

The Perfect RIA, Episode 62: Beating The Market

The podcast starts with Micah's countdown to his trip to Hawaii and it leads us to a very important question: how to keep your clients happy while you are away. Even though you are doing an amazing job, your clients might wonder why their revenue is not what they thought it would be. They see "Top 10 Funds" signs everywhere around them and it is hard to realize that whatever they try to sell you is just impossible.

That's why Micah and Matthew explain what to do to avoid uncomfortable questions. It is obvious that markets go up and down. It is also obvious that your client will ask you about their returns sooner or later so knowing that, you can prepare for those questions. Micah talks about the importance of reminding the client how the market works, how is it connected with their wealth and what they can expect. He goes into details about strategies on how to do that, how to keep your clients focused when the markets are down and they don't understand what's going on.

Further in the podcast, our hosts give us a piece of advice on how to talk with our clients when they start asking questions. We cannot be defensive. Explaining to your client what exactly happened on their account is a good starting point which will then help you to lead the conversation your way.

There will definitely be clients who will try to compare their accounts and returns to his neighbor's or friend's results. There is always a legitimate explanation for that and you need to be prepared to sit down and walk them through this. Give them examples of what can happen during different situations, show them few probable scenarios and help them understand that the fact their results are worse than their friend's, it doesn't mean it's bad.

Then, Micah and Matthew remind us to be confident in our strategies. Not everything we do with our clients seem like straight from the cover of the magazine and you need to make sure

whatever you are telling your clients, they trust on that. As Micah and Matthew say, you need to believe in what you are telling your clients in order to be able to make it work. You can back your recommendations with your own actions. Show your clients that whatever you are trying to sell them, you would be willing to take up as well. That way they will see you do believe in what you are doing and they will be more open to your ideas.

Action Items

1. **Check your investments.** Go back and make sure your investments mirrors what you are recommending to clients, down to the ticker symbol. While you're at it, find out if your team members are doing the same things, which shows they also believe in the system.
2. **Have conviction.** Don't obsess about each specific ticker or investment you are recommending. Know in your heart of hearts that the strategy or model is the best option for the client, and work on communicating that to them.
3. **Prepare for the worst.** Don't let a bear market catch you off-guard. Warn your clients and explain the plan for when markets go down. You should also be prepared with how you're going to communicate with clients during the situation when it happens.
4. **Give a heads up.** When the markets are flying high, it's tempting to bask in the glow and ignore any looming clouds. Clients should be happy to absorb the gains from a surge, but you also need to warn them about the opposite scenario. If you are sending out a newsletter about a great quarter, use the opportunity to talk to clients about bad ones.