

***CLIENTS KNOW BEST... So Why Not Ask Them?***

The importance of regularly seeking feedback from your clients can never be overestimated. This is true in any market conditions but is especially so given the tumultuous global markets of late, increased volatility, recent high profile corporate collapses and the negative media our profession has endured over the past few years.

So, if your clients truly are your most valuable asset, then it is very surprising that less than a third (29%) of the Signator Investors, Inc. practices that have completed the Business HealthCheck have any form of structured approach to seeking client feedback\*.

The obvious question therefore becomes why haven't the other 71% of practices taken any action? Could it be:

- These advisors do not know how to construct and implement a survey capability (or don't know who can help them do it)?
- It simply doesn't rate as highly as other pressing work priorities?
- Maybe it all gets down to cost at the end of the day – can a practice afford the cost of implementing a client survey?
- Possibly many advisors assume they already know what their clients think?
- Perhaps “ignorance is bliss” and some principals just don't want to know?

These are all commonly expressed reasons and (except for the last one), all have some degree of validity. However the following table clearly demonstrates that the Signator Investors, Inc. practices that invest the time, effort and money to find out what their clients are thinking, not only strengthen their relationships, but also generate a healthy increase in revenue.

| KEY HEALTHCHECK* VALUE DRIVER           | REVENUE PER PRINCIPAL | PERCENTAGE INCREASE |
|---|-----------------------|---------------------|
| FORMALLY ASK FOR FEEDBACK               |                       |                     |
| <i>No</i>                               | \$445,933             | -                   |
| <i>Yes using an outsourced solution</i> | <b>\$668,879</b>      | <b>50%</b>          |

\* The HealthCheck is an innovative web-based diagnostic tool designed to allow practice principals to effectively and efficiently benchmark the health of their businesses. The HealthCheck report combines a mix of both qualitative and quantitative measures and provides a comprehensive analysis of the key business areas of the practice. It also includes a host of practical ideas and actions designed to help further enhance the business and address any issues of concern.

The HealthCheck is exclusive to Business Health and through the Top Producer Program and Best Practice Competition, well over 100 Signator Investors, Inc. practices have availed themselves of the opportunity to HealthCheck their practice. These results have been derived from a detailed analysis of their aggregated HealthCheck results.

There are a number of different ways to seek feedback from your clients and as shown below, all have their pros and cons.

| DIFFERENT APPROACHES TO SEEKING CLIENT FEEDBACK |  |
|---|--|
| METHOD  | COMMENTS   |
| Focus Groups                                    | <ul style="list-style-type: none"> <li>• Can be expensive</li> <li>• Can be hijacked by strong personalities, providing only marginal insight</li> </ul>   |
| One-on-Ones                                     | <ul style="list-style-type: none"> <li>• Expensive both in terms of time invested and dollar cost</li> <li>• Better results if facilitated by an external party</li> </ul>   |
| Phone Survey                                    | <ul style="list-style-type: none"> <li>• Can often be considered intrusive by clients</li> <li>• Asks for a quick response with limited time to consider answers</li> <li>• Telemarketers often have no financial services experience – supplementary questions by clients and the subsequent explanation can often confuse the results</li> </ul> |
| In-house Survey                                 | <ul style="list-style-type: none"> <li>• May not illicit completely open and honest feedback</li> <li>• Can be disruptive and expensive</li> <li>• Results cannot be measured against peers/competitors</li> </ul>   |
| Independent Written/Web-based Survey            | <ul style="list-style-type: none"> <li>• Offers the client time to provide a considered response</li> <li>• Confidentiality and anonymity generally results in more honest/frank responses</li> <li>• Results can be benchmarked to the broader marketplace</li> <li>• Often the most cost effective</li> </ul>                                    |

However, regardless of the approach adopted, following are the Business Health *Top 10 Tips* to maximize the benefit of your survey:-

1. Don't embark on this process unless you are serious about doing something with the results – client feedback that is ignored or discounted can do more harm than good.
2. Only include the clients whose opinion you value – then you are almost compelled to act on the findings.
3. Ensure you are able differentiate your “A” class (or very best) client responses from the others – these are your most valuable clients and it is vital to know how satisfied they are.
4. Adopt a structured approach – it is hard for a client to give you an objective assessment (good or bad) when you have just bought them a drink at a Christmas function!

5. Guarantee your clients confidentiality and anonymity – this will ensure completely honest (and sometimes brutally frank) feedback.
6. Don't just consider your findings in isolation – benchmark your results against your peers and colleagues (or better still, best in class practices).
7. Ensure you thank your clients for taking the time to provide you with their feedback – no-one likes to think their efforts have been taken for granted. A little thank you goes a long way.
8. Share your results with your clients, prospects, referral partners and of course your staff – post selected extracts to your website, include a summary in your next newsletter, incorporate testimonials into your marketing/promotional material.
9. It is not set and forget – your first survey will create a baseline from which you will be able to measure your progress over time (we recommend that you conduct client surveys at least on an 18 month to two year cycle).
10. Act on the key findings and continually remind your clients that the changes are a direct result of their feedback.

For your consideration.

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Rod Bertino is a partner and director of Business Health Pty Ltd. Business Health is a consulting firm specializing in the financial services industry. Business Health develop and market a suite of unique and exclusive business diagnostic tools which are supported by a range of specialized consultancy services.