



Do You Need a Client Advisory Board?

Seeking input from your customers can be more valuable than consulting a marketing guru.

By David R. Evanson

May 5, 2005 - Client advisory boards have helped some financial planners thrive and prosper. These panels usually consist of between four and 12 clients who meet on a regular basis to provide very specific input about the adviser's practice and whether or not it is optimally serving their needs.

There is a rarely spoken belief that advisory boards offer not only terrific input from clients, but also a nice shot in the arm for a planner's marketing effort. The thinking goes that the goodwill the planner cultivates through his or her commitment to improving service induces advisory board members to make referrals.

Is this true?

In fact it is true. But in a Zen-like twist, it is only true if your intentions for creating a client advisory board are absolutely pure. "If you have any agenda for your board other than wanting to serve your clients better, your members will see right through it, and you will do more harm than good," says **Brian Puckett, JD, CPA/PFS of Brian Puckett Retirement Advisors, LLC** (www.puckettadvisors.com).

"There's no short cuts here," says Puckett, who has utilized client advisory boards on and off over the years. "You've got to be ready to hear what they have to say whether you like the sound of it or not, and either act on it, or be able to explain why you aren't."

If this is still the kind of practice that you believe might be effective and add value to the development of your business, here are some practical points to keep in mind for your would-be client advisory board.

First, smaller is better than larger. On Puckett's first board, he had some 12 clients. "It was very, very difficult to listen to 12 people at one time," he says. The optimum size might be half of that, keeping in mind that not all members will attend all meetings.

Second, in terms of frequency, Puckett says he made the mistake of holding quarterly meetings. “It just felt like it was too much.” Much better, he says, is to meet just twice, or perhaps three times a year. And when meeting, Puckett counsels going off site to a hotel meeting room or a private dining room because such a setting adds an air of seriousness to the meeting that helps increase the quality of attention given by advisory board members. He also advises keeping meetings to no longer than two hours. “Your best clients are also likely to be quite busy and not have unlimited time to talk to you about your practice.”

Third, with respect to the conduct of the meetings, make sure you have a detailed agenda, but do not be too ambitious in the number of topics you want to cover. You might be able to get through four topics at a maximum. Some of the agenda items Puckett covered in his meetings included:

- Investment strategy
- New client intake process
- Prospecting
- Reporting and statements
- Quarterly progress meetings
- Charitable contributions and efforts
- Client communications

One neat device that Puckett used in his client advisory board meetings was a transcription service. “Having the transcriber there added to the seriousness of the meeting, showed our commitment to the process, and gave us something concrete to send to attendees after the meeting. And also, when you read the transcripts at a later date, which we always did, boy were they revealing.”

Despite all the work that client advisory boards might create, another way to think about them is in terms of savings and efficiencies down the road. “Over the years I’ve spent my share of time, money, and effort working with marketing gurus who could tell me what clients wanted,” says Puckett. “But I found that if you really want to know what prospects want sometimes it’s a whole lot better to use an advisory board to go straight to the horse’s mouth.”

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