

The Perfect RIA, Episode 88: How Do I Fire A Client?

“Bob and Sue’s great-great-great grandson has a two-thousand-dollar RIA. I have to help them.”

Action Items

1. Go through your clients list. If you are terrified by the thought that some of your clients can call you and you would have to talk to them, you should either fire or graduate them. You don’t need those people. Make space for clients who will value your work and who you will be happy to work with.
2. Create minimum revenue levels and graduate one client a week. Whoever doesn’t fit into your customer’s avatar, in your revenue levels, should be graduated. Make sure you write it down, have a clear path for doing it. Think about how you’ll tell them that you cannot work with them anymore. Make a plan and stick to it.
3. Talk to your team. Ask them who is not a good fit according to them. It isn’t just about you but about your team members as well. Maybe there is a problematic client they know about and you don’t.

In this episode Micah and Matthew are talking about probably the most dreaded topic when it comes to clients – firing them. Sometimes advisors have an emotional connection with their clients so to let them go might be challenging. What is better for the client? What is better for the advisor? If you’re not able to help your client, you’re not able to work with them and therefore, you’re not doing any good there.

Sometimes advisors are reluctant to stop working with a client because it’s someone from their family or a good friend and they just feel weird. Another reason might be that they are trying to get a million-dollar revenue and by letting a client go, they will not be able to achieve that. But, by freeing up that seat, you are freeing up mental headspace for a client that will be a better fit for you.

As Matthew says, there are two types of clients. Those who have to be fired and those who have to be graduated. You should be firing clients who are causing substantial issues to your company, who propose illegal behavior, are abusive to your staff, or disrespectful to you. If you have clients that are just not a right fit, you cannot provide them value, you're not able to help them, those should be graduated.

Having clients who want to work with you, who you are excited to work with is what you should be looking for. If you are in a relationship with clients who value what you're doing for them, you can be committed and give them the best of you. If your client is draining the mental power, they are a detriment to your practice and your other clients.

So, if you have clients who should be graduated, how do you do that? Matthew has a letter that he sends out. You can check it out in the Backstage Pass but it goes more or less like this: "Hey, I'm trying to do my best work for my clients and my family, and I've realized I can't serve you the way that you need, and so I'm resigning from the relationship. And I've found somebody else that you can talk to, and I'll do whatever I can to facilitate the transfer, and I wish you all the best".

Micah has a similar approach, he takes care of his clients. When letting the client graduate, Micah is still a professional. If he sees that the client is doing something that can be wrong for them, he helps out. Every time you are transitioning a relationship, you are at risk of getting a complaint. To avoid that, Matthew facilitates the transfer, refunds all the fees, he is doing everything he can not to give the client any reason to say "Matt, you hurt our feelings".

When figuring out if your client needs to be graduated, the question is not if you can help them but who is it that you deliver the massive value to. You need to find your niche and then match your clients to be able to work best. If you want to have a million-dollar revenue and 100 clients, you need clients with at least \$10,000. So, clients with anything below that number should be graduated because they will simply not help your practice grow. Make sure you fill in your space with people who will be pleased to work with you and who you will be able to help and deliver massive value to.