The Doctor Is In: Checking the Vital Signs of Your Client Relationships

BY ANDREW SOBEL

Many of us use annual checkups to keep tabs on our physical health but checking the vitals of your professional health, through client relationship checkups, is just as important.

Most doctors firmly believe that certain types of regular screening tests and checkups are essential and help save lives. And most of us, no matter how much we despise devoting an hour or more to getting poked and prodded, dutifully go for a checkup each year. After all, our health is vital to our overall well-being and happiness. Annual checkups can play a vital role in your professional health as well—especially with regard to your client relationships, which are the lifeblood of every financial services professional.

In fact, you should *absolutely* review the "health" of your client relationships on a regular basis. Here's why: Most clients vote with their feet. They don't tell you they're unhappy—they simply start to give their business to your competitors. Client relationship checkups can help you gauge the health of your relationships, prescribe changes when necessary, and identify ways to further grow them.

I recommend infusing your client health checkups with Power Questions. In my new book, *Power Questions*, I explore dozens of questions that light fires under people, challenge their assumptions, help them see problems in productive new ways, and inspire them to bare their souls (which, of course, strengthens the bonds in the relationship).

All business interactions are human interactions. And part of being human is acknowledging that you don't know everything about everything—and that you *certainly* don't know everything about the other person's needs. Questions help you understand these things more deeply, and they're an essential tool when assessing the health of client relationships.

When client relationship checkups aren't performed regularly, the relationships can take unexpected turns. I had a similar experience with a client, a large corporation that used IBM as a major supplier of technology and services.

IBM's then-CEO Sam Palmisano decided to visit my client's CEO. A week ahead of the visit, my client's relationship manager for IBM called his counterpart to discuss the upcoming CEO summit between their companies. Apparently he didn't get a return phone call during that week! The story goes that when Palmisano met with their CEO, he opened by saying, "My people tell me we have an 'A' relationship with your organization." My client's CEO responded, "Well, my team tells me your relationship with us is a 'C.'" There was a complete disconnect between what the supplier (IBM) and the client thought about the health of the relationship.

I had another client, an experienced private banker at a major financial institution, who thought she had an excellent relationship with her client—a successful entrepreneur. In many ways she did, but over time their interactions became routine.

My client had stopped asking the kinds of thoughtful questions she had used early on in their relationship. She also didn't educate her client about the range of potential services her institution was capable of providing. One day, the client sold one of his companies for a large profit, and asked another financial advisor to manage the proceeds. When my client discovered this, she was mortified.

The entrepreneur told her, "I didn't see you as having the capabilities and product range to deal with my needs in this transaction." She was blindsided and dismayed. She realized he hadn't even discussed his concerns with her, but in retrospect understood that she had missed the signs and signals that a regular "relationship health checkup" might have uncovered.

Even when your clients are teachers, administrators, and employees of nonprofit organizations, the most accomplished professionals can dramatically misread the health of a key client relationship! The successful firms I work with all have some type of process in place to determine the health and strength of their most important client relationships.

As these anecdotes illustrate, client health screenings are necessary when managing client relationships. Here are nine questions you should ask yourself when you're considering the health of your client relationships:

1. DO YOU HAVE ACCESS AND "SHARE OF MIND?"

Is your client willing to make the time necessary to hold regular discussions about his investments and overall financial situation? Some people are notoriously busy, and it does take time to get on their schedule. But if you don't have access, you may not be considered relevant! Even if you think you have a good relationship, but the client says, "There's nothing going on. It doesn't make sense to meet," that's still a bad sign. It means she doesn't really value your ongoing insight and perspective.

2. DO YOU AND YOUR CLIENT TRUST EACH OTHER?

Trust is the essential foundation of every long-term relationship. It's the feeling that the other person will come through for you. It's the belief that they will meet your expectations. It's the confidence that they will demonstrate integrity, deliver competently, and focus on your agenda, not theirs.

Does your client accept or at least carefully consider your recommendations? Or does he act as if he knows better than you, and keeps suggesting investment ideas that are either poorly conceived or inappropriate? If your client is constantly micromanaging you, then he may not trust you, and you need to find out why and/or reestablish your expertise in the relationship.

3. DOES YOUR CLIENT OPENLY SHARE INFORMATION WITH YOU?

In a healthy, trusting relationship, there is transparency. Does your client keep you abreast of changes in her financial situation and major events in her life? When you're a vendor, you get very limited access to information—it's on a "need to know," restricted basis. When you're a trusted advisor, your client treats you as part of the inner circle.

4. IS YOUR CLIENT HAPPY WITH THE WAY YOU MANAGE THE RELATIONSHIP AND HOW YOU COMMUNICATE?

Have you tailored your management of the relationship and the type and frequency of communications to your client's specific needs and desires? You have to treat each of your clients like a "market of one" and customize the relationship to his needs.

Based on discussions with your client—which you should have at least annually—you need to determine things like:

- What types of information about his investments—and in what format—does he like to receive?
- How often does she like to meet? Is it by phone or in person?
- How does he like to communicate? Email? Phone? Other written communications? Fax?
- Does she expect to be contacted during especially tumultuous market conditions? Or does she have a very long-term orientation and doesn't particularly care about what happens day-to-day or month-to-month?
- What kind of year-end "gift," if any, does he like to receive?

This last point may seem like a minor issue, but one client I interviewed told me that every year he received a package of cheeses, crackers, and other rich treats from his financial advisor. Yet, he had special dietary requirements and basically threw the basket in the trash. His advisor had never bothered to ask what kind of year-end gift he would like, or to give him a couple of options to choose from.

5. IS YOUR CLIENT GIVING YOU REFERRALS TO NEW CLIENTS?

The most successful financial advisors grow their business primarily through referrals and word-of-mouth. Are your own clients spreading the word for you?

It's not necessarily enough to do a good job. You have to remind your clients that this is how your business grows, and that you'd be grateful for introductions to friends or colleagues who may have a need for your services.

Many advisors are up-front about this when they start a new relationship with a client. They say something like, "We gain new clients primarily through referrals and word-of-mouth. After we've been working together for a while—and we've demonstrated our worth to you—I hope to be able to ask you for suggestions of people you know who might benefit from what we do." An active referral is a sign of a high level of satisfaction with your services.

6. ARE YOU THE FIRST PERSON THE CLIENT CALLS WHEN SHE NEEDS SOMETHING IN YOUR AREA OF EXPERTISE?

This is an essential litmus test of a healthy relationship: loyalty. If the client views you as interchangeable with your competitors or even with other types of advisors, then you're a vendor, and you'll be subjected to constant price pressure as the client continually shops around.

7. DOES YOUR CLIENT FEEL LIKE HE'S MEETING HIS GOALS?

You may think you've done a great job for your client in a difficult market, but he may not see it that way. He may look at one particular market index and say to himself, *Why are my investments lagging behind?*

You can address this in two ways. First, by ensuring you've carefully discussed your client's goals. Are they clear to both of you, and are they realistic? Second, you should have a regular, detailed discussion not just about performance but also about risk and diversification.

There are very few performance benchmarks that will perfectly align with a customized investment portfolio, and you need to make sure your client understands this. Remember, client goals are rarely just quantitative—things like peace of mind and risk reduction can be just as important as quantitative measures!

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8. IS WORKING WITH THIS CLIENT A SATISFYING, REWARDING EXPERIENCE FOR YOU?

Some clients just drain you. They're overly demanding, they check up on your every move, and they basically drive you crazy. When their investments do well, they'll credit themselves, and when they don't do well, they'll blame you. This isn't a healthy relationship. Life is too short—if you can't fix a situation like this quickly, you should get out and double-down on more promising clients.

9. IS THE RELATIONSHIP ECONOMICALLY REWARDING FOR YOU?

You could have a great personal relationship with a client, but for a variety of reasons be losing money on the work. Sometimes, weak profitability is your fault—you may have underestimated the amount of work and cost required to manage a particular client's investments. But sometimes it's a sign of a client who knows the cost of everything and the value of nothing, and who has bargained you into giving untenable discounts.

What about questions *not* to ask? Asking your client, "What else can we do for you?" isn't going to be very productive. Most clients will just look at you and say something like, "Just keep up the good work!" You have to determine how else you can add value by getting to know your client and deepening your understanding of her goals, needs, and personal and professional life. Most clients can't make the connection between a need they have and the solutions you can offer. That's *your* job.

Just as you shouldn't make assumptions about or neglect your own health, you shouldn't do so when it comes to the health of your client relationships. Each year, go through this checklist and rate each of your relationships. Are you weak, average, or strong on each of these nine points? Better yet, rate yourself and then ask these same questions to your client. Then, compare the answers. Through quality communication and thoughtful questions, you can strengthen your client relationships and add value to them at the same time.

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