Trust: Once You Have It, Everything Gets Easy

By Dennis Moseley-Williams

When your clients trust you, they will do anything you tell them to do. This is why – in an industry that sells invisible products – trust is so critical. Because without it, you're over.

There isn't much else to say about that. It's a simple fact. If you are an investor, and you understand your financial advisor – what he or she tells you, what their processes are and how their processes are implemented – you will likely remain a client even if the market corrects significantly. You are more likely to reinvest when the market is on sale, considerably increasing the chance that over time, you and your advisor will be very successful (assuming you measure 'success' by profit made in the market.)

Let's take a look at what constitutes trust.

Trust = Communication, Clarity and Consistency.

Survey after survey tells us that successful advisors who foster trust through predictable systems and procedures are trusted by their clients:

A 2007 survey by Alliance Bernstein of 13,000 investors suggests that over 90% of respondents indicated that their desire to work with their advisor was directly related to:

1. How clearly the client understood the advisor's process.
2. How frequently the advisor checks in.
3. The advisor's ability to explain complex financial concepts clearly.

The bottom line? It's really important that your clients know what you think and how you do your job. It's also really important that you check in with clients regularly to make sure everyone is on the same page.

A 2009 survey by Spectrem Group titled "The Ultra High Net Worth Report" suggests that 47% of those surveyed indicated that it was a referral from a friend that ultimately helped them decide which advisor to choose.

Finally, a 2008 survey of 900 high net worth individuals conducted by Janus Labs/Russ Alan Prince revealed some amazing figures. When clients trust their advisor they will:

1. Invest 8.7% more in assets.
2. Provide four times as many referrals.

3. Take away fewer assets.
4. Be more likely to consolidate with the advisor they trust.
5. Request non-traditional services.

All of these statistics point to the importance of having a communication plan in place that is designed to explain your processes and manage your clients' expectations. No alarms and no surprises. Your clients need to know what is expected of them in addition to what they should expect from you.

Communication. Do your clients understand what you are talking to them about? Do your clients clearly understand your process and your thoughts on complex financial matters? Or do your clients feel like they are speaking to an economics professor in a class they never signed up for?

Clarity. Do your clients understand what you actually do? In other words, what *is* a financial advisor? You might say, "Someone who buys and sells securities on behalf of an investor or investors. An advisor provides stewardship and oversight to a person's portfolio. An advisor manages a person or a family's wealth." That's all very fine, if this is what you do and if this is what you want your clients to understand you do. But is this what you do? More specifically, is this *all* that you do? The description written above describes what every advisor says they are, but is this what your clients are looking for? Is this definition of an advisor going to fire up your clients to refer business to you? Or is your definition: "An advisor is a person who delivers to a client peace of mind, who helps them sleep at night." As a client, which might sound more valuable?

Here's another question for you: If how you measure your value is by how much you beat the benchmark, do your clients really want to work with you anyway? You need your clients to trust the process, not constantly measure your "value" by returns.

Consistency. Do you follow a process that guarantees the experience your client receives is always the same? Same isn't bad. Same is predictable and consistent – and consistent is safe.

Trust grows.

Rarely do we ever trust anyone or anything immediately unless, of course, the situation is dire, such as walking into the emergency room of a hospital. It is unlikely you would ask Dr. Standing-In-Front-Of-You what kind of experience she has patching up people.

A prospective client might meet a new financial advisor and like them right away and enjoy being around them. But that isn't the same as trust. Trust happens gradually, when we have enough accumulated experiences to form an opinion.

Trust is made up of both right and left brain thinking.
Left brain thoughts are logical; they reason and measure things. "My advisor is technically competent and runs a very professional and organized meeting." Your clients will therefore trust you if they feel you know what you are doing – if they understand your process, if they feel your reasoning is sound, and if you report to them regularly. In turn, all of these things help you to better manage their expectations.

On the other hand, right brain thoughts are, "I like my advisor because she is a great listener. She understands that I just want regular reporting so I can relax at the lake. Not only that, she shares my love for downhill skiing, which tells me something about her as a person." Your clients' ability to trust you will also rely on what they specifically value about you as a person, and what similar values you share. Perhaps it is your awareness of their personal interests, and your ability to 'life-coach' them. To bring value, you have to know what it is *they* value, and more importantly what they don't value.

Trust and the Ideal Client Profile

There is only so much time, and there are only so many people you can work with. If the easiest way to grow your business is via referrals (47% study), then developing an awareness of your clients' interests is essential.

I worked with an advisor many years ago who was very successful and very much in control of his practice. He had a clearly established Ideal Client Profile, probably similar to your own. He had established a minimum account size. This advisor chose to position himself as a Personal CFO for his clients. He preferred to work with business owners who had retirement issues on the horizon (such as what to do with the family business). This helped keep his clientele homogeneous. He hosted around a dozen client events each per year, and they often had an outdoor theme, another factor which contributed to keeping his clientele homogeneous.

His grew his business exclusively through referrals and networking. One of his knockout factors when it came to taking on a new client was that he wouldn't work with anyone who didn't like the outdoors. He figured that if a client wasn't going to attend his well-hosted events, then the likelihood was pretty low for this particular non-outdoor loving client to refer. Therefore, this advisor weighed very seriously if he wanted to give up one of his valued 200 spots in his limited client roster.

Trust requires partnership

Your clients have to participate in your process. They have to attend meetings, and they have to communicate. Otherwise, they are hiring you for transactions, and the likelihood that they will refer or remain loyal is diminished. Not only that, but you really don't get anything out of that relationship other than getting paid. There is no value.

Measuring your happiness by how much you get paid is what people with jobs do. Measuring your happiness by how healthy your business is and by the clients you work with, this is what entrepreneurs do.

About the Author

Dennis Moseley-Williams is an internationally known consultant and presenter with expertise in practice management, business development and marketing strategies. He inspires organizations to create, innovate, and foster closer relationships with stakeholders, clients, and customers alike.

As an acclaimed speaker, Dennis Moseley-Williams engages and delights audiences and clients with creative insights on how to develop experience-driven solutions that deliver results, increase revenues, and build enthusiastic referral-generating communities.