

Research:

Incorporating the Value-Add

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By MARIE SWIFT

Plenty of financial advisors nationwide are finding their client relationships extending beyond traditional investment management and planning into all aspects of their clients' lives. In the first part of this two-part series, we looked at various instances where advisors have profitably reacted to various concerns and other factors that emerge for their clients. This installment deepens the discussion by examining ways advisors are making these "above-and-beyond" services part of their core business model.

For example, Gregory Banner, CFP, CLU, CRTP, of Asset Preservation Strategies in San Diego, says he tries to educate his clients to call him before they make any major financial decisions. "My job is to help them steer around the potholes in the road, helping them avoid any flat tires and accidents," he says. "I have one client that was making a million-dollar charitable donation of privately owned company stock. After he informed me of this, I insisted that he needed an appraisal to validate the tax deduction. At the time, he complained about the appraisal cost because it was a private company. A year later, when the IRS sent out a notice trying to disallow the deduction, a copy of the appraisal resolved the matter."

On many occasions, Banner has ended up putting two clients or professional relationships together to solve a problem. Recently, one of his clients had purchased a property management company, but had become frustrated with some of the existing vendors the company was using. After hearing this, Banner made an introduction to another client who happened to own a local commercial landscape and maintenance company.

"My clients know that if I can't answer their question, I have the resources through my collaborative network to get the answers or help they need," Banner explains. "I like to think of myself as the quarterback in the relationship. One of the greatest things I do that helps cement relationships typically has nothing to do with the client's investments or finances; it's about listening to and learning about them and what is important to them."

Banner has one affluent client that he meets for a review and lunch on a quarterly basis. The typical agenda is to spend about 20 minutes reviewing the client's finances and another hour catching up on what is going on in both her life and Banner's family. "If you ask her what I do, her answer is in the following order: 'He has helped me find a landscaper and a contractor, gave me some great ideas on my patio arbor and also takes care of my finances.'"

Banner's fee structure typically includes asset management fees and additional fees for specific projects like creating a financial plan or an exit plan for a business owner. Any matchmaking and ancillary advice is considered a value-added component of the core service platform.

There are lots of ways advisors could be of use to their clients as all-around financial experts. Carl von dem Bussche, a CFP who owns and operates Financial Guidance Group in Palm

Harbor, Fla., helps his clients negotiate luxury car purchases and leases to get invoice pricing. He also helps with other major purchases such as appliances, and has on occasion sold items on eBay for clients. “We also help with technology purchases and provide limited training to get our techno-phobic clients up and running on the Internet,” he says. “We have in the past sat with our clients’ children to educate them on investing, planning and budget issues. All these services are offered free of charge, but definitely bond the relationship.”

Imagine how von dem Bussche’s clients felt when they received this letter: “In the past, several of our clients have asked us to help negotiate auto purchases on their behalf, which we have been pleased to do. To that end, I have arranged special pricing for the clients of Financial Guidance Group at three local luxury car dealerships. This special pricing is normally only available to dealership employees or credit union members. Financial Guidance Group receives no compensation or special consideration for this service. If you are in the market for a new luxury automobile, please call and I will arrange the purchase of the make and model of your choice. All you will need to do is sign and drive.”

While many advisors host some combination of client appreciation and educational events, Bill Spalding of Bill Spalding Financial Services in Sandy Springs, Ga., takes things a step further. “I’m always telling my clients that mental and spiritual health is just as important as financial wellness,” Spalding says. “So I decided to put my money where my mouth is and am sending a gift certificate to my Catholic clients good for a weekend spiritual retreat. They can use it for themselves or pass it on to anyone they’d like. When the certificate is presented at the end of the weekend, I will pay the retreat house directly.” Spalding, who has a strong presence in the local Catholic community, says this is a win/win scenario for all.

Holly Gillian Kindel, CLU, CFP, director of financial planning for Mosaic Financial Partners in San Francisco, says her firm offers a broad-based menu of extras to ensure that clients feel well served. The list of ancillary services includes:

1. Educating clients about the services that professional organizers provide: financial paperwork management, home inventory, moving assistance, estate settlement and setting up of Quicken, among others.
2. Assisting clients in caring for their aging parents through the use of geriatric care providers, both in and out of state.
3. Reviewing homes for property/casualty purposes.
4. Doing financial planning for clients’ children.
5. Notarizing client documents.
6. Analyzing 529 plan investments and other education funding.
7. Providing clients with educational resources about cash flow, credit management, mortgages, benefits, estate planning and other topics in both face-to-face meetings and through a quarterly newsletter.
8. Referring clients to other professionals, including organizers, insurance agents, attorneys, professional storytellers, CPAs, geriatric care agents, career counselors, coaches, mortgage brokers and real estate agents.
9. Analyzing mortgages.
10. Analyzing Social Security benefits.
11. Doing business planning and business transition planning.

“Most all of the services listed above, we typically don’t charge for,” Kindel says. “They are included in our asset management fee.” Kindel recalls a time when she convinced a client to sign up for LTC insurance several months before he learned he had contracted a debilitating disease. Because of her foresight, a major catastrophe was mitigated.

“One of the greatest values a planner brings to a client is that of experience and repetition,” she says. “Obviously life can’t be anticipated and dangers averted completely, but planners see the comprehensive way people’s lives are connected through their finances over and over again. And through that experience, they bring a methodology and balance to people’s finances, which inevitably brings along with it a higher probability that when adversity does strike that that person will be prepared for it. Our real value-added as advisors is the peace of mind we bring to the client when when we say, ‘Relax. We’ve planned for this.’”

Marie Swift is president of Impact Communications, a marketing and communications firm for independent advisors; see www.impactcommunications.org.