

How well do you know your client?



Understanding how clients perceive financial advisors in general is a good start. Research has shown that advised clients trust their advisors. They also better understand their finances, are happier with their investments and recognise that the benefits of advice go beyond that of product and strategy expertise.

"Clients more than likely chose you because they perceived you to be honest, trustworthy, competent, accessible and available, and because you understand their needs," says Ian Middleton, managing director of Masthead. "In many cases, they received your name from someone they trust. They will stay with you if the relationship involves two-way communication, a willingness to put their interests first, and if they feel there is honesty and trust."

What clients want

Middleton says that in all probability, clients sought you to gain access to investment expertise and advice, general investment information, feedback on investment decisions or for assistance with financial goal setting.

"In this instance, think of the situation as a visit to a doctor. General practitioners cannot give advice or medication unless they ask questions and analyse or assess a patient's health. Likewise, it is important for advisors to ask clients the relevant questions so they can identify and take the right steps to achieve their personal financial goals," explains Middleton.

Quantifying the value

Despite the significant benefits of being advised, many of the aspects that make professional advice so important are somewhat intangible, so not all clients understand the full value of what they would get.

Some unadvised clients do not want to pay for advice and therefore go without it, often to their financial detriment. In addition, numerous big budget direct marketing campaigns compete head-on with advisors, encouraging clients to make their own

decisions and go directly to financial institutions for potentially cheaper solutions.

In other instances, unadvised clients are paralysed due to a lack of understanding/awareness, fear of the unknown and confusion from contradictory messages in the media, and they do nothing. Some may lack trust in the industry, while others procrastinate.

Education is crucial

To overcome these challenges and change perceptions, clients need to be educated about the benefits of seeking advice. They can then make an informed decision about whether to use advisors' services.

The introduction of legislation in the financial services industry over the last six years has contributed to greater professionalism and an improved image among advisors, as well as a more favourable environment for clients to seek advice. With greater consumer protection and the fact that financial advisors must meet particular criteria to operate, some clients will increasingly realise that professional advice has value.

Word-of-mouth

Personal experience is also a good advertisement of your advice, so ask clients for referrals. If clients recognise that your advice offers value for money, trust your ethics, see that you are dependable and enjoy your service they will also recommend you to others. After all, it is not uncommon that many of your clients will have reached you this way.

"If you take a personal interest in your clients, they are likely to be loyal and remain in a long-term relationship with you. By keeping clients, you will be able to grow your business and continue delivering invaluable service," concludes Middleton.

Masthead has significant experience in helping advisors overcome challenges.

If you would like Masthead to assist you, please contact your nearest regional consultant or visit www.masthead.co.za.

At the centre of a practice is the client. The better you know the client, the more attractively you can position yourself and your practice.



Ian Middleton - MD of Masthead

