

Make client reviews a key part of your market recovery strategy

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One of the best places to begin to restore investors' confidence is the client review. By strategically planning for a successful 60-minute meeting, you can help clients make sense of the dramatic shifts occurring in the financial landscape, provide direction and build their trust in your resources and capabilities.

Proof of the power of client reviews

To appreciate how client reviews can be a core component of your service, first look at what happened during the market downturn in 2002: ¹

- **87%** of high-net-worth clients who left their financial advisers did so because of poor service, not investment performance. At the same time, 1 in 4 highly satisfied clients **increased their assets** under management and 9 out of 10 clients made **referrals** that resulted in new clients.

Now, consider what occurred just recently; The Wall Street Journal reported: ²

- **Almost 81%** of investors with \$1 million or more in investable assets planned to take money away from their current adviser.
- An even larger number, 86%, planned to tell other investors to avoid their adviser.

More than ever before, this is the time to use client reviews to *make lasting connections* and maintain your most valuable asset – your clients! Here is a valuable perspective to keep in mind:

“This is an industry of professionals that have worked hard in building their businesses over dozens of years, and will continue to work hard to expand and compete in whole new ways in this whole new world we are entering.”³

What better place to demonstrate this than a client review?

Six easy steps to a successful client review

We have updated our sample client review agenda; it's designed to maximize the unique potential of these forums particularly during an economic downturn. Planning is well worth your time because how you manage relationships during volatile times is likely to leave a lasting impression with clients.

1. Address clients' key concerns

First and foremost, let your clients do the talking, and listen. A basic practice management guideline is listen and talk to your clients at a 4:1 ratio. Think of the old adage: we have two ears and one mouth so we can do a lot more listening than speaking. Often, just showing empathy can help clients feel better. Think of it as a form of talk therapy.

2. Review goals and objectives

As an adviser, your job is to help manage clients' money so that they can achieve their dreams and goals. If you don't know some of their big picture goals, it's time to find out. Plans change when individuals and families change so don't assume a goal from two or three years ago is the same. This is especially true during a recession and now is the time to ask.

If clients need help articulating priorities, you can assist in the process. Reviewing clients' goals and objectives also gives you an opportunity to communicate your core competencies.

3. Discuss upcoming life events

Asking questions about a client's future lets you be *proactive* in your services and solutions, instead of reactive when events occur. It's likely that many clients will have a major life change coming up, but even if they do not, you can show your commitment to them and the well being of their families.

4. Look at your client's account and investments

Notice how the financial review comes fourth on the agenda. That's because your business will rise and fall on the quality of your client relationships, not on the actual investment performance delivered. Of course investment results matter; that's why clients come to you in the first place. However, make

sure you talk about investment performance and any characteristics as it relates to a client's long-term goals, not in abstract market terms or financial jargon.

It's also helpful to keep this in mind: "Your clients don't blame you for the market. They don't expect you to be clairvoyant, they just want some direction...There is a big difference between someone who is worrying that the key is falling and someone worrying about a specific investment."⁴

5. Recap key points from your discussion

Communicate back to clients what you heard them say. Identify and clear up any areas of confusion, answer questions and make sure that material, data or notes that you hand out are understood. Remember that "a financial plan is the best way to focus on rational next steps"⁴ and this is the ideal time to consider and discuss the reworking of a client's financial plan.

6. Determine next steps

First, offer some perspective. In 2008 there was simply no place for investors to hide in the selloff and financial downturn. In 2009, some of the previous year's losses may prove to be temporary. Opportunities do exist. The key is to identify them within a client's comfort level with investment risk. Discuss how you can add value for clients coming out of a difficult market.

Finally, look at what actions need to be taken. The items discussed here will be the basis for an action plan you prepare for clients.

Client reviews in volatile times offer opportunities for proactive advisers

The opportunities are to connect with clients when they need contact the most even though it's frustrating when you have no control over economic and market developments. In this difficult period, you will find that client reviews can be successful when they lead to:

- Increased client loyalty that results in an enduring relationship
- New connections to multiple generations in a client's family
- Qualified referrals to a client's friends and business associates
- Additional assets from a client when you effectively explain compelling buying opportunities in down markets

Connect with clients now and carry the benefits into the future

One of the best opportunities you have to restore investors' confidence and position your business for long-term returns is the client review. And the perfect time to discover how to bring your client reviews to a whole new level is now.

¹ Prince and Associates, 2002.

² The Wall Street Journal, October 4-5, 2008.

³ Financial Adviser Magazine, January 2009.

⁴ Bank Investment Consultant, November 2008.