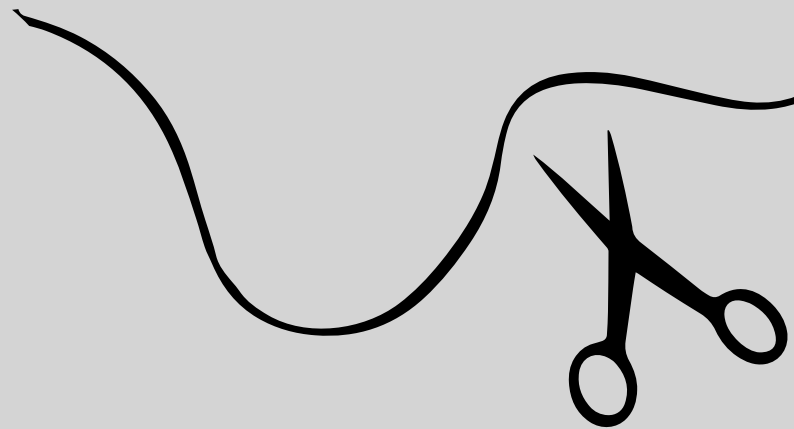


How to Elegantly Disengage



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Sometimes you just have to let some clients go. It's always a difficult decision, but one that has to be made if you want your business to fulfill its potential. To assist you with this process we've created a step by step guide on how you elegantly disengage from clients that no longer fit.



Step 1: Who Do You Love to Serve?

Remember who you love to serve, and keep your focus on the types of clients that fit with where you want your business to go. Yes, there are some emotional and human issues around letting some clients go, but parting ways will be better for you and for the client. Keep your eye on the prize.

It goes without saying that, when you do identify the clients you want to disengage from, it will be done politely, professionally and honestly.

Honesty works very well as a form of communication in my experience. Don't make up convoluted scenarios explaining why you're doing what you're doing. Be as honest as you can be. 99% of clients will completely understand and thank you for your past service.

Step 2: What is Your Line in the Sand?

You've done your client segmentation work, and considered which clients to keep and which need to be let go. Now you need to finalise your line-in-the-sand. That is, the level of investable assets they need to have, or the annual fees they have to generate.

Triple check this now to ensure it's set at the right level.

Your line in the sand is often useful to consider for two types of clients:

- a.) Existing clients**
- b.) New clients**

Some firms elect to keep existing clients at a slightly different line in the sand than they draw for new clients to the firm. This is simply recognising the history and relationship these existing clients have with the firm.

For example:

Existing clients - £100,000 or more of investable assets (or more than £1,000 per year in recurring revenue)

New clients - £200,000 or more of investable assets (or more than £2,000 per year in recurring revenue)

Not all firms do this. Sometimes there is just one line in the sand. Make a decision that you feel is best for your business right now. It can always be adjusted in two or three years time as you grow.

To assist you in that process you might want to ascertain your average client size. You can do that with the following calculation:

Total Assets Under Management (AUM)

= Average client size

No. of client relationships

or

Total annual recurring revenue

= Average client size

No. of client relationships

Step 3: Consider Your Options

Once you've made a clear decision, you'll need to decide how to go about making the changes. There are a few options:

Option a): Sale to another suitable firm

Is it possible to sell a group of clients to another firm who will service them well?

If this is important to you, then get out there and find a firm that is a good fit and eager to take your clients on.

Don't be too greedy on what payment you require in return. Make this a win/win/win deal, for you, the other firm, and your clients.

Option b): Disengagement by letter

This option works best for clients that I call 'low' or 'no' engagement. Often they are small legacy clients that you've inherited or acquired when you've bought other people's clients in the past. There hasn't typically been much, or any, contact with these clients over many years.

It's fine to write to these people explaining that you are resigning as their adviser.

Option c): Disengagement by phone or video call

For clients where a letter feels just a little bit too cold, then a phone call or video call is your next option.

I recommend writing yourself a script for these calls. This helps ensure you stick to the point and keep the conversation tight, polite and professional.

Option d): Face-to-face disengagement

There may be some clients that you are currently servicing, and have an active relationship with, that you want to meet up with face to face one last time.

Again, I recommending creating a tight script or agenda for these meetings, so that you can be clear in your communication.

Other Issues

What if they want to stay?

Before disengaging it's important to consider the options you are prepared to offer the various clients you're trying to disengage from.

The odd client may ask how they can continue to retain your services; regardless of how you've communicated the disengagement.

Be careful with these requests. Naturally, in some cases, just paying more money may get them up to your minimum, and that might allow you to keep them. However, it's not always that simple.

From the client's viewpoint, it may not be in their best interests to pay a new fee level which, for their circumstances, is just too high. If that's the case, it's up to you to let them know that. Make it clear that, even if they're prepared to pay, you can't keep them. It would be unprofessional, and not in their best interests.

A mid-way point might be to disengage with them now, whilst letting them know that if they do have a major issue in the future, they can call you. You would quote a fee for any work at that time. This sort of offer is fine for some clients, but don't make that offer to 300 people.

From your viewpoint, you don't want large numbers of the clients you are trying to disengage from paying more money and staying. I know it sounds like a good problem to have, but to build your ideal business you need clients who you love to serve and to attract those types of clients in the future. If these clients don't fit that criteria you really need them to go (albeit in a professional and caring way).

The current investment proposition needs annual rebalancing

If the clients you are disengaging from are in an investment proposition that needs to be manually rebalanced each year, then you need to come up with a solution to that.

It might be that the firm you sell these clients to will deal with that as they take them on.

However, if you are simply resigning from these clients, you will need to move them across to a self-rebalancing investment option that is suitable, before you disengage.

In that situation, identify the appropriate investment solution and go and see the clients for a face-to-face meeting. You can cover off the investment move and the disengagement conversation at the same time.

Time to disengage

Once you have put all of the above together you will be ready to elegantly disengage, resulting in a better outcome for both you and your clients.

Your Action Checklist

Identify the clients you are choosing to let go

Decide if any of the clients are saleable to another firm or adviser

Sort out any pre-work to be done before disengaging

Divide clients up by communication method (write, phone, face to face)

Create your letters

Create a script for your phone calls or face-to-face meetings

Know which clients you'd bend or flex for (and on what terms)

Know which clients you won't bend or flex for (and stick to your guns)

Create a project timetable

Get started