

Enhancing Client Loyalty During Difficult Times

By Stephen A. Saenz

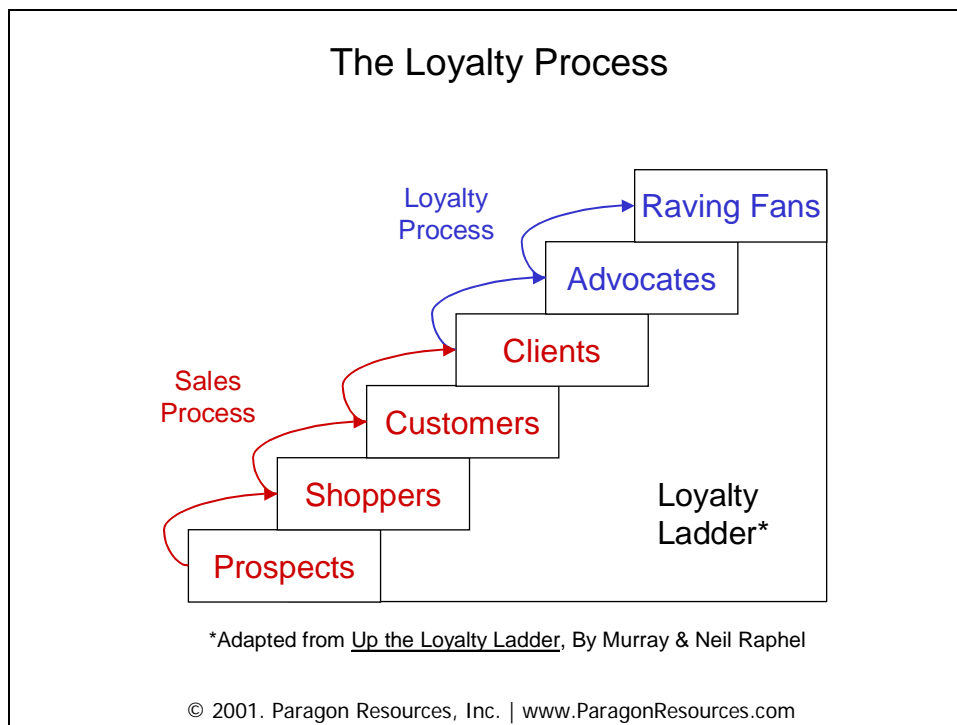
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Welcome. I am going to start with some strategic comments and then I'm going to get very specific about things you can do to enhance client loyalty during difficult times. Please feel free to stop me along the way to make comments and ask questions. I will save some time at the end for questions. I will also give you an opportunity to share any ideas you have for building and maintaining client loyalty. I decided to do this presentation early last week when I heard an interview with Sir John Templeton on CNBC. **Three things occurred to me:**

1. If Sir John is worried, there must be *a lot* of other people who feel the same way
2. Most financial advisors are still in the *idea* business, which means they probably aren't talking to their clients much these days — you're only as good as your last idea...
3. If that's true, this should be a fantastic opportunity to increase market share — someone I know calls it the "greatest land grab in history"

My objectives for this presentation are:

1. To establish some context for what is happening today — this will help you deal with it more effectively
2. To provide you with some specific ideas you can use right away to enhance client loyalty
3. To provide you with some actionable ideas that will help you bring in more business so you can get your share of this major land grab...



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First some context...

1. Why does this feel so bad?

- Degree of change*— the things that are happening are more severe (dot-bomb, 9.11, Enron, Wall Street)
- Rate of change*— things are happening much faster than ever before and we hear about them instantly
- Lack of margin*— all this change comes at a time when Americans are least prepared to deal with it due to lack of *margin* in our business, culture, economy and lives — margin is the buffer we need to deal effectively with massive and rapid change

2. **Problem—Solver:** I'm not saying that everyone feels badly right now, but those who do have valid reasons for feeling this way. If you're in the *problem-solving* business, it helps to understand what those reasons are. Why? Because if you understand problems better, you can come up with better solutions. It also helps you think more clearly and make sense out of all the *noise* that's out there.

3. **Leader:** There's another reason it helps to understand why people feel the way they do today. This gets to the heart of what I want to talk about today, which is *leadership*. You may not think of yourself as a leader in the traditional sense, but if you're listening to this presentation, you *are* a leader and people are looking to you for three things — they're looking for *direction*, they're looking for *solutions* and they're looking for *inspiration*. Again, they are looking to *you* for these things — not your firm, not your assistant, not the media. You will either deliver or you won't.

4. **Impact:** You play many roles in your life and in your business — each role is defined by a relationship (spouse, parent, child, sibling, friend, boss, partner, employee). As a leader, the potential impact you have on people is profound, especially during times like these. I'd like to challenge you right here and right now to step up to the plate and become the best leader you can be. When we look back on this period 10 years from now, some people will emerge as great leaders, many will not. I want the people in *your* life and in *your* business to look back on this period and think of you as one of the great leaders — someone who gave them *direction*, came up with *solutions* and provided them with *inspiration*.

5. **Secret Recipe:** If there's a secret recipe for getting through tough times, this is it — 1) Take time to understand the problems that exist; 2) Realize that many people in your life and in your business are looking to you for leadership and 3) Understand that the impact you can have on people's lives is profound. If you focus on these three things (especially the impact you can have on people's lives) not only will you get through this difficult period, but when you come out of it, you will have positioned yourself to make quantum leaps in both your business and your life.

6. **Control:** If you're going to be a better leader, you have to understand yourself better, which leads me to my last point about context. Most successful people got that way because they are results driven and are able to overcome adversity. In many cases, they are (by their very nature) able to *control* the outcome of most things. Think about it. If you work hard and long enough at something, you usually get what you want right? The worst part about all the stuff that's going on in the world right now is that you have no control over it. This can be extremely frustrating for people who like (need) to have control. The best solution is to spend as much time as possible working on things you *can* control, rather than those over which you have little or no control. *Inaction* is not an effective option either. In a fast changing world, you innovate or you evaporate!

What are some things you can control? Your Client Relationships!

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OK, let's get more specific and talk about what you can do to enhance client loyalty...

- How do you *define* loyalty? *Willingness to stick with you through thick and thin...*
- How do you *measure* loyalty? *Loyalty Ladder (see chart)*
- How do you *enhance* loyalty? *See Advocacy Principles...*
- Before I get into the tactics, let me give you some tips about enhancing loyalty and what it takes to turn clients into advocates. I call these my *Advocacy Principles...*
 1. Before you can expect a client to become a stronger advocate for you, you first have to become a stronger advocate for them
 2. You create advocates by enhancing LOYALTY
 3. You enhance loyalty by ADDING VALUE
 4. You add value by SOLVING MORE PROBLEMS
 5. You solve more problems by GETTING TO KNOW people at a deeper level
 6. You get to know people at a deeper level by SPENDING MORE QUALITY TIME with them
 7. If (at the end of the day) this *is* a relationship business, the war will be won by those who build and maintain the best relationships!
- This last point is critical because it answers the one question most advisors have the most difficult time with — What makes you different?
- The real challenge for you (and the main point of this presentation) is that if you want to enhance loyalty, you must *invest* the time to build deeper relationships with your clients. The good news is that when spend time building deeper relationships, you are also *marketing* your business (by virtue of the fact that you are turning clients into advocates). In other words, you should view this as a marketing activity *in addition to* a client service activity. *See Loyalty Ladder again...*
- So, what does it take to build deeper and stronger relationships?
- Think of every relationship as a bank account — deposits and withdrawals (keep a healthy balance)
- Everyone you're in a relationship with wants more of you — more time, more attention, more TLC
- You should have a *Relationship Management Plan* for each client. You should develop and implement a *Loyalty Process* in your business — one that proactively and systematically moves people up the Loyalty Ladder...

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Action Plan

1. Develop a **Relationship Management Plan** for each client
 - Segment your relationships (A, B, C, Platinum, Gold, Silver, etc.)
 - Identify your relationship management strategies (see below)
 - Establish a contact frequency (daily, weekly, monthly, quarterly, annually)
2. **Relationship Management Strategies** – Remember that the further you move from personal interaction, the less impact you have on loyalty. In fact, you may actually *reduce* loyalty by using some contact methods...
 - Phone calls – efficient but not very effective at enhancing loyalty
 - Email – use to keep people updated
 - Regular mail – special letter addressing the tough issues and where you stand on them
 - Personal visits – most effective at enhancing client loyalty
 - Client appreciation events (business vs. non-business) – zoo, personal fitness trainer, cooking classes...
 - Conference calls – like this one (with / without money managers)
3. **Content** – what you should say to your clients when you talk to them...
 - Ask them how they are *feeling*. How is all this change affecting them and the other people in their lives?
 - People are *recalibrating* everything in their lives (changing / accelerating goals)
 - Ask them what their plans are and how those plans have changed
 - Don't assume that just because they are not asking about certain issues, they aren't thinking or concerned about them (e.g., Wall Street scandal – see *Business Week* cover)
 - Address the tough issues head on – acknowledge our industry's "sins"
 - Most importantly, let them know what you are doing to correct (and protect them from) those sins
4. **Advice** –
 - You can't change the past, but you can affect the future – review your investment strategies
 - Speaking of the future, that's all that matters when it comes to investments – What is going to happen from this point forward?
 - You need conviction – What do you believe about investing? Managing wealth? Make sure you are crystal clear about what you should and should not be doing – this will keep you and your clients from making poor decisions – remember, your clients need and want to be led!
 - If you're still in the idea business, take this opportunity to get into the advice business – ideas are short term, advice is long term – you have more control over the outcome with advice.
 - Your clients want to know that you have thought through the various scenarios and that you have a plan to deal with them – What could happen? What will you tell your clients under each scenario?
 - At the end of the day, your clients want to know that they (and their families) are going to be OK – you can't protect them from a terrorist attack, but you can protect their wealth, their future – make sure your clients are not exposed to undue risk.

Thank you for your time. Final Quote: "Men are alike in their promises; it is in their deeds that they differ" – Molière