

# Who says it's quality advice?

How can you tell if your clients think your advice is high quality? Martin Mulcare suggests you ask them

Would you like to try an experiment – a personal market research assignment? At a suitable point in every annual review meeting in the next month I suggest that you ask your client the following question: “What has been the most valuable aspect of our business relationship for you?”

Then shut up and listen, carefully recording the core points that emerge.

From past experience with our financial adviser clients, you may find that a few of your clients provide answers that fall within the following themes: tax savings; smart investment tips; clever restructuring of superannuation; good estate planning.

However, I predict that the majority of your satisfied clients will fall into one of the following two categories:

## A. PEOPLE WHO APPRECIATE YOUR LEADERSHIP AND DIRECTION

Their answers will fall within the following themes:

- “You helped put order into our messy financial lives.”
- “We finally got around to fixing the things that we know we needed to do.”
- “We now know where we are going and how we are going to get there.”

## B. PEOPLE WHO APPRECIATE YOUR TRUSTED RELATIONSHIP

Their answers will fall within the following themes:

- “We finally feel confident about our financial lives.”
- “You have taken away our money worries and given us peace of mind.”
- “We just feel comfortable with you, knowing that we can ask even silly questions if we don't understand something.”

If your market research results follow this pattern then you should revisit what quality means to

your clients. I firmly believe that quality for most clients is assessed in terms of your leadership and your relationship, not your recommendations. So why is there now virtually an industry devoted to testing the quality of your product recommendations and investment advice?

And why do you allocate so much of your time to improving your product knowledge and technical skills?

It seems to me that those two questions neatly sum up the quandary the financial planning industry now finds itself in. For the past 20 years the financial institutions have effectively deployed a very strong propaganda machine that has emphasised the importance of product and the primacy of technical skills. This propaganda machine has been aided and abetted by the businesses aligned to the institutions (for example, rating and research houses) and promoted by the financial press.

The propaganda campaign has been remarkably successful in persuading the advisers, who should have known better. Then again, when most advisers have been on the payroll of those institutions, directly or indirectly, then it is not surprising that they have succumbed to the siren's call.

I am not saying that compliance is not important – I just want it re-prioritised. How different would the industry be today if advisers had spent even half as much time really listening to their clients rather than the institutions? Your clients would have told you that they are nowhere near as interested in products or technical solutions as they are in trust, understanding, appreciation and respect. Imagine if advisers really believed that it was all about their clients. How much time and effort would be devoted to people skills, rather than product skills? It would be a different world, with different client conversations, different client relationships, different pricing models and very different client value propositions.

I am still optimistically describing that world as the only viable future path for a true advice industry. There will still be legitimate roles for

specific product recommendations and technical financial advice for clients looking for those types of solutions. However, people looking for ongoing, wide-ranging financial advice shouldn't be in any doubt about the real advisers. They will be the advisers who are more skilled in listening than telling, better at building trust than rapport, more interested in the person than their assets and willing to lead the client, not just comply with their wishes.

It's fascinating how readily young advisers can develop these people skills and enthusiastically embrace a genuinely client-centric business. That leads me to conclude that existing advice businesses can transition to a world where quality relationships are more valued than quality recommendations. The challenge is not in learning new skills – it's “unlearning” the old skills. It's not hard to get the new ideas into your head, but it's very hard to get the old ideas out of your head!

Assuming that you accept the invitation to undertake the personal market research that I have recommended, I daresay you will be gratified by the responses of your clients. There is also every chance that you will learn something about what “quality” really means to your clients. These are the best of times to commit to becoming a true advice business – and listening to your clients. ■

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