How to Handle Client Fee Objections

Help Others. Provide Certainty. Achieve More.

CERTAINTY
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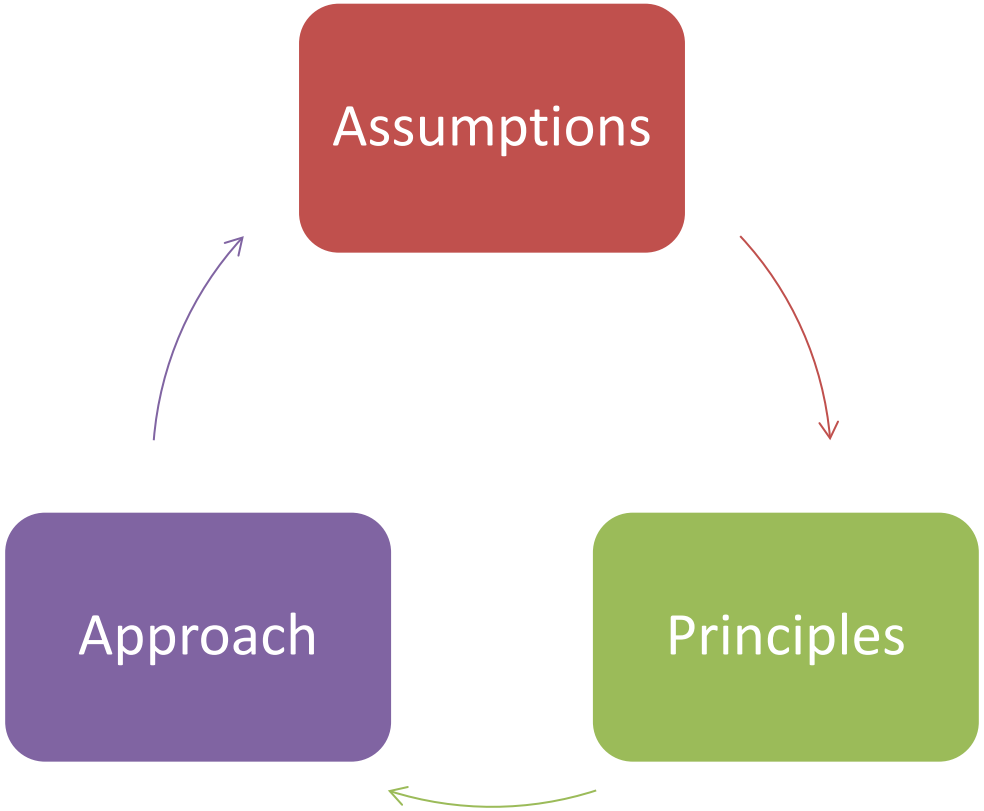
Strategic Consulting & Training Pty Limited trading as Certainty Advice Group

How do I achieve more?

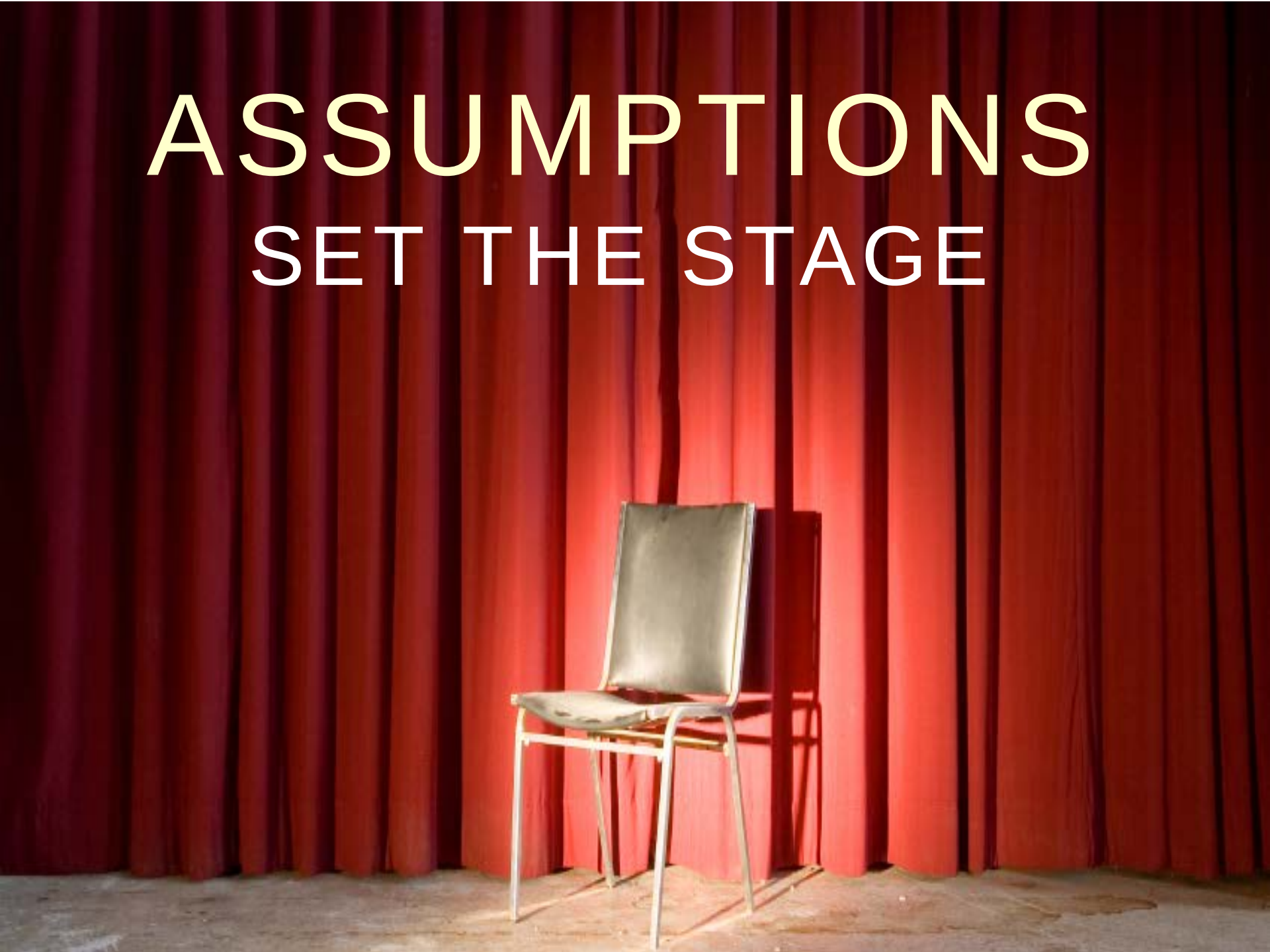
This workshop…



QUESTION:

- What percentage of ideal advice clients are not proceeding due fees too expensive?
- What percentage of ideal advice clients do you undercharge or ‘discount’?

ASSUMPTIONS
SET THE STAGE

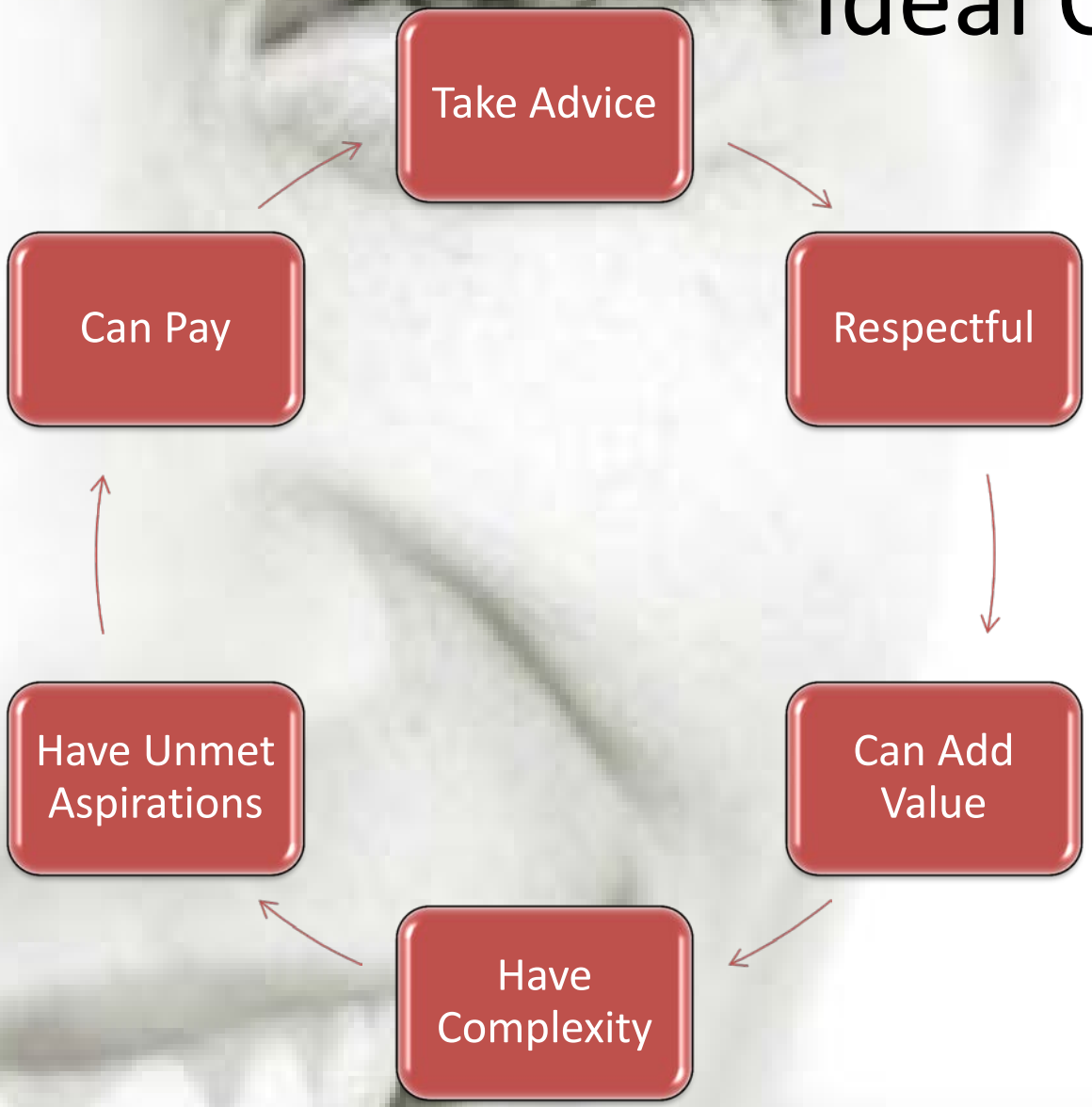


18%***

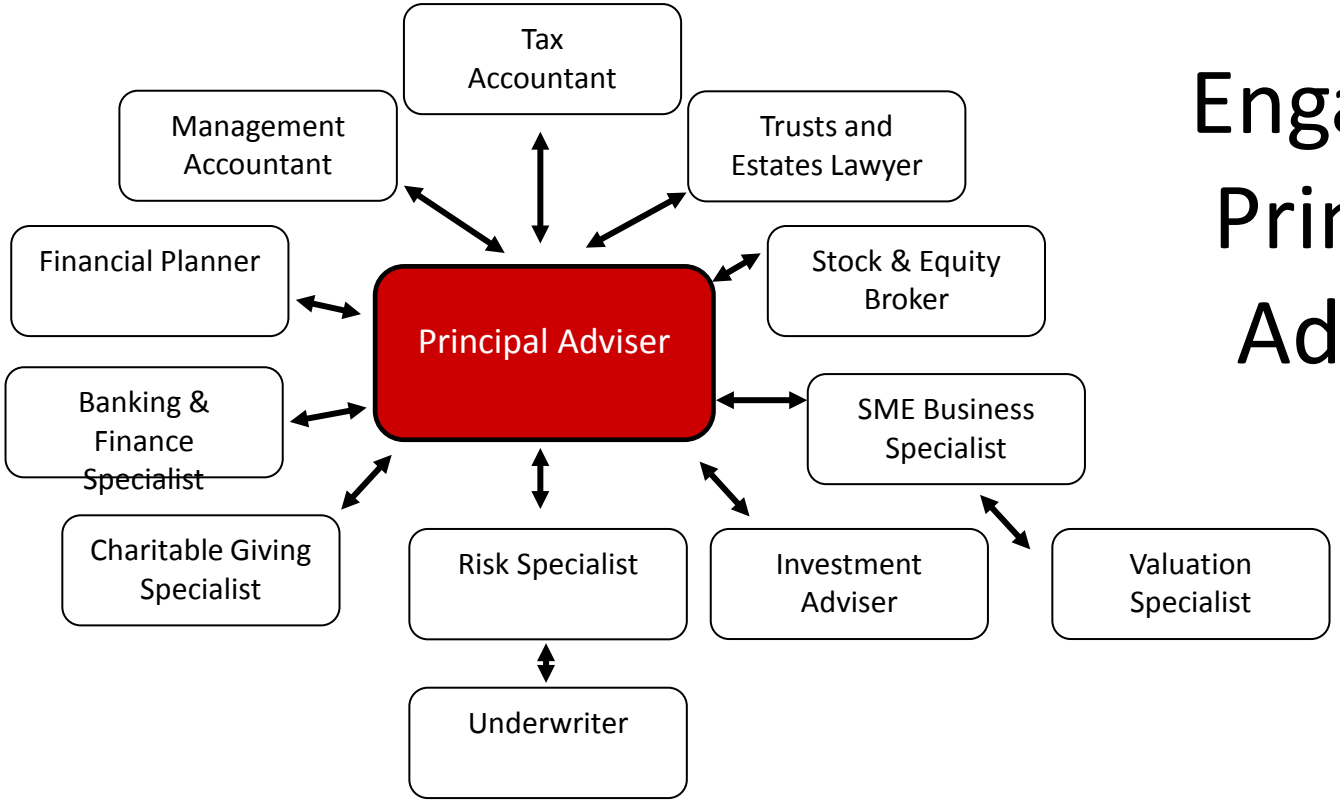
Australians don't trust today's financial industry for advice…

***Only 18% of Australians seek advice from financial advisers (i.e. accountants or planners) SOURCE: Australian Securities and Investment Commission (ASIC) *Financial literacy and behavioural change* – Report 230 March 2011

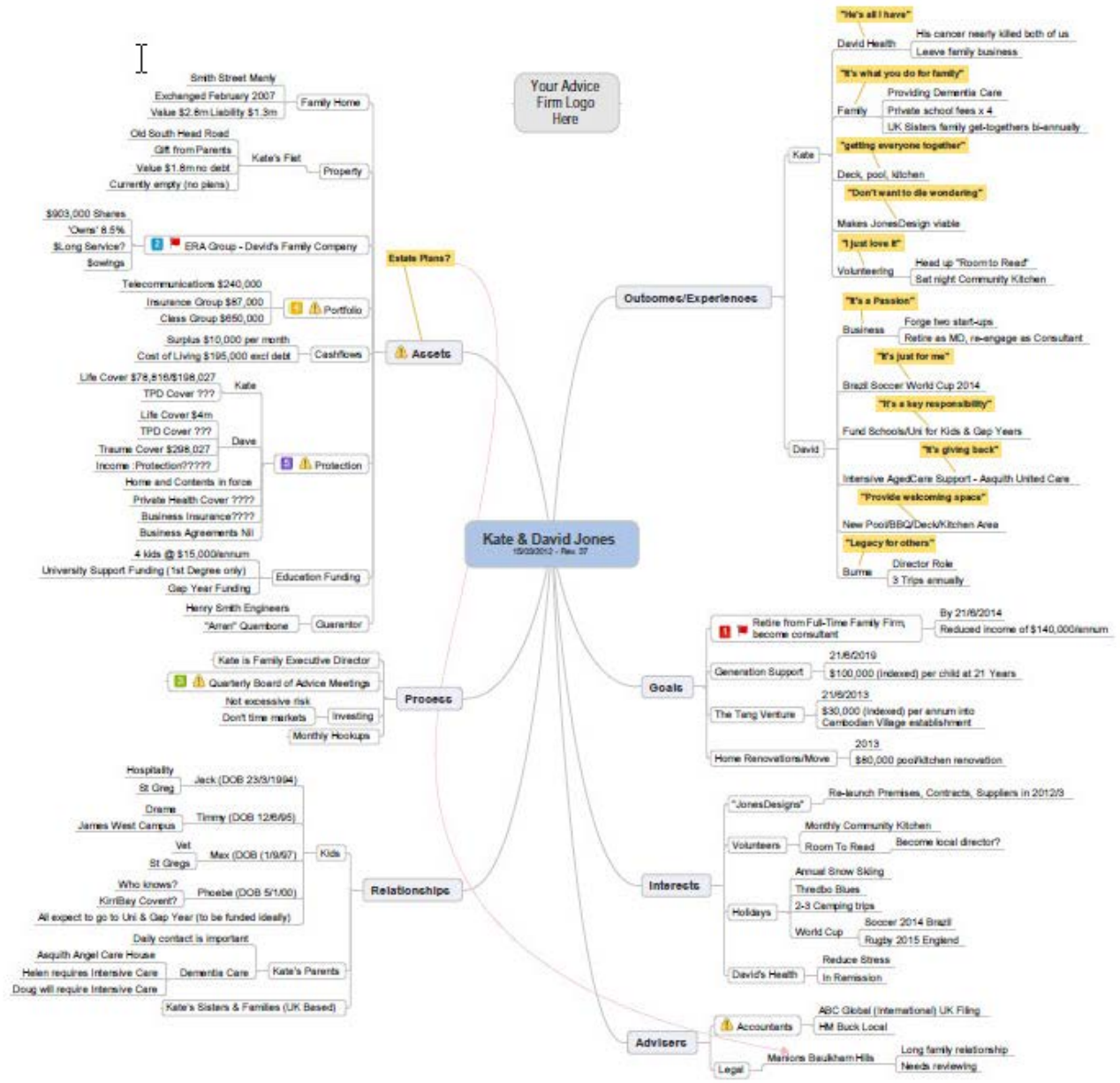
Ideal Client?



Engage as Principal Adviser



SAMPLE - FOR EXAMPLE ONLY

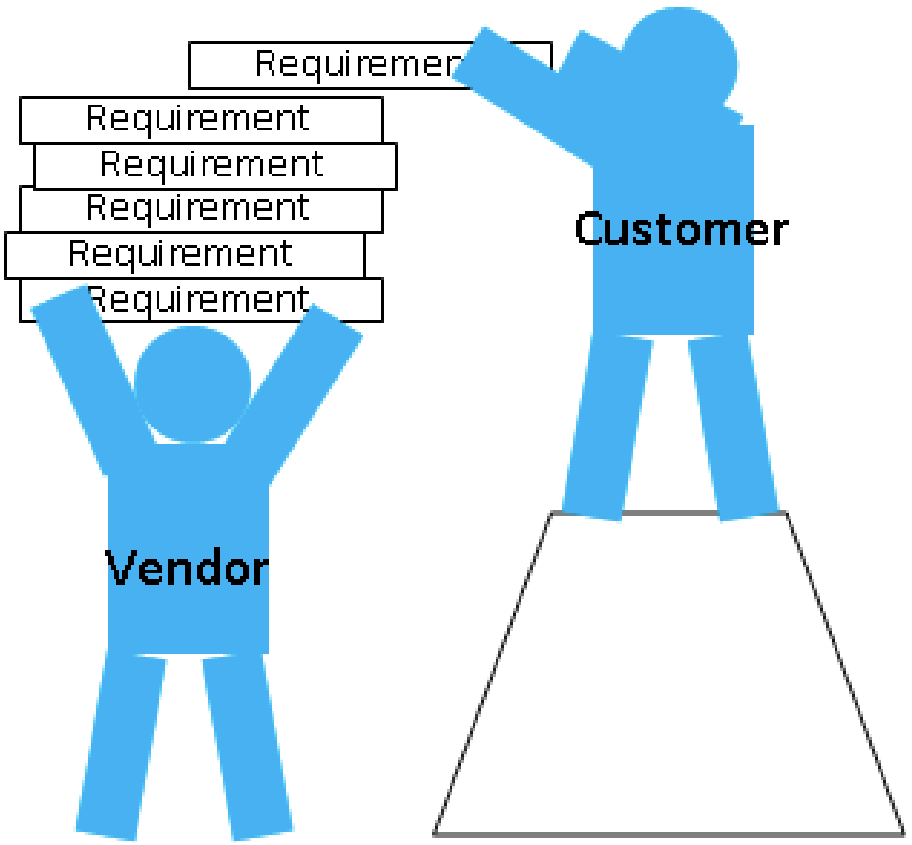


Advice Mapping Your Client's Financial Lives

Engage &
price annually

Avoid cross subsidisation

Price to Grow – NOT Price to win!



Price changes when scope changes

Advice Events

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Advice Clients

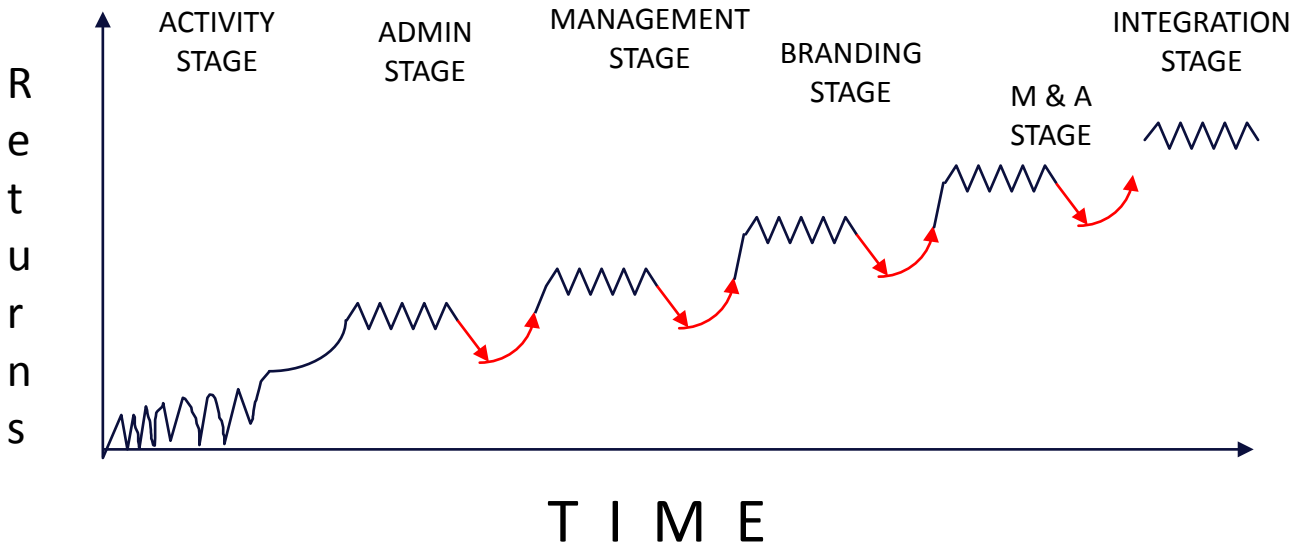
Paid for Worth

Doubt, Fear, Am I Worth it?

Don’t Impress, Assess.

Your clients aren’t different…

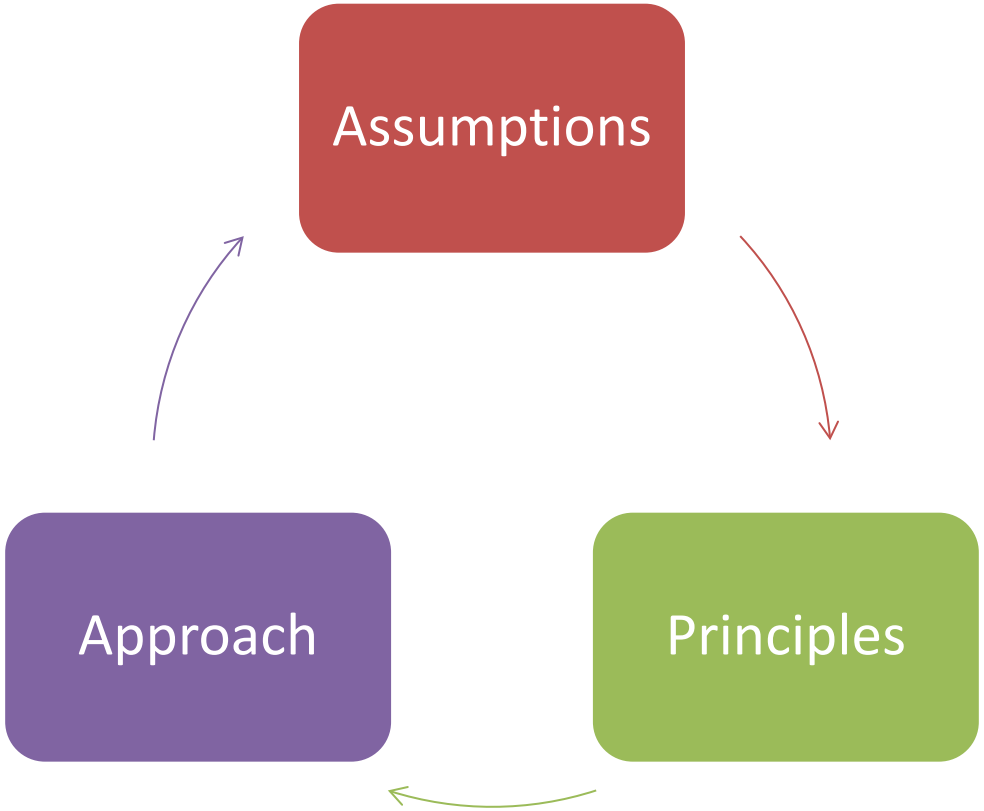
Your growth isn't different…



Any Adviser can do this…

SOMETHING NEW
SAME OLD WAY
WHAT INSIGHTS?

This workshop…



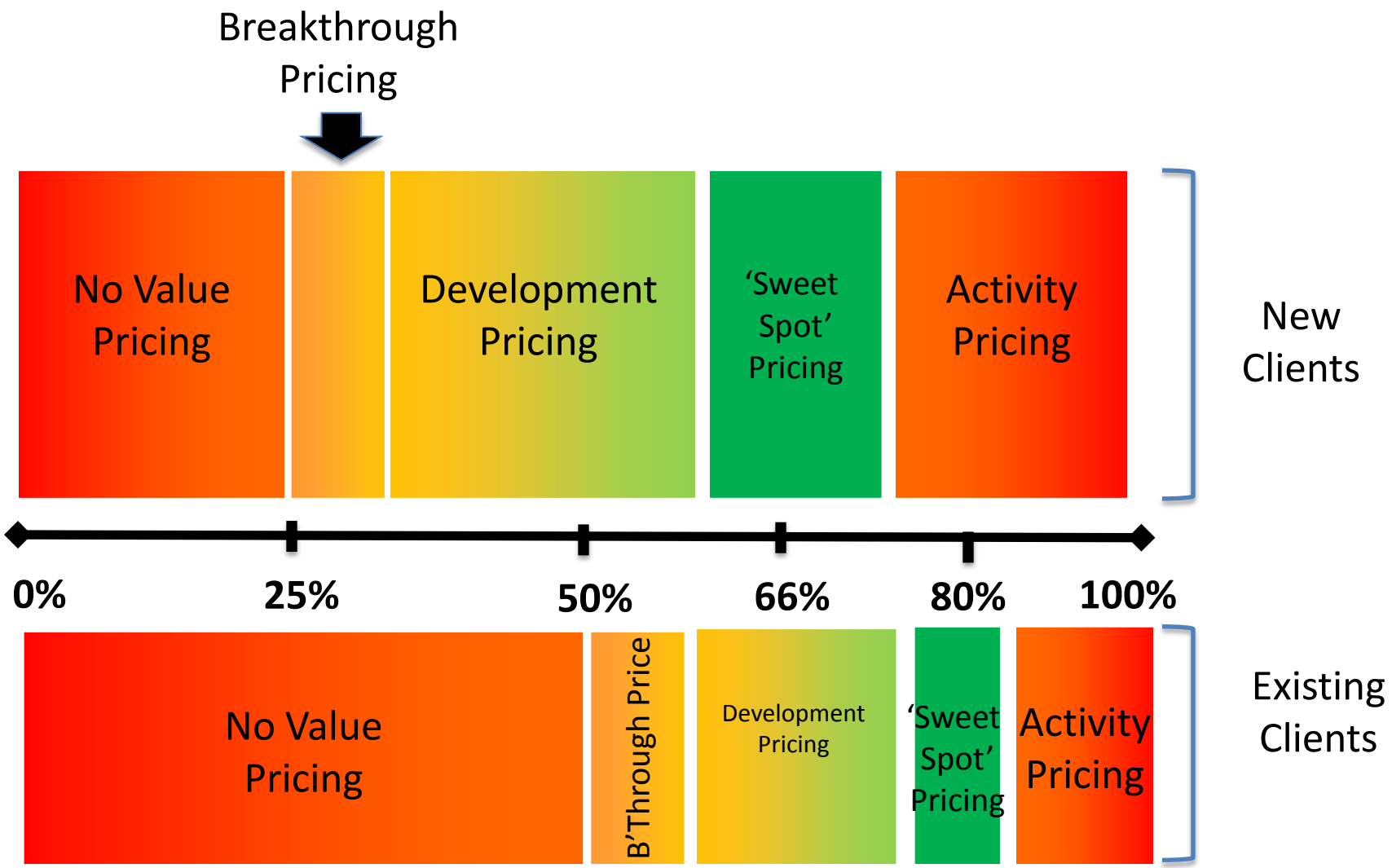
PRINCIPLES

Value isn't attached to your "**what**" or your "**time**" – It's attached to the client's "**Why**"

Trust & Value Your ‘House’ Strategy

The Tension Grid™

Gain/Loss Fee Tension



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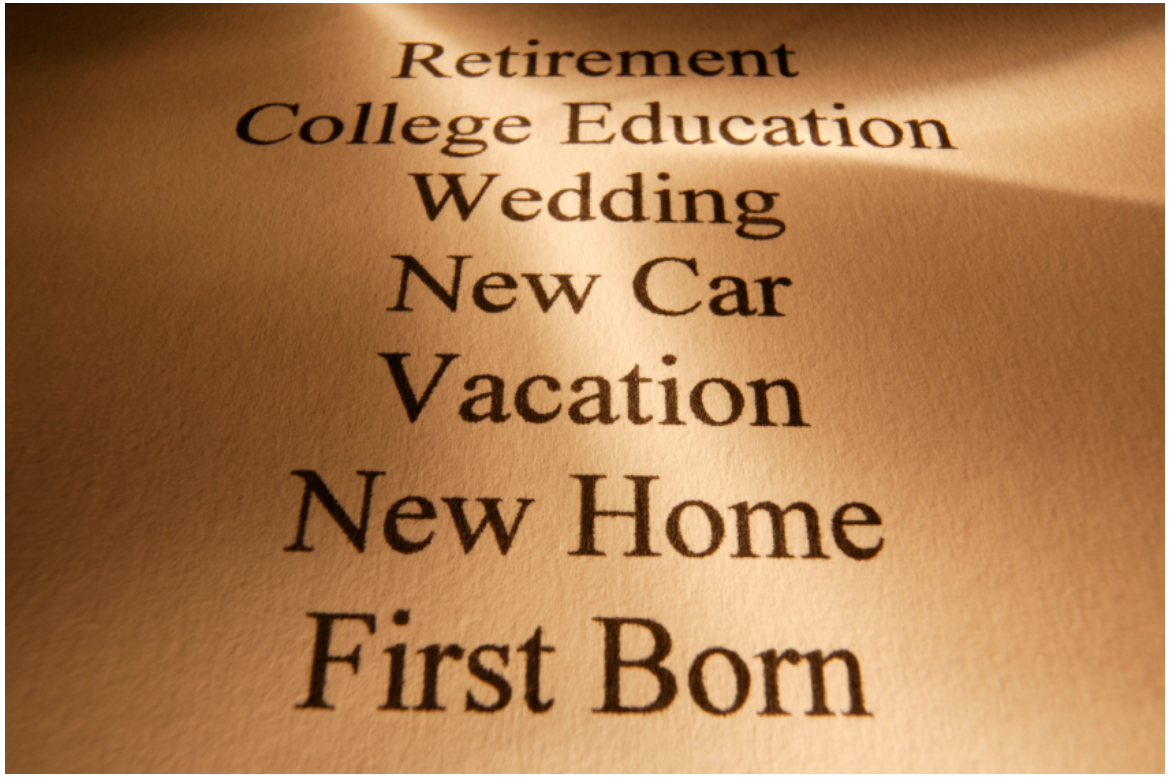

The ‘lifetime’ client myth

Advice clients will confirm your Value…

Learned Helplessness

Loss Aversion

Prospect Theory

SOMETHING NEW
SAME OLD WAY
WHAT INSIGHTS?

APPROACH

Handling Fee Objections

Typical Objections

1. What do we get for the fee?
2. Could you explain to us exactly what you intend to do for the fee?
3. How will we best measure the value of the fee?
4. How does your firm calculate your fee?
5. (Existing Client) That fee is more than we've been paying you?
6. My <external party> said it was too much money?
7. Can we break up the fee into smaller parts?
8. What's the on-going fee?
9. Can you explain your payment terms?
10. We can't afford these fees?

Handling Fee Objections

Typical "Justify the fee" Objections

What do we get for the fee?

1. **Don't Justify – stay value focused…**

   - *We will provide everything we believe is required to maximise your probability of achieving* (state their desired unmet aspirations) *whilst addressing* (state their un-resolved complexities)*;*

2. **Outline probable strategy not detailed tactics**

   - *At the high level, we will focus in priority order on* <outline high-level strategies (i.e. tax, structure, superannuation, estate, cashflow, property, investments, lending, insurance etc…) in order of probable priority>;
   - *As we proceed together and get into the detailed tactics for each of these strategies, we can work as closely as you desire to ensure you are fully aware of the detail surrounding all our work together;*

3. **Re-state value…**

   - *The value of our fee can only be determined by the value to you of achieving the aspirations we've agreed to as per our Terms of Engagement.*

Handling Fee Objections

Typical "Justify the fee" Objections

Could you explain to us exactly what you intend to do for the fee?

1. **Don't Justify – stay value focused…**

   - *All our clients are unique. Whilst we are confident we can provide the services required to maximise your probability of achieving* (state their desired unmet aspirations), *we won't be certain of the exact details until we start our work together;*

2. **Outline probable strategy not detailed approach**

   - *At the high level, we will focus in priority order on* <outline high-level strategies (i.e. tax, structure, superannuation, estate, cashflow, property, investments, lending, insurance etc…) in order of probable priority>*;*
   - *As we proceed together and get into the detailed tactics for each of these strategies, we can work as closely as you desire to ensure you are fully aware of the exact detail surrounding all our work together;*

3. **Re-state value…**

   - *The value of our fee can only be determined by the value to you of achieving the aspirations we've agreed to as per our Terms of Engagement.*

Handling Fee Objections

Typical "Justify the fee" Objections

How will we best measure the value of the fee?

1. **Don't Justify – stay value focused…**

   - *Our fee represents everything we believe is required to maximise your probability of achieving* (state their desired unmet aspirations) *whilst addressing* (state their un-resolved complexities)*;*

2. **Outline a probably strategy not detailed approach**

   - *At the high level, as we focus on* <outline high-level strategies (i.e. tax, structure, superannuation, estate, cashflow, property, investments, lending, insurance etc…) in order of probably priority> *only you can measure the value by your sense of progress towards the agreed aspirations in our Terms of Engagement*;

   - *At a more detailed level, you can only measure the value delivered by all the different touch-points during our work together. As in all our advice relationships, there will be some difficult conversations as well as the good conversations;*

3. **Re-state value…**

   - *The value of our fee can only be measured by your own sense of progress towards the aspirations we've agreed to as per our Terms of Engagement.*

Handling Fee Objections

Typical "Justify the fee" Objections

How does your firm calculate your fee?

1. **Don't Justify – stay value focused…**

   - *Every advice client is unique. We calculate our fee based upon what we believe is required to maximise your probability of achieving* (state their desired unmet aspirations), *whilst managing the issues we identified* (state their complexities) *in your Terms of Engagement;*

2. **Outline a probably strategy not detailed approach**

   - *At the high level, our fees are based upon our experience of similar engagements with ideal clients to whom we provide a comparable range of strategies* <outline high-level strategies (i.e. tax, structure, superannuation, estate, cash flow, property, investments, lending, insurance etc…) in order of probably priority> *to your own;*

   - *At a detail level, we adjust our fees for every client's unique circumstances and scope of work as we have for yours;*

3. Re-state value…

   - *We continually assess the value of our fees by the feedback and engagement from our ideal advice clients as they are the most qualified to confirm the value. This will also apply to you and the value you seek in the work we do to achieve the aspirations we've agreed to as per our Terms of Engagement.*

Handling Fee Objections

Typical "Justify the fee" Objections

(Existing Client) That's more than we have been paying you?

1. **Don't Justify – stay value focused…**

   - *What we used to do was good, what we are now proposing aims to improve upon that. This Terms of Engagement attempts to provide everything we believe is required to maximise your probability of achieving* (state their desired unmet aspirations) *whilst addressing* (state their un-resolved complexities);

2. **Outline a probably strategy not detailed approach**

   - *At the high level, our whole team will focus on your specific priorities* <outline high-level strategies (i.e. tax, structure, superannuation, estate, cash flow, property, investments, lending, insurance etc…) in order of probably priority> *to best achieve your aspirations with greatest possible financial certainty*;

   - *At the detail level, we will continue to work together on specific issues and inevitable un-controllable hurdles* (i.e. life, regulations, markets, innovations) *that will challenge the financial certainty we aim to deliver to you;*

3. **Re-state value…**

   - *The value of our fee can only be determined by the value to you of achieving the aspirations we've agreed to as per our Terms of Engagement.*

Handling Fee Objections

Typical "Justify the fee" Objections

My <external> said it was too much money?

1. **Don't Justify – stay value focused…**

   - *This Terms of Engagement attempts to provide everything we believe is required to maximise your probability of achieving* (state their desired unmet aspirations) *whilst* addressing (state their un-resolved complexities);

2. **Outline a probably strategy not detailed approach**

   - *At the high level, we are different to most firms. It's important that your <external> is comparing apples with apples. Our strategies* <outline high-level strategies (i.e. tax, structure, superannuation, estate, cash flow, property, investments, lending, insurance etc…) in order of probably priority> *represent a broad engagement model to oversee everything required to best achieve your aspirations with greatest possible financial certainty;*

   - *At the detail level, our pricing is transparent. We do not charge hourly rates, take no commissions, no hidden fees or trails and rebate any amounts we receive from suppliers. Having undertaken similar engagements our fees will enable the necessary work on the relevant issues and inevitable un-controllable hurdles* (i.e. life, regulations, markets, innovations) *that will affect the financial certainty we aim to deliver to you;*

3. **Re-state value…**

   - *We acknowledge we might be different to what your <external> may be comparing us to. The value of our fee can only be determined by the value to you of achieving the aspirations we've agreed to as per our Terms of Engagement.*

Handling Fee Objections

Typical "Justify the fee" Objections

Can we break up the fee into parts?

1. **Don't Justify – stay value focused…**

   - *Our fee represents everything we believe is required to maximise your probability of achieving* (state their desired unmet aspirations) *whilst addressing* (state their un-resolved complexities);

2. **Outline a probably strategy not detailed approach**

   - *At the high level, our strategies* <outline high-level strategies (i.e. tax, structure, superannuation, estate, cashflow, property, investments, lending, insurance etc…) in order of probably priority> *combine to achieve your aspirations whilst addressing the identified issues*;

   - *At a more detailed level, removing parts of the whole approach will inevitably reduce the amount of certainty we aim to provide. It can of course be done, but it fundamentally can change our proposition and the value we are aiming to achieve for you;*

3. **Re-state value…**

   - *The value of our fee is the sum of the all the parts we presented in your Terms of Engagement and can only be measured by your own sense of progress towards the aspirations we've agreed to.*

Handling Fee Objections

Typical "Justify the fee" Objections

What's the on-going Fee?

1. **Don't Justify – stay value focused…**

   - *Every year, our fee represents everything we believe is required to maximise your probability of achieving* (state their desired unmet aspirations*) whilst addressing* (state their un-resolved complexities) *whilst understanding your aspirations and issues may change in the future*;

2. **Outline a probably strategy not detailed approach**

   - *At the high level, this year's strategies* <outline high-level strategies (i.e. tax, structure, superannuation, estate, cashflow, property, investments, lending, insurance etc…) in order of probably priority> *might be similar to next year's;*

   - *At a more detailed level, our fees will change, as your scope will inevitably change. However, regardless of the size of fee for this year or next, it must continue to represent value to you at that time. If it doesn't, we won't proceed;*

3. **Re-state value…**

   - *The value of our fee will be represented in our future annual Terms of Engagement. In the future you will develop this sense of value as we jointly achieve current aspirations and progress towards agreed future aspirations.*

Handling Fee Objections

Typical "Justify the fee" Objections

Can you explain your payment terms?

1. **Don't Justify – stay value focused…**

   - *Every year, our fee represents everything we believe is required to maximise your probability of achieving* (state their desired unmet aspirations) *whilst addressing* (state their un-resolved complexities)*;*

2. **Outline a probably strategy not detailed approach**

   - *At the high level, we align the work required to conduct the strategies over the coming twelve months* <outline high-level strategies (i.e. tax, structure, superannuation, estate, cashflow, property, investments, lending, insurance etc…) in order of probably priority> *with your proposed payment schedule;*

   - *At a more detailed level, we simply aim to align our work and your payments for those efforts. Obviously any detailed issue regarding this schedule of payments can be addressed as required;*

3. **Re-state value…**

   - *We are job based not hourly based and we align fees with our efforts. You can only measure the value of those fees by your own sense of progress towards the aspirations outlined in our Terms of Engagement.*

Handling Fee Objections

Typical "Justify the fee" Objections

We can't afford these fees?

1. **Don't Justify – stay value focused…**

   - *Our fee represents everything we believe is required to maximise your probability of achieving* (state their desired unmet aspirations) *whilst addressing* (state their un-resolved complexities);

2. **Outline a probably strategy not detailed approach**

   - *At the high level, the reality is that we don't engage every client we'd like to on our preferred proposition;*

     - *Fundamentally, every engagement needs to represent value to us otherwise we would not be able to deliver on our promises to our clients. We recommend you might consider the services of XYZ who may be better suited for your circumstances;*

     and/or

     - *We can consider an alternative lesser proposition for a reduced fee for the coming year only;*

3. **Re-state value…**

   - *Everything we do at our firm starts with our focus on maximising the probability of achieving our client's unmet aspirations whilst managing their specific complexities. Our fees have to be valuable for you and they have to represent value for us.*

Handling Fee Objections

Typical Objections

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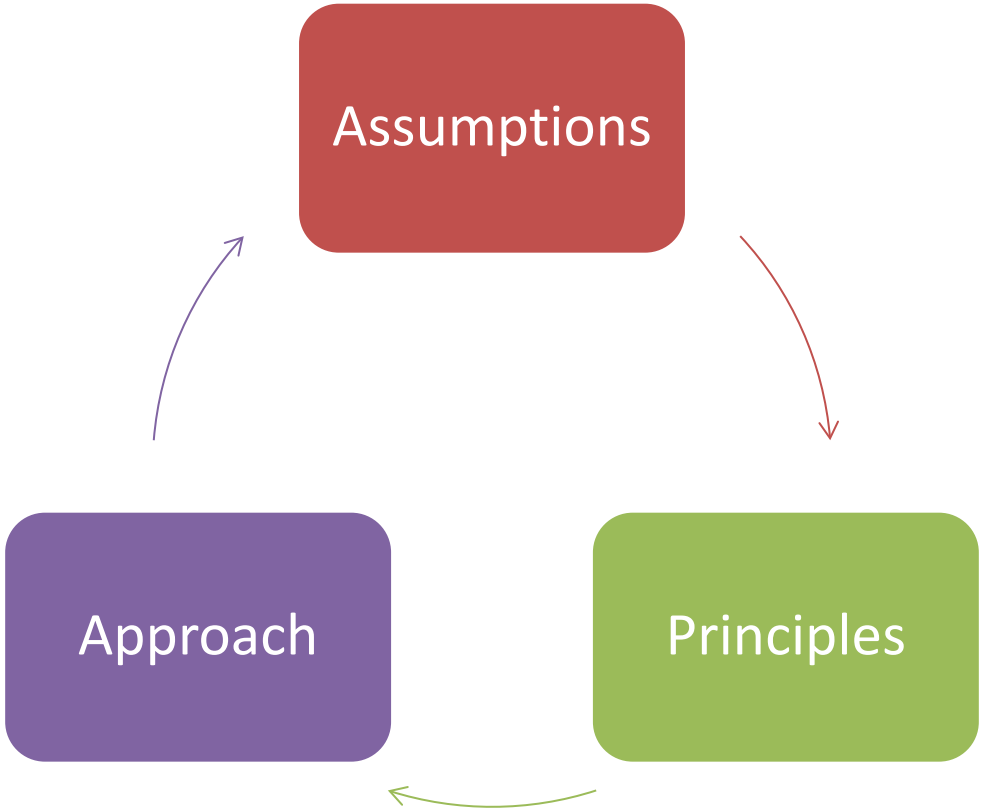
This workshop…



SOMETHING NEW
SAME OLD WAY
WHAT INSIGHTS?

Next steps…

Post Today's Workshop You'll Received…

1. **Copy of Today's Slides**
2. **Copy of Today's Audio recording**
3. **More Help?**
    1. **Use the post-workshop survey to tell us what blockage you need help with?**
    2. **Use the post-workshop survey to line up a quick chat to identify 1 or 2 strategies to get your more results asap…**
    3. **Use the post-workshop survey to tell us something else…**

Please ensure the address below is on the 'safe' list of the email you used to register to this Workshop…

From: Jim Stackpool [mailto:customercare@gotowebinar.com]

Questions?

jim.stackpool@certaintyadvicegroup.com

Help Others. Provide Certainty. Achieve More.