

Advocate For Your Fee

What Most Financial Advisors Get Wrong
About Client Communication

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Pre-Pandemic Trends

- Why clients chose/switched advisors:
 1. Deep Understanding of Goals
 2. Customer Service
 3. Portfolio Performance
 4. Financial Planning Capabilities
 5. Referral
 6. Fees



Post-Pandemic Trends

- Why clients chose/switched advisors:
 1. Performance (78% vs. 53%!)
 2. Accessibility
 3. Deep Understanding of Goals
 4. Fees
 5. Breadth of Service
 6. Financial Education

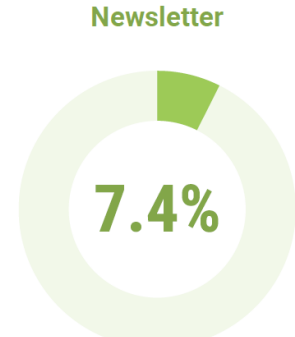
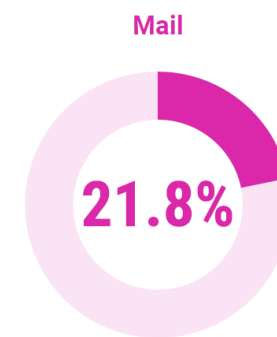
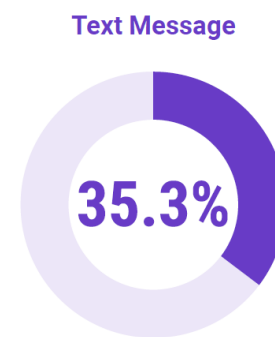
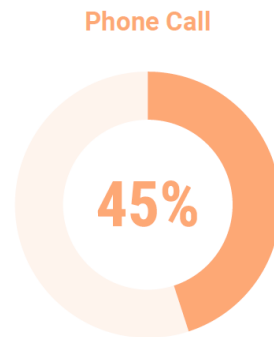
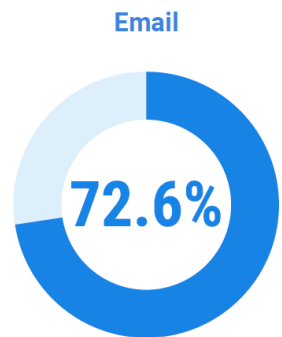
Source: YCharts: How Can Advisors Better Communicate with Clients?



Post-Pandemic Trends

- Style/Method of Communication:

1. Email 72.6%
2. Phone Call 45.0%
3. Text Message 35.3%
4. Mail 21.8%
5. Newsletter 7.4%



Post-Pandemic Trends

- Style and Frequency:

1. HNW Client Retention 92.4%
2. HNW Referrals 90.2%
3. HNW Satisfaction 53.4%
 - More
 - Higher Quality

Source: YCharts: How Can Advisors Better Communicate with Clients?



Weekly or Monthly Emails with Information and/or Data:

- Stock market updates
- Bond market updates
- Financial planning reminders
- Various lists
- Important things to know
- Economic data
- FOMC dates



What Most Financial Advisors Get Wrong About Client Communication

WHAT'S AHEAD

Monday

- Eurozone Final Composite PMI for November
- U.K. Composite PMI
- Eurozone Retail Sales
- U.S. Composite PMI
- U.S. Revised Durable Goods Orders

Tuesday

- No significant data

Wednesday

- China Trade Balance
- German Industrial Output
- Eurozone GDP Revision
- US Unit Labor Costs
- Bank of Canada Rate Decision
- U.S. Consumer Credit

Weekly Economic Update

THE WEEK ON WALL STREET

Recession fears and concerns that the Fed may consider a longer rate-hike cycle sent stocks lower for the week.

The Dow Jones Industrial Average dropped 2.77%, while the Standard & Poor's 500 fell 3.37%. The Nasdaq Composite index lost 3.99% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, dipped 1.09%.^{1,2,3}

STOCKS SLIDE

Stocks were under pressure much of the week due to resurgent recession fears and concerns that Fed rate hikes may go higher for longer than current expectations. There was some good news last week on the economic front and out of China, which started to loosen COVID restrictions. But it was a week where good news was considered bad news, as any signs of economic resilience stoked worries of a longer rate-hike cycle.

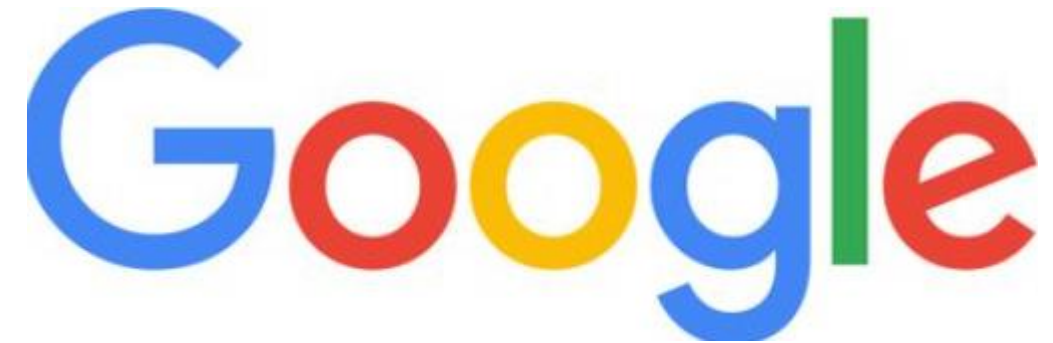
Higher continuing jobless claims signaled economic softness, triggering a Thursday rally. But stock prices were under pressure Friday following a disappointing Producer Price Index (PPI) number.

PRODUCER INFLATION DISAPPOINTS

The Labor Department reported that the PPI rose 0.3% in November and 7.4% from a year ago. Though wholesale prices inflation rose at the slowest 12-month pace since May 2021, they exceeded market



What Do These Updates Have in Common?



It's just information –
not action!



An Introduction to Operational Transparency

- What is operational transparency?
- Why is it important?
- How do I use it to advocate for my fee?



What Is Operational Transparency?



- Operational transparency: slow down and show your work!
- Locksmith
- Bistro restaurants: visible food presentation



Why Is Operational Transparency Important?

- Clients feel better about paying for a service when they recognize effort!
- How often do you communicate your effort, action, or overall work?
- What can you do to communicate these to your clients and/or prospects?



Why Is Operational Transparency Important?

- Operational transparency can help you:
 - ❖ Advocate for your fee
 - ❖ Define your value proposition
 - ❖ Take control of your value proposition



Why Is Operational Transparency Important?

- Provides your referral sources with answers to these questions:
 - ❖ What does your advisor do for you?
 - ❖ Why do you have a financial advisor?
 - ❖ Is your advisor worth it?



How to Use Operational Transparency to Advocate for Your Fee

- Consistent communication (email, phone, website)
- Not what you know (information)
- What you are doing (activity or action)



Conclusion

- Most advisors communicate knowledge or information to their clients, not action
- Operational transparency is key– **show your work!**
- Clients feel better paying for something that requires effort



Next Steps

1. Commit to a cadence
2. Create new touchpoints (blog, emails, video etc...)
3. Champagne vs. sparkling water – segment
4. Prioritize knowing your clients and their goals



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