

Manager/Client Relationships in the Current Environment

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Q: What are some effective steps managers have taken or can take to maximize their existing relationships with clients in this environment?

A: The key to any successful client retention program is consistent and value-added communications to both direct clients and their financial intermediaries. This may seem basic, but there are not many firms that do it well.

Over the past two decades I have observed a wide range of manager actions, both effective and ineffective, when dealing with clients. Some firms have used the recent market environment to strengthen and broaden their client relationships while others have completely missed the opportunity. They have chosen to bury their head in the sand during volatile times, concluding that radio silence is the best action at the time.

It is hard to reach out to deliver tough news, but clients appreciate learning about performance or organizational issues directly rather than third-hand or, for consultants, through their clients. Never try to convince yourself that when performance is poor, you have nothing to tell your clients. In fact, such occasions are often the best time to discuss your firm's investment process and remind a client that, while you may be down over the past two years, your strategy is still outperforming over the five- and 10-year periods.

Knowing your clients and having a program that enables you to communicate with each client in a way that can be leveraged, yet still feels customized, is an important component of any manager-client relationship.

One of the more effective tactics used during the past few years is Web-based tools including conference calls and presentation updates. Companies such as WebEx and GoToMeeting.com have helped countless managers efficiently maintain open lines of dialogue with their client base. It still amuses me, however, when I hear that electronic communications can be a replacement for personal phone calls or face-to-face meetings. Wrong. You should never forget the importance of ongoing face-to-face contact in institutional sales. It simply cannot be replaced.

So what's the message? Have a consistent program and do not deviate during good or bad times. Use all of the tools available for efficient delivery but don't forget: Communicate, communicate, communicate, with a solid understanding of when it's best done in person.

