

BY

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# WEED THEM OUT

Do you cringe when certain clients' names appear on your call display?

We are very lucky to work with clients who are truly a pleasure to do business with. Well, almost all. I'll confess to you privately that there are a few who drive us crazy. Not the ones who are well meaning, appreciative and honest—we'll walk on broken glass for them. It's those few others ...

It's best not to take those others on in the first place—they'll drain your energy, suck you dry and cause you to make mistakes.

Although we had a record year for new clients and asset acquisition, I confess we lost a few, too. Here's the funny thing: of the three clients who are leaving, I will only miss one. The others drove our team crazy. I saw the good in these people but, if I'm really honest, probably only put up with them because I had to. It's my job to do the dirty work with a smile. So, even though it's a hit to the bottom line, life will be happier now.

My fault for ignoring the warning signs when they were new clients. I tend to think relationships will smooth out once we have worked together long enough to build some trust. Often that's true—it's reasonable to expect that clients will have a lot of questions starting out, or when the markets are doing poorly.

Empathy is a necessary quality in an advisor, as is patience. Other times, though, **the necessary skill is to know enough to say no before you get in too deep.** A multimillion-dollar example where I know we made the right decision saying no involves a couple I'll call Bob and Harriet. They were referred to us and hired us to prepare a financial plan, with the expectation that we would help them look after their investments, as well. We did some very good work, and shepherded them through preparing proper tax-planned wills, which took a tonne of time and nearly screwed up a good relationship with a lawyer. Eventually they paid his bill.

We also helped them develop a plan to sell their business at a much higher price than they had expected.

The bad vibes came during both the financial and estate planning processes. The husband pretended he understood everything, and didn't let his wife get a word in edgewise. When it turned out he had much of it wrong, it was always someone else's fault.

Being the eternal optimist, I thought we could still work effectively together, until he started talking about concepts, "facts" and investment manager returns that friends had supposedly told him about. I became concerned that we would always be compared to these mythical and misunderstood benchmarks.

The final straw came when a friend went to work in this couple's store, lasting a month before she resigned. It turned out Bob and Harriet treated their employees very poorly, using dishonesty and surreptitious means to deny them benefits and overtime. No wonder Bob had complained to me that he couldn't keep good staff.

We reluctantly told them we couldn't take on their account or continue advising them. The risks were just too high. This one hurt, as they had millions now and more to come as the business sold.

So, how do you feel good about a decision like that and, more importantly, avoid similar troubles down the road?

Develop some clear criteria for new clients and stick to them (or risk the justified wrath of your team). Look for clients of good character and who can listen. Avoid someone who has had bad experiences with several professional advisors, especially when it was "all the advisor's fault." Watch out for people who tell you about how they hoodwinked the CRA or brag of how they obtained advice without paying.

Always draw the line at anyone who mistreats your staff, even if they are always pleasant to you. That should be non-negotiable.

Stick to your specialty and refer out the business where you can't do an exceptional job. You'll be glad you did. <sup>AE</sup> **HAWKES**