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# Listening for feedback

**What do your clients want? Are they getting it from you? Find out through a client feedback strategy**

By Megan Harman

Keeping your clients satisfied is critical to success in the financial advisory industry. Yet advisors often overlook the simplest and most obvious way of determining exactly how to satisfy their clients.

"You can't act on client needs and wants until you find out what they are," says Stephen Wershing, an advisor coach based in Rochester, N.Y. "Every successful advisor that I've ever spoken to has said, 'I know exactly what my clients want. I know what they value most about what I do'."

Asking clients for feedback is an important exercise, whether you're a seasoned advisor or new to the business. Feedback helps you keep track of your clients' needs and expectations, and provides an indication of how effectively you're meeting them. Client feedback can also help you identify referral prospects or new business opportunities that previously weren't on your radar.

"We're in a service business, and the client is at the centre of everything we do," says Julie Littlechild, president of Toronto-based **Advisor Impact Inc.** "It seems obvious that we should ask for input."

Obvious as it may seem, however, many advisors make the mistake of assuming they know what their clients want and expect — without asking them. This eliminates the opportunity to hear valuable ideas or recommendations that clients may not offer if they are not asked.

"Even if you feel that you know what your clients are thinking," Littlechild says, "asking them is an important exercise."

Clients generally appreciate the opportunity to provide input. In fact, the exercise of collecting feedback could itself be a step toward boosting client satisfaction. Advisor Impact's 2008 *Economics of Loyalty* study, which involved a survey of 1,000 investors, revealed that clients who are the most loyal and satisfied, and who give the most referrals, have been asked for feedback from their advisors.

"Across the board," Littlechild says, "when we look at the clients who are the most connected — and, ultimately, the most profitable — they tend to see feedback as an important part of the process."

Neal Owen, a financial advisor and president of **Bluerock Wealth Management Inc.** in Collingwood, Ont., has found his clients to be highly receptive of the surveys he has conducted.

"The clients know that we're trying to tailor our services to what they want," he says. "It helps clients to become more engaged."

Collecting feedback is particularly important when you're contemplating changes to your practice or service offerings. Gauging your clients' receptiveness to these types of decisions before implementing them can help you avoid upsetting loyal clients.

Says Littlechild: "Many fundamental strategic decisions require some input from clients."

A variety of methods can be used to collect client feedback. The exercise can be as casual as asking clients during meetings whether they're satisfied with your services or as formal as commissioning a firm to conduct a client survey and then analyse the results.

## Define An Objective

An important first step in collecting client feedback is to outline clearly the purpose of the pursuit. Having a clear objective will help you determine which method of feedback collection to use, and the types of questions to ask.

Says George Hartman, CEO of Toronto-based **Market Logics Inc.** : "It helps to frame the types of questions you're going to ask if you know what you're going to do with the information when you get it."

Methods of collecting feedback can be broken down into two broad categories: quantitative and qualitative.

### Quantitative Feedback

Quantitative feedback is typically collected in the form of a survey. It provides numerical data that can be analyzed to show areas of strength and weakness in your practice.

As Littlechild explains: "Quantitative feedback is about getting a benchmark and looking at some of those key indices, like satisfaction, expectations and opportunities."

If your objective is to gauge the overall level of satisfaction in your client base and to identify areas in which there is room for improvement, the quantitative approach is probably ideal. This type of feedback also provides an effective way of measuring changes in satisfaction levels over time. Experts recommend surveying clients every two to three years in order to monitor such changes.

Quantitative feedback can also be effective when you're considering making a change to your practice. For example, Paul Shirer, a financial advisor and president of **Perfect Timing Financial Corp.** in Toronto, is currently creating a survey to gauge what proportion of his clients would be open to receiving more emails and other types of electronic communications instead of paper and verbal forms of contact. He doesn't want to implement any changes unless a majority of his clients are on board.

"I'm definitely looking for some quantitative answers," he says, "and then I would make some business-planning decisions based on that survey."

### Qualitative Feedback

In contrast, qualitative feedback usually involves putting together a small group of clients — in the form of a client advisory board or a focus group — and asking for their opinions on your services. This approach tends to be more appropriate for situations in which you're seeking more detailed input on the quality of your services and constructive ideas on how to improve.

"If it requires a back-and-forth discussion," Littlechild says, "then qualitative becomes the best way to start."

### Surveys

Conducting surveys is one of the most popular methods of collecting client feedback. They can be customized to provide any type of feedback, from broad measures of satisfaction to input on specific aspects of your business.

Surveys can be conducted in a variety of different ways. One option is to incorporate an informal survey into client meetings by asking clients regularly to rate the service they're receiving and to tell you whether anything could be improved.

Hartman warns that this strategy won't provide thorough quantitative results or benchmarks, and clients are likely to take it less seriously than a formal survey. However, informally surveying clients can be an effective way to gauge, on a regular basis, whether your clients are satisfied with your relationship. It also offers clients frequent opportunities to express any concerns that they might have about your services.

For a more formal approach, consider distributing a written survey to all of your clients. In contrast with an oral survey, this approach allows clients to spend time evaluating the services you provide and to express their feedback in writing. Formal surveys can be conducted via standard mail or online — by email, or through websites such as *www.SurveyMonkey.com.*

### Writing Your Questions

In designing a questionnaire, take the time to craft the questions carefully, making sure they're clear and specific. Says Shirer: "You don't want to use questions that are open to a lot of interpretation."

Furthermore, include questions that encourage clients to reconsider your current approach to your business. Don't frame questions in a way that will simply affirm all of your current practices.

“You have to have the guts to put some pretty challenging questions out there, [questions] that might challenge some of the things you do in your business,” says Shirer. “You’ll get better, constructive feedback out of it, which you’ll most likely be able to implement almost immediately.”

Avoid making your survey too long. A survey shouldn’t take more than 10 minutes to complete, otherwise respondents may become disengaged or rush through it.

To produce effective quantitative results, multiple-choice and rating-scale questions are ideal. Consider including one or two open-ended questions to allow clients to expand on their responses, and to offer feedback in their own words. For instance, ask what the client thinks you could do differently to improve your relationship.

“Open-ended questions give you a lot of insight,” says Hartman. But, he adds, these questions can make the survey results harder to manage, because the answers can’t be quantified.

Formally surveying your clients and analyzing the results can be a challenging and time-consuming process and, as a result, many advisors choose to hire third-party firms to conduct the project for them.

Advisor Impact, for example, offers a Client Audit program that involves a client survey followed by a thorough analysis of the results to help advisors identify revenue, referral and relationship-building opportunities on a client-by-client basis.

This type of analysis is extremely valuable, according to Hartman: “You don’t just get the data; you get someone analyzing it and telling you what it means.”

Furthermore, Hartman has found that third-party surveys often lead to more candid responses from clients: “People will often disclose to a third party what they won’t tell you.”

Another strategy for encouraging candid and critical responses is to give clients the option of keeping their survey anonymous. Having the names of respondents provides you with the advantage of being able to take action on recommendations from specific clients, but not all clients are comfortable giving their names — particularly if they’re offering criticism.

When identity is optional, Littlechild has found, about 80% of participants typically choose to provide their names.

If you decide to make identity optional, consider coding the surveys in a way that allows you to isolate the responses belonging to your top clients vs your lower-tier clients.

Owen found this coding exercise to be extremely worthwhile in a client survey he conducted recently. The results from his top clients revealed considerably different needs from those of his lower-end clients. Based on the survey’s results, he has implemented changes that apply only to his top-tier clients, including more frequent client meetings.

**Client Advisory Boards**

In circumstances in which you’re seeking a regular flow of constructive qualitative feedback, a CAB can be an effective tool. This strategy involves putting together a group of about six to 10 clients, and meeting with them quarterly, semi-annually or annually.

The typical role of a CAB is similar to that of a board of directors for a company: the CAB helps you develop strategies for building your business and holds you accountable to the goals that you set for yourself.

Says Hartman: “[A CAB] gives the advi-sor someone to talk to about his strategy for building his business.”

Although feedback is not the exclusive purpose of a CAB, that can be an important part of its role. Unlike the quantitative feedback you get from a survey, CABs generally provide more detailed input on the issues clients don’t like regarding the way you run your practice, as well as things they would like to see you doing.

But getting clients to open up isn’t always easy. Many people are reluctant to provide negative feedback in a group setting.

“They don’t want to say something critical,” Wershing says, “because they don’t want to hurt anybody’s feelings.”

Clients will be even less likely to speak up if you appear unreceptive toward criticism.

"If somebody expresses a concern, or attacks something that we do or something that's important to us, it's natural to get defensive about it," Wershing says. "But that will shut down that conversation."

So, it's important to show the group that you're open to criticism.

It's also important to be selective about which clients sit on your CAB. Try to include one or more clients who are typically quite vocal about their concerns. By responding to these clients' criticisms in a receptive way, Wershing says, other participants will realize that it's OK for them to speak up, too.

Members of the CAB don't necessarily have to be your biggest clients. Rather, they should be clients who are representative of your broader client base. If your CAB meets regularly, consider rotating new members onto the board periodically in order to bring fresh ideas to the table.

"It can get pretty stale," Wershing says, "with the same people talking all the time."

Wershing recommends hiring someone to facilitate CAB meetings rather than trying to lead the conversation yourself. A third-party facilitator can effectively keep the meeting on track, he says, and can get away with asking tough questions that you may not feel comfortable asking.

"Facilitation is a skill," Wershing says. "A good facilitator brings to the table a bunch of stuff that a typical financial advisor wouldn't have."

**Focus Groups**

Similar to a CAB, a focus group is useful for collecting comprehensive qualitative input from a small group of clients. However, rather than meeting regularly, a focus group is typically brought together on a single occasion for feedback on a specific issue.

Says Hartman: "A focus group would have a much narrower range of topics."

A focus group should have about six to 12 members and, like a CAB, members should be representative of your target client base.

Suggests Hartman: "I'd pick people I thought could give me valuable insight."

While a focus group or a CAB can provide comprehensive and constructive feedback, keep in mind that they represent just a small portion of your client base. If you're contemplating changes that would affect all of your clients, first conduct a survey to gauge the receptiveness of your broader client base. Then, gather a focus group or CAB to discuss the ideas in more detail. The two strategies for feedback work in tandem.

"Pick a couple of issues that come out of a survey," Wershing suggests, "and then those become the main agenda for the CAB meeting."

**Follow-Through**

Once you've gathered client feedback, the next step is to dissect the results and determine which changes to implement. If you don't act on some of the changes your clients recommend, Wershing says, the entire process will have been a waste of your time and resources.

"You have to go into this," he says, "with the attitude that you are really willing to change whatever it is the clients want changed."

It's not easy to embrace change, he notes, particularly if you've done business a certain way for a long time: "A lot of advisors have deep, emotional investments in how they do things, or in their processes or the things they like to recommend."

But implementing the changes that clients propose can be rewarding. Clients who express a concern and then have it addressed effectively tend to become the most satisfied and loyal clients, according to Wershing: "If you can get people to tell you what's on their minds, and then you can take appropriate action on it, you're a 'client magnet.' You're the guy that everybody wants to deal with."

After collecting client feedback, follow up with clients to thank them for their participation, and to notify them of any changes you've decided to make.

"Report back to the people what you've found," Hartman says. "They want to know that you got the information that you were looking for and that you're going to do something with it."

If you have collected feedback through a focus group or CAB, consider following up by sending the participants a thank-you letter, explaining the lessons you learned and the changes you intend to make as a result.

If you solicited feedback from all of your clients through a survey, you could report the results back to clients through a mass email or in your client newsletter. **IE**