Four things advisors can do to keep clients happy

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How can advisors keep investors calm – and keep them as clients? Here are some ideas.

In every client relationship, there will be good days and bad. In a time of shaky markets, however, clients may start to get restless. It could be a portfolio not working out or a market downturn, but something makes the investor think twice about their advisor.

“In any relationship, there comes a time when we encounter a pinch,” says Norm Trainor, president and CEO of the Covenant Group, which provides coaching to financial advisors on how to grow their business. “Maybe the market craters. I don’t care how good a client you have, they will feel dissatisfied.”

With the recent shift toward the Client Relationship Model Phase 2, which gives investors more transparency regarding advisor fees, plus an increasingly volatile market, clients may be more inclined to ask, “Just what did I get for the fees I’m paying? Have I met with my advisor in the past year, or have they forgotten about me?”

“One option is divorce,” says Mr. Trainor. “The other is that advisor and client enter into a dialogue and redefine their relationship.”

What can you do to keep that client happy? Here are four ideas.

Don’t wait for the client to be dissatisfied

If you wait until the client starts asking what they’re getting out of the relationship, then you could find yourself in an uncomfortable conversation, says Scott Plaskett, senior financial planner and CEO of Ironshield Financial Planning. One way to avoid this is to be clear about your value proposition right off the bat.

“If you’re sensing dissatisfaction from your client, then bring them back to the process,” says Mr. Plaskett. “You need to walk them through how you’re going to deliver on the promise you’ve made through the process you’ve created.”

Educating the client from the beginning about what you do reduces the chance that the client will see success and failure in terms of the one thing an advisor can’t control: rate of return.

“In my experience, clients will come back to [rate of return] when they have nothing else to ask,” says Mr. Plaskett. “As financial advisors, we know the rate of return isn’t everything. I’ve always said, ‘If you live by returns, you die by returns.’”

If you’re not sure you’re communicating effectively, then try scripting out your meetings, he suggests.

“If an advisor hasn’t scripted out what they say in introductory meetings, they haven’t taken it far enough,” Mr. Plaskett explains. “Here, we script it. Here’s what we say in meeting number one, meeting number two. That allows us to change the words we use and see if it’s creating a positive or negative result in those meetings.”

Get the client to see the bigger picture

Despite most advisors saying that they invest for the long term, many clients still focus on short-term gains. It’s your job to get them to think about the big picture.

“The extent that you can extend their timeframe creates a different conversation right from the get-go,” says Norm Trainor. “What’s the five-year-plan, the 25-year-plan?”

Refocus the client on the importance of getting long-term results with a consistent return above the rate of inflation, says Mr. Plaskett. Also mention that returns depend less on whether one’s an aggressive or conservative investor, and more on whether the person stays invested.

“The volatility of each portfolio is different, but the long-range rate of return is surprisingly similar,” he says. “And the conservative-rate portfolio has a better chance of you sticking with it.”

Make yourself indispensable

“Clients will fall in and out of love with their advisor regularly,” says Mr. Trainor. “Satisfaction is ephemeral. The real measure isn’t satisfaction – it’s engagement.” So raise the engagement to the next level, he says.

Advisors should think about positioning themselves more as full-service partners, able to deal with everything from estate and tax planning to simply being a sounding board for any business – or even personal – issues that come up. If there’s a problem you can’t look after, then have a network of professionals that you can offer to that person.

“Say to them, ‘If you have something on your mind that relates to business, you call me,’” he says, adding that the highest-performing advisors build strong networks and work outside their areas of expertise. “That diversity of resources enriches what they can bring to their clients.”

Be willing to let a client walk away

It’s never easy losing a client, but in some cases it may be for the best.

“If you know exactly what you do and why you do it, and if a client says your fees are too high, well maybe that’s just not the client for you,” says Mr. Plaskett. “If they don’t see what you bring to the table, you have to be willing to walk away.”

Whatever you do, don’t change your value propositions. For instance, if you believe in ETF portfolios, you shouldn’t be working with clients who only want individual stocks.

“The worst thing an advisor can do is change to suit the client,” says Plaskett. “That makes it difficult to scale properly. You want to do one thing very well for a particular group of people. By doing that, you’re going to retain like-minded clients.”