

Investment News

Questions to consider before changing firms

Key factors: whom to target, who will come along and who will provide support

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Although the numbers vary based on who is doing the reporting, there is no question that the Panic of 2008 has led to the Migration of 2009. Whether a move is forced upon them or self-initiated, more financial advisers have changed firms, opened their own practices or are thinking seriously about these options than ever before.

I have talked to quite a few advisers to find out how marketing factored into their decisions and subsequent planning, and almost all have told me that it simply didn't. Between legal, operational and client concerns, they didn't have time to consider the marketing implications.

In this column, I highlight the three marketing questions that advisers should think about before they move. Next month, I will look at marketing after the move.

The first question that advisers must address is, "Whom will I serve?"

Even though concentrating on a target audience is a cornerstone of most successful practices, advisers have managed to build practices without answering this question.

I spoke with an adviser who had recently left a bank to open his own practice. He told me that his target audience was people between 40 and 70.

Told that this was too broad for a target and pressed further, he said that two-thirds of his clients had actually been referrals from the bank. Although he was obviously aware of this, he didn't have a plan to replace this referral source.

Your target audience will be the focus of your marketing activities, so you want to be certain that your new situation will allow you to offer the products and services they need. Make sure that you have taken into consideration what is important to them and that they will be comfortable doing business with you in your new incarnation and location.

The second question is, "Which clients will come with me?"

Generally, the advisers I spoke with said that it took longer than they expected for clients to move — 12 to 18 months rather than six to nine — and that they ended up with about 30% less in assets than they had initially hoped.

These advisers had, of course, given a great deal of thought to which clients were likely to move. Usually, they had based it on their assessment of their relationship with the client, feedback from the client over the years, whether the client made referrals and how the client's investments had performed.

All that is a good start, but there are some additional considerations and actions that an adviser should take:

- Be prepared to “sell yourself” to your clients again. Your clients may not only have other advisers with whom they work but a short list of advisers they know who have stayed in touch and asked to be considered if they ever moved their money. Make sure your clients know your philosophy, what they can expect in terms of service and why they should stay with you.
- Reassure those clients who don't like change. Acknowledge their concerns and increase their comfort level by pointing out the things that won't change — your relationship, expertise and service. Ask how you can make the transition easier for them.
- Focus on the influencers in your niche. Ask for their advice and help so that they are invested in your move. Be sure that when others ask if they are moving, they will say, “Of course.”
- Try to break bread with the spouse of every client who is important to your move. If, for any reason, a client doesn't want to move, the easiest excuse is that his or her spouse (whom you don't know) isn't in favor of it. You may still need to address the reason that this client doesn't want to move, but you have removed this easy out.

The third question is, “Who will support me?”

Making a move is a big step, and having the right people in your corner can make the difference. Turn to your professional network, mentors and clients, and create an advisory board for your new business.

When selecting the members, you will want to consider who can open doors for you, provide additional resources, if needed, and be a good sounding board. There is often a temptation to try to pack the board with names that are known in your community.

That is great, as long as the people will also be the smart, connected cheerleaders that you will need.

This advisory board will become crucial when it comes time to start your marketing after your move.