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The Secret to Earning Lifelong Clients

Finance professionals must invest in achieving their clients' goals if they want to be their most valued—not just their most trusted—advisors.

"The reports of my death are greatly exaggerated." This quote attributed to a healthy Mark Twain in 1897—nearly 13 years before he died in 1910—was never spoken. Instead, Twain had written a note to an inquiring reporter which concluded, "The report of my death was an exaggeration." Nevertheless, the misquote is quite fitting in our profession.

I think of it whenever I read or hear about a successful, independent, small financial planning practice. You see, an industry-famous report on trends in the financial advisor business was published in 1997 that predicted the demise of small and mid-sized firms. Big brokerage firms progressively rolling out robo-advisor services to capitalize on technology trends were going to accelerate the irrelevance of small firms. Yet, here we are more than two decades later, and advisors, vendors, and especially clients can attest to the value provided by small and mid-sized personal financial planning practices.

I suspect this is the case with most small businesses run by CPAs and other advisory professionals. Why haven't large, ensemble-type firms, with seemingly endless financial resources and the ability to price their fees more competitively, driven all smaller providers out of business? Because it comes down to the value provided by the small survivors.

Financial, tax, and investment planning services are highly personal, emotionally sensitive activities to clients. Not just because of the significance of money and wealth in society, but because of their impact on clients' goals for themselves and their families. Clients look for more than just the lowest price or the most efficient delivery method when choosing to work with a financial or tax professional—they look for value.

Here are some ideas I'd like you to explore on your path to becoming your clients' most valued financial advisor.

BE CLIENT-CENTERED

The phrase "client-centered" means something different to each of us, but above all, I think it means doing the right thing for the client. In my business, there has been a lot of talk about following a fiduciary standard of care and making decisions that are always in the client's best interests. Whether or not such a standard ever becomes a regulatory requirement, I think it's safe to say that it's a best practice. Clients expect this of their advisors. And in this social media age, where buyers of services have an instant platform upon which to report how well their providers treat them, the risks of failing to deliver services in a transparent method where clients are pleased with the way you work with them are just too great.

The good news here is that smaller providers often have more flexibility than large firms in being able to act in this client-centered manner, providing more time per call or meeting with each client in order to reinforce the value of the relationship.

STRESS YOUR UNIQUE SERVICES

All of us provide some services that can be easily replicated by other providers or even technology. Using low-cost investment products like exchange-traded funds and index mutual funds in client investment portfolios is commonplace among financial advisors. So, not surprisingly, this aspect of the work is almost never ranked among the top three or four things that clients value in their relationships.

Instead, good advisors focus on understanding and achieving the client's real goals—allaying their fears, providing for their families, helping them to achieve peace of mind. The key to developing a client-advisor relationship that lasts is becoming invaluable to a client in areas like these, rather than the areas where many providers can offer their services.

I think this is exemplified by the fact that in my firm, we've had hardly any client inquiries about portfolios during the bouts of high volatility in the stock market this year. We have worked hard to manage client expectations regarding portfolio returns. We've tried to set performance goals not in terms of how well the S&P 500 or Dow Jones Industrial average does, but instead according to their personal financial plan, which is more meaningful since it accounts for their own goals like retirement, education funding, or passing wealth to their children and grandchildren. This approach resonates with clients.

Similarly, the technical expertise needed to prepare tax returns, even complex ones, or to set up a business owner's accounting system, is of secondary importance to the client. I believe tax and accounting clients mostly are looking for a CPA who can explain what the numbers really mean and make solid recommendations for improving their financial situations through lower tax liabilities, greater revenues, or improved cash flows.

OFFER NEW SOLUTIONS TO OLD PROBLEMS

How much has changed in the last 10 years in how we live our lives? If your mind quickly goes to technology, know that your clients have come to expect and appreciate innovative approaches in their relationships with their advisors as well. Improved communication using mobile apps, video conferencing, and online account access is something we can all take advantage of in our practices.

Among human approaches, developing relationships with other service providers in order to offer a more cohesive solution to a client's problems is also worth exploring. For example, my firm is now partnering with an independent insurance agency to provide no-commission annuity, life insurance, and disability insurance products to clients who will benefit from these products. The agency representatives possess the proper licenses in order to properly analyze a client's insurance needs and sell the appropriate insurance product. However, my firm continues to maintain the overall client relationship. Previously, as a fee-only advisor, I generally referred the business opportunity out to insurance professionals whom I trusted, but I did not maintain the same level of control over the relationship. The ability to develop this type of working relationship between professional services providers did not even exist until just a few years ago. I believe it has the potential to meaningfully change the way advisors handle insurance opportunities.

The most important takeaway from my comments here is that we as financial, tax, and accounting professionals must always be thinking about our clients' real goals and not just the good investment returns or income tax refunds we are trusted to provide. When clients get the sense that is happening, we become not only their trusted advisors but their valued advisors. @



Use your voice!

Your voice is critical

State legislators want to hear from YOU on important issues, not only as a constituent, but also as a CPA.

Your expertise brings clarity and credibility to issues.

Being heard is easy

We have brought grassroots advocacy literally to your fingertips. When there is an issue we need you to contact your legislator on, we will send a **LEGISLATIVE ALERT** email.



By clicking on the **TAKE ACTION** button in the email, you will automatically connect directly with your respective legislator where you can then **CALL**, send an **EMAIL**, or post a **TWEET**.



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