



# The Real Value Audit ... It Works!



**A valuable tool helps you build long-term relationships.**

In our previous columns on the Real Value Audit (RVA) we discussed the concept of the RVA and some key steps to follow for conducting it with your clients. To briefly recap: It is a system you can use for one-on-one meetings, yearly or more frequently, dedicated solely to discussing how you and your clients are providing each other with value. A Real Value Audit is a two-way street. It is a “critical pause” in a relationship during which you assess the value you believe you have given and received, and then you assess whether your perceptions are aligned with those of the client you are speaking with.

Now, in the spirit of practicing what we preach, we'll illustrate how to conduct an audit and show you a sample of our own Real Value Audit tool that we used in a meeting with one of our most valuable clients. This exercise will be a good example of the Real Value model, both in terms of explaining the process as it was used in “real time” and in walking you through the steps of your own Real Value Audit by showing you a template of our own (with circumstances changed, of course) that you can use as a guide. (Please visit our Web site at [www.pusatericonsulting.com](http://www.pusatericonsulting.com) to view and download the samples.)

We conducted a Real Value Audit at the beginning of December. We were excited; the client was excited. My partner, Giles Kavanagh, and I had that

“smile in our stomachs” going in to the meeting because we knew that not only were we totally prepared, but we also were eager to learn more about our client's perspective of the value we believed we had delivered all year. We were also looking forward to an honest, “no holds barred” conversation where all parties could speak from their hearts about the relationship, and in a safe and comfortable environment talk about what benefits and value had (or had not) been received.

The bottom line was ... we were pumped! Do you ever feel you are in this position when you talk to your clients? Do you feel true appreciation for your clients, and is it reciprocal? Do your clients feel as strongly about the relationship as you do? If not, take a look at the steps we followed to conduct a successful RVA of your own.

### **Before, During And After**

First, we developed a comprehensive RVA agenda for our client meeting, and briefly reviewed it with them prior to the meeting. For location, the client requested we meet in their conference room. We all agreed that our Blackberries and cell phones

would be turned off and that there would be no multitasking.

When we arrived we felt good, confident that it would be a productive meeting. Why? Because we knew going in to the meeting that we had exceeded their expectations this year. We believed that we had delivered Ritz-Carlton service, and we were eager to hear how the client felt. It's not enough just to know your value, you must believe that you have delivered on it. The Real Value Audit gives you that opportunity to talk about it with your clients, and to let them know that you appreciate the value they have delivered to you as well.

In reviewing some key projects for the year with our client, we were able to examine what we all had originally agreed to, what our expectations were and how the dynamics of some assignments had changed. We carefully documented the time we had invested as well as the other creative things we did to ensure success of the projects.

As we were reviewing the steps and discussing the quantitative and qualitative value provided by all parties, using a respectful tone in our dialogue and with sincere appreciation, we realized there was a communication gap. By



using our RVA process, this “gap” was easy to recognize, and rectify, by going through each step of the process.

You’ve no doubt experienced on certain occasions—with clients, friends, family—that you have been misunderstood or that you have misunderstood them. Perhaps you did not realize it until the “misunderstanding” caused a problem or created a challenge in the relationship. We wanted to nip our concerns and challenges in the bud, so during the RVA process we addressed any misunderstandings or misplaced expectations.

We spent a good deal of time on our “7 Key Emotional Issues”—Challenge, Circumstance, Concern, Frustration, Need, Opportunity and Problems—and felt that this was where we solved some issues and learned more about our client at a core level (see the column in the March 2003 *Financial Advisor* at [www.fa-mag.com](http://www.fa-mag.com) or on our Web site). To better manage the partnership, we discussed key things to act, and follow up, on. Then we all agreed on our expectations for the coming year and outlined the next steps for all parties.

Here are a few things we discovered after the meeting:

The Real Value Audit wasn’t just a linear process, robotically delivered. It began with thorough preparation on our part (and a request from us that our client do the same) and proceeded with a complete analysis of the issues discussed. We showed respect for the partnership and an appreciation for what we were building with the client, and for what we wanted to continue building. We felt in control, all parties had ample time to share ideas and experiences, and everyone left the meeting feeling richer for having had the experience of such a

meaningful dialogue.

### **Don’t Want To Do It?**

Some advisors say they dread doing quarterly and annual performance review meetings. Their reasons are simple and understandable: They may be having a down year, the client’s portfolio has not met expectations or they don’t want to sit across from them and discuss things that are uncomfortable. Perhaps the advisor feels he or she has dropped the ball on an issue and is too embarrassed to confront the situation. This is a potential problem, so the advisor should take ownership. Starting with an RVA is a good first step in overcoming these personal challenges, and it will help guide the advisor through a potentially difficult situation. You have to go deeper. An RVA is not a performance review; performance may be a part of it, albeit a very important part, but it does not stop with the performance aspects ... that’s just the beginning.

We all know that reporting back to the client is a unquestionable part of the consulting and financial planning process, especially during the quarterly performance reviews or at least in an annual financial planning session. If you have done your job and have provided value in light of events that may have been out of your control (market, economy, etc.), and you continue quarterbacking your client relationships and acting as the CFO of their wealth, the next logical step toward understanding real client satisfaction is the Real Value Audit. Reviewing and reinforcing the positive aspects of the relationship with an eye toward future priorities is paramount and a key feature of the RVA. The process is a total collaboration that ultimately results

in a total partnership.

### **The Payoffs**

Has a client ever told you that you were underpaid for the amount of value you provided him or her? Well, the major client we met with in December told us we were, and it was quite a good feeling. Our Real Value Audit resulted in a \$20,000 adjustment in our favor, based on the value we provided over the last year. Our client believed they should pay us more than they already had paid! It was remarkable, and very much appreciated. Both parties were quite comfortable with the arrangement. You may not realize how some clients feel about what you do for them, in terms of the gratitude they express. While they may not offer to pay you a bigger fee for going that extra mile like ours did, just think about the invitations you may have already received to be a guest member at a golf outing, for example, or to be a special guest at a client’s holiday party, or a 50th wedding anniversary dinner. The payment of gratitude might not be in actual dollars and cents, but rather a genuine appreciation that builds the foundation for a long-term relationship.

The real payoff is that you are not viewed as a “registered vendor” but as someone who is entering the hallowed ground of another person’s life. You know that you have crossed into a new realm of the client relationship that looks, instead, like a friendship. A Real Value Audit opens the door to candid and respectful two-way communication with clients. You can begin preparing now for a client audit this summer. ©

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