Making sense of an absurd arrangement

MERRICK WEALTH

By Peter Merrick

One important thing I have learned while practising financial planning is to always keep an open mind. If you do, you will discover opportunities to better serve your clientele, resulting in a growing practice and increased profitability.

I have always been open to learning from others. There are people accomplishing what we want to be doing, and these individuals can help us achieve our desired outcomes.

There are also others looking toward us to be their mentors. This is best summed up by the Buddhist proverb: "When the student is ready the teacher will appear."

One such teacher for me is Jordan Dolgin, the managing partner at the law firm Dolgin Professional Corporation in Markham, Ont.

Over the years he has been educating corporate clients on how to manage professional fees, a question many grapple with on a regular basis. Why? Quite simply (and this applies equally to accounting practices), a happy client is a client who receives what he or she expects.

So whose job is it to manage those expectations? That would be the service provider — you. It is highly recommended to always undersell and over-deliver to have an enduring career.

When it comes to helping clients manage professional fees, Dolgin recommends that the leading advisor take the initiative to help the client set up an informal 'advisory board.' Think about it for a minute. The typical growing business makes ongoing use of a business lawyer, an accountant and other advisors. But rarely do these individual professionals communicate with each other regarding the client and the different strategies that the client is putting in place with each. When you think about this, it really is absurd.

Let's say the cumulative hourly billing rate of three such advisors is $1,000. Imagine you take the lead and help your client create an informal advisory board of these three. By assisting the client to achieve this, you have proven that you are his partner. The aim of this process is to frame your involvement in the client relationship as the core advisor managing the collateral professional relationships. In essence, being at the centre of all the client's advisory relationships.

How is it done? You help your business clients to arrange four annual meetings (one per quarter) with his advisory board and do it over dinner, says Dolgin. The key is to provide each advisor with a detailed list of questions to consider for discussion at your client meeting. This is not a social event, but a working dinner designed to provide your client with valuable input that they can use immediately in their business. The trick is to walk away with specific goals, future steps and reports on the client's progress at the next advisor meeting, in order to hold the client accountable.

The economics of setting this up for your client are simple. Let's say the dinner is 2.5 hours at a rate of $1,000 per hour, four times a year — the value is $10,000.

Dolgin shares that he has been asked why the client's advisors would agree to give away 10 hours a year for free. The answer is fourfold, he says. First, advisors already have (or should have) an annual business development budget. Second, advisors will get to know the client and their business much better, which is a good thing. Third, advisors will get to know the client's other advisors much better, which furthers their own 'collateral advisor relationship' development. Finally, advisors will directly benefit from new billable projects that flow from these meetings.

So if you aim to be a leader in your client relationships, you should be the one setting up these meetings because you will be guiding the agenda. By taking a proactive step to help your business clients create their own advisory boards, your involvement becomes priceless.

I have participated in several informal advisory boards over the years and they work very nicely.

Peter J. Merrick, BA, FMA, CFP, TEP, FCSI is a trust and estate practitioner and president of MerrickWealth.com a fee-for-service financial consulting firm in Toronto. He is the author of *The TASK – The Trusted Advisor's Survival Kit*. he can be reached at *Peter@MerrickWealth.com* or 416-854-1776.