Securing clients for life:Part Two

Sheila Avari / May 06, 2011

Give and get

“I think karmically,” says Michael Kay, a CFP based in Livingston, New Jersey. “I do pro bono work, referred by friends or members of the clergy, for people who need financial advice but have an inability to pay. We’re in a helping profession and if we can help someone gain stability and financial direction, we will.” Kay does just that, even though his investable asset minimum is $750,000.

After attending George Kinder’s “Seven Habits of Money Maturity” workshop and adopting the processes of Money Quotient, a non-profit organization that develops tools for financial advisors, Kay realized clients want four key outcomes from a trusted advisor: “A consistent experience; something that feels done on purpose, not cobbled together; to feel special; and to feel they are being heard.”

This list sounds like Advisor 101, but for almost five years before adopting life planning, Kay dealt his clients an inconsistent approach that focused mainly on traditional planning methodology. “There was a disconnect because clients didn’t trust us [enough] to give us the information we needed or tell us their concerns.

Clients need to develop trust before they will open up to their truth. Plan results were inconsistent because the relationship focused on gathering numbers, not understanding.”

To gain the kind of access he needed to be a better advisor, he overhauled his traditional financial planning business to become one committed to holistic life planning.

It’s a concept becoming increasingly popular among advisors seeking to build deeper relationships with clients.

“Life planning is not touchy-feely,” says Kay. “What is touchy-feely about knowing your client? The CFP Board of Standards demands that advisors know their clients, and that goes beyond the numbers.”

Doug Lamb, an advisor and president of PlanWare Inc., says in this era of financial planning, advisors have to work harder to keep clients loyal.

“If you are doing real planning with clients, you’re involving yourself in an emotional part of their lives,” he says. “A financial plan deepens the connection with people and clients are less likely to leave an advisor.”

He developed his own financial planning software tool that he can use on all his clients, no matter the size of their wallet—even the smaller accounts. Refreshing? Yes. Approaches like this address a Charles Schwab billboard seen in Newark airport: “I want someone in my corner. Not my wallet.”

Kay uses a circle of influence to enhance service offerings and keep clients loyal. He has a psychologist within his financial advisory practice to observe and facilitate client meetings.

“I bring her in on an ad hoc basis to help me stay connected to the client and offer the best experience,” he says. During a meeting with an elderly prospect, who came bruised from a bad broker experience, the psychologist noticed the woman appeared confused and disconnected from the questions Kay posed.

“The psychologist paraphrased my questions to make sure she understood what I was asking the prospect,” Kay says. “The repetition and rephrasing helped the prospect understand and feel more comfortable. The psychologist is the extra set of eyes and ears while she listens to the conversation.”

Kay’s team takes a multigenerational and expertise-based approach with clients. Depending on the age and needs of clients, one or a team of their five full-time advisors, two associate planners and three support staff partners deliver personalized service to 200 client families with a combined portfolio of $150 million. Talk about high-touch and high-stick potential: with a combination of e-mails, calls, letters and meetings, Kay’s team communicates with its clients up to 24 times annually. But Kay actually lost a handful of clients when he moved to a life-planning model. Some clients wanted nothing to do with financial planning and Kay wouldn’t force-fit them to his practice.

Preparing in-depth financial plans is how Karin Mizgala, a fee-only money coach and CEO of Money Coaches Canada, spends her day. Her nine money coaches are based in B.C., Alberta and Ontario, and all but one are women. Their clients—women and couples where the woman often started the relationship with the advisor—are either struggling with debt and cash flow or are going through life transitions such as marriage, divorce or retirement.

“We are interested in clients as people first,” Mizgala says from her home office on Salt Spring Island, B.C. “We help them organize their money so they can support their life.”

It would seem Mizgala has a corner on the female market, though she wouldn’t characterize it that way. “We take a real educational approach,” she says. “Clients come to us in fear or with a lack of understanding or confidence. Our language, communications and style are geared toward this group.”

Her clients, often highly intelligent and successful businesswomen and power couples, need handholding around cash flow and debt management. Some of the firm’s clients are those left in the lurch, she says. They may have a bank advisor but not enough net worth to warrant deep service. Others found her by attending workshops held by an associated entity, the Women’s Financial Learning Centre, or from the Centre’s newsletters and podcasts. She says people read and listen for years and become clients when they need the money coaches.

“Knowing we are educators first has been a huge success factor,” she says. “We don’t want to do the implementation. We separate advice from investments.”

Based on the complexity of the case, she sets the client on an up-to-four-month plan to implement newstrategies and change banking arrangements.

“They need support and guidance along the way. When we feel they’re ready, we release them so they can operate on their own.” She leaves the plan’s execution to the low-fee investment advisors to whom she refers her clients, sometimes joining them in meetings.

Investment advisors who know Mizgala love her for this. In fact, they refer their clients right back to Money Coaches Canada, knowing that firm's intervention will stick together and strengthen their own relationship with their client.

"Advisors refer to us because we can help clients get a better handle on their money and the advisors don't have to focus on planning," she explains. "After clients work with us and return to their investment advisors, they ask better questions, have more realistic expectations and act less emotionally. Clients [then] have a better, smoother relationship with their advisor."

Like Kay, Mizgala began her career as a self-described "traditional" advisor, and spent 15 years preparing plans and selling investments. She switched to selling unbiased education and advice six years ago.

"So often clients nod their heads at their advisor but they really don't get it," she says, describing her inspiration to do her work. "The horror stories we hear are amazing. My distant family member is leaving her advisor because all he does is show her charts and graphs, which only frustrates her."

When Glaze sits down with clients, she makes them consciously aware of what they want their life to look like.

"When they rattle off their wish list, I sometimes respond with, 'I'm Sandy Glaze, not Sandy Claus,'" she says, laughing. "I am no miracle worker." For example, her 62-year-old client wanted to retire and tour the world, but Glaze discovered she would have had to take up a part-time job to do so.

Glaze asked her if that's how she wanted to live. Instead, the client delayed retirement by three years, giving her enough cash to travel to the Panama Canal.

"People need someone to talk to outside their family. They need to feel safe and advisors can be safe for clients. I coach and take a personal interest in my clients."

Fishing for feedback

Birenbaum says by understanding a client's circumstances and personality, she can offer a truly personalized experience. She measures her success by politely fishing for feedback, a meaningful way to gauge value. The responses didn't surprise her.

"Rona understands that money doesn't exist as a separate entity," says client Catherine Basaraba, a designer based in Toronto. "My decisions around saving versus spending are really about my hopes and fears, my perception of myself, [and] my worries about employment. When I ask her whether I should spend money on a trip, she knows that I'm really asking, 'How do I gauge the value of this experience? And if I don't do it now, will I be capable of it later?' She reminds me not to be afraid to enjoy my money in the present, as well as to save it for later."

Advisors can elevate their business simply by nurturing their client relationships, developing a sincere and deep understanding of their clients' circumstances and life, breaking down barriers of fear so clients feel comfortable talking to them about what they don't know and building trust so clients feel safe, not judged. It's harder to put into practice, but it's possible.

"You are important to them if you want to be important to them," says Glaze.

Kay's Fit Meeting Process

1. Set the tone for an open exchange. Make the meeting a space free from judgment. Let the prospect know you are prepared to address her needs.

2. Demonstrate why and how you differen-tiate yourself from other planners. Briefly explain why you chose your business model and how it impacts your clients' lives. "Your level of success is directly related to your level of belief," Kay says.
3. Discuss expectations. Make sure your clients know what you expect from each other, as well as preferred communication methods.
4. Promote interdependency between client and planner. When there is an active exchange of information, success is more likely because both parties have ownership.
5. Demystify the planning process. Explain the process, timelines, who will be involved, and why.
6. Initiate the assessment period. Both you and the prospect should "sleep on it" before moving forward.
7. Wrap up; decide how to move forward. If you don't want to move forward, tell the prospect respectfully and with a referral to another planner.