



# STICKY SERVICES

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## KEEP CLIENTS FOR LIFE IN UNEXPECTED WAYS

**A FEW MONTHS AGO**, two respected money management firms—one bank-owned brokerage and one discretionary investment counsel—made compelling pitches to an ultra-conservative Toronto couple on how they would manage the couple's \$2 million non-registered portfolio. In addition, they had \$1.5 million in revolving debt. Then Rona Birenbaum, a fee-only advisor with Caring for Clients in Toronto, made a recommendation that surprised everyone.

Birenbaum pointed out the 5% interest on the debt was not tax-deductible, due to the way the debt was incurred. She suggested the couple pay off their debt using the fixed-income investments they

already owned. At the top marginal tax bracket, they would have to earn almost 10% interest to equal the debt interest cost, so by repaying the debt, the couple would guarantee themselves an after-tax return of about 5%. This is the guaranteed return the bank was making at their expense, Birenbaum explained.

That kind of advice meant the couple only had \$500,000 left for investing, though—and you can see the obvious conflict. That's the rub in an industry where the compensation structure can make it challenging for advisors to maximize their revenue and provide clients with value. "High-level service and quality advice mean potentially having

a smaller business that is less profitable than one that strives to maximize revenue," Birenbaum says. "[Yet] the couple was properly advised, and when they know that, they become a client for life."

Isn't every advisor's goal to turn all his clients into lifetime clients? When there is abundant competition, with full- and self-service options, proving value means developing an honest-to-goodness, in-your-clients'-best-interest glue that sticks them to you. Indeed, the couple hired Birenbaum to prepare their financial plan, which involved analyzing cash flow; reviewing risk; planning for their estate, retirement, and succession—and investing that \$500,000.

Birenbaum subjects her clients to a fair bit of mediation, along with personal and professional coaching. "If they want me to butt out, I will, but most times they welcome the objectivity and honesty," she says. When one of her clients lost her job, Birenbaum gave her a pep talk about her vast skill set and spent time with her discussing how to network and use online venues like LinkedIn.

"Loyalty comes when clients realize their success is my primary concern," says Birenbaum. "When our clients have newborns or find travelling difficult for any reason, I will gladly make a house call. When clients have a need that can be expertly handled by a member of my professional network, I quickly make that referral."

For example, when clients need lawyers to vet the estate plans she has created, Birenbaum refers her clients to competent estate lawyers in her vast professional network. Typically, she sends instructions to the lawyer to ensure the initial meeting with the client is productive. "The lawyer will let us know if they have additional recommendations we haven't considered,"

she explained. "We ask to see the draft documents prior to the clients' signing. This ensures all considerations in the financial plan are accounted for. The clients feel confident they have an experienced set of eyes reviewing the document before they put pen to paper."

### Caring connections

Circles of influence can link you and your client together. Connecting her clients to other professional advisors enhances Sandra Glaze's relationship with her clients, too. Glaze, a Waterloo, Ontario-based PFP with Armstrong & Quail, knows she's providing a value-added service to clients when she brings another professional advisor into the fold. She works with a bank in town for investment lending and mortgages. "They don't poach my clients," she says, adding she doesn't receive compensation from the bank for the referral—she just asks

the bank to do what's in the best interest of the clients. "Clients can compare rates between my bank and theirs so they can power-play the banks. I hand them the tools so they can make the decisions that work for them." Glaze works with her clients' accountants, too, especially during tax season. "I always ask permission to speak to other advisors, and by working with them, we enhance what we do for our clients."

Glaze speaks at such a rapid pace about her work you can feel her energy and passion bursting through the phone. She speaks of clients as if they are family. Many of them have been with her since she became an advisor in 1996. She knows the money side of the business, but says clients also like the feeling they get when she connects with them on a personal level.

Two of her clients are sisters aged 75 and 85, who enjoy finding dolls at garage sales, making them new clothes and sending them to children in third-world countries. Recently, the sisters bought a computer so they could try online banking. The first call they made was to Glaze, who went over and helped them get access to their accounts. "These two girls call me for the little things," she says. "Should I buy a recliner? Should I put in a fence?" Glaze believes her clients are sent to her for a reason, so she doesn't base her level of service on the size of their portfolio. "I know [the sisters] don't have a lot of extra money, so I hired someone to do their taxes."

While this might be going too far for some advisors, Glaze says she simply cares for her clients as people. "Am I overstepping my bounds? I don't care, because I have to live with the consequences of my recommendations. Managing risk plays a major role in the solutions I suggest for clients," she says. "Clients will never say to you, 'Stop, you are making me

## ATTRACT THE BEST

**Kay's Fit Meeting Process lets you find out if your prospect is a match**

- 1 Set the tone for an open exchange.**  
Make the meeting a space free from judgment. Let the prospect know you are prepared to address her needs.
- 2 Demonstrate why and how you differentiate yourself from other planners.**  
Briefly explain why you chose your business model and how it impacts your clients' lives. "Your level of success is directly related to your level of belief," Kay says.
- 3 Discuss expectations.**  
Make sure your clients know what you expect from each other, as well as preferred communication methods.

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continued from page 13 too much money.’ I make a difference in my clients’ lives, just like a nurse or a doctor.”

### Give and get

“I think karmically,” says Michael Kay, a CFP based in Livingston, New Jersey. “I do pro bono work, referred by friends or members of the clergy, for people who need financial advice but have an inability to pay. We’re in a helping profession and if we can help someone gain stability and financial direction, we will.” Kay does just that, even though his investable asset minimum is \$750,000.

After attending George Kinder’s “Seven Habits of Money Maturity” workshop and adopting the processes of Money Quotient, a non-profit organization that develops tools for financial advisors, Kay realized clients want four key outcomes from a trusted advisor: “A consistent experience; something that feels done on purpose, not cobbled together; to feel special; and to feel they are being heard.”

This list sounds like Advisor 101, but for almost five years before adopting life planning, Kay dealt with his clients an inconsistent approach that focused mainly on traditional planning methodology. “There was a disconnect because clients didn’t trust us [enough] to give us the information we needed or tell us their concerns. Clients need to develop trust before they will open up to their truth. Plan results were inconsistent because the relationship focused on gathering numbers, not understanding.”

To gain the kind of access he needed

**“Loyalty comes when clients realize their success is my primary concern.”**

—RONA BIRENBAUM

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### 4 Promote interdependency between client and planner.

When there is an active exchange of information, success is more likely because both parties have ownership.

### 5 Demystify the planning process.

Explain the process, timelines, who will be involved, and why.

### 6 Initiate the assessment period.

Both you and the prospect should “sleep on it” before moving forward.

### 7 Wrap up; decide how to move forward.

If you don’t want to move forward, tell the prospect respectfully and with a referral to another planner.

Source: *The Business of Life*, Michael F. Kay

to be a better advisor, he overhauled his traditional financial planning business to become one committed to holistic life planning. It’s a concept becoming increasingly popular among advisors seeking to build deeper relationships with clients. “Life planning is not touchy-feely,” says Kay. “What is touchy-feely about knowing your client? The CFP Board of Standards demands that advisors know their clients, and that goes beyond the numbers.”

Doug Lamb, an advisor and president of PlanWare Inc., says in this era of financial planning, advisors have to work harder to keep clients loyal. “If you are doing real planning with clients, you’re involving yourself in an emotional part of their lives,” he says. “A financial plan deepens the connection with people and clients are less likely to leave an advisor.” He developed his own financial planning software tool that he can use on all his clients, no matter the size of their wallet—even the smaller accounts. Refreshing? Yes. Approaches like this address a Charles Schwab billboard seen in Newark airport: “I want someone in my corner. Not my wallet.”

Kay uses a circle of influence to enhance service offerings and keep clients loyal. He has a psychologist within his financial advisory practice to observe and facilitate client meetings. “I bring her in on an *ad hoc* basis to help me stay connected to the client and offer the best experience,” he says. During a meeting with an elderly prospect, who came bruised from a bad broker experience, the psychologist noticed the woman appeared confused and disconnected from the questions Kay posed. “The psychologist paraphrased my questions to make sure she understood what I was asking the prospect,” Kay says. “The repetition and rephrasing helped the prospect understand and feel more comfortable. The psychologist is the extra set of eyes and ears while she listens to the conversation.”

Kay’s team takes a multigenerational and expertise-based approach with clients. Depending on the age and needs of clients, one or a team of their five full-time advisors, two associate planners and three support staff partners deliver personalized service to 200 client families with a combined portfolio of \$150 million. Talk about high-touch and high-stick potential: with a combination of e-mails, calls, letters and meetings, Kay’s team communicates with its clients up to 24 times annually. But Kay actually lost a handful of clients when he moved to a life-planning model. Some clients wanted nothing to do with financial planning and Kay wouldn’t force-fit them to his practice.

Preparing in-depth financial plans is how Karin Mizgala, a fee-only money coach and CEO of Money Coaches Canada, spends her day. Her nine money coaches are based in B.C., Alberta and Ontario, and all but one are women. Their clients—women and couples where the woman often started the relationship with the **continued on page 16**

continued from page 14 advisor—are either struggling with debt and cash flow or are going through life transitions such as marriage, divorce or retirement. “We are interested in clients as people first,” Mizgala says from her home office on Salt Spring Island, B.C. “We help them organize their money so they can support their life.”

It would seem Mizgala has a corner on the female market, though she wouldn’t characterize it that way. “We take a real educational approach,” she says. “Clients come to us in fear or with a lack of understanding or confidence. Our language, communications and style are geared toward this group.”

Her clients, often highly intelligent and successful businesswomen and power couples, need handholding

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— MICHAEL  
KAY

around cash flow and debt management. Some of the firm’s clients are those left in the lurch, she says. They may have a bank advisor but not enough net worth to warrant deep service. Others found her by attending workshops held by an associated entity, the Women’s Financial Learning Centre, or from the Centre’s newsletters and podcasts. She says people read and listen for years and become clients when they need the money coaches.

“Knowing we are educators first has been a huge success factor,” she says. “We don’t want to do the implementation. We separate advice from investments.” Based on the complexity of the case, she sets the client on an up-

to-four-month plan to implement new strategies and change banking arrangements. “They need support and guidance along the way. When we feel they’re ready, we release them so they can operate on their own.” She leaves the plan’s execution to the low-fee investment advisors to whom she refers her clients, sometimes joining them in meetings.

Investment advisors who know Mizgala love her for this. In fact, they refer their clients right back to Money Coaches Canada, knowing that firm’s intervention will stick together and strengthen their own relationship with their client. “Advisors refer to us because we can help clients get a better handle on their money and the advisors don’t have to focus on planning,” she explains. “After clients work with us and return

to their investment advisors, they ask better questions, have more realistic expectations and act less emotionally. Clients [then] have a better, smoother relationship with their advisor.”

Like Kay, Mizgala began her career as a self-described “traditional” advisor, and spent 15 years preparing plans and selling investments. She switched to selling unbiased education and advice six years ago. “So often clients nod their heads at their advisor but they really don’t get it,” she says, describing her inspiration to do her work. “The horror stories we hear are amazing. My distant family member is leaving her advisor because all he does is show her charts and graphs, which only frustrates her.”

When Glaze sits down with clients, she makes them consciously aware of what they want their life to look like. “When they rattle off their wish list, I sometimes respond with, ‘I’m Sandy Glaze, not Sandy Claus,’” she says, laughing. “I am no miracle worker.” For

example, her 62-year-old client wanted to retire and tour the world, but Glaze discovered she would have had to take up a part-time job to do so. Glaze asked her if that’s how she wanted to live. Instead, the client delayed retirement by three years, giving her enough cash to travel to the Panama Canal. “People need someone to talk to outside their family. They need to feel safe and advisors can be safe for clients. I coach and take a personal interest in my clients.”

### Fishing for feedback

Birenbaum says by understanding a client’s circumstances and personality, she can offer a truly personalized experience. She measures her success by politely fishing for feedback, a meaningful way to gauge value. The responses didn’t surprise her.

“Rona understands that money doesn’t exist as a separate entity,” says client Catherine Basaraba, a designer based in Toronto. “My decisions around saving versus spending are really about my hopes and fears, my perception of myself, [and] my worries about employment. When I ask her whether I should spend money on a trip, she knows that I’m really asking, ‘How do I gauge the value of this experience? And if I don’t do it now, will I be capable of it later?’ She reminds me not to be afraid to enjoy my money in the present, as well as to save it for later.”

Advisors can elevate their business simply by nurturing their client relationships, developing a sincere and deep understanding of their clients’ circumstances and life, breaking down barriers of fear so clients feel comfortable talking to them about what they don’t know and building trust so clients feel safe, not judged. It’s harder to put into practice, but it’s possible.

“You are important to them if you want to be important to them,” says Glaze. <sup>AE</sup> **AVARI**