutiae of the economic outlook or the prognosis for markets; they see that as your job. Even clients who do want to get more involved in the decision-making process typically look for you to provide guidance.

But these days, those same clients are too busy to get involved in the details of their portfolios, but also want to be highly confident that you are proactive in monitoring developments and making appropriate changes to their portfolios. Clients always want to feel that you’re on top of things, and that’s especially important when we’re faced with the kind of turbulence we’ve seen of late.

Due diligence isn’t enough; to get maximum value from the time you spend, you have to make clients aware of your efforts. Here are three ways that you can leverage your time you spend on due diligence.

Forwarding articles – “Your weekend reading”

I know an advisor who sends clients who agree to receive it an email each Friday titled, “Your Weekend Reading,” with links to one or two articles from publications such as The Economist, Financial Times, New York Times or Bloomberg Business Week.

He communicates that he has selected this article out of all the reading he’s done in the past week. Many clients have told him that they look forward to the articles – but even if someone doesn’t read the articles, he’s reminding clients that he’s on top of things.

As an aside, this works best if you limit the number of articles to one or two; a “top 10 reading list” actually makes it less likely that clients will look at anything you send and tends to water down the impact of the articles you’re featuring.
Regular emails – “What I’ve heard in the last 90 days”

A weekly or bi-weekly email may be too much for you and your clients. Instead, send clients an email every 90 days, titled, “What I’ve Heard in the Past 90 Days.” Include a summary of some of the conference calls you’ve listened to and presentations you’ve attended, highlighting the backgrounds of the speakers and the key points they made.

That email reassures clients about your efforts to listen to a broad range of the most credible sources in order to develop your perspective.

An agenda item in reviews – “What I’m hearing today”

The third opportunity to turn your due diligence into heightened client confidence is in your periodic client review meetings.

For most clients, reviews take place once or at most twice a year – and these meetings are critical in buttressing client confidence. From your clients’ point of view, these meetings are your opportunity to demonstrate the value that they get from their relationship with you and and reassure them that they’re working with the right financial advisor.

You need to make every minute count. You also need to ensure that clients see these meetings as driven by their agenda rather than yours, which means that clients need to be engaged in questions and discussion. A key goal in reviews is to get clients talking; so add an agenda item titled What I’m hearing today, listing the names of three managers, economists, market strategists or other experts you’ve listened to in the past while and who’ve shaped your thinking.

Beside each name, you could list one to three bullet points summarizing their key message. After running through these quickly (and I do mean quickly), get clients involved by asking questions like:

What surprised you among these comments?
What here would you like more elaboration or explanation on?
What questions do you have above and beyond the points I’ve covered here?

These open-ended questions encourage clients to open up and engage in the conversation. Just as important, clients will walk away reassured about the effort you put into researching your recommendations.

Continue to invest time and effort in conducting due diligence – but if one of your new year’s resolutions is to maximize the impact of that time, think differently about communicating to clients around what you learn.
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.

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