

## Defining your Carriage Trade Client Experience

In the movie, “It’s a Wonderful Life,” George Bailey (played by Jimmy Stewart) is discouraged on a particularly bad day and contemplates suicide. An angel, sent to get him back on the right path, decides that it would benefit George to see what his home town of Bedford Falls would be like if he had not lived. It is easy to predict that the town was much better off thanks to the impact of George Bailey.

George did not understand his impact because he had not made grand gestures. He created a tremendous impact on the town through a thousand acts of kindness throughout his life. The angel’s gift to George was to show him the impact of those small acts on the town.

In your practice, you create your client experience through many small acts also. The experience you provide is created by every encounter between you and your clients. A *Carriage Trade Client Experience*, is achieved by consciously defining each encounter to achieve the optimum impact. That optimum impact is achieved not in the grand gesture, but in a thousand tiny acts of superior service.

### **Carriage Trade**

The term “carriage trade” dates to the days of the horse and buggy. In the early 1900s, merchants began serving their best customers by going out to their carriages rather than requiring the customers to come into the stores. They would bring their goods out to the carriage, take their patron’s money and bring the change back out to the carriage. Like those shop owners who found ways to provide an extra level of service; we believe today’s advisors need to meet their clients at the curb. We call that level of service your *Carriage Trade Client Experience*.

Your Carriage Trade Client Experience is a unique offering that is determined based on your skills and interests, and your clients’ needs and interests. To provide a Carriage Trade Client Experience for your clients you have to understand yourself and your clients. To provide a Carriage Trade Client Experience for your clients, you also have to pay attention to details.

Most people understand that when they are planning a special event that they have to pay attention to the details. When planning a high end client event, you want to use an appropriate invitation, you want table clothes on all the tables, you want a more formal setting, and you may want a gift to help them remember the event. When inviting a few friends to watch the Final Four or the World Series, you can send a text email invitation, you may not need to put a table cloth on the snack table, some of the guests may be seated on the floor, and they are more likely to bring you a gift than you are to provide a memento for your guests. Different events call for a different atmosphere and a different protocol.

It is just as important to pay that much attention to your client experience. Whether your clients demand caviar and champagne treatment or prefer donuts and coffee treatment, the experience you provide your clients begins with the first contact and continues until the relationship ends. That can be a long time for you to maintain your “game face,” for you to maintain appearances with your clients. You can make it easier to maintain appearances by working with clients that align with your natural style and by creating systems that will deliver many of those thoughtful acts you are providing your clients.

If you provide your clients with a thousand thoughtful acts during your relationship it will build a stronger bond. A few simple ideas that would be thoughtful acts include:

- Reminders of your meeting with an agenda a couple of days in advance.
- Summaries of your meetings to make sure you both came away from the meetings with the same perspective.
- Articles (preferably on a non-financial topic) you can forward about the client’s interests.
- Refreshments offered based on the client’s refreshment choice on their last visit.
- Inquiries about a recent event in their lives like their vacation or a change in their family or another topic that is pertinent to the client.

These acts do not immediately and dramatically improve your relationship but many small acts like these combined and repeated over and over gradually will tie your clients to you for life.

### **A Dramatic Affect**

Although creating your Carriage Trade Client Experience will not result in dramatic improvement in your client relations, not attending to your client experience often creates a dramatic negative impact. One client couple thinks their advisor invents a new investment strategy for every meeting; unfortunately, the client does not see any connection between the strategies. On separate occasions, she recommended increasing exposure to emerging markets, bio-fuels, bonds and large cap. Is the advisor really changing strategy with every meeting or is she struggling to articulate the overall strategy that drives these investment ideas?

Another advisor is concerned that his client may leave. Originally, the portfolio was structured conservatively to avoid a recurrence of losses the client experienced with her previous advisor. Unfortunately, over five years of mostly positive returns, the risk tolerance of the client changed but the risk profile of the portfolio did not. The client wants better returns on her portfolio. Although the advisor and client met regularly, the risk tolerance of the client was not reevaluated over the five years. This advisor needs to include a periodic reevaluation of risk tolerance in his client service structure.

Financial advisors do a great job of making their practices unique; each practice is different. By paying attention to the detail in your Carriage Trade Client Experience you can create a unique practice that is thoughtfully constructed based on the needs and interests of your clients. By creating that experience thoughtfully, you will be better able to communicate that uniqueness to clients and prospects.

Defining your Carriage Trade Client Experience involves defining five elements, called CAPRA:

- Client Service
- Advice
- Physical space
- Relationship attributes and
- Amenities

The choices you make for your CAPRA can provide your clients with a wonderful financial life. (For more on the elements that make up CAPRA, see the Practice Lifecycle article, “Creating an Emotional Client Experience.”)

### **Defining the Experience**

You can define a wide variety of experiences using those five elements. We will discuss four specific choices in this article that have implications for all five elements: amount of formality, degree of socializing, frequency of contact and style of relationship.

#### *Amount of formality*

The amount of formality in your practice refers to your attire, your décor and your amenities. Depending on your tastes and those of your clients, you choose the formality of your office setting:

- Defining whether your dress code calls for suits, business casual or blue jeans.
- Choosing traditional dark woods, oak or steel furniture.
- Determining whether your refreshments will be served with fine china, stoneware or Styrofoam.

Some of your clients may be seeking a prestigious financial advisor and want you to provide a more glamorous, formal setting. Other clients may prefer that you have a more comfortable setting that allows them to be themselves.

Early in his studies of multimillionaires, Thomas Stanley tells of his preparation for a focus group session in *The Millionaire Next Door*. They rented a posh penthouse on Manhattan’s fashionable East Side. They put together a menu of four pates and three kinds of caviar. They provided a case of 1970 Bordeaux plus a case of 1973 cabernet sauvignon.

During the two-hour interview, the nine multimillionaire respondents shifted constantly in their chairs. Occasionally they glanced at the buffet but not one touched the pate or drank the vintage wines. The multimillionaires thought the choice of refreshments was too ostentatious.

With his focus on millionaires who are “prodigious accumulators of wealth,” Dr. Stanley found millionaires to be frugal and to have simple tastes. He is more interested in a 40 year old who makes \$200,000 in income who has a net worth of \$3.2 million than in a 40

year old who makes \$800,000 in income who has a net worth of \$3.2 million. He is interested in millionaires who are good savers and frugal spenders.

In your practice, you may not be concerned with how frugal they are if they have \$3.2 million in net worth. Or you may be very concerned because your job is to make sure they do not run out of money in retirement. The kind of clients you have—and the kind of clients you want—helps determine how formally you run your office. Would you and your clients feel you are recognizing their worth by upgrading your office and refreshments or would they feel uncomfortable in the plush new surroundings?

### *Degree of socializing*

Some advisors and some clients enjoy socializing; some have only a professional relationship. By aligning how you want to relate to your clients with how they want to relate to you, you can eliminate a source of strain on the relationship. Perhaps that is why your best client is never available for your annual client appreciation dinner; they do not want to socialize with you. You continue to invite them because you want to make sure they know they are welcome. They may see each invitation as a little guilt trip that puts a tiny barrier between you and the client.

Maybe your client who often asks you to lunch is looking for a more social relationship than you are providing. You can be successful socializing with your clients and you can be successful with a strictly business relationship with your clients. You should implement the relationship that makes you most comfortable.

### *Frequency of contact*

The degree of socializing in your practice will of course affect the frequency of contact with your clients. So will the amount of change in your clients' financial situation. A middle manager whose income increases by 3% per year experiences less change than a senior executive whose bonus opportunity is 4 times her salary. That senior executive needs more frequent reviews than the middle manager.

An active investor who uses tactical asset allocation implemented with active management requires more frequent reviews than a passive investor in index funds. A client with a concentrated stock portfolio requires more frequent reviews than a more diversified client. Of course, you schedule substantive contacts your clients frequently enough to satisfy their advice needs.

As you are establishing the number and type of contacts consider how you can be available when your clients have a change in their situation. You want to connect with your clients frequently enough that when their situation changes, you are one of the first people they tell. Some advisors want their most important clients to come to them when they receive a job offer they are seriously considering, when they learn about a substantial bonus and they are deciding what to do with the money, when they unexpectedly need a new car, or when they decide to buy a vacation home. Few advisors want to be in the position of covering checks that have already been written. When your

clients talk to you about changes in advance, you may be able to influence the timing or size of the change to reduce any negative impact on the client's goals.

Plan to have formal contacts with clients frequently enough to meet their advice needs and supplement these with informal contacts frequently enough to be top of mind as their situation changes. These informal contacts can be a telephone call to check in, socializing with the client over lunch or at an event, or sending an article that reminded you of the client (something about their recent vacation, their favorite wine or their alma mater's basketball team).

### *Style of relationship*

Determine how you want to relate to your clients. Structure your office and your meetings to encourage that type of relationship. Surely all advisors want their clients to take their recommendations; they want their clients to be advisor receptive. Advisors differ in the amount of client education, client push-back and client-influenced redesign they prefer with their recommendations.

Some advisors prefer that clients accept their recommendations wholesale without much discussion, others want their recommendations accepted but expect to spend some time educating the client about the recommendations, other advisors are happy to discuss the recommendations with clients and modify the recommendations based on the discussion. Some advisors have gone a step further than this, preparing a few scenarios and asking the client which one seems most appropriate.

The advisor's preference is important in structuring this relationship and so is the client's. Some clients want to be told what to do and do not want to bother about the details. Some want to be an active participant in selecting strategies that will work well. Matching the client and advisor preferences will help lead to successful relationships. (Of course, it will benefit the advisor to be able to adapt to the client's style in some situations as long as the advisor does not have to adapt for every client.)

Advisors can encourage and provide clues to their preferred style as they set up their office and meeting space. Meeting with clients across the advisor's desk suggests that the advisor is in control of the meeting. This would be a good physical layout for advisors who want their recommendations accepted as presented.

Meeting in a conference room suggests a more collegial relationship. The shape of the table and the advisor's position can provide more or less control to the advisor but being seated around a table puts the client on more equal footing with the advisor. This setting will encourage discussion and would be more effective if the advisor wants input from the client.

A more relaxed and open discussion can be encouraged by meeting on a sofa and chairs around a coffee table. This environment might be appropriate for the goal setting discussion when you want your client to feel comfortable disclosing as much detail as possible. For more structured implementation or review meetings, this set up may not be

appropriate. In a structured meeting, a casual environment may encourage digression from the business of the meeting because it suggests a casual approach to the business.

### **A Thousand Acts of Kindness**

Remember that all of these ideas are part of a thousand acts of kindness. They provide subtle shifts in the relationship with your clients, not dramatic improvements. Lacking these details, you can still have a wonderful relationship with your clients. Thinking through the best way for your practice to implement the amount of formality, the degree of socializing, the frequency of contact and the style of relationship will make it easier for you to attract the kind of client that will thrive in your practice and to maintain those relationships over time.

When you plan a client appreciation event, a wedding style invitation invites higher client expectations than a text email invitation. The event is expected to deliver on those expectations. If it does not deliver, it can still be a great and memorable event but it is harder to achieve that outcome.

You establish client expectations for your practice by your CAPRA: your client service, your advice, your physical space, your relationship, and your amenities. Make sure the expectations align with your delivery. When your expectations align with your delivery, you have created your Carriage Trade Client Experience and your clients will have a wonderful financial life.