

# Grow Your Business by Winning Client Trust



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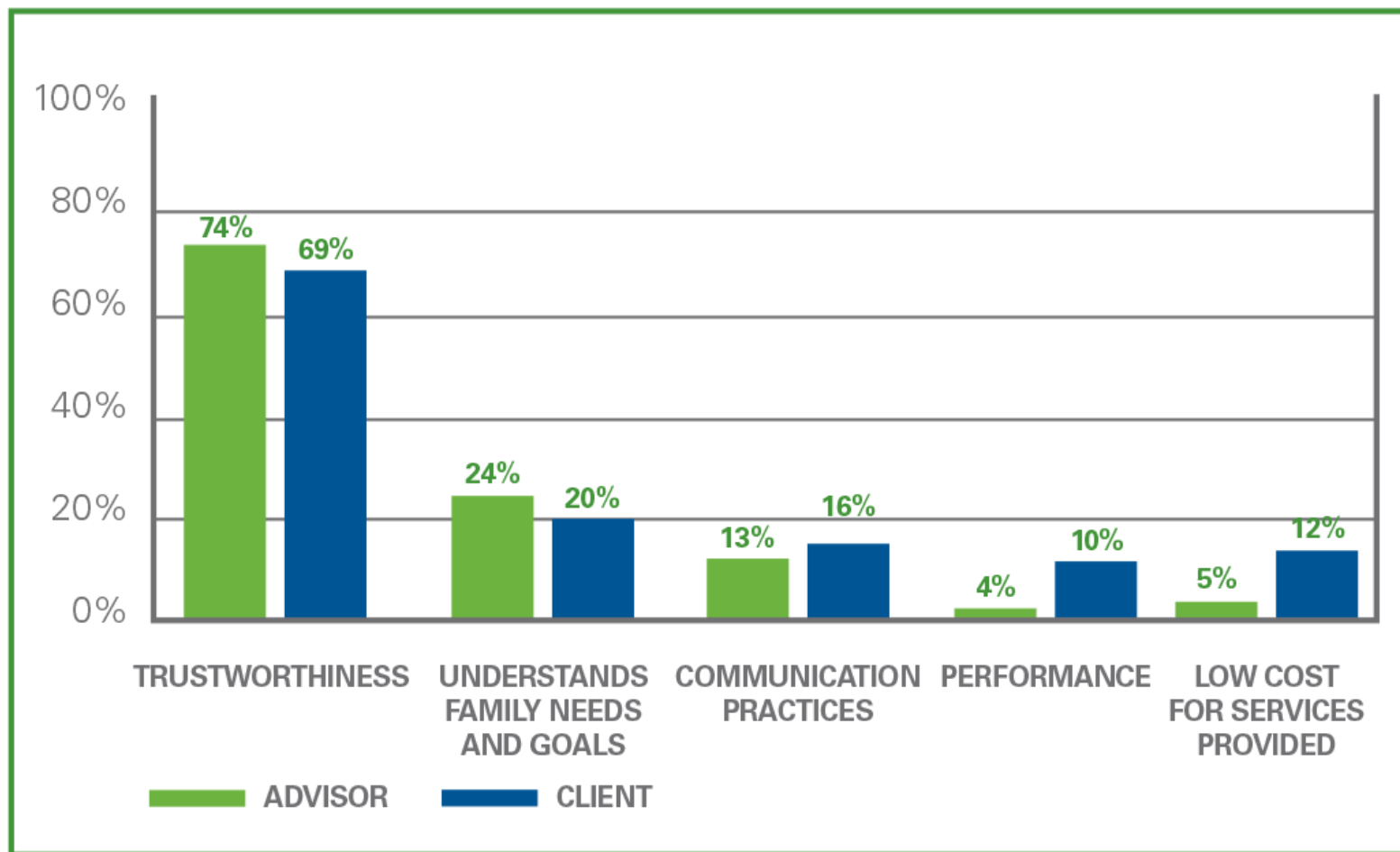
# Agenda

1. The role of trust in the financial advisor / client relationship
2. Trust killers
3. Trust builders
4. Super trust builders

# **Section 1 – The role of trust in the financial advisor / client relationship**

# The importance of trust

## *The Importance of Trust: Most Important Characteristics of a Financial Advisor*



Source: May 23, 2007, Bridging the Trust Divide – the Financial Advisor-Client Relationship Report, State Street Global Advisors and Wharton.

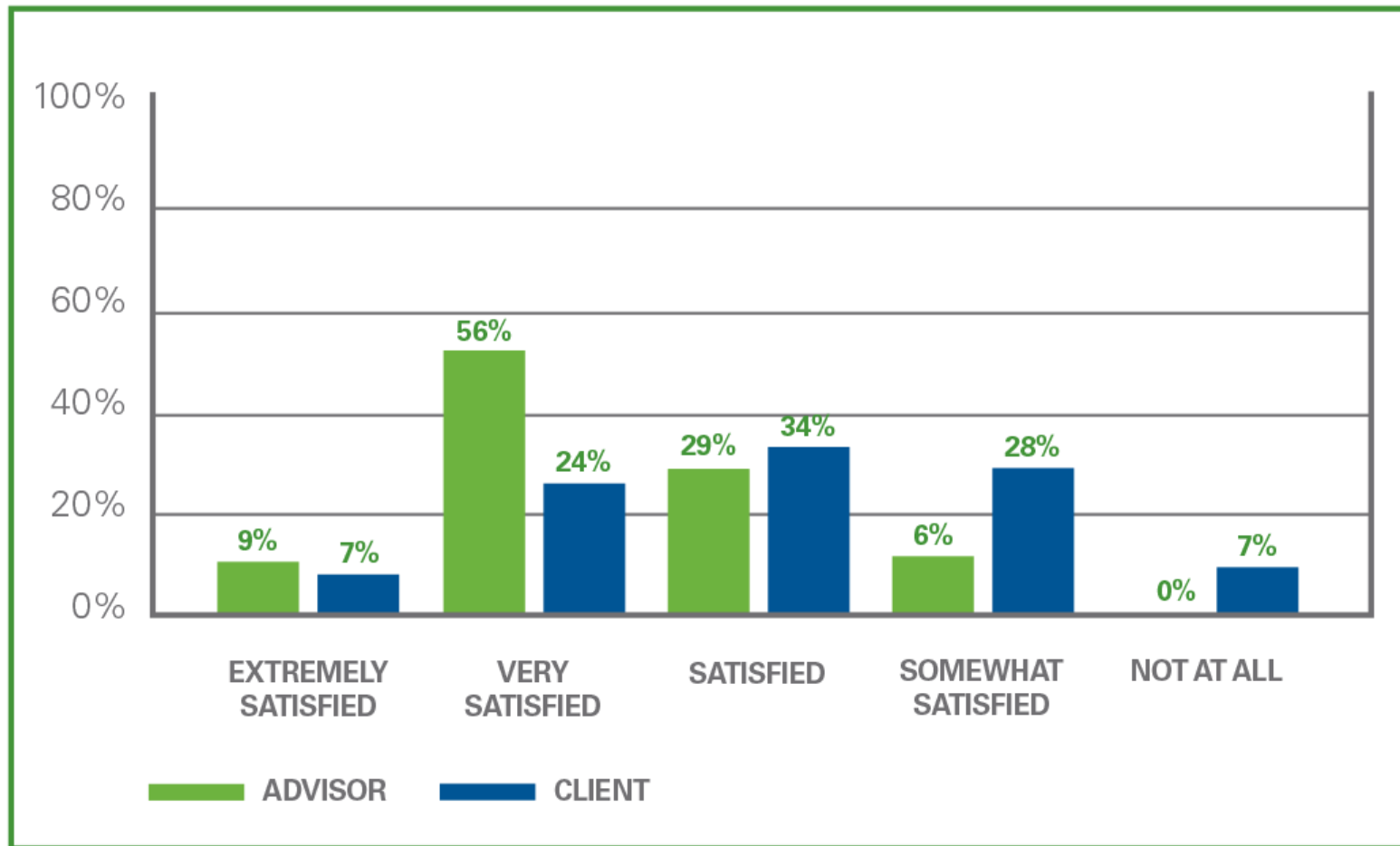
# How many of you have a specific plan for building trust?

*“People think trust is a soft skill, but it’s actually a key economic driver. We take trust for granted, until we lose it. You have to build trust on purpose.”*

— The Speed of Trust – Stephen M. R. Covey

# Advisors overrate client satisfaction

*Current Level of Overall Satisfaction with Advisor*



Source: May 23, 2007, Bridging the Trust Divide – the Financial Advisor-Client Relationship Report, State Street Global Advisors and Wharton.

# How much do your clients trust you?

- How open are they to comprehensive financial advice from you?
- Have they consolidated all their business with you?
- Have you met their family members (e.g., spouse, parents, adult children)?
- Do they offer unsolicited referrals?

# Self assessment test

1. Which trust builders did you identify as needing improvement?  
Ask your team members to help formulate a plan to build trust
2. Improve your self-awareness  
*If you aren't aware of it, you can't change it*  
*If you don't acknowledge it, you can't fix it*



# Which clients are most likely to leave their advisor?



# High net worth clients are switching

- 58% of high-net-worth investors have switched financial advisors within their lifetime
- 23% have switched within the past five years



Source: Spectrem Study, 2015 (<http://www.thinkadvisor.com/2015/09/11/why-clients-fire-their-financial-advisors>).

# Retired or semi-retired are switching

Retired or semi-retired investors were likelier than those still working to switch advisors



Source: ThinkAdvisor, 2015 (<http://www.thinkadvisor.com/2015/09/11/why-clients-fire-their-financial-advisors>).

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# Adult children aren't staying with their parents' advisor

- 2009 study by Rothstein Kass found **86%** of heirs with family offices said they planned to fire their parents' advisor
- In 2012 a Capden study showed **62%** of heirs said they were highly or somewhat likely to fire their parents' advisor



Source: Wealth Management.com, 2014 (<http://wealthmanagement.com/client-relations/half-hnw-nextgen-investors-keep-parents-advisors>).

# Introductions to adult children

Do any of you have an example of how you created an opportunity to meet your client's adult children?

# Women are likely to switch

70% of women leave their financial advisor within three years of widowhood or divorcing



Source: Oppenheimer Funds, 2007 Women & Investing Survey; <http://www.divorcemag.com/statistics/statsUS.shtml>, 04/16/2007

# Why do clients leave their financial advisors?

# Why clients fire advisors

## FA Magazine survey (most cited reasons)

- Failure to communicate on a timely basis: 72.0%
- Failure to understand the client's goals and objectives: 51.1%
- Failure to promptly return phone calls: 43.9%
- Poor investment performance: 34.2%



# Why clients fired their advisor

## Spectrum Group

- 24% cited lack of proactive contact
- 23% said the advisor had not provided them with good ideas and advice
- 22% switched advisors because the old one was underperforming compared with the overall stock market

# What clients are really saying

## **Doesn't promptly return calls**

*"You're not there when I need you"*

## **Lack of proactive communication**

*"I don't matter to you"*

## **Not providing them with good ideas and advice**

*"I'm not getting my money's worth"*

## **Failure to understand goals and objectives**

*"You don't really know me"*

## **Poor performance**

*"You're not staying on top of things"*

# Three levels of advisor trust

- **Competence** — Trust in technical competence and know-how
- **Character** — Trust in ethical conduct and character
- **Warmth** — Trust in empathic skills and maturity

**Trust = Competence X Character - all your competence doesn't matter if they rate your character at zero.**

## **Section 2 – Trust Killers**

Not proactively communicating with your clients  
Not fully uncovering client concerns

# How to lose a multi-million dollar client

*“It takes 20 years to build a reputation and five minutes to ruin it.”*

— Warren Buffet



# Killer #1

## Not proactively reaching out to clients during market downturns

*“My clients are so secure in their plans not one has called me during the market downturn.”*

- Just because you’re not hearing from your clients doesn’t mean they aren’t concerned
- Clients can tolerate market ups and downs, if and only if they feel that their advisor is **monitoring the situation and keeping them informed**
- **How you act in challenging times has the biggest impact on client trust**



Source: Why Clients Fire Financial Advisors, Investopedia, 2013 (<http://www.investopedia.com/articles/professionals/071113/why-clients-fire-financial-advisors.asp#ixzz49bOg4tP6>).

# Snow storm email

*“I know we’re experiencing a major storm. And I know there’s a lot going on with the markets. I just want you to know we’re in the office and we’re on top of things. If you have any questions or concerns, please give us a call.”*

*“P.S. If you know someone who isn’t getting this level of service from their financial advisor, please pass along our name.”*

# What is your client communication system?

- What system do you have in place for client response?
- What expectations do you set for your clients about response time?
- What do you say when you reach out during a down market?



# Killer #2

## Not fully uncovering client concerns

- Not fully understanding their concern
- Not taking their concern seriously
- Not dealing with their concerns first

# Your agenda is showing

## Always start with *their* agenda

Start every meeting with:

***“What’s on YOUR agenda today? What’s causing you pressure? What’s going on with you?”***

*“Address that first, then they can focus on what we need to talk about. They can’t focus if they’re thinking they need to remember to ask about this later. You won’t know if you don’t ask.”*

# Address their top concern, *then* address rolling over money

*“A couple came in to my office. The husband wanted to talk investments. The wife wasn’t saying anything. I asked how she felt and what her top concern was. She was worried that if something happened to her, that her two boys would not be taken care of. She was worried her husband would remarry and her two sons would be left out. It was too much of an issue to set aside for later. I called in an estate attorney and we got it fixed. Then both spouses were ready to talk and rolled over their money.”*

# Section 3 – Trust Builders

Body language

Oxytocin — The chemical of trust

Listening

# Body Language

- What signals are your clients sending you?
- What signals are you sending to your clients?

# Body Language

- **55%** of what you convey comes from body language
- **38%** comes from the tone of your voice, and only
- **7%** comes from the words you say

Source: UCLA Professor Albert Mehrabian, "How to Read Body Language, 2014 (<http://www.businessinsider.com/how-to-read-body-language-2014-5>).

# Crossed arms or leaning away

Closed off, protection  
Uncrossed arms signal openness



# Touching neck

Stress, lack of confidence, concern



Source: Psychology Today, Body Language Secrets of the Neck, 2009  
(<https://www.psychologytoday.com/blog/spycatcher/200911/body-language-secrets-the-neck>).



# Looking at watch

Impatience, desire to be somewhere else

Always have a clock you can see so you don't have to look at your watch



# Tilt your head to the side when listening



# Head tilt to side

Thoughtful / paying attention, a signal of interest, and / or vulnerability, which in turn suggests a level of trust



# Power posing

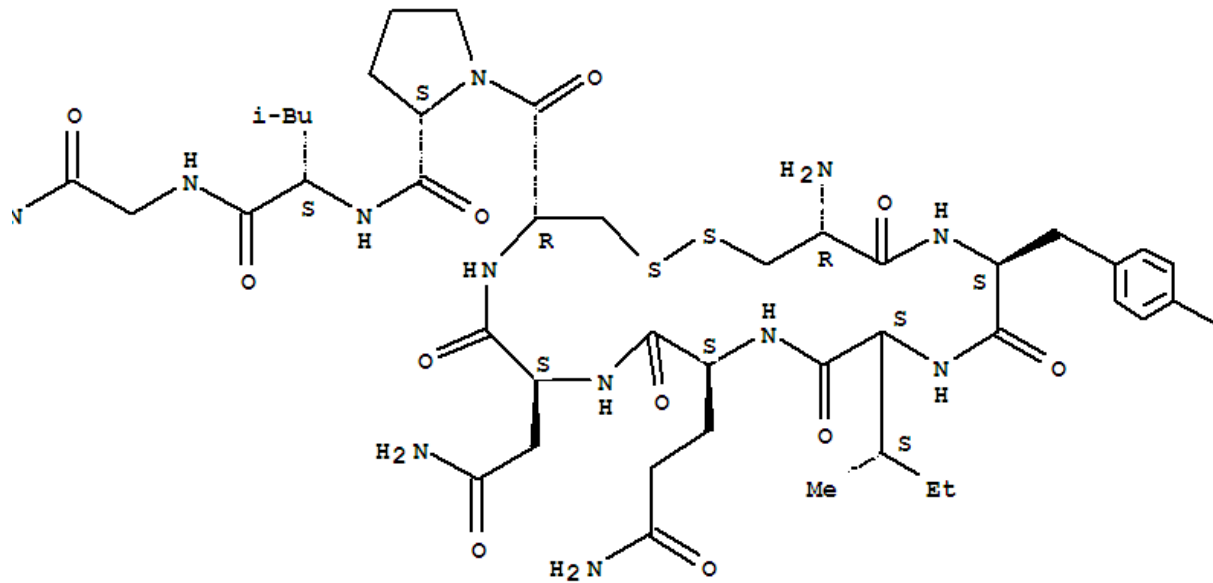
Legs wide, hands on hips or hands in the air

Increases testosterone, confidence and feelings of power



Source: Ted Blog, Amy Cuddy, How Power Posing Can Boost Your Confidence, 2012 (<http://blog.ted.com/10-examples-of-how-power-posing-can-work-to-boost-your-confidence/>).

## The chemical of trust



# Oxytocin and trust

*“The “love molecule,” oxytocin, is the chemical foundation for trusting others. Activated by positive social interactions, it makes us care about others in tangible ways, and it motivates us to work together for a common goal.”*

— Paul Zak

Source: Psychology Today, The Top 10 Ways to Boost Good Feelings, 2013 (<https://www.psychologytoday.com/blog/the-moral-molecule/201311/the-top-10-ways-boost-good-feelings>).

# How to increase oxytocin (yours and theirs)

- Make eye contact — listen with your eyes
- Share a meal — dinner, lunch & learns
- Give a gift
- Pet a dog / look at your dog / have them look at their dog

Source: Psychology Today, The Top 10 Ways to Boost Good Feelings, 2013 (<https://www.psychologytoday.com/blog/the-moral-molecule/201311/the-top-10-ways-boost-good-feelings>).





# The incredible power of listening

*“One of the most sincere forms of respect is actually listening to what another has to say.”*

— Bryant H. McGill

*“49 out of every 60 seconds Financial Advisors are doing the talking.”*

— Financial Storyselling, Scott West & Mitch Anthony

# The power of the pause

Don't interrupt – let them finish their thought



# Good listener test

1. What if when you came to me with any questions or concerns, I listened intently, made eye contact, and understood the importance of my attention on you?
2. What if I didn't offer a solution until you were done fully articulating the problem and were done talking?
3. What if when you are talking to me I did not let other things take importance over what you are saying? No interruptions or looking at any devices?

Would that improve how we work together?

# Section 4 – Super Trust Builders

Above and Beyond  
Difficult Conversations  
Share Your Why



# Going above and beyond

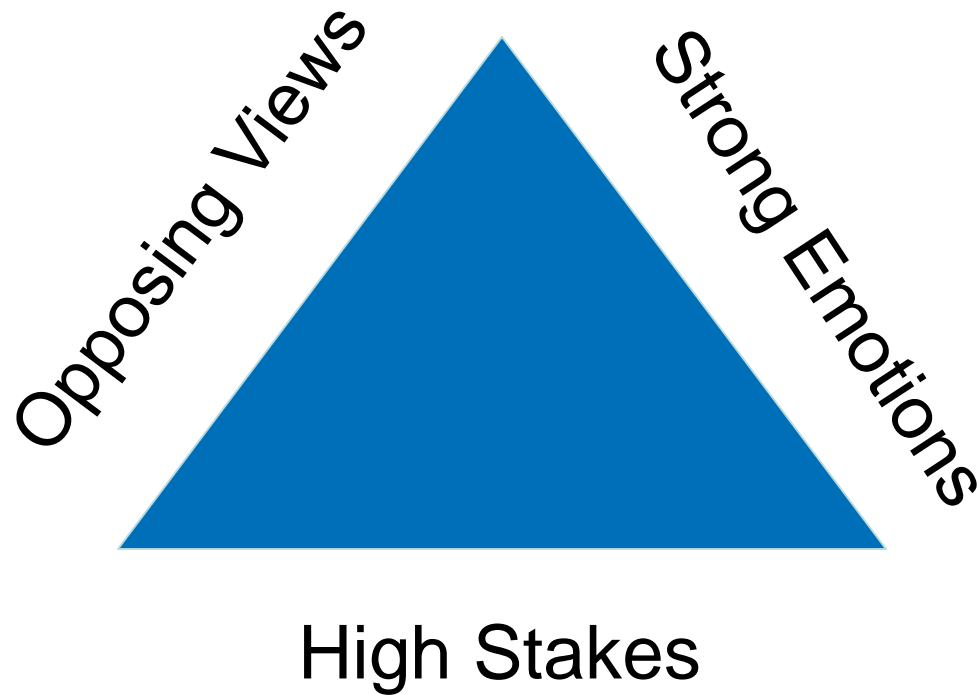
## **“You’re important / I care” touch points**

- Threw a retirement lunch (invite their friends)
- Calls on your client’s birthdays  
(What are your plans? What’s new? Any big decisions or occasions coming up?)
- Attends funerals / acknowledges death of loved one or pet

## **“I have your back” actions**

- Found an appraiser for client’s stamp collection
- Checks tire pressure and check engine light in cars of his widow clients
- Went car shopping with client
- Went dumpster diving for lost check
- Followed up on elderly client did not show up for appointment

# Difficult conversations



# Facilitate difficult conversations

*"What I needed (and eventually found) was someone to relate the financial side of life to...well, life! Things like what are the big decisions that need to be made, can you get my husband and I in a room to have sometimes difficult conversations, that sort of thing."*

— High net worth client on why she chose her advisor

Source: Why Clients Fire Financial Advisors, Investopedia, 2013 (<http://www.investopedia.com/articles/professionals/071113/why-clients-fire-financial-advisors.asp#ixzz49bOg4tP6>).



# Retirement vs. family needs

*“In my younger years, I was very protective of my client’s retirement goals. If parents got a phone call from a son or daughter going through divorce or needing a down payment for a house, I used to say that wouldn’t be good for their retirement. But with maturity, I see that quality of life is tied to happiness — theirs and their kids and grandkids. It’s no good for clients to have lots of money if their children are hurting.”*

# State your intention up front

Let them know you're asking because you care.

*“One of the main reasons clients work with me is to help them have honest, sometimes difficult conversations about money. (Issue) is too important not to have a direct conversation.”*

*“Do I have your permission to tell you if I think you're making a mistake?”*

# Ask your clients

*“Is there a financial conversation you’ve been putting off?”*

What difficult conversations have you had with your clients?

How did it affect your relationship?

# Share your why

*“Trust is not a checklist. Fulfilling all your responsibilities does not create trust. Trust begins to emerge when we have the sense the other person is driven by things other than their own self-gain. **People don't buy what you do; they buy why you do it.”***

— Start With Why, Simon Sinek

# Building trust at client events

The number one thing an advisor needs to do at a client event, especially if it is a prospecting event, is to build trust.

- 1. The most important thing an advisor needs to do is share their why.**

# Your why



- Why do you do what you do?
- What do you value?
- What comes easily to you that is hard for others?
- Do you deserve your client's trust? Why?
- Do you have a story that illustrates your purpose?
- Is your team aligned with your values and clear on the company mission?

# Action Steps

**Which 2 to 3 tips are you going to apply?**

**1.**

**2.**

**3.**

**Review the self-assessment test with your team**