

Understanding the High Net Worth client

Tony Vidler | Strictly Business | 01 April 2014



There are not many things that a room full of financial planners or investment advisers will agree upon – but an area sure to gain consensus is the need to work with High Net Worth (HNW) clients. However, while most advisers aspire to work with HNW clients, very few do so successfully with any scale or significance. Most have a few HNW clients, but all too few of them. Why?

I think it comes down to some relatively straightforward reasons:

1. Advisers don't understand what a HNW client is for their own business needs;
2. Advisers don't know where to find them;
3. Advisers don't work out what matters to the HNW clients, and then deliver accordingly.

The first point may seem a no brainer to many – yet it is anything but. Is a HNW client the person someone earning \$300,000 per annum with a \$2 million dollar home (with a million dollar mortgage), a flash company (or leased) car in the driveway? Or is it the person who lives perhaps more modestly in the suburbs and on a more modest income, but who has accumulated a \$3,000,000 investment portfolio?

Either of these profiles could meet somebody's HNW definition. But finding them, and appealing to them as an advice provider, might take very different strategies.

To successfully pursue a strategy of building a HNW clientele, the very first step is to be clear about what those clients look like. Understanding more than just the demographics and fiscal measures that define your target market, you need to understand their issues and typical motivators before you are able to realistically find them in volume and be of interest to them.

Finding them? In this country, many of the clients who would qualify as HNW are not found loitering about in easy-to-spot packs, moving from one ridiculously priced wine bar to another. There is rarely a watering hole that you can go to and find the HNW herd gathered together conveniently.

But, they do mix socially, they do business together, and they often have extensive business networks and wide circles of influence. Personal introduction, word of mouth marketing, centre of influences – these are the ways to find and approach the HNW client. It takes time and personal observation and good positioning to create those initial opportunities. And, it will usually take quite some time before you gather the first few ideal HNW clients.

Part of getting that positioning right is directly linked to the third and vital reason for so few financial planners or investment advisers appealing to HNW clients. More often than not, we do not take time to understand the affluent client, and then fail to address their specific needs and beliefs.

If there is one common denominator that applies universally to HNW clients, and it is that they value their time. They will pay more than others will for convenience and saving time, and there is also generally a very high quality expectation. Perhaps there's nothing terribly surprising there. But, are your advice and service offerings built to minimise the time your clients have to spend in the process? And do you demonstrate the highest quality standards at every touch point in your business?

If you don't do that as a minimum, you will simply not appeal to HNW sector.

However, positioning effectively for HNW clients extends beyond just focusing on time effectiveness and quality as hallmarks of your practice. These are entry level considerations –

minimum service expectations, if you like.

HNW clients also expect quality to be demonstrated with timely, not mechanical, communication that is highly personalised. They expect extremely high levels of knowledge and expertise – extremely high. They expect silver service, or white glove treatment. Practices focused upon the HNW sector might have, at most, two service levels – excellent world class silver service standard, and then there is WOW. No other standards matter.

And, that world class silver service standard has to be delivered consistently, and constantly, without exception.

Other advisers that appeal to HNW clients are those who coordinate and facilitate on the client's behalf. They lead projects, interact and create working teams of professionals all operating for the benefit of the client, they actively seek areas where they can remove stress, risk or time consuming issues for the client.

Marketing needs to be at a more intimate level – highly personalised and with a healthy degree of exclusivity... although without creating "elitism" perhaps.

The overwhelming communication method for HNW clients is one-to-one human engagement, either in person or on the phone. Email should be used for verification of details and to create an audit trail. Email is not how to have a conversation with a HNW client. Social media is merely a method of networking, perhaps.

A final generalisation about HNW clients worth considering is that they are very often quite focused on health, and it is a significant motivator for them. Certainly, physical health is often high on their priority list – but, just as important is a wider concept of health. Family health – the dynamics and closeness and the bonds of the family unit – is usually a higher concern than for other demographics, as is financial health, and (for lack of a better term) spiritual health. A sense of legacy and community, and involvement are often strong drivers for HNW clients.

To attract HNW clients, we must understand how and why they are different to other clients we're used to dealing with. Then, we must build service and support systems to cater specifically to HNW clients' requirements. In other words, target marketing, supported by precise positioning. When that is achieved, there is a good chance that referral marketing and centres-of-influence can generate opportunities the financial planner or investment adviser is seeking.



Tony Vidler is an AFA and principal of [Strictly Business](#) which provides advice to the financial advice industry to help financial advisers become better practitioners and build more profitable businesses. Tony was the financialalert Person of the Year 2011.

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