Morgan Stanley

The Client Experience: Where Everybody Knows Your Name!

Case Study

The Pathak Group at Morgan Stanley

John and his wife Beth[1] both said that they were not dissatisfied with the investment advice they had been receiving from their advisor, with whom they'd worked for seven or eight years.

In fact, they were quite pleased with their three-plus-million-dollar portfolio's average returns.

They went on to say that their advisor's firm was well respected, and that he had a very good track record; and he was the recipient of various awards and had earned numerous credentials.

Yet they were meeting with us because they had decided to seek a new advisory relationship…

Show Me the Money?

People are sometimes surprised to hear a story such as the one presented by John and Beth because it is generally assumed that a client will be happy with their financial advisor if their investments perform well.

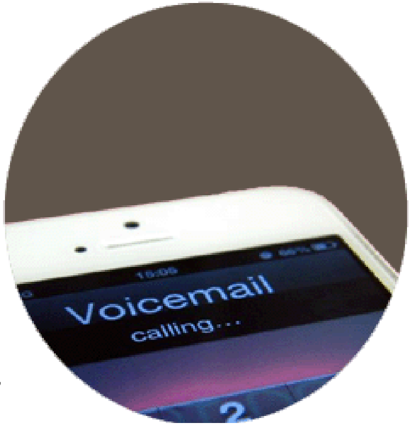
However, statistics consistently contradict this perspective.

For example, a recent study published by Investopedia indicates failure to communicate is the most common reason investors fire their financial advisors.

Similarly, a survey of nearly 1,400 advisors by Financial Advisor Magazine listed the top 3 reasons clients sought new advisors were failure to communicate on a timely basis (72%), failure to understand the client's goals and objectives (51%), and failure to promptly return phone calls (44%).

So, while people may reference poor performance as a catalyst for seeking a different advisor, it seems the more common sources of dissatisfaction are less tangible.

Among these more typical drivers are the little things… the little things that make a big difference in the overall client experience.



These issues might include difficulty connecting with an advisor, either due to cumbersome automatic phone answering systems or to an advisor who seems to always be in a meeting or out of the office.

"It think we most often communicate through voice mail," John had said. "Our guy just isn't accessible."

Another frequently-identified irritant is lack of recognition when calling the advisor's office.

"You'd think that after this many years of working with them they would know who we are when we call," Beth said. "I find it particularly off-putting when I'm asked to provide my date of birth as a form of identification!"

We have learned that a much more client-centric approach is best –

- No auto-answering systems
- Timely responses to questions and requests
- A genuine relationship-driven philosophy of practice management in which everybody really does "know your name" as well as your family, interests, priorities, and preferred method of communication.

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[1] Not real names