

Client discovery: enhancing the interview process

INTRODUCTION

Top advisors recognize that beyond the need to capture financial data about new or existing clients, an interview session is the primary opportunity to understand clients' objectives, motivations and expectations — key factors in framing comprehensive, integrated wealth management solutions.

This paper addresses effective interviewing as an essential best practice by covering these elements:

- Context, benefits and goals of an effective interview
- Samples of key profiling questions and a checklist of client background documents
- Steps to be taken after the interview
- Resources to further refine an advisor's profiling skills

INTERVIEWING AND THE CONSULTATIVE PROCESS

It would be much easier and less time consuming to simply hand a profiling sheet to clients and ask them to answer the questions. However, your investment of time and energy in conducting an effective dialogue will pay dividends in the years ahead in terms of a deeper understanding of clients and a higher quality of client relationships. Clients may leave your competitors for two reasons related to client discovery: 1) incomplete understanding of client needs and 2) badly managed expectations, set years before in poorly conducted interview sessions.

A different ending value experience

Advisor value proposition

Powerful client discovery

Comprehensive client offering

Think of the interview as a direct link from your value proposition. With your description of your services and practice, you set the stage to ask clients a series of important and comprehensive questions. Your dialogue should help them understand how the interview advances your wealth management process and why it's important to ask them some of those "hard

questions.” The effective interview also links to your comprehensive client offering. Put another way, what you say you do, what you ask and what you do, have to be the same - they have to be consistent. This is a good test of an effective and successful consulting practice.

BENEFITS OF A HIGHLY EFFECTIVE INTERVIEW

Leading advisors are driven to maximize their profiling methods because of the tremendous direct benefits from the execution of a successful interview. Properly conducted interview sessions build rapport and instill loyalty, resulting in deeper client relationships and increased trust. Instead of being a stressful experience, an effective interview puts the client at ease while the advisor achieves a higher degree of credibility.

An effective interview allows the advisor to achieve the deep and complete understanding required to be truly comprehensive, and to exhibit the necessary empathy for the client's goals, needs, and requirements. As a prudent business practice, it may mitigate an advisor's litigation risk as all client details have been discovered and recorded. Financial advisors should be reminded to consult their firm's specific requirements regarding updating of client account information gained as the result of an interview.

In sum, an effective interview identifies the client family's true goals, dreams, needs, wants, issues, concerns, attitudes, motivations, vision, habits, accomplishments, successes, problems, challenges, passions, activities, sports, reading preferences, music preferences, and numerous additional aspects of their lives.

GOALS OF A HIGHLY EFFECTIVE INTERVIEW

Many advisors have regarded interviews as primarily an opportunity to collect financial data from new and existing clients. Other

advisors let clients mistakenly define the mission of an interview session by concentrating the conversation on immediate needs and problems. New clients do not, on their own, always know the correct objectives, issues and concerns to share in order to take full advantage of a wealth management practice.

An advisor should keep the following goals in mind when conducting a client interview:

1. **Demonstrate your professionalism.**
This is an overarching best practice that should be an integral part of the entire consultative process.
2. **Get to know clients beyond facts and figures.** Make the effort to get to know them personally as well as financially in a way that will create an understanding of who they are beyond the data.
3. **Touch on wealth management issues such as:**
 - Asset Allocation
 - Financial Asset Concentration
 - Capital Needs
 - Tax Considerations
 - Wealth Transfer
 - Proper Coordination
4. **Capture financial data needed to provide client recommendations**

FUNDAMENTALS OF AN INTERVIEW

To build the foundation of an effective interview, all advisors, even highly seasoned practitioners, should apply the following universal keys to interviewing:

- **Be prepared.** Identify in advance the topics that you would like to address in the time spent with your clients. Be sure to request as much background as possible from your referral source. During your first effective interview session, let your clients know what you will be discussing during subsequent

conversations and ask them to bring the necessary information. Please see Appendix 1 for a sample client document checklist.

- **Conduct it yourself and in person.**

Delegating the client interview to an assistant, or obtaining client information through forms and questionnaires before your first interview session, is a missed opportunity to deepen your client relationships and to convey the value of your services.

- **Be complete.** Make every effort to capture the necessary information about your clients at the start of your relationships. The appropriate time to ask questions is during the client discovery process, not later in the relationship after recommendations have been delivered and investments have been made.

- **Assemble a list of questions.** Gather and make a written record of your favorite interviewing questions. This will allow you to check their wording and structure to make sure you have the most constructive profiling method. For a list of sample client discovery questions, see Appendix 2.

- **Ask open-ended questions.** Questions that elicit more than one word responses allow you to facilitate a more meaningful dialogue with your clients. Open-ended questions often uncover client attitudes and motivations, which provide additional insight into important relationships.

- **Be a good listener.** Carefully listening to the answers and taking notes are as important as the questions you ask. It also helps you to pick up on the client's emotional profile and family dynamics.

- **Discuss client benefits.** While the attributes of your practice may be unique and impressive, clients want to know that you and your firm can help them accomplish the objectives that are important to them and their families. Explain the need for a comprehensive interviewing method in terms of achieving the client's ultimate definition of success and fulfillment.

- **Respect client privacy.** While client confidentiality is obvious to most advisors, clients may be reluctant to share information if they believe it might be shared with others. Reiterate this important covenant.

- **Be patient.** Conducting thorough client interview sessions is a time consuming process, but, like most wise investments, can pay valuable dividends.

- **Revisit regularly.** Interviewing is not a singular event, but a continuous process. Staying current with changes in your client's circumstances, goals and financial situation provides an opportunity for additional counsel.

POST INTERVIEW STEPS

When the interview session is over, there are several steps that may further enhance your client discovery process:

1. Tell the client your initial opinion and response at the end of the session; comment on the information shared thus far instead of simply ending the meeting and scheduling the next conversation.
2. Write down your high level understanding of the client and establish written goals related to the client's issues.
3. Use a client profile form to record information and data.
4. Determine your understanding gaps to address in the future.
5. Continue the conversation — make interviewing an ongoing process.

CONCLUSION

Leading advisors committed to building a truly consultative practice, realize the significant opportunity afforded by a client interview. They focus considerable attention on the importance of developing a comprehensive client profiling process and refining their interviewing skills.

By understanding the role, benefits and goals of a successful interview, utilizing the proven basics of profiling, embracing a unique model to frame the interview process and continually refining their interviewing method, advisors can maximize the benefits of an effective interview.

For more information, please visit [nuveen.com](https://www.nuveen.com).

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APPENDIX 1: SAMPLE CLIENT DOCUMENT CHECKLIST

To be used after a first meeting to identify resources to be assembled by a new client for your next meeting.

Investment planning

- Checking accounts
- Savings accounts
- Money market accounts
- Certificates of deposit
- Brokerage accounts
- Mutual funds
- Annuities
- Life insurance cash value
- IRAs
- Retirement plans
- Employee stock purchase plans
- Stock options
- Stocks
- Bonds
- Real estate
- Precious metals and other collectibles
- Business interests and other investments
- Please furnish the name and contact information for all other investment advisors, including brokers, money managers, business managers, and others

Income tax planning

- Income tax returns for the last three years
- Paycheck stubs or statements showing regular income as well as unusual taxable distributions that may change your tax picture this year
- Statements or other documentation showing the cost basis and current value of assets owned outside retirement accounts
- Retirement plan information showing the amount you are eligible to contribute

- Statements showing major deductions, such as mortgage interest and property taxes
- Information on charitable contributions
- Name and contact information for CPA and other tax advisors

Credit and debt planning

- Credit cards
- Mortgages
- Auto loans
- Student loans
- Business loans
- Personal loans
- A copy of your credit report
- Name and contact information for any mortgage brokers or credit counselors you may be working with

College planning

- Statements of accounts earmarked for college (529 plans, Coverdell accounts, UGMA/UTMA accounts, accounts in parents' names earmarked for college)
- Completed FAFSA (Free Application for Federal Student Aid) for students already enrolled or preparing to enroll in college
- Other documentation relating to student loans
- Name and contact information for financial aid counselor, if applicable

Retirement planning

- Account statements and summary plan descriptions for all employer-sponsored retirement plans
- IRA account statements
- Social Security Personal Earnings and Benefits Estimate Statement (PEBES)
- Account statements for all assets (see list under Investment Planning)
- A budget showing expected living expenses in retirement

Insurance planning

Insurance policies and current policy statements for the following (including employer sponsored insurance):

- Life insurance
- Disability insurance
- Health insurance
- Homeowner's or renter's insurance
- Automobile insurance
- General liability (umbrella policy)
- Professional liability
- Long-term care
- Social Security Personal Earnings and Benefits Estimate Statement (PEBES) showing survivor and disability benefits
- Name and contact information for all insurance agents and employee benefits (HR) specialist

Wealth transfer planning- lifetime and estate transfers

- Record of lifetime transfers/gifts
- Statement of intended, future lifetime transfers/gifts
- A copy of your latest will and letter of instructions
- Trust documents
- Power of attorney for health care
- Power of attorney for financial matters
- Beneficiary designations for IRAs, life insurance, annuities, employer-sponsored retirement plans
- Prenuptial agreements
- Statements or deeds of trust showing how assets are titled
- Name and contact information for estate planning attorney

APPENDIX 2: SAMPLE CLIENT DISCOVERY INTERVIEW QUESTIONS

Lifestyle

- What do you and your partner do for a living?
 - Are you happy with this and are you planning to stay on the same career path until retirement?
- What do you feel are your strengths personally and professionally?
- What are current areas of your life, personal and professional, that you would like to improve?
- What are current areas of your life, personal and professional, that you would like to maintain? Why? How would you prioritize them?
- What type of sports, hobbies or other leisure activities do you and your family enjoy?
- To what clubs or organizations do you belong?
- To what professional associations do you belong?
- What publications do you read for information? For enjoyment?
- What Web resources do you most enjoy?

Life planning and long-term goals

- What are your financial goals for yourself and your family?
- Tell me about your timeframe for meeting your goals.
- Do financial issues or concerns ever keep you up at night?
- What opportunities would you like for yourself and your family to be able to take advantage of now and possibly over the next three years?
- Envision us meeting here in about three or five years in the future. What has happened between then and today, personally and professionally, to have made you happy about your progress?
- Ultimately, what do you want your wealth to accomplish?

- Describe your perfect calendar; your first month, first year of retirement after achieving your wealth objectives.
- What does a happy retirement look like?
- Have you implemented a specific retirement plan?
- Have you ever completed a retirement planning analysis? Would you like to?
- Have you formed an exit strategy regarding your business or career?
 - What changes do you see ahead for your company?

Issues related to business succession

- Tell me about your business.
- How have your family members been involved in building the business?
- How do you see your children involved in the business after you retire?
- Who else has been instrumental in building the business?
- What kind of strategy have you created to exit from your ownership of the business?
- What other business ventures would you consider in the future and what would be the liquidity needs?
- When you sell your business and achieve your financial goals, how do you think it will impact you?

Family dynamics

- What is your family dynamic and level of financial responsibility and capabilities?
 - What lessons regarding money have you tried to teach your children?
- Tell me about any issues with members of your family that impact your planning.
- What are your biggest priorities regarding family and financial management?
- What worries or concerns do you have for your and your family's future? Why and how would you prioritize them from greatest fear to least fear?

- What financial issues cause you to lose sleep at night?
- What are your plans for your children's education costs for college or post-secondary education?
- Do you discuss personal financial lessons and wealth management with your family?
- How are your children/grandchildren learning about money?
- How was money handled in your family growing up? Tell me about this.
- With whom do you discuss your wealth?
- What does successful stewardship of wealth by your partner and children look like?
 - What is a disaster?
- What plans have you made to transfer your values and your wealth to your family?
- Is having wealth a burden, a challenge, or an opportunity?

Investment and Risk

- Regarding your holdings, what are you most pleased about and what are your greatest concerns?
- Regarding investments, what do the words "risky" or "conservative" mean to you?
- How would you define excessive risk and reasonable risk? Do you now or did you in the past have investments that fit these labels?
- If we were to work together, what kind of return do you think is reasonable? Would X% meet your objectives and expectations?
- What steps are you currently taking and would you like to take, in order to plan for your and your family's future?
 - How do you feel about your current investment choices? What about ones in the past?
 - Have you ever done anything strange or excessive with your investments? Tell me about that.
 - How have you felt when you've "made a killing"? Tell me about that.

- How have you felt when you've "taken a bath" or lost money in an investment? Tell me about that?
- How do you decide where to invest?
- What does long-term mean to you?
- Tell me about your greatest investment success and your most unfortunate investment. What did you learn from these experiences?
- What fears do you have for yourself and family that you would like to focus on? Why and how would you like to prioritize them?
- How much experience or knowledge do you and members of your family have with respect to investing or financial planning?
 - How do you rate your priority of learning about investing and financial planning?
- What is your style of personal bookkeeping and financial records management?
- How satisfied are you with your current ability to save and invest on a regular basis?

Issues related to occupation for a corporate executive

- What kind of exit strategy have you formed regarding your career?
- What changes do you see ahead for your company?
- What steps have you taken to reduce the inherent risk of holding a concentrated position?
- Tell me about the number and type of options you have AND describe your plan for managing them.

Philanthropy and estate

- What causes do you feel passionately about?
- What charities do you and your family support? Do you support them with time or financial resources?

- If financial support, what form has this taken? Cash gifts? Gifts of appreciated securities? Pooled Funds or other frameworks for giving?
- What led you to support those charities and are there others you wish to support?
- Have you formalized a gifting strategy for these causes? Does it have the impact you hoped for? What are the returns on investment of the solutions used in your gifting strategy?
- What have you done to incorporate your children and grandchildren in this process?
- What does a successful legacy look like?
- What do you wish your personal legacy to be and will your family be the stewards of your legacy?
- What is your estate plan?
 - If you don't have one, would you be interested in developing one?

Advisor expectations

- What has been your experience with financial advisors to date?
 - Tell me about your most recent experience.
 - Tell me about your best and worst experience.
- For this relationship to be a good experience for you, what three things would have to happen?
- If you were to hire me and our relationship was to be successful, what services do you want or would you expect?
- Now that we've talked about your goals and have a better understanding of your needs and my capabilities, do you have any concerns about my abilities to help you and your family meet your expectations for growth in the future?
- How often would you like to meet to review your progress?