

Growing your business in a rampaging bear market (part 2)



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In this article I look at a five more tips to help expand a business in these trying financial times (see issue 443 for the first five tips).

TIP SIX – MAINTAIN YOUR OWN CONFIDENCE IN THESE TROUBLED TIMES.

It is very difficult to reassure your clients when you are apprehensive and nervous. Your clients are relying on you to provide rational advice and support to them, through good and bad times, so make sure you follow your own advice. Just as you advise your clients, so I am advising you – don't get sucked in by the propaganda. If you are finding it difficult to do this, go back to tips three and four, and speak with colleagues and other advisers you hold in high regard. If you are feeling overwhelmed, don't be afraid to seek additional help from outside the industry.

It is hard to maintain confidence when your whole day is filled with scared, worried clients, but you have to. These are trying times and clients need your leadership and direction.

TIP SEVEN – DON'T FORGET ABOUT YOUR STAFF.

Just as clients get worried reading the propaganda about markets, so do staff. Advisory staff should be delivering a consistent message to clients, but it is also important for non-advisory staff to be educated on what is happening in the markets and the likely effect it will have on clients, business and them personally. In fact, this is an excellent way to practice your client conversations. If you foster open and honest communication with your staff, you may find they will voice thoughts and reactions your clients are not telling you out loud, but are nonetheless thinking and often discussing when they leave your office. You may discover you are not articulating your comments as well as you may think, and this will give you the opportunity to change your conversations.

TIP EIGHT – IF YOU HAVEN'T ALREADY, GET SYSTEMS AND PROCESSES IN PLACE AND MAKE SURE YOU FOLLOW THEM REGARDLESS OF WHAT MARKETS ARE DOING.

Now is as good a time as any to engage some external assistance to focus on your practice management issues and ensure you

are running your practice like a business and running at peak operational efficiency.

You know there are certain things that must be done in order to deliver effective advice to your clients:

- client information needs to be gathered and maintained effectively,
- implementation of recommendations needs to be handled in a timely and accurate manner,
- client portfolios must be invested according to their personal objectives and risk profile,
- investment portfolios must be constructed using robust methodology and sound research, and
- clients must receive the ongoing service they have been promised in return for the ongoing revenue you receive.

The only way to ensure that all the right things happen for every client, regardless of the state of the market, is to have well-defined processes in place and ensure your staff follow them for every client.

TIP NINE – DON'T STOP MARKETING FOR NEW CLIENTS.

Whether your marketing plan is as simple as asking your clients for referrals or as active as advertising, remember that now, more than ever, clients need good advice. They may have an adviser who is not following these 10 steps or they may have felt they could manage their affairs themselves until market reality hit.

Take the opportunity to obtain new clients, but do not be tempted to promise what you can't deliver. No adviser should be promoting a value proposition that they can get better returns for a client in today's market, but a promise of helping people make smart decisions in times of financial turmoil is attractive and deliverable.

TIP 10 – BE WISE WHEN REDUCING YOUR OVERHEADS.

In a declining market, many planning businesses experience declining revenues, so it is prudent to reduce your costs where possible, however, ensure you keep your eye on your long-term business plan when doing so.

The last area you should look at to reduce costs is in your staff. While wages are

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probably the largest liability in your business, the people and activities they represent should also be your largest asset. Advisory staff should be busier than ever, communicating with your existing clients to ensure they will remain clients of your firm, and potentially meeting with new clients, but they can only do this if effectively supported by administration staff, who are critical in delivering a positive and consistent experience to the client.

Consider the risk of losing clients and compounding your revenue loss if a smaller team does not have the time to maintain client service standards. Consider also the costs and difficulties you will face in recruiting and training new staff when the market recovers.

If you are looking at areas to cut your overheads, ask your staff for their suggestions and assistance. You may be surprised at the overall impact of seemingly small things like managing wastage of client refreshments or printing in black and white. You may also find your staff will actively seek more efficient ways to deliver services and you will be able to lift your capacity for new client revenue without raising your costs.

For the doomsayers who say we are experiencing occurrences in the market that the world has never seen before, I say you're absolutely right. But also remember, that before 2001 we had never seen global terrorism at such an extreme level as to use aeroplanes as weapons of mass destruction. If you look back at each recession and bear market in history, many of them were sparked by brand new issues. What we do know is that recessions end and the markets will recover.

Above all else, remember what clients pay you for. Financial advice is not about selecting a portfolio of investments, it's about educating clients, and helping them identify and then work towards their goals. It's about keeping them steady and providing the voice of reason when markets go wild and helping them follow the well-proven fundamentals of prudent investment – boring but successful. This is about as tough as it gets. I say to you what you should be saying to your clients – this too, shall pass. «