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Jargon is the enemy of client adoption

By [Tahn Sharpe](#) | March 29, 2018



The biggest obstacle to client adoption and endorsement of managed accounts is lack of clear, easily understandable communication, a panel has heard.

Terry Bell, partner at business diagnostics and research firm Business Health, told delegates at the Institute of Managed Account Professionals Roadshow that advice firms face major challenges in their communication methods, and the complexity of managed accounts only adds to that.

“Advice clients have told us that the worst-performing KPI for their advisers is communication,” Bell explained. “So, are you looking at your communication program? Do your clients understand the acronyms you’re using? Remember, managed accounts is a complicated area, so communication is something that should be included in the plan.”

Bell related his own experience, coming from a data perspective and trying to understand the complexity of managed accounts.

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“The language is really a challenge,” he said. “Eight months ago, I knew nothing about managed accounts. I feel like I’ve entered the Twilight Zone. The acronyms, the jargon...”



As for how advisers can gauge their clients’ level of understanding, Bell suggested a simple solution.

“There’s only one way to know – ask them,” he said.

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A video player showing a woman, Bronwen Moncrieff CFA, speaking. She is wearing glasses and a dark top. The background is a cityscape. A play button icon is overlaid on the video. Below the video, there is a blue banner with the text 'BRONWEN MONCRIEFF CFA' and 'RATINGS REVIEW Professional Zenith'. Below the banner, there is a red and white text overlay: 'PLAYING NOW: The Ratings Review - Winner of GlobalREIT - Resolution Capital'.

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Advice practices are bad at seeking quantitative feedback, Bell argued. A recent “Future Ready VII” analysis by Business Health revealed only 34 per cent of practices seek feedback from their clients through a formal survey process.

Bell also noted that when they measured client satisfaction against adviser contact metrics, such as ‘relationship’ and ‘implementation professionalism’, firms that maintained close contact averaged at least 4 out of 5 in every category, whilst

firms that did not maintain close contact averaged a score of between 3 and 4.

Bell warned against treating all clients equally, however, and stressed the importance of segmentation.

“Segmentation is alive and well, 80 per cent of profit is coming from 20 per cent of clients, there’s no doubt about that,” he said. “The average practice has got six or seven staff and about 600 clients. I struggle to understand how businesses that can’t offer different levels of service will survive going forward. Every client should be treated with respect, and fairly. But not equally.”

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