

Is this why clients question fees?

Tony Vidler | Strictly Business | 07 November 2014



We gnash our teeth trying to articulate value in a way that makes sense to customers and come up with a variety of ways to demonstrate the value of good advice. And then this hits the media:

“an alarming 60 percent of clients did not know or were unable to answer if they were on track to meet their defined goals”

“almost half the advisers said they did not know and/or lacked either the system or information to make a determination if their clients were on track to meet their own defined goals”

Source: The Expectation of Advice Whitepaper

https://www.ioof.com.au/adviser/education_news/resources/whitepaper

Admittedly, this research was based on a relatively small sample group – 192 advisers and 312 existing, ongoing, fee-paying, financial planning clients. And it was Australia, so maybe Kiwi financial planners are doing better. Maybe Kiwi investors understand more. Maybe.

However, I suspect not. In recent years, we have given so much emphasis to dotting the i's and crossing the t's, and enhancing our technical capability, and developing robust and detailed plans that will stand judicial scrutiny, that I suspect there IS a real issue with a high proportion of clients being unable to categorically answer the key financial planning value question: Are you on track to achieve what you wanted and planned to achieve?

When we get right down to it, not much else matters in financial planning from the client's perspective, does it? The planning process, and the plan itself, exists to assist the client achieve their defined goals.

What if 60 percent of your clients were unable to state that they were on track to meet their defined financial planning goals? What if those 60 percent decided that perhaps the whole financial planning thing was a waste of money?

There is certainly a widely held consumer perception that financial planning costs too much, and there is an ever increasing scrutiny upon financial adviser costs.

The first thing any smart adviser should do do is make sure that every single existing, ongoing, fee-paying client is *absolutely* sure that they know where they stand in relation to achieving their goals. All the brilliant marketing, and extra client communication touch points, and clever strategies are no substitute for the one thing that really matters in the typical clients mind: Am I getting closer to the life I planned?

Build all client communications, reviews and portfolio reports around this single simple question, and there will be little questioning of reasonable planning fees.



Tony Vidler, CFP, CLU is an AFA and principal of *Strictly Business* which provides advice to the financial advice industry to help build more profitable businesses. Tony was the financial alert Person of the Year 2011, and shares ideas on how advisers can build their businesses on his blog at www.financialadvisercoach.com. @TonyVidler

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