

Transcript

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Mini Series Episode 6 – Deliver WOW client reviews; Part 6 of Building an effective practice

Steve Moore - I believe that the work that advisors do is noble work when done right. It's not taking something from clients. It's legitimately bringing value to clients.

Ben Jones - Welcome to Better conversations. Better outcomes. presented by BMO Global Asset Management. I'm Ben Jones.

Matt Smith - And I'm Matt Smith. In each episode, we'll explore topics relevant to today's trusted advisors, interviewing experts and investigating the world of wealth advising from every angle. We'll also provide actionable ideas designed to improve outcomes for advisors and their clients.

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Ben Jones - Today's the sixth installment of a miniseries we've embedded within season one of the podcast centered around building an effective practice. In this miniseries, my co-host, Matt Smith, interviews Steve Moore about his advisor coaching program and book, *Ineffective Habits of Financial Advisors and The Disciplines to Break Them*. During the episode, Matt talks to Steve about delivering WOW client reviews.

Matt Smith - Steve, why is it that delivering a WOW wealth management review as opposed to just delivering investment reviews -- why do you see that as the core of the value of this entire program that you deliver and you coach?

Steve Moore - Two basic reasons. First of all, advisors are paid well, and they get paid well because they're giving money from clients. Clients deserve high-end service. They paid for it. They deserve it. That's number one. But number two, there's always conversations about elevator pitches and sound bites and value propositions and marketing strategies. Before you can do any of those, you have to have something that you can go market. So you have to build a service model. That's what you're going to go sell. And so that's why I say it starts there.

Matt Smith - We talked in our previous podcast about, as advisors move to this model, and in the previous podcast, we talked about looking at all the revenue that you generate from all your clients and taking the bottom X% and disengaging with them. And then the next step is, then, you take the top, the top revenue-producing clients, and start delivering this WOW wealth management. Eventually, do you deliver this kind of a WOW wealth management review to all of your clients, or is it something that you still reserve for the top?

Steve Moore - It's labor intensive, and so I think work should be done profitably. And so there's a spot below which you cannot deliver quarterly reviews in any deep way profitably. And I think the number is probably -- certainly, it's above \$5,000 of revenue per year per annum, but my guess is it's probably -- more than a guess. It's been a lot of calculation. It's probably closer to \$7,500 per year. Above that, you can deliver this service to clients profitably.

Matt Smith - WOW wealth management reviews can really differentiate you as an advisor. And why wouldn't you want to do that? By providing this kind of service, you're bringing something incredible to your clients that they truly deserve. Also, creating a service like this for your top clients gives you something special to market.

Ben Jones - Let's dive into what Steve means when he describes a WOW client review.

Matt Smith - I've heard you say to advisors that, the client review, that's your show time. A lot of what advisors deliver could be seen as a commodity. Whether it is or not, it could be perceived as a commodity. But what's also true is it's intangible. So can you talk about how important it is for the quarterly review to be truly show time?

Steve Moore - Well, sure. And I really support your point, Matt, that they're paying a lot for this service. And if you think -- let's just say a client is paying an advisor \$10,000 or \$15,000 per year. They've got \$1M or \$1.5M invested with an advisor. And what could they do with that \$15,000? And that's what they're comparing against. You know, they could -- the couple could jump on an airplane and fly to New York City, take in a couple of shows, have some wonderful meals, and fly back. On next quarter, they could take a trip over to Hawaii, spend a week in Hawaii, and walk around Maui, watch the turtles, and get their feet in the sand and enjoy that experience. The next quarter, they could go down to San Diego and do something similar. They could go to San Francisco, have another wonderful weekend, long weekend, three or four days. And you still would not get to \$15,000. And yet that's what they're paying the advisor. The client needs to see something for it. And much of the difficulty with wealth management is, much of it, it's intangible. And so what you try to do in an intangible business is do things to make it more tangible. And how you make it tangible is through the senses, and so what do they see, what do they hear, what do they smell, what do they touch, what do they taste? So those are tangible pieces that they can walk away and say WOW to. And so the overall notion of delivering a WOW wealth management review is you take each one of the touch points connected to the review, from the beginning, where you call and set up the appointment, until you've sent the follow-up e-mail or letter, that each point in between, you just drip a little bit of WOW into it to where the cumulative effect of it is a very big WOW.

Matt Smith - Let's go a little bit deeper on that. For the listeners who are saying how do I really make the e-mail different where I'm setting up that meeting with my client, how do I put a bit of WOW in that? And you do a really good explanation of all of those touch points and give some examples. Could you share that with us?

Steve Moore - Sure, Matt. So, once an appointment is set, we suggest that you drop a handwritten note. It looks like just an invitation to an event, a handwritten note, looking forward to seeing the two of you on such and such a date at such and such a time. It doesn't have any branding on it. It doesn't have, you know, the organization's logo on the front. It just looks like a richly written, elegant invitation.

Matt Smith - On good paper. On nice paper. And this is a point. Some people might say, well, no one does mail anymore. But that actually makes it even more effective.

Steve Moore - Exactly. They open this up, and it looks like an invitation to a gathering. They open it up, and it says looking forward to seeing the two of you at such and such a date and such and such a time, and there's a little bit in their mind that goes, WOW, this is nice. WOW, this is nice. We suggest that, two weeks before the review, that they get a prep package. And the preparation package has a cover letter. It has a copy of their financial vision document. It has a copy of their client engagement road map. The opening paragraph on the cover letter is, once again, a meeting reminder. The next paragraph points them to their financial vision document, asking them to look it over, make notes to any potential changes, let them know that you'll process those changes when you're together at the meeting. But what you've really done with it, you've brought back relevance to them about why they're having this meeting in the first place. Oh.

Matt Smith - It's personal.

Steve Moore - It's personalized, and it's about me going someplace in life. It's about things I want to accomplish in life. It's not a benchmark reporting meeting. It's about me getting something done that I have -- my wife and I have agreed that we want to go do. That's what it's about. Now that establishes relevance that has not been established in a benchmark reporting meeting. And then the final paragraph points them to the road map, asking them to look over the particular quarter, and if there's anything they would like to add to that agenda, please call your support person, and you'll make sure you add that to the agenda. But by moving them to the road map, they've seen the progress that they've made in the past, and they see the track that they've got to run on in the future, so already, it's become more tangible. And, once again, those are all on just slightly richer paper so that they can actually feel the difference. And then the next part of this overall WOW review is that the couple shows up at the office. And the typical experience that people receive when they walk into an office is an admin, nice -- and don't call me sexist here, but usually a gal, and she usually has a headset on, and she's usually sitting behind a panel with a computer, and she's on a shopping site. And somebody walks up, and they say may I help you. And that's the typical reception that people get. And I would argue that, if you took the time to make sure the couple -- that the receptionist knew the couple that was coming in and had a picture that she could recognize them and they knew the drink preference, if she could jump up and say welcome, Mr. and Mrs. Smith. Steve's been looking forward to seeing the two of you. Mrs. Smith, would you like your cup of earl grey tea? Mr. Smith, would you like your black cup of coffee? Wonderful. Why don't you have a seat over here? I'll get your drinks and let Steve know that you're here. Now you've taken something that would be ordinary, and you've turned it into something where you've dropped just a little bit of WOW into it that separates you from what other advisors are doing. And then the advisor walks out and escorts the couple to their meeting room, and they walk in, and there's a flat screen with selected pictures that are meaningful to the couple, grandkids, wedding picture, a destination they want to go to. They walk in, and they sit down, and without even looking around, not taking their eyes off the flat screen, they're already a bit WOWed. In front of them are two leather-bound desk pads. They cost maybe \$15 or \$20 each. They last you a lifetime. But it adds just a little bit of class to it. On top of those desk pads are three pieces of paper. On top is the financial vision document. Underneath that is the road map. And under that is a goals-based report, all on a little richer paper so that they can feel the difference. You have fresh-cut flowers. You have mints. You have a pitcher of ice water with ice cubes in it. And people say, well, why ice cubes? And it's because you're trying to touch their senses. When you pour them their glass of water, you want the ice to rattle. You want to touch their senses. You want to take an intangible review and turn it into a tangible review. Then we shift to the review, and I start with I sent you in the pre-meeting package a note suggesting that you look through the agenda, and if there's

anything else that you would like to add, that you call Carol at such and such a number, and we'll make sure that we add that. And do you have anything that you would like to add to the agenda? Now, if people have something on their mind, they're not going to pay attention to what you have on your agenda. So I know that we've asked for that information in the pre-meeting packet, and we're asking for it again. And that's an important thing because, if they've got something on their chest, they need to get it off their chest before they're going to listen to the rest of the review. And then you simply process them down through the review packet, all on a flat screen, but they have a couple of copies in front of them, as well. So I go through the financial vision document. I suggested that the two of you look it over and make any modifications, if appropriate. Can we do that work now? And there may be an edit here or there. They may have added a vision that they want to bring on. They may have changed something. And, you know, one time, we thought it was we enjoyed our cabin. And at a certain spot, it got old. And so, one time, my cabin would have been part of my vision and then no longer was it there. It was gone. And so visions change over time, and so this gives you the chance for you to move the meeting from an investment review meeting right straight back to what is it that you're trying to accomplish that's going to require planning, money, and time. So that's the beginning of it. The next piece is to take out the road map and go to the quarter of the review and ask if there's anything else that they would like to add now that they've looked at it again. So now you've given them two chances to get anything off their chest. And I begin to work through that review. And even though they're looking at the quarter of the particular review, they can't help but notice the items in the previous quarters that have been checked off. So, right from the beginning, they get a sense of accomplishment. They also derive a sense of satisfaction knowing that they've got a track to run on in the future. So I take a quick peek at the review. So we've had a chance to make a couple edits on your financial vision document. We're taking a peek now at your quarterly review packet. Hm. So, Matt, I'm stumbling around here a little bit because I've got a good friend who helped me with a session, and he mentioned the quarterly review, that it shouldn't be named quarterly reviews, that that's industry speak. So it should be winter, spring, summer, and fall reviews. That's how real people speak. And so it hit me, and I'm going to make that modification because I pride myself in human speak. And quarterly reviews sounds like industry speak. And I think they should be human speak. And so I'm going to make that modification as soon as you and I get off this recording here.

Matt Smith - Well, that's great. And, Steve, that's an example of, as long as you've been doing this, you're still learning, and we're all still learning. Right. And as you learn new things, you adopt them. And so the learning never stops. It's constant improvement, and this is a good example. You've taken us through some specific WOW examples all the way up to the clients sitting in the room in front of the advisor. And where we left off is they're looking at the -- I'm not going to call it the quarterly review -- their summer review.

Steve Moore - Yes.

Matt Smith - And then take us through the rest of the interaction.

Steve Moore - Sure. And then, so the next piece on their quarter would be the goals-based reporting. I would say something like you'll see next on our agenda will be to go to our goals-based reporting. And you can relax. You're in great shape. You're between the lines. You're between the upper and lower control limits. So you can relax about --

Matt Smith - Can we pause on that for a second because we may not have covered that in the previous podcast. Goals-based reporting is -- well, I don't need to explain it. Could you give us a brief description of that?

Steve Moore - Sure. I was confronted with the dissatisfaction that clients were experiencing from goals-based reporting, in fact, the bad decisions that were made as a result of benchmark reporting. So, if a couple comes in, an advisor has a benchmark report. And if they're trending down, it creates anxiety in the couple, which creates anxiety with the advisor, and they inevitably make a move. They change the product mix, which is inevitably wrong. The difference between institutional returns and individual returns is dramatically different, sometimes 100% better, because of that one reason right there, because of the anxiety this built around benchmark reports. And the truth is, they're irrelevant. They're irrelevant. What a couple wants to know is where are they on that journey to become independent? If it takes 2.3 to be financially independent, where are they relative to that 2.3? If it's going to take them \$175,000 to put a kid through a university, where are they on that accumulation of that \$175,000? If the advisor is working with them on debt reduction -- and by the way, that's a piece that's not talked about enough because there isn't anything that brings as quick and as solid satisfaction as zero debt. So I want to see, am I trending down? Am I headed towards my goal? In my seminars, I oftentimes take a flip chart, and I draw a play. I used to be a football coach, so I can draw a play. And then I ask the audience how many of you have seen a football game in the last year? And virtually every hand will go up. And I will tell them then you've seen this play at least 15 times, and nobody in this room knows how it was blocked. And I ask them why. And they look at me a bit dumbfounded. And I finally say because you don't care. All you want to see is your ball moving towards this goal.

Matt Smith - Right.

Steve Moore - You just want to see the ball move towards this goal. That's how we're wired. So let's give it to clients the way they're wired. Let's let them see the ball move towards their goal. And that's why I suggest that you establish a reasonable upper and lower control limit, and quarter by quarter, are they headed towards that objective?

Matt Smith - So this could be their wealth accumulation path. They're going to accumulate a certain amount of wealth at a certain age. Or, like, you said, debt reduction. They want to see how much debt they have over time, and it goes down. Or, if they're into retirement, and they're drawing down, they want to know that they aren't spending too fast, so the curve at that point sometimes goes down, right?

Steve Moore - Yes.

Matt Smith - So this is what we're talking about. These lines are the target, but there's an upper and lower tolerance band so that, as the actual results kind of go above or below a little bit below that target, that's okay, because it's within the Okay. Because it's within the tolerance band.

Steve Moore - Exactly. And, Matt, you alluded to a piece here that the industry thinks about it as an overall portfolio, the industry does. An overall portfolio. And they kind of -- and so they'll do a return on that portfolio. That's not how people think about it. Real people think about I need to get enough money to be financially independent. I need to put some money together to put a kid through university. I need to put some money together to have that cottage. I want to put some money together to be able to afford to take the family over to Leone for our 50-year anniversary. So people think about it in terms of buckets of money. The industry thinks about it as this whole portfolio. And so goals-based reporting, I encourage that each dollar has a job description. And if I've got a bucket that I'm trying to accumulate for my financial independence

over here, I'm going to report on that separately from the college funding for my grandkid. Separately from this other fund that I'm putting together for the cottage. Separate from -- now, I know you can get too granular, but at some degree, three or four buckets seems to work really, really well and that's how people think about it.

Matt Smith - Okay, so we digressed on this goals-based reporting, and I want to point out -- and this isn't a shameless pitch for your book, but we're talking about a lot of detailed concepts here. So if you want to see the actual diagrams, the more detailed description of that, I just want to make sure that people know that what we're talking about is in your book, *Ineffective Habits of Financial Advisors and the Disciplines to Break Them*. That was published by John Wiley and Sons. So that book is out there, it's on Amazon, it's on wherever you can buy books. So I just want to make sure people know if they want this kind of detail they can get it in your book.

Steve Moore - Thank you for that shameless plug.

Matt Smith - So you were -- I've interrupted you a couple of times now, where we last left off is we're in the middle of the review, the summer review, and you talked about the goals-based report. Can you take us through the rest of the client experience?

Steve Moore - Sure. Once I've gone through the goals based reporting, and there may be some strategy things to consider as I go through that, but most likely people are going to be within demand, and so you take on one meeting wealth management topic per quarter. It could be estate plan, it could be the financial independence plan, it could be the college funding plan, it could be you name it -- the strategy for moving out of a home and into a condo and having the cottage, whatever that might look like for a couple. And so you take on the planning around one meaty wealth management topic per quarter, as opposed to trying to dump it all on people at the front with a financial plan, we suggest that it be done a meaty wealth management topic per quarter.

Matt Smith - Okay.

Steve Moore - And then once that has been completed, you suggest that you provide some education for the couple, for next quarter's wealth management topic. So if next quarter's topic is college funding for kids, you have a white paper that you reserve for that. And you say, why don't the two of you read through this white paper so that when we get to next quarter's wealth management topic, we can go deep into this and you can understand what our recommendations are going to be. Or it might be that it's a spending plan on the next quarter's wealth management topic. You could point them to mint.com and ask them to set up an opportunity for them to begin to look at how their money is being spent so that you can look at some real data for their spending plan. So whatever it might be. But it needs to map to the next quarter's wealth management topic. And then we suggest that you walk the couple at least out of the building, and depending on parking even all the way to their car if it's reasonable. And if you're going to do that you need to ask for permission by saying, let me walk to your car, otherwise it may feel a little bit odd. But what you can find is when you leave that meeting room, the conversations are going to change. Now they're going to be talking about hockey or they're going to be talking about the Olympics that are coming up, or you name it -- or taking the kids out of Disney World for the summer the break or whatever it might be, and all you do is you glean from that something that you can send them that shows you paid attention to what they were talking about. So, now you can go back upstairs and you immediately follow up, I mean immediately, like immediately after walking the couple out of the building, you go up and you type up that first paragraph of their follow-up e-mail, of the things you accomplished in the

meeting, just a short review. The next paragraph is what you and your team are going to do on their behalf over this next quarter. The next paragraph is asking the couple to do their assignments over this next quarter. In this case it might be that they go to mint.com with real clear instructions of how to do it. Or if you want to let them know that one of your support people are going to call them and help them get set up with mint.com. Whatever it might be. But what the couple needs to do over this next quarter. And out that e-mail goes. So now the couple gets home. And they think through the first invitation that they got, and it was a bit of a WOW. They get that pre-meeting packet, and there's a bit of WOW, particularly it's on richer paper. They show up and they're greeted in a way that it is legitimately a WOW. They walk into the meeting room with the fresh-cut flowers and the ice water and up on the screen is pictures that you know are important to them, and they're WOWed by it. They go through the review and it's succinct and it's called contemporary contextualization. Contemporary, it's today. Within the context of what the couple would like to accomplish. So it's all relevant, it's all relevant. It's not like stuff that's going to happen or may not happen or whatever. It's relevant, it's meaningful to them. And they're WOWed. You walked them out of your building and they're a bit WOWed. They show up at home and they look at the e-mail and they say, WOW. And you think it can't be any greater than that and then two days later a hockey book shows up or something that reflects that you were listening to them on the walk out of the building. And that's what we would argue is a way to take an intangible business and make it tangible.

Ben Jones - So there's two primary components of a WOW client review. As Steve mentioned in earlier episodes, one important piece is the emotional connection that you create with your client. You're showing them that you pay attention and that you care about them. The second piece is the attention to detail and sense. Details like nice paper, special greeting cards, pictures, flowers or gifts, all are steps along the way that might seem insignificant on their own. But when you put them all together, they really make a difference in the client experience.

Matt Smith - The other point I hear you make about the WOW wealth management review is it also enables this viral marketing. We've talked about this before, but one of the things we're trying to accomplish with our client base is getting additional clients down the road. The WOW wealth management review really is the cornerstone of enabling that viral marketing.

Steve Moore - Sure. And every listener here knows that it's awkward and wrong to ask for referrals. 84% of clients say that they feel uneasy when their advisor asks them for a referral. I just think it's wrong to make 84% of my clients uneasy. Intuitively, you know that it's wrong. Now, there are some ways of getting around that that we can talk about at another time. But central to viral marketing, word of mouth marketing, is having delivered or for somebody to have experienced a review process that they could comfortably recommend to a friend, that they could enthusiastically recommend to a friend. So that's why we're doing it. One of the reasons for the advisor that we're doing it. We want to have instead of selling to a prospect; we want to sell through a client base. They know many more people than the advisor does. We want them out in the market place and bringing their friends and colleagues to us.

Matt Smith - So, to your point, the client gets home, two weeks later there's a book in the mail about their favorite hockey player that the advisor picked up in a conversation, and then later that client is talking to somebody about this book and says, yeah, this is really great, you should read this. And they happen to say, my advisor sent this to me. That is the kind of just natural honest viral marketing that can happen as you drip these WOW experiences on your client that can be repeated to friends and family and that's one way viral marketing works.

Steve Moore - Yes. In fact, the number one way it works is that it's usually at work and a colleague is telling one of their colleagues -- a person is telling one of their colleagues an issue that they're dealing with, and that person says, gee, you should be working with my guy. This is what he's done for me. That's how it happens. And that will not happen unless they feel great about recommending you. They're not going to recommend a mediocre experience. They're only going to recommend something that's special. Friends care more about each other than they do about the advisor. They may like the advisor; they may respect the advisor, all those things. But they actually care about their colleagues and their friends more than they do about you. And so the only way they're going to risk that friendship is if they can guarantee that they're going to experience something special.

Matt Smith - I think one of the best things about this kind of review that Steve described is the viral marketing aspect of it. As a client, when you receive service like this, how could you not want to share this experience with people you know?

Matt Smith - Another question that is emerging that I think is interesting, and I'll just ask it explicitly to you about the WOW wealth management review is if your advice on this topic had a warning label, what would that warning label say?

Steve Moore - The warning label would have to key pieces. One of them is once you start this, you better do it. Once you've laid out two years' worth of work on a road map, you can't get into it and then all of a sudden pull the plug.

Matt Smith - That'd be worse than not starting it.

Steve Moore - That'd be worse than not starting it. It's probably more work than people would ever imagine to get it done. People that have actually done it and then implemented will say that. They say that once they've gotten into it and built the systems and processes that may take up to two years to really have it running well, once they have it running well they say they're using no more time than they would have before. It's just they're using their time very differently than they did before. So you have to make sure that you have an appetite to work really hard for a couple years to put this in place. The other one is this. My friend, Al Bender, the most cited living psychologist in the world. He's the father of social cognitive theory and his sub-theory is self-efficacy theory, which is your belief in your ability to cause or to make things happen. And it turns out we're much more limited by our beliefs than our actual ability. And the number one way beliefs are built, my efficacy is built, is called mastery experience. That's what they call it in research. Said another way, you say you're going to do something, and actually do it. That's mastery experience. The more times I do it, the more belief I have that I'm good at this. The problem with this is that if I fail, that I actually reduce efficacy. So if I'm not committed enough to withstand some setbacks, and all of a sudden I stumble and I stumble again and by the time I unplug, you'll actually reduce your efficacy. It's harmful for you. So those would be the two that I would say.

Ben Jones - Providing a service like this really is an investment of both time and money. It takes dedication to your work, and especially to your clients. This isn't to scare you away from starting, but it's important to realize that this isn't just about buying some nice paper or flowers. It's a mindset. It's thinking through all of those small details to enhance that client experience. So far, we hope you've been learning from this mini-series around building an effective practice, as well as our other episodes. We'd love to hear from you. Tell us about your favorite episode so far, share an experience on a topic, or suggest future topics and guests. Please e-mail us at

betterconversations@bmo.com. Thank you so much for listening and for everyone who's provided feedback so far.

Matt Smith - A huge thanks to Steve Moore for his time and insight in this mini-series. Our production team includes Pat Bordak, Gayle Gibson, Matt Perry, and the team at Freedom Podcasting.

Ben Jones - Thanks for listening to Better Conversations, Better Outcomes. This podcast is presented by BMO Global Asset Management. To learn more about what BMO can do for you, go to BMOgam.com/betterconversations.

Matt Smith - We hope you found something of value in today's episode. And if you did, we encourage you to subscribe to the show and leave us a rating and review on iTunes. And of course the greatest compliment of all is if you tell your friends and coworkers to tune in. Until next time I'm Matt Smith.

Ben Jones - And I'm Ben Jones. From all of us at BMO Global Asset Management, hoping you have a productive and wonderful week.

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