

Are you *really* listening to your clients?

You will never really know what your clients are thinking – and what they might do next – unless you ask them. Ray Henderson reports.

Melbourne financial planner Dominic Alafaci, principal of independent advice firm Collins House in Melbourne, has achieved many things during his 34 years in the business. He began his financial services career as a registered tax agent, in 1981, and in 1984 started providing investment and superannuation advice, which he continues to do today.

Although he has many professional achievements – including life membership of the Financial Planning Association (FPA) and a regular slot on radio 3AW – Alafaci says a highlight of his career is the feedback he receives from his clients.

He says knowing what his clients really think – good and bad – puts him in a great position to structure his business and his service offering specifically to his clients' needs and expectations.

Alafaci now integrates client surveys into his financial planning process. He says gaining honest client feedback should be part of any successful business, but admits he was apprehensive when he started doing it.

He considered things like: "What if they don't like me?" or "What if the feedback is terrible?" But he also realised that whatever the reality was, it was important that he knew the true situation so he could respond appropriately.

"It's the cornerstone of the development of the business," Alafaci says. "Like a gauge in your car, it measures performance. It's the advice and consulting meter. You can look in the rear-view mirror and look at the past, but I want to know what's happening in my clients' minds, now."

Business reasearch firm Business Health has conducted five CATScan client surveys for Alafaci over the past 10 years, and Collins House is ranked in the top 5 per cent of financial planning practices in the world.

TOP QUARTILE

In the most recent survey, conducted at the end of 2014, Collins House received top-quartile results in all nine key performance areas measured in the survey. This is obviously a great result – but the real benefit is the difference it makes to the business and its clients.

Alafaci says the first benefit is that he uses the clients' views to inform what his key actions should be. One early wake-up call was the rating of Alafaci's review process – the area of his advice offering that was rated lowest by his clients. This might be true of financial planning practices across the total Business Health database, and while Collins House thought it was doing OK in this area, not all clients agreed. As a result, Alafaci completely overhauled his client review process and took some important action, including:

- Allocating additional resources to produce more client-friendly reports
- Scheduling more regular face-to-face meetings
- Producing additional written and verbal communication between review meetings
- Setting a clear agenda for all review meetings
- Involving others in the practice in review meetings.

"From the day of the first survey being conducted it became evident to me that an effective review process and a really good ongoing relationship is what it's all about," Alafaci says.

UNDER A MAGNIFYING GLASS

Regularly surveying clients also puts “everything under a magnifying glass”, and highlights areas or even individuals whose performance needs improvement. In one survey, a number of clients commented on the performance of a specific adviser, which highlighted an issue that otherwise wouldn’t have been apparent.

The good news is that overall, most clients are happy because they receive good service and have a strong relationship with their adviser.

Clients will provide plenty of bouquets to a practice they feel good about, but Business Health CATScan results suggest that in these enlightened times clients are increasingly likely to be frank in their comments. Service ratings, coupled with forthright comments, provide a great platform for business improvement, Alafaci says.

A 2006 study by the Technical Assistance Research Programs (TARP) in the US concluded that 96 per cent of people who have a complaint don’t actually complain but instead vote with their feet. It also concluded that for every person who complains there are at least five others who are dissatisfied.

WHAT CLIENTS REALLY THINK

Rather than “the perception being the reality”, Alafaci says

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the *reality* is the reality, and it is better to know what clients really think than to be left in the dark. He has also found that clients value the fact that he asks them regularly to comment on the services that Collins House provides, and he always provides feedback to the clients about the results.

Because the survey is anonymous, and Alafaci doesn’t know who has responded, he writes to all clients to thank those who took the time to respond, to provide a summary of the results, to highlight areas in which the business excelled in the eyes of

the clients, and to focus on areas that may need improvement.

Alafaci makes a point of commenting on the steps he has taken to improve Collins House’s services.

He says it encourages other

clients to participate, because they know their feedback will be considered and acted on.

He also shares his latest survey results as part of bringing a new client on board and says this is a real positive, as it tells them what existing clients think and highlights the fact that he values their feedback.

“I am amazed at the number of advisers that don’t survey their clients,” Alafaci says. “They may be fearful of the results, as I was the first time, but I can honestly say that this is one of the best decisions I have made which continues to benefit clients and the business. If you’ve never done it, bite the bullet!” ■

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