

# WHY PEOPLE SAY

'I WANT TO  
THINK ABOUT IT...'



*So you have got your Level 4 qualifications, but how will you go about attracting and maintaining a more discerning post-RDR (retail distribution review) client base? Ian Patterson offers some tips*

keep a focus on why our clients buy from us, and why they sometimes do not. If we exclude external factors out of our control, why might a client say they want to think about it? One or more of the following six key areas could provide the answer:

**1 The client does not feel comfortable with you.** It almost goes without saying that a client will want to feel comfortable with their adviser, which will lead ultimately to them trusting you. This is a big area but if the client does not feel comfortable with you, here are two things to think about:

*Your personality or communication style* – it is generally accepted that there are four different styles so it follows that three-quarters of the population do not think like you or share your preferences. The skill is recognising what

**E**arly feedback suggests some clients are more likely to shop around in a post-RDR world. I have also heard that some advisers are increasingly pursuing the type of client and business that is most profitable for them. If this is representative, then it suggests client management is an increasingly important

element of the adviser role.

Although the profession has understandably been focusing on exams during the past few years, the skills of advisers have, of course, always been a major factor in determining whether a client chooses us to provide advice – or someone else.

As the retail distribution review (RDR) requires us to look ever more closely at how we provide our service, perhaps we need to

your style is and how to adapt this when dealing with people you do not naturally hit it off with.

*Do we match the client's preference for detail?*

Sure, there are things we are required to cover with the client in a regulatory world but there is still plenty of scope to adapt this to what the client wants. Some people like a lot of information and others are quite happy with an overview. Particularly when presenting or in a review meeting, ask them how much detail they want – do not make assumptions based on what you would prefer.

**2 The client feels they are being sold a product.** The first point was about behaviour, this is about our mindset. Most businesses are looking to achieve more with less – it is a fact of life. But post-RDR we are selling ourselves and a service-based relationship, not products. It is the mindset behind this that is important. Most people like to buy – and buying a service is a very different experience to being sold a product. So swap shoes with your client and consider, from their perspective, whether you are genuinely engaging the client with a service-based proposition or not.

**“Post-RDR we are selling ourselves, and a service-based relationship, not products”**

**3 The advice is too process-driven.** The whole advice service should be client-focused and also meet the Financial Conduct Authority (FCA) conduct of business requirements. There is no reason why this cannot be the case so if you feel (or more importantly, the client feels) that the ‘regulatory bits’ get in the way, it is time for a rethink. The FCA rules give plenty of scope to focus on the client but the client could feel like they are the innocent victim on the wrong end of a poor advice process. The stark message is get the process right – or lose clients. For example, do we go straight into regulatory disclosure and discussing the cost of our service when we might not actually know what the client needs, or without establishing their objectives? When completing a fact find document, do we focus on diligently completing this or having a meaningful conversation with the client? Does the suitability letter confirm the client's needs in their own words or does it merely consist of generic standard paragraphs?

**4 Do we really understand the client?** The hard facts are, in my experience, now generally well recorded on fact find documents; what is done less well is establishing the ‘soft facts’. For example, we can identify that the client has an inheritance tax liability but are we just as clear about why this is important to them? Is it to minimise tax: “I’ve paid enough tax over my life and don’t want to pay a penny more than I have to”, or is it to give the children “the financial start in life I never had...” These are quite different motives for taking action but we will only know which is relevant if we ask: “Can you tell me why this is important to you...?” This helps us to understand why the client wants something, rather than just needing it. People generally buy what they want, so do your clients know how the advice meets their needs? How does it make their life easier, save them time, or give them peace of mind? A bit of curiosity and some well-considered open questions will provide the answers and engage the client at a more meaningful level.

**5 Are we clear about how we add value (and can we communicate it)?** Value is about clarity and is something that, like a trusting relationship, builds over time. If the client says, “I’ll think about it”, then maybe the client does not see the same value in the relationship as you do. Do we really know what people value about our service? Whether someone becomes a client or not, get into the habit of asking for feedback. We can only really improve what we do if we really understand it. As clients will not generally pay for advice that they perceive as having limited value, ask people who become clients, “what have you found most useful about my service?” and you will probably be surprised by the variety of responses.

**6 Clients do not like being talked at.** This really does sound ‘Janet and John’ but I continue to be amazed at just how much some advisers talk at their clients. Sometimes this is caused by nerves or a misplaced sense that if they talk, the client cannot ask any awkward questions. With experienced advisers, it is often the result of them asking too many closed questions. Whatever the reason, a normal conversation will have a balance of talking around 50:50 and we should be aiming for a minimum balance of 70:30 (in favour of the client) in a fact find meeting. The simple rule is to be aware and check on who is doing most of the talking in a meeting.

At best, one or more of these areas executed badly could result in the client being distanced from you and the service you provide. At worst, they may be left believing that you are self-serving and not acting in their best interests. Whether this is actually the case or not, it is the client's views that matter – and they are likely to become even more discerning in the future.

To date, RDR has focused on Level 4 exams and these are clearly a prerequisite for any profession. But looking to the future, it will primarily be our skills and the ability to manage the client relationship that will determine our success. **ES**

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