

YOUR PRACTICE

BY MARIELLEN WARD

Dealing with difficult clients

Sooner or later, every advisor has to face the inevitable: the problem clients. Three advisors share their best tips, tools and techniques for dealing with them.

Imagine a client showing up in your office and saying: "You lost us all this money. I regret everything I've done with you." Well, that's exactly what happened to financial planner Betty-Anne M. Howard.

"I was devastated," she says. "Completely floored." Howard fought the urge to argue. She stopped, drew a breath and said, "I'm really sorry to hear that. I'm wondering how much of this has to do with what has happened with the markets. We need to go back to the drawing board."

It was one of the most challenging moments of her career, but she handled it by staying calm and not taking the woman's words or near-hysterical attitude personally. Fortunately for Howard, she had every detail of her interactions with this client—every discussion, every decision—

in writing. It also helped that she has a background in motivational



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counselling. Howard worked in the social and emotional health services field for 17 years before retraining as a financial planner. She received her CFP certification in 2001 and today she's in private practice in Kingston, Ontario.

Howard's training in the "appreciative enquiry method" in particular helped her deal with this difficult client. "Whenever I'm tempted to engage in trying to prove I'm right, which means they're wrong, I take the appreciative enquiry approach instead," she explains. In essence, this means she responds to clients who are angry, emotional or otherwise difficult by saying, "I appreciate you brought your concerns to me and I'm happy to address them."

Howard believes advisors could benefit from receiving training in communication skills, motivational counselling, the appreciative enquiry method or any other

technique that will give them insight and understanding about human behaviour, help them become aware of the relationship between perception and emotion and get them "in touch with the filters through which we see life," as she puts it.

Most importantly, Howard says advisors need to understand what happens when their "buttons" are pushed and what to do about it. "Don't get defensive," she says. "You need to be able to be aware and step back to understand what's really going on so you don't react emotionally."

In this case, Howard also sought advice from colleagues, which helped her regain her composure, and graciously encouraged the client to follow through on her threat to seek a second opinion. Eventually, she found out the woman had been diagnosed with cancer and this, coupled with the downturn in the markets, had made her feel out of control.

Howard is satisfied she did her best with this client. "Because I had done my own inner processing work, I was able to realize what was going on, not get defensive and also not let her get away with the behaviour. I treated her with respect and demanded respect in return. It worked. She backed down."

An ounce of prevention

"Thankfully, I don't have many difficult clients at this stage in my career," says Marjorie K. Matthews, a registered financial planner and senior financial consultant with Investors Group in Belleville, Ontario.

If Matthews' years of experience—17 as a financial planner—have taught her one thing, it is to get it right from the start. She takes time upfront with new clients to establish a relationship and guidelines for that relationship. It all starts with the first meeting. "I try to get a sense of our personalities, to see if we mesh," she says. "I ask lots of questions and get them to talk about themselves."

This crucial first meeting helps Matthews weed out any potentially difficult clients. How does she do it? "It's an art form that comes from dealing with people over so many years," she says. More explicitly, she zeroes in on their

expectations: "I always ask where they expect to be in three to five years and try to gauge whether it's achievable. Some clients want the moon and you know you can't deliver. You have to be upfront at the very beginning so there's no disappointment later."

Her advice is to pay attention to even the smallest clues, such as body language. "To understand clients, I have to understand their body language," she says. Matthews looks for direct eye contact, which is a sign of good communication. But if she sees a person's fidgety or nervous, if their arms are crossed or if they don't seem to have a sense of ease, she may not take them on as a client.

Matthews emphasizes good communications and realistic expectations as the two keys to ensuring a good working relationship with clients. To achieve these goals, she has several systems in place, such as diligently using a contact management system, sending out regular information bulletins and taking detailed meeting notes. She writes down goals, decisions and the action plan they agreed upon; summarizes it at the end of the meeting and—for potentially difficult clients—puts it in a letter and mails it to them.

There have been times, however, when Matthews has had to suggest to difficult clients that they might be better served with another advisor. While there are typically many factors that go into her decisions to let clients go, asset base is usually not one of them. "Sometimes, there could

never be enough assets to justify the headaches," she says.

Pull the plug

After Clay Gillespie fired his first difficult client, it felt so good he let four others go too. "My work life improved by about 50%." How did he know who to let go? "When it got to the point that I picked up the phone and felt my lifeblood drain from me. There's a difference between an upset client and people who never meshed with you and are not worth saving."

Gillespie is a financial advisor, portfolio manager and vice-president with Rogers Group Financial in Vancouver, B.C. While he is very vocal about steps advisors should take to improve client communication and build strong relationships, he is equally vocal about pulling the plug. "One of the best things you can do to improve your business is to fire the five clients who leave you with your head in your hands," he says.

It may seem counterintuitive to turn away revenue, but Gillespie argues you'll save money by getting rid of difficult clients. "There's two costs," he says, "One, the extra time you spend with them, and you could be spending elsewhere. Second, they don't allow you to use that time to be profitable in other areas."

Gillespie now has procedures he uses upfront to prevent bringing on difficult clients in the first place. "I always bill them to do a financial plan right at the start," he explains. "I do it to see what their personality is like. It allows me to do work without actually bringing them on. Difficult clients aren't interested in paying a fee for a plan—that's the first clue. It works wonderfully." ^{AER}

MARIELLEN WARD is a Toronto-based writer.

9 TIPS on coping with complexity

Clay Gillespie

1. Try to figure out why they're being difficult. It could be a personal issue, such as the death of a loved one; or it could be a mitigating circumstance, such as the downturn in the markets.
2. Acknowledge their feelings and show empathy. Show them you understand what's bothering them. They have to feel they're being heard before they listen to explanations.
3. Discuss the problem and come up with solutions. Remind them about why you made those decisions in the first place. Keep a file note every time you talk to them, and share it with them if necessary. Put their problem in context.

Betty-Anne M. Howard

4. When dealing with an overwrought client, acknowledge their feelings and concerns. Don't argue or try to prove you're right.
5. After every meeting, write a summary of what was covered, options presented, and decisions made, and mail a copy to the client on letterhead.
6. Keep clients informed and ask them if what you are providing is helpful.

Marjorie K. Matthews

7. Pay close attention to new clients to make sure your personalities mesh by asking lots of questions. Learn how to read body language.
8. Use a contact management system to keep track of meeting notes.
9. Work at keeping communication flowing by sending out e-mails, information bulletins and other targeted and informative communication pieces.

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