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How financial advisers can improve client engagement

Scott Brewster

According to Business Health's Catscan survey data, 25,000 clients in Australia rated the review service delivered by advisers as the worst-performing area from the perspective of client satisfaction. So, it is safe to say the industry has some work to do when it comes to engaging clients.

The media, on the back of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, profiled cases of financial advisers who did not really care about engaging with clients and tried to compensate by lowering costs.

We have entered a brave new world. Clients' needs are changing, and it will come as no surprise that value, trust and transparency are the most important factors financial advisers need to address in order to improve client engagement.

However, in today's world where clients have information, literally, in the palm of their hand, when they are being influenced by the likes of Google and Facebook, information alone is not enough to keep them coming back.

Advisers must engage with clients in a meaningful way, and this begins by understanding what they need and want.

It's not them, it's you

To see client uplift, a savvy financial adviser will realise their clients are no longer comparing their services to other advisers or the banks. Instead, what they are seeing is their clients' willingness to integrate technology and apps into their day-to-day lives. This is good news for the financial advice industry.

Consider

If clients are keen to use technology, do you not owe it to them, and yourselves, to deep dive into your processes and see where your business can evolve?

It is important for firms to embrace new technologies and to realise the benefits that will flow naturally into their business. Moreover, the experts agree.

For instance, The Financial Planning Association of Australia's *Mapping fintech to the financial planning process: why fintech is not a threat* report of 2017 discussed how some aspects of financial management can be automated and replaced by algorithms. However, at the core of the financial planning experience is client engagement. When a client feels listened to, valued and involved in the process, a deeper (and more profitable) relationship follows.

By adopting fintech solutions, financial advisers can see an increase in client engagement, increased revenue and improved productivity within their teams.

It's not just about what you know

Financial adviser will have likely spent long hours honing technical skills, becoming highly competent in their ability to deliver effective outcomes for clients. However, as they are working in an industry surrounded by negative commentary in recent years, building trust and clearly articulating the value that they offer has become increasingly important.

The relationships advisers have with their clients, new and existing, must be cultivated, developed and nurtured, and this takes time. It is easy and natural for advisers and new clients to be curious about each other, so new relationships should be built on good communication from the start. But what of existing clients? How can they be kept engaged and coming back for more?

As with any relationship, clients want to know that their adviser cares about and listens to them. They need to know they are more than just a number.

In its '7 ways to engage with your clients' article, the Macquarie Group suggested that this entails not only capturing financial information and using available customer relationship management tools, but paying attention to personal details such as:

- birthdays and anniversaries
- children's names
- hobbies and interests
- their favourite coffee (ready for when they visit).

Taking care to note and remember such details about clients means they are going to almost certainly understand that the service they receive is tailored just for them.

Make no mistake, a loyal and happy client is one of a business's most valuable assets. Not only will an engaged client provide ongoing business, they will also be a mobile marketing team, generating new referrals that create more ongoing business.

We can no longer ignore the fact that building great client rapport into a business model is a smart strategy. So, how do you ensure every client walks away from their interactions feeling happy with the service they receive? It all starts with the very first interaction.

A missed opportunity from the start

It is a given that the advice space is competitive. It is also known that clients will often leave an adviser and go somewhere else if they are not satisfied with the service they receive. It seems it can no longer be denied that winning new business and retaining existing clients is often down to the client's personal experience, not just the financial adviser's business knowledge or acumen.

Therefore, the first face-to-face meeting with a new client is vital. It sets the foundations upon which to build rapport and trust. But what if rapport can be built even before the client has come into an adviser's office? Can an advice business add them to a marketing email automation set up specifically for their life stage that shares with them blog posts and interesting information to get them thinking about their first interaction so they are already feeling like they have been helped before they have even sat down with an adviser?

It is essential to ensure that the first-time consultation is not slowed down with much time spent on the paperwork, filling out forms, data entry and signatures. Often, a client will not have the relevant forms or relevant supporting documents. Or if there are multiple documents to view and sign, it is not uncommon for a signature box to be missed.

All this data entry is taking valuable time from an adviser's core work. They may find themselves left with little time to sit with the client and have meaningful, focused conversations. At this point, the hefty labour costs involved when financial advisers manually complete all these administrative tasks are often not taken into consideration.

Inexperienced financial advisers may be tempted to open the initial meeting with a prospective client by sharing information about themselves and their history. In reality, clients do not care how much an adviser knows until they know how much they care. This is what truly counts when it comes to engagement uplift.

> **Tip**
> Turn your first meeting on its head and change the conversation from *'I want to win the client' to 'how can I better understand the client?'*

Delivering from the very first meeting

When a client first comes for advice, they will want to see how easy the process is and how easy it is to deal with the adviser. If an adviser only has an hour with a client who has taken time out of their day to come into their office, they will want to feel they have 'got their money's worth'.

Further, because clients are being charged for these services, they want to spend as much time getting value from their adviser, and that value comes not from the filling in of paperwork, but from the advice provided. After all, that is what they are paying for. In a client's eyes, they are not paying to watch an adviser process data. They are paying to be shown how to plan for and manage their wealth. They want to walk away from their interaction excited about their future and goals.

> **Tip**
> Think about using technology to set up visual representations of how clients are tracking towards their goals. Provide charts and graphs to help clients feel engaged and that you really do care about their financial future.

The quote

When a client first comes for advice, they will want to see how easy the process is and how easy it is to deal with the adviser.

Getting to know you before I get to know you

If an adviser spends most of the time at an initial meeting looking down as they ask questions and fill in forms, the engagement is just not going to be there.

The more and adviser knows about a potential client before the first discussion, the more rewarding the meeting will become.

Tip

Sending a form to a client pre-meeting and collecting much of the basic data such as names, addresses, birth dates etc. in advance, means more time can be spent discussing opportunities or options with the client.

This allows the first meeting to be a real conversation, with the client feeling fully valued and getting their money's worth.

Having all this information in advance also means you:

- will be well prepared for the meeting, impressing your client from the moment they step into your office
- can begin asking meaningful questions, tailored specifically for the client
- can focus your conversations on the client's future because you already know their past.

While this might sound like only a small change, the impact it may have on your business could be profound.

Getting personal

Personalising interactions will deepen the connection, allowing trust to build much faster. Essentially, this is the key to being a standout financial adviser—communicating well and sharing knowledge and skills effectively so clients can achieve their goals.

Go deep when it comes to understanding clients' financial affairs. Go past the obvious assets, liabilities and income. Seek to discover:

- What motivates and drives them?
- What excites them?
- What is important to them?
- What are their fears for their financial future?
- What kind of lifestyle aspirations do they have?

Asking any or all these questions will show new clients that an adviser really cares, and puts them on a strong footing to build solid relationship from the outset.

Consider

What of existing clients? When was the last time you asked them about their hopes, dreams or financial aspirations? Until the client has walked out the door for the final time, it is never too late to start building a stronger, deeper and more meaningful connection.

People's goals and what is important to them change over time. So, if an adviser can integrate automated processes to revisit some of these questions with existing clients on a regular basis, what they may discover is that clients' needs are evolving. Further, there may be other products and services that may naturally align to help expand the adviser-client relationship.

It is far more effective to retain an existing client than it is to attract a new one.

Technology improves client engagement

Today's clients are keen to use technology and to integrate it into their day-to-day lives. If an adviser is 'doing it right', once a client has made initial contact and has entered the fact-finding stage, this entire process can be streamlined with the use of technology.

It is no longer a fear that technology will diminish adviser-client rapport. In fact, the opposite is true. By implementing a technology-driven solution, the financial planning process moves seamlessly to an online-based solution that incorporates up-to-date data, giving an accurate picture of a client's current financial situation.

Gone are the days of spending three or four hours on paper forms and obtaining printed statements. Technology has created real time-saving solutions that, in turn, increase the client-facing capacity of advisers. Subsequently, an advice practice's business model naturally creates an enhanced client experience.

Tip

Keep in touch regularly with your clients between appointments. Go further and utilise technology to place them in a marketing funnel where the content you are sending them is relevant to their life stage or product mix. If rules and regulations are changing, are you sharing this with your clients and making them aware you are a thought leader in the industry?

Financial advisers need to do what algorithms cannot

With significant advances in algorithmic management of client portfolios, the role of a financial adviser is rapidly changing. Previously, they would have had to draw on data and make calculations across all asset classes. However, in this modern world of fintech, the basic proposition of a financial adviser as an 'investment manager' using historic research to put forward recommendations, is less appealing.

The construction and constant monitoring of a client's portfolio can now all be done online, with little need for any human intervention. Competing against such powerful data analytics is simply not practical anymore.

Advisers need to do what the algorithms cannot, which is having deep and powerful conversations with their clients. After all, all the data in the world will not reveal that a client's goal is to retire at 70 and live in Paris for a year to write a novel. It is human conversations that tell us these things.

Tip

Do not forget to check in regularly. Maybe something has happened in your client's life and they just had not thought about reassessing where they are and how they're tracking.

A great financial adviser understands that life-changing events can be a strong motivator to re-evaluate financial situations. By regularly checking in with clients and keeping their records up to date, you are giving yourself every opportunity to be there at a time in their lives when they need advice.

Why the perfect financial plan is not enough

Creating the ideal financial plan that helps clients achieve all their financial goals is a waste of time if the client cannot be brought along on the journey and encouraged to commit to a plan. Excellent communication skills are vital for an adviser to develop trust with a client. Not only do advisers need to fully understand clients' financial, emotional and physical situations, they may also need to discuss complex strategies and concepts in terms that are easily understood and valued by clients.

Even the best technical advice and financially sound solutions will not fly if the client is uncomfortable and does not feel engaged in the process. If a client feels that an adviser does not understand them and their situation, they simply will not accept advice.

Many advisers find themselves working with clients they have inherited from other advisers. In some cases, it is more difficult to establish a relationship and connect with a client who is used to seeing someone else than it is to build a rapport with a new client. Another adviser's clients will be expecting the new adviser to already have a full understanding of their situation and to step in where the previous adviser left off.

The ability to do this well depends on many things, including the quality of the file notes and documentation kept by the previous adviser. Regardless of what written information is on hand, an adviser still needs to establish a personal relationship with a client who will likely be comparing them to their predecessor. In these instances, the adviser will need to provide the client with more than just a sound financial plan.

Improved client engagement helps retention

When the focus of a client meeting moves away from administration work to focus on the client's goals, the outcome is that the adviser, and the company, appear more professional and engaged.

Technology is here to stay and will play a vital part in any transaction in financial services. It not only allows the adviser and the client to be better prepared for a meeting, it means there is more time to focus on the client themselves. This is positive news for client retention and engagement.

Macquarie research cited in its '7 ways to engage with your clients' article showed there are danger periods in the client relationship. When engagement levels fall, clients are most likely to leave. Further, its 2014 survey of 1,283 advice clients found that engagement levels fell sharply after year three of the relationship, before rising again towards the 10-year mark.

> **Tip**
> Yet again, regular contact is the key to retaining clients through the in-between years. If you manage this, you will likely have won their loyalty for life.

Great client engagement is good for business

Process matters, of course it does, but engagement and the human connections made with clients is a key element to improve the financial planning process. The engagement uplift that can be achieved, along with the clever use of the technology now available to financial professionals, is not to be underestimated.

Skillful use of technology in an advice business can deliver compliance, increase engagement and create plenty of productivity efficiencies. In fact, the *Netwealth 2019 AdviceTech* report estimated that there was a 44.9% increase in improved client engagement and communication by using technology to facilitate the financial advice process. This was coupled with a 43.8% increase in client satisfaction.

There is no doubt that an advice business will start to reap the rewards of:

- higher conversions rates with prospective clients
- greater retention of your existing client base
- higher profitability and margins.

Moreover, technology has the potential to make day-to-day work life easier by providing the tools to focus less on paperwork and more on building real client connections, increase the efficiency of processes and, in turn, help an advice business realise a significant engagement uplift. **FS**