



185 Frederick Street, Suite 101, Toronto ON, M5A 4L4

Tel: 416 637 3244 ■ Fax: 416 637 3243 ■ [www.babinbessnerspry.com](http://www.babinbessnerspry.com)

## Ellen's Positive Note #9

The goal of *Ellen's Positive Notes* is to lighten the mood during these difficult times of Covid-19 and to provide you with tools to help you. If you have colleagues in the financial services industry, who do not subscribe to my e-alerts, please pass this along and ask them to email me so we can add them to our list: ([ebessner@babinbessnerspry.com](mailto:ebessner@babinbessnerspry.com)) or Kim ([kmcpeake@babinbessnerspry.com](mailto:kmcpeake@babinbessnerspry.com)). I invite any feedback or questions or comments or other ideas you have for this new weekly column. Here it is... and **stay safe – please!**



## How to build client trust during the pandemic and beyond

**This pandemic is an opportunity to build trust by showing clients your value**

**By Ellen Bessner, BABIN BESSNER SPRY LLP**

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Building trust is key to maintaining long-term relationships with your clients. Trust is complex, both in its definition and in determining how to earn it.

Trust plays an important role in building a successful advisory business. There have been many studies on the subject of trust, including a recent one released by the CFA Institute. But I thought I would give you my personal insights based on my experience both as a consumer of financial advice and as a litigator, as I have seen many client-advisor relationships go wrong, leading to client complaints and litigation.

Further, just like advisors, portfolio managers and insurance agents, I, as a litigation lawyer, have to build trust with my clients to have a successful business. I share with you here my views on how to build and maintain trust with clients, both through this pandemic and beyond.

The following aspects of trust are essential to satisfying clients:

## Transparency/information

Are you transparent in everything you do? Does your client understand the information you've provided? No matter how transparent you are, if the client does not understand the information you're giving them, he or she will never be informed.

Uninformed clients, at best, will leave you. At worst, they'll complain or sue. They'll either learn something that surprises them, or the market won't cooperate, and the client, not having understood your choices, will be disappointed with how their portfolio is performing.

Client trust can be a double-edged sword. Some clients do not want to take the time to understand the information you give them. They cut meetings short, saying they are not interested in the details and that they trust you, albeit blindly. But these are the very clients who, in my experience, turn on their advisors because they never understood what they were investing in, the cost of it and the reason for it. These clients may wake up one day and decide that they no longer trust you and, because their communication with you was either nonexistent or opaque, they will not hesitate to turn on you and issue a complaint to the dealer or regulator.

Surprised clients sue and complain. Even if you wanted to be transparent with information that your client never understood, that client may come back to haunt you.

Clients who do not understand and refuse to take the time to review information, including their statements (see the Investors Guide at the end of my book, *Communication Risk*, which explains this in more detail), pose a significant challenge for advisors.

How to resolve this? To build trust, you need to get into the head of each client and understand why they do not want to learn enough to understand. Do they lack the confidence, so that even with explanations, they will never understand? Or are they just so busy meeting other obligations that they do not prioritize spending the time to understand the information you've provided?

It takes time and patience, both for you and your client, to understand why your client does not want to become informed. You need to use your probing and listening skills to figure this out. Then, once you understand the problem, you need to use your sales skills to convince your client that they have the capability to understand the information you're providing.

For unsophisticated clients who don't have the time or patience for long explanations, give them information in small bites. Start with their statements and provide them with explanations so that they understand what is in their portfolio, why it is in their portfolio and what it is costing them. That way, when they receive their statements, they can at least understand them. If your client is sophisticated but doesn't take the time to understand, find out how they can best digest the information quickly — in writing or in person? Also find out their priorities and adjust the information to their needs.

Clients are not all the same, so if your efforts to be transparent and your manner of delivering information is cookie-cutter, you'll be unlikely to convey the necessary information and the client will not feel that you are being transparent.

How is this different during this pandemic? We do not have in-person meetings, so for those clients who do not learn well with written communication, you will have to consider video conversations. While emails may be good for some clients, other clients may not read them, or if they do, they may not understand them. You should be doing more hand-holding during this pandemic. With the increased communication, you should be in a position to understand each of your clients better — how they learn, what information they need to understand and stay calm and how that information can be most effectively and efficiently conveyed.

## Authenticity

For me, authenticity is extremely important. If I don't feel my advisor is being authentic, I will not trust him or her. By authentic, I mean that the advisor is genuinely interested in me as a person, as opposed to just seeing me as another person they earn money from. Do they actually know me, my values, my personal story and my financial needs, and advise me accordingly? Or do they have a pre-set agenda with a group plan that doesn't account for my individual needs? When we talk, do I feel they are "present" and engaged, or distracted and uninterested?

During this pandemic, authentically caring about how your client is doing and referring them to methods of managing their stress or other problems can be appreciated. I have several clients who reached out to me just to talk — not about their files but just to have a call to keep in touch and talk about how we are. While I am very busy attending to clients' billable work, I have spent about half of each day talking to clients to make sure they are OK and to learn how I can help them resolve any issues. I refer them to what I am doing to manage stress: stretching ([yoginimelbourne](#)) and my bedtime routine, which includes a bath (I mix Dr. Teal bath beads with Epsom salts), meditation and reading a novel (not the newspaper, which I used to do before bed each night). If I miss my bedtime routine, I don't sleep as well. I truly care how my clients are coping, and this goes beyond legal advice.

I was happy with how my advisor approached matters. I am not someone who needed hand-holding through this pandemic. I know what is in my portfolio, I have a long time horizon and I actually had too much in cash at the time the pandemic hit. I have referred many people who are close to me to my advisor. I was happy when they told me they had each heard from my advisor, who was helping them manage their stress. I then reached out to all my advisors to make sure they were doing OK. I also reached out to my hairdresser and others who I knew would be suffering through this pandemic.

## Putting clients first

There are many opportunities to put clients first. I believe that in my law practice, I do this every day — from the first encounter I have with someone, before they even become a client, until their matter is concluded.

I evaluate a client's needs when they first call me to assess whether they are best served at our law firm and by me. If the matter is better served outside our law firm (e.g., if it is an estate administration matter), I will send the prospect to another lawyer with that expertise. Could we have figured the issue out in our office? Of course, but it would not have been the best option for these prospective clients.

I also consider whether another lawyer in my office would be less expensive and perfectly suited for the client's matter. If that is the case, I explain that I can help, but I provide my hourly rate and the rate of the other lawyer, whom I would be supervising. I would make more money if I serviced the client myself, but for less complex matters, it might not be best choice for the client.

There are many ways you can show your client that you are putting them first. You can explain how different products are comparable and the one you've chosen is less expensive. If your client is a "buy and hold" client and charging them a commission, rather than a fee, is better for them, you should recommend this.

During this pandemic, there may be ways that you can help clients reorganize their finances, especially if you are a financial planner, to reduce their costs to cope with less or no income. Further, if you know particular clients are having a harder time than others — for example, the ones who live alone or who have been harder hit financially — you may need to check in with them more often. Emails may not be enough.

## Value

I could have suggested cost was among the most important aspects to build trust, but I think it is value. What is the client getting in return for the cost? Are they getting an authentic, caring advisor who communicates in a manner they need? Are they getting returns consistent with what was discussed? Are you following through with what you promise? Are you going beyond just investing for the client and discussing other things, like a personal continuity plan? When the client suffers a setback, like losing their job, how do you help them through this hard time?

The pandemic is a great opportunity for you to show true value to your clients. Get on the phone and make sure your clients are doing OK. Talk about more than just the markets and how their investments are doing.

If you think this is a big job, you are right, but trust is earned, and it can take a lot of work. This pandemic gives you the opportunity to improve both your process and your approach to make you a better advisor. If you succeed, it will pay off in spades.