

# Developing Stronger Relationships with Centers of Influence (COIs)



*... “trust is only nourished and developed over time”*

## Developing Stronger Relationships with Centers of Influence (COIs)

When financial advisors collaborate with other professionals — like attorneys, CPAs and insurance specialists — it typically leads to better client relationships and outcomes. Collaboration may also lead to a more enjoyable, higher level, larger practice for you. But sometimes it's difficult to establish sufficient trust with these Centers of Influence (COIs) for the relationship to be productive and fruitful for you and your client.

If you are like many of the advisors we work with, you have a number of questions about working with Centers of Influence. What do they like and dislike about working and collaborating with financial advisors? What qualities are COIs looking for before they'll refer their clients? What is the best way to approach one of these professionals? And what words or phrases make them want to do business with you or make them want to back away?

To find answers to these questions, Loring Ward went right to the source — the CPAs and estate planning attorneys themselves. To help us, we partnered with an expert in communication: Mike Maslansky, CEO of the well-known research firm Maslansky + Partners.

Maslansky moderated a panel of twelve CPAs, estate planning attorneys and an insurance expert to get their immediate feedback and to help financial advisors see what they may be doing right or wrong when it comes to developing relationships. The panel watched videotapes of interviews with experienced financial advisors and reacted in real time to what they liked...and didn't.

### The Panel Profile

- CPAs, estate planning attorneys and one insurance agent (7 women/5 men)
- Each works with affluent to high net worth individuals and small businesses
- In the last three years they have all referred clients to another professional

In this white paper, we will look at the most important findings from this panel and what they mean for how you can build relationships more effectively. You'll also read the transcripts from the videotaped advisor presentations and see what words and phrases worked well, and which ones you should avoid using.

The results challenge many popular preconceptions about working with COIs and provide a new roadmap for building stronger, more productive relationships with all the financial professionals in your clients' lives.

## Gaining Perspective

One of the keys to effective trust and relationship building is understanding where the other person is coming from and what they are looking for. Once you understand this, it becomes much easier to find common ground. Our research provided powerful insights into the key perspectives and perceptions that COIs have about working with financial advisors.

A common feeling among the panelists was that many financial advisors only want to “trade referrals.” As one CPA put it:

*“A lot of times you can’t swing a cat in Austin without hitting a financial advisor or a mortgage broker. They are very plentiful.”*

While this CPA was joking (we hope), she is also making a serious point. Like many Centers of Influence, she is approached all the time by financial advisors seeking to trade referrals and “grow our businesses together.”

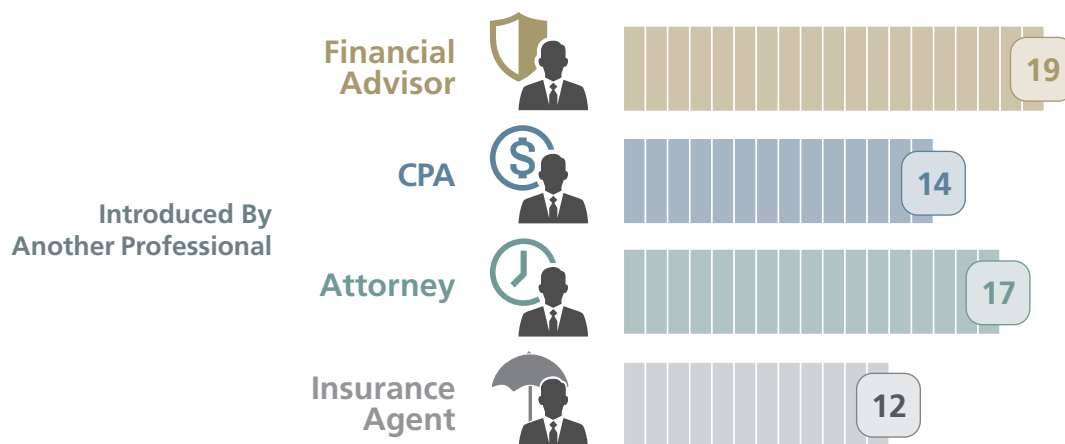
Instead of fostering collaborative partnership, this approach risks turning referrals into little more than a commodity. That’s why “let’s trade referrals” rarely works. It offers little of value, diminishes professionalism and can even make the financial advisor seem slightly desperate. Referrals from COIs have to be earned. By doing what is right for each client and building and maintaining trust with the client and the COI, you distinguish yourself and create a more referable practice.

## Where Investors find their Financial Professionals

When it comes to building your practice, nothing is more powerful than a warm, personal introduction. Most of us know that investors looking for a financial professional typically seek referrals from friends and family. But many investors also turn to other trusted professionals. In fact, 19% of affluent investors recently surveyed found their current financial advisor through an introduction from another professional, such as a CPA, estate planning attorney or insurance specialist. (Many clients also found their CPA, attorney and insurance agent via a referral from another financial professional.)

### How Affluent Investors Found Their Financial Professional

Source: The Oechsli Institute



Additional research by the Financial Planning Association shows that while most financial advisors place a high importance on having a process to maximize Center of Influence referrals, they do not rank themselves as particularly successful at getting those referrals.

Source: FPA Research & Practice Institute, “The Future of Practice Management” Respondent Briefing, December 2013.

Which brings us back to the key question: how can you develop meaningful, referral-worthy relationships, grounded in trust and partnership, with CPAs, estate planning attorneys or insurance specialists?

## The Most Important Lessons We Learned

1. It isn't about you, or the CPA, or the estate planning attorney... it's about the client. Talk less about yourself and your practice and more about how what you do and what you can do together helps your clients. Don't talk about how this relationship will allow you to grow your businesses; that should be an unspoken goal. If you're doing the right thing for your clients, your business will grow.
2. COIs don't generally seek additional compensation or revenue sharing arrangements for referrals. As an estate planning attorney put it: *"My reward for referring to a financial advisor is the good service they give to my client. I don't want anything back."*
3. Rather than position yourself as the "quarterback" or manager of the relationship between you and the client and the COI, be a collaborator, a member of a team working together to serve and advise the client.
4. The best way to get a referral from Centers of Influence is to give a referral to them. That way they get to see firsthand how you work with your clients. They are looking for advisors who take a comprehensive approach, who can create a plan that is unique to each client. Advisors who do this via a defined, consistent client discovery process are more likely to get referrals.
5. Unless the client has requested it or given consent, do not meet with CPAs or estate planning attorneys on behalf of the client without the client present.
6. The two messages that resonated the most with the panel:
  - *I believe in open and honest communication with the client and that we will always work together to develop the best solution for the client.*
  - *It's very important to recognize that each client's circumstances are individual and unique to them.*

## Videotaped Presentations and Panel Responses

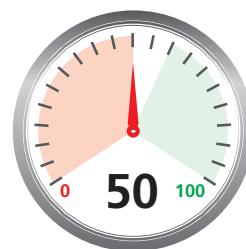
The panelists were each given a hand-held dial, which allowed them to provide immediate feedback on the messages they were hearing. Everyone started out with their dials set at 50 — neutral. As they listened, they turned the dial up if what they heard made them more likely to want to work with that advisor. They would turn the dial down if they had an unfavorable response. Scores above 50 indicated favorable responses, with scores above 60 reflecting a strong positive response from the panel. Scores below 50 reflected negative reactions.

Following are the actual transcripts of what the panel heard.

Sections highlighted in **green** reflect average scores above 60.

Sections highlighted in **red** reflect average scores below 50.

This allows you to quickly and easily see which phrases and concepts worked — and which did not.





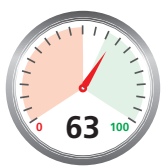
## Topic: Introductions

### Advisor A:

*Hi, I'm a certified financial planner professional and an enrolled agent. I'm an experienced wealth manager, and I believe in a consultative team approach to solving complex client issues. I'm looking for a few similarly-minded professionals to help build a team that will deliver truly first-class service to the clients that we serve.*

*I find too often that financial advisers, CPAs, and estate planning attorneys operate by themselves, when, in reality, a few expert individuals can develop much better crafted solutions to those problems. If we're able to develop a professional rapport, I can be resourced to you and your clients to help you deliver truly first-class service to those clients in the wealth management process.*

*As a certified financial planner professional and **an enrolled agent**, I believe I can add value to your clients and your business by the depth and breadth of the knowledge I possess in the wealth management process. I operate under the same high-ethical standards that you do, and I speak your language. Together, we can craft elegant solutions to complex client problems. I will not be a liability to you, but I will be an additive to the process to help you achieve the best client solutions. In a sense, it will be a forced multiplier, because as you know, two heads are better than one.*



**Average Score: 63**

**Positive:** He was concise and he offered a cooperative team approach. The panel liked how he talked about providing excellent service rather than just talking about himself. He kept the focus on the client.

**Negative:** When he mentioned being an enrolled agent, some professionals saw that as competition.

### Advisor B:

*I'm reaching out today to talk about your business and my business — my firm, that is — business financial planning. We're a local firm that provides best-in-class service to our clients. Our clients consist mainly of small business owners and business executives. We're looking for other firms to partner with, with some of the complementary services that our clients need.*

*Our clients are always in the need of a good CPA, of a good estate planning attorney or corporate attorney, bankers, insurance individuals. So we look to reach out to the community and **match our services with those that can also provide the great service to our clients and work as a team, working towards the common goal of satisfying the clients, but at the same time, growing our businesses together.** Would you be interested in sitting down and having a conversation to see how we may work together?*



**Average Score: 57**

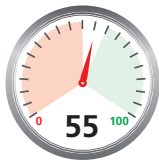
**Positive:** The panel liked the team concept, and how the advisor emphasized that he would work with other professionals to do what's in the client's best interests.

**Negative:** Don't talk about "growing our businesses together." While that is a common goal, it should remain unspoken. The emphasis should always be on doing the right thing for the client.

### Advisor C:

*It's great we were able to meet today and I appreciate it. I have been looking for more people who are doing estate planning for my clients. I find that is an area where they always know they should do it as well as things are, but do you want to go plan your vacation or do you want to go talk about when you die and what happens if you need to have someone take care of you if you are ill and those things? Nobody really likes to do those. I know from your profession it's really tough to get people to kind of pull the trigger and actually come meet with you.*

So what I've found is when I am doing the financial planning process, it really works well because usually the attorney needs to know all the assets, where everything is at, what the account titles are — same with you when you are meeting with a client. Of course, you are getting all that information. And so kind of the natural fit I find for someone like myself, a financial professional along with an estate planning professional, to be able to partner up, it makes it a lot easier for the clients because we can share data, as long as we get their permission of course. That way they don't have to keep asking all the same questions or answering all the same things.



**Average Score: 55**

**Negative:** This advisor seemed to be selling himself instead of keeping the focus on the client and what he can do for the client.

## Topic: Trust and Protecting Clients' Interests

### Advisor A:

*Trust is the most important in our industry or in any profession, and our reputation is built on that trust — our reputation with our clients and our reputation with those other professionals that we work with. It is our goal and our ability to achieve that with other professionals, that if you refer somebody in, and we're dealing with them, not only do we support your recommendations, we're seeking you out because you are the best in your class, because you are somebody who's an expert in the area.*

*We don't just partner with anyone, and we've done our due diligence on you. So we're going to stand by that. We're also going to let you have that lead in that relationship, if you so choose. Some of the people choose to pass the lead on to us and let us manage that relationship — that's fine as well. We can partake in either role.*



**Average Score: 66**

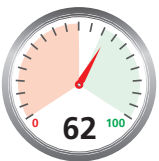
**Positive:** The advisor began by discussing the importance of trust, which is critical for collaboration and referrals.

**Negative:** Be careful about giving out compliments when you don't know each other yet; it comes off as insincere. Instead of saying “dealing” with my client, say “working” with my client. “Dealing” makes it sound like there are problems, while “working” with a client or “helping” a client is more positive.

### Advisor B:

*In order for you to give me one of your clients, you have to have tremendous trust. And trust is only nourished and developed over time. So that's why I invite all the Centers of Influence that I'm visiting with to come in on the interviews and after a number of interviews sitting with the client myself and yourself, you're either going to learn to trust me or you're not going to trust me.*

*And the thing that you have to understand is that the truth has a grace attached to it. People know what the truth is, people know when they're dealing with someone that they can trust, but it takes time to do that. You can't just walk in and say, “Would you give me some of your clients, I'll do a good job for them?” That doesn't work. You have to show them who you are.*



**Average Score: 62**

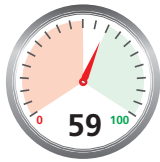
**Positive:** The team approach and working together.

**Negative:** Rather than saying, “Give me one of your clients,” say, “Trusting me with one of your clients.”

## Advisor C:

*When you are referring somebody, I know a lot of people in the legal community like to always give three referrals to people and say, “Hey, you pick.” In some respects, if you really think about it, it is like saying, “I have no idea but here are some people I know.” I almost think that’s worse. I think it is actually better if you are starting to work with somebody closely, that you don’t necessarily have to give those three referrals. It is more of a real referral if you are saying, “Hey, this guy is good, this guy is okay, or this guy can help you this way.” If that is something you need, then let’s go from there. But one of the big things is, the most critical item when working with other professionals is having communication about where things are at. If I refer somebody to a mortgage broker, I want to know what the status of the loan is, if there are problems, if there are issues going on.*

*So as long as we have let the client, I have special disclosures that say, ‘yes we can go ahead and share information.’ So that way legally we are okay there. But making sure that they are both on the same page that the client is being served the best that they can. So, if you are saying that they should move this brokerage account to a Trust account versus an individual or joint account, we are going to do that but not only that we will let you know when it gets done, that it gets correctly titled. A lot of times I will actually even verify with the attorney. I will say, “This is how we are going to name it. Is that the right spelling, and right phrasing and everything?” That way you know that it is being done right and also that your client’s actually getting it done, because it is kind of silly for them to do a Trust and then not fully implement it and get it all set up. So that is kind of one of the ways we work with each other.*



**Average Score: 59**

**Positive:** He is going to be proactive to make sure things are done properly. He gave specific examples which demonstrate his experience and understanding of the process.

**Negative:** Do not expect to be the only advisor on their referral list when they know two or three who do an outstanding job. They like having options so they can let their clients choose who they would like to connect with. The chemistry between a client and a financial advisor is important.

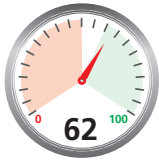
## Topic: Why Work With Me/Overall Benefit to The COI

### Advisor A:

*Our goal as a firm is to run a simple and elegant wealth management practice. Because of that we are very process oriented and we like to work very closely with our professional partners, both CPAs and attorneys. And for CPAs, like the practice you have, we provide tax overviews every year that gives the complete run down of our clients. What investments they have, what kind of tax documents they can expect, and contact numbers to those particular providers. And also, other products that might affect their taxes, like long term care insurance, 529 plans. Our clients really love the aspect that we work so closely with their professionals to manage their lives, so a lot of times we can talk directly with professionals and not even have to worry with the client until there’s specific information needed. And we love to bring that top of value, not only to our clients, but to the other professionals we work with.*

*The first step in us working together is to see if our chemistry and our values are compatible and to explore that we’re just in the beginning. We want to make sure that the partners that we work with are the right fit, not only for us but for them also. After reviewing the different options we look at the best ways to manage that relationship. We tell our clients that not only do we plan their wealth, and manage their wealth, but we manage their professional relationships. Because of that we have an advanced team that we meet — for every client we have their CPA, estate attorney, life insurance specialist, and wealth manager in one room taking about them. The clients love that, knowing that all their professionals are collaborating together to make their future even better than they could ever expect.*





### Average Score: 62

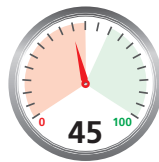
**Positive:** Working closely with professionals to help the client.

**Negative:** Be careful about meeting without the client, unless that is how the client prefers it. Take it on a case-by-case basis since some clients want to be at every meeting and others don't. When advisors say they are "managing their professional relationships," it alienates the other professionals. Instead, use a team approach, where everyone is working for the same goal.

#### Advisor B:

*What you get out of it is, you see, that all of us have certain pieces that we deal with, whether it's the CPA whether it's the attorney. I see to a great extent from the other advisors' point of view that it is a mechanical process of preparing documents and by adding a person such as myself, you're going to be adding someone that's going to be able to take that client by the hand and walk through life with them.*

*Everything that we do for people... what goes around comes around. And so, I work with one CPA (he's not a CPA, he's an accountant) but he came to me and he brings all kinds of people to me. And we work together, he sits in on every interview with me, which is really terrific. I introduce him to an attorney and he works with the attorney and he is so appreciative that he has found somebody who cares for their clients as we do here.*

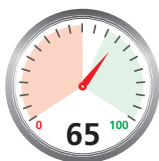


### Average Score: 45

**Negative:** Make sure you don't inadvertently diminish the roles others play. There is more to being a CPA or estate planning attorney than filling out forms. As one estate planning attorney put it, "I'm not a form jockey!"

#### Advisor C:

*As a certified financial planner professional and an enrolled agent, it is my responsibility to act in a fiduciary manner. This means always putting the client's interests first. I believe in open and honest communication with the client, and that we always work together to develop the best solutions for the client. It's very important to recognize that each client's circumstances are individual and unique to them. So although there are many tools available in the financial planning arena, we will always search for the best tools that fit the unique client circumstances. Not one tool fits all clients' or all circumstances.*



### Average Score: 65

**Positive:** The panel liked his focus on customized plans for each client: "What I like from the financial advisors that I trust is that ... [they] are thinking about what they are doing and giving unique advice to each person."

# Best Practices

When it comes to working more effectively with Centers of Influence...

## *Do This...*

Suggest breakfast or lunch for your first meeting

Get to know each other on a personal basis — find out about their family, outside interests, etc.

Be respectful of their time (especially during tax season for CPAs)

Work together as equal team members on behalf of the client

At the initial meeting, focus on what you do for your clients and how you can work together

Accept that these professionals will likely give referrals to more than one financial advisor

## *Not This...*

Ask for a meeting during business hours

Only talk about your business

Ask for a meeting with a CPA during March or early April

Take over as the leader and diminish the others

Present a “hard sell” about your experience and skills. Make it all about YOU.

Expect to be the only financial advisor they refer to

## Conclusion

Now it's your turn to let the lessons learned help you work more effectively with your clients' other trusted professionals. The more you can see from their perspective, the more you'll be able to talk about the things that matter most to them.

Based on what you discovered here, you may find it useful to take some time to rethink the way you introduce yourself to Centers of Influence. Maybe you need a completely new approach, or maybe you just need to make some minor changes.

Consider audiotaping or videotaping your introduction and then imagine how the panel might have responded to your message. Would their dials be moving up or down?

We think the best thing we learned is that whether you're a financial advisor, a CPA or an estate planning attorney, if you're focused on doing what's best for the client, everyone wins.

# Appendix

## Tips For Working With Tax Professionals

CPAs play a pivotal role as a member of your expert team. Not only can they advise your clients on a wide variety of tax issues, they can also be an excellent source of referrals. Working with CPAs requires that you understand the dynamics of their business, and understand that much of their schedule revolves around the annual tax deadline calendar.

Respecting that there are times throughout the year when contact should be kept to a minimum will endear you to the CPAs you work with. Conversely, there are also times when CPAs are less stressed and are willing and available to meet and discuss ideas or strategies to work together more effectively. One of the quickest ways an advisor can alienate a CPA is to infringe upon those times of the year when they are focused on meeting tax deadlines.

The following calendar will give you an idea of when most CPAs are focusing on tax return preparation. Avoid contacting them during these times when they are often working 60 hour weeks (or more).

- **January 1 – January 31:** Payroll tax, W-2s and 1099 preparation
- **February 1 – April 15:** Preparation of Corporate, Partnership and Individual tax returns (or extensions)
- **August 1 – September 16:** Preparation of Corporate and Partnership tax returns (if extended)
- **September 17 – October 15:** Preparation of Individual tax returns (if extended)
- **December 1 – December 31:** Year-End tax planning for Corporations, Partnerships and Individuals

While these are the most common periods of heavy activity, there are other time periods that may be busier, depending on each individual CPA's practice. For example, the above corporate tax-return deadline assumes a 12/31 fiscal year end. Many C- corporations have a non-calendar fiscal year end; these corporations have tax return due dates of the 15th day of the third month after the year end (i.e. a corporation with a 6/30 fiscal year end would need to file by 9/15). CPAs handling corporations with staggered fiscal year ends may have additional periods of heavy activity.

Additionally, some CPAs have many individual clients who pay their taxes on a quarterly basis. If this is the case, they will be busier in the 30-day period preceding the due date for quarterly taxes (4/15, 6/15, 9/15 and 1/15). Many of your clients may fit into this category, especially if they are retired and no longer working full time.

By being cognizant of a CPA's time constraints throughout the year, you can better tailor your communication and meeting opportunities to those times that are less busy (and stressful) to the CPAs you work with.

## Tips for Working with Estate Planning Attorneys

While attorneys are highly paid and well respected professionals, they often view themselves as hourly workers. They know that their income is dependent on billable hours.

Offering to meet with attorneys for breakfast or lunch shows both understanding and respect for their time and their practice.

Like CPAs, attorneys also appreciate an attention to detail. The more information you can gather and sort through beforehand, the easier their job will be. And the more they will value working with you.

Though attorneys aren't quite as tied to calendar deadlines as CPAs are, they do still have busy times of the year, such as toward the 4th quarter when many estate planning transactions tend to occur (like gifting, family loans, etc.). Bear this in mind as you plan your communications.



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