

The Call of Success

Phoning or facing your clients in times of crisis is essential to building relationships of trust.

IN 2001, JUST AFTER THE HORRIFIC events of September 11th, as national sales manager I visited the offices of 60 advisors with the wholesalers I supervised. I asked each advisor whether they'd contacted their clients to comfort and reassure them in light of recent events. About 90 percent said they'd made no special contact, and almost all of them, as if reading from the same script, stated "I've prepared my clients for this kind of market volatility, so they're fine."

Fine? I don't think so. *Prepared?* Their clients were about as prepared as I was when my widower husband proposed to me and reminded me that he came with two small children. "Are you prepared for this?" he said. "Yes, of course," I responded — and I meant it — but the truth is that preparing for the unknown is impossible. I certainly wasn't prepared for it to frequently take 30 minutes to get my kids out the door, including navigating the dreaded "sock bumps" in order to get their shoes on.

Well, sock bumps are nothing compared to stock bumps, and when it comes to dramatic national or global news, no matter how prepared your clients are, there is absolutely no substitute for personally getting in touch with them. Whenever there is a crisis, talk things through with your clients, give them a chance to ask questions and make sure



they are on track not just financially, but more importantly, emotionally and psychologically.

On Bad Days, Calls Pay

This particular column was inspired by the events of the last week of February 2007, including the substantial market correction of Tuesday, February 27th. If you're an advisor, did you increase your number of client contacts during and after this volatile week? If not, why not? A statistical review of a previous major market correction, the "Bloody

Monday" of October 27, 1997, will be instructive here.

Russ Allan Prince, a senior managing principal at CEG Worldwide, conducted a survey of advisors and their actions following Bloody Monday. He found that only 18.3 percent of surveyed advisors contacted their affluent clients during this period. Of those who did make contact, 68.2 percent were given on average \$260,000 of additional assets to manage. Those advisors who did not contact their clients following Black Monday gave the following reasons:

- Busy “putting out fires” (75.9 percent)
- Busy handling incoming calls (66.2 percent)
- Busy evaluating the market (61.7 percent)
- Too early to contact clients (45.6 percent)
- Fear of clients being upset (35.7 percent)

Of course, these aren't really reasons, they're excuses. Serious emergencies and acts of God that prevent advisors from contacting clients during volatile periods are few and far between. The real reason that most advisors — then and now — fail to contact clients during volatile periods is a combination of fear, ignorance or complacency. Advisors are fearful that their clients will blame them for losses, ignorant as to how important it is for clients to hear from them, complacent about making the necessary effort, or all of the above.

Being Prepared

Preparation is the mother of execution. Given that bad news will inevitably occur, and that markets will inevitably react in volatile ways, and given that you are far more likely to have too little rather than too much contact with your clients, it makes sense to prepare for these periods ahead of time and think through exactly how you'll make your reassuring contacts.

First, plan to call the top 20 percent of your clients, and then move on down the list. For your largest clients or those who will need the most reassurance, an in-person visit may make sense. Importantly, though, don't speak only with your most active clients. Those with long-term buy-and-hold strategies in place will be just as scared or upset or worried as more active clients, and they need to hear from you as well. And remember: Letters and e-mails just won't cut it. By the time they get through compliance it will be way too late, and in any case,

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they're simply too impersonal.

Second, create some kind of script or talking points. Get a good read on what's happening by touching base with your institutional partners and your favorite economists, analysts or money managers. When you speak to your clients, relate only information from trusted sources — not the latest CNBC talking head's fast-breaking commentary.

Third, in most cases, your clients will simply want reassurance that things will be OK and that your long-term plan for them is still a sensible one. Remind them that they are in it for the long-haul, and even if their accounts have lost some value, in the long-run they are doing fine and are well on the way to meeting their long-term goals. Most clients won't ask a lot of questions, and most of these phone calls will be relatively short. The key point here is to emotionally reassure your clients — not to talk to them specifically about how their account is doing, and most certainly not to try to sell them any new product.

Fourth, by the end of the call or visit make sure to turn things away from the bad news and its impact, and instead ask your client if there are any other changes going on — whether everyone in their

family is in good health, how the kids are doing in school, whether they've followed up on getting their wills in order and so on. And if you happen to be giving a seminar or have recently published an article somewhere, you may want to mention that while you have them on the phone.

Finally, make these contacts a priority and set aside the necessary time. If it comes down to blocking out two hours a day — one in the morning and one in the afternoon — to get these calls in, then that's what you need to do. Also make sure that you and your staff are prepared to answer calls in real-time in case there is a calamitous market drop or news event.

Rising to the Call

If you want to achieve great success, keep in mind that it's much more likely that you'll communicate too little, not too often, with your clients. CEG Worldwide research consistently shows that highly satisfied affluent clients each have on average between 24 and 28 contacts per year from their financial advisors, and that the majority of these contacts are focused on non-investment issues. But most advisors only make eight to 10 contacts a year, and these are often investment-focused.

Remember: Virtually nothing is more important than the relationships you maintain with your clients, and emotional and psychological issues are at the heart of all relationships. So when you call your clients during a volatile period — not *if* you call them, but *when* you call them — the key thing to get across is not your concern about how their accounts are doing, but about how they, as people, are doing.

Don't be complacent and don't make excuses. When the next big bad event occurs, be prepared, be on top of things and systematically be on the phone or on the road to reassure your clients. These are the calls of success, and you should be ready to make them. **B**