

The Prospect of Discovery

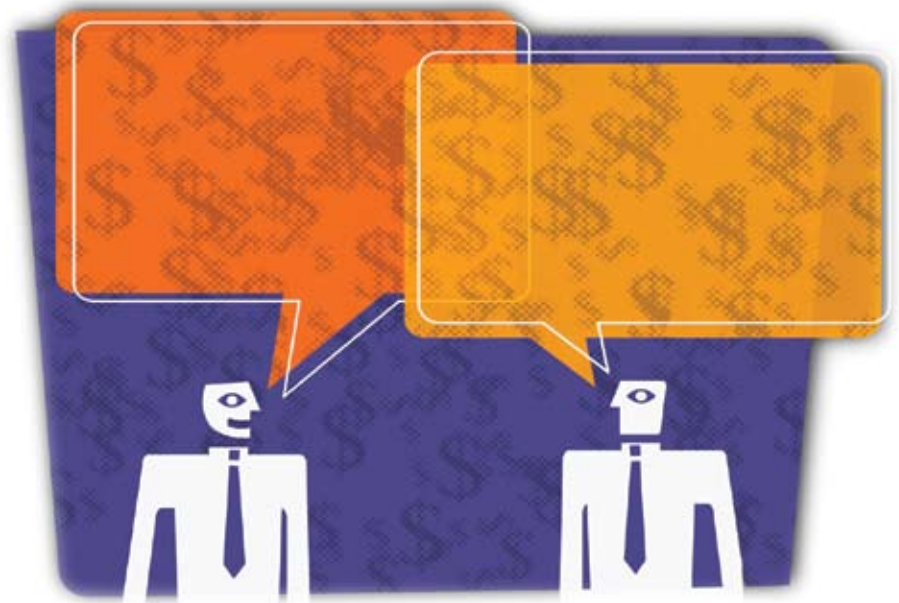
You can't address the needs of affluent clients without fully understanding key areas of their financial and personal lives.

DO YOU GENUINELY LOOK forward to the prospect of discovering a great deal about many aspects of your clients' lives? To finding out not just about their investable assets, but about everything else that you need to understand in order to gain a comprehensive picture of their entire financial situation, including their hopes, dreams and fears?

The prospect of gaining in-depth financial knowledge about the individuals you serve *should* excite you. Why? It's the cornerstone for building a close relationship and delivering a level of service that will deeply satisfy your clients and set you apart from other financial advisors. Simply, you can't build a close relationship and thoroughly address the needs of affluent clients without fully understanding key areas of their financial and personal lives. And you can't gather this information without a *systematic discovery process* that starts when you sincerely ask thoughtful and insightful questions that lead your clients to reveal themselves to you.

Two Principles of Business Success

Such asking — coupled with attentive listening — is at the heart of being a successful businessperson. Recently, I attended a relative's 50th wedding anniversary. The party was held outdoors on a warm summer's day in Buffalo, N.Y. Before long a group approached me and



asked if I would give some advice to my 22-year-old nephew. Having just graduated from college, he aspired to become an investment banker.

"Listen carefully," I said, "because the advice I'm about to give you probably isn't something you learned at business school." The group paused, all ears on me. "To be successful, remember this. First, people do business with people they like. Second, the more you get them to talk, the more they will like you. And that's it."

Flash forward to your own situation as a financial advisor and apply these two principles. The more you know about your clients, the more they'll like you and the more they'll want to do business with you. And the more they get to tell you about themselves,

the better you'll be able to serve them. That's why it's critical to conduct a comprehensive client discovery process that will, without fail, uncover everything you need to know in key areas of your clients' lives — ideally more than they have ever told anyone else. This process will differentiate you from other advisors: Not only do you actually care about your clients, but you will do whatever it takes to know them so well that you can provide precisely the services that will help achieve their dreams and put their minds at ease.

Know Thy Client?

You may think that you already know everything you need to know about your clients, but CEG Worldwide research consistently shows that this is probably

not the case. When queried, most advisors say they know a great deal about their clients. But as the chart below shows, of 941 surveyed affluent clients, only 13.5 percent felt their primary financial advisor was very knowledgeable about their families. Nearly six out of 10 (59.8 percent) said their primary financial advisor knew very little about their families. This research reveals a major disconnect about a relatively easy-to-track aspect of clients' lives.

The Consultative Client Relationship Management Approach

CEG Worldwide's approach to discovering what's important about — and important to — your prospective and existing clients is called the Consultative Client Management (CCM) Process. At the core of the CCM Process is the unassailable fact that working closely with clients in a consultative manner enables you to build strong relationships in which you understand their most important needs — information which will allow you to deliver exactly the services they need, exactly the way they want them delivered.

In some cases you will have an initial chemistry that immediately bonds you with a client. But most of the time you will have to work at building and managing that relationship. For example, CEG Worldwide research shows that highly satisfied affluent clients have on average 24 personal yearly contacts with their primary advisor, *the majority of which are focused on non-investment topics*. Unless you know your clients well, finding enough non-investment topics to fill 24 contacts a year is extremely difficult. From the very start, then, set the stage for learning about your prospective clients in a focused, systematic manner.

The Discovery Meeting

The CCM Process consists of five client meetings:

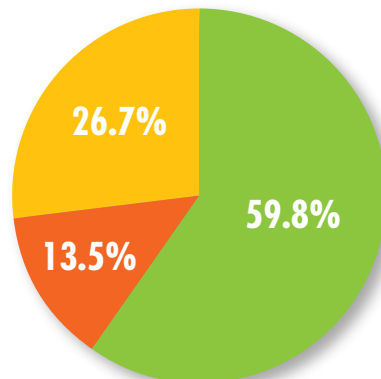
- Discovery Meeting

Advisor Knowledge About Clients' Families

HIGH
Very knowledgeable about the client's family

MEDIUM
Somewhat knowledgeable about the client's family

LOW
Knows very little about the client's family



N=941 investors.
Source: Prince & Associates

- Investment Plan Meeting
- Mutual Commitment Meeting
- 45-Day Follow-up Meeting
- Regular Progress Meetings

In the rest of this column and the next, I'll focus on the first step, the Discovery Meeting. Here you'll find out about your prospective clients' assets, of course, including those that might not ordinarily emerge in a surface-level inquiry. But you'll also find out about their children and grandchildren, their parents and pets, their interests from golf to opera to volunteering, and everything else that is important to their financial lives. You'll inquire into all this so you can construct a comprehensive investment plan that addresses all aspects of what's important to them financially. This will also enable you to regularly communicate with them on multiple levels. (Think: Twenty-four non-investment focused client contacts a year.) Importantly, nearly every aspect of the CCM process, including the Discovery Meeting, can be applied to your existing client base (as a "re-Discovery Meeting") as well.

The Discovery Meeting is focused on

creating a Total Client Profile, a comprehensive description of the client in seven key areas. These areas, in the order in which they should be addressed, include values, goals, relationships, assets, advisors, process (how the client prefers to work with you) and interests. Note that "assets" are fourth on the list, not first. This demonstrates your awareness that there is much more to your relationship with your clients than their money.

We believe that the most effective way to create a Total Client Profile is through "mind mapping," a visual and graphic tool that makes learning about your clients and taking down information easy. In my next column I'll describe how to use mind mapping to construct a Total Client Profile.

The Passionate Client

The basic equation is simple: In-depth client knowledge enables you to better meet their financial needs. This ability leads in turn to higher client satisfaction; higher client satisfaction leads to increased client loyalty; and increased client loyalty leads to more referrals, more assets under management and more clients who fit your ideal client profile, which leads to a more profitable and enjoyable business. Ultimately, your objective is to have the most in-depth and intimate knowledge of your clients' situation of anyone they regularly deal with on a professional level, so you can serve them with extraordinary effectiveness and attentiveness.

Client loyalty is determined above all else by how passionate your clients are about being your client. As I suggested to my nephew, you evoke this kind of passion in your clients when they feel deeply, thoroughly and enthusiastically listened to and genuinely heard. The prospect of discovery — of finding out what matters most to your clients financially in addition to their assets — is one that you should thoughtfully and eagerly embrace. **B**