

What Women Want

10 STEPS TO
ATTRACTING
HIGH
NET-WORTH
FEMALE
CLIENTS

By Diana Wiley

I f women from the era of today's popular television series *Mad Men* could look into the future, they would find the lives of their present day counterparts almost unrecognizable. The generational cohort of women who are now between 45 and 60 years old are the first to have had access to the full spectrum of professions available to men. They are also the first to have had the opportunity to spend their entire adult lives in the work force. Over the course of one generation, there have been some extraordinary shifts in financial power and decision making and — most importantly from a financial advisor's point of view — in the distribution of wealth.

The most recent Internal Revenue Service (IRS) report on personal wealth in the United States (2004) gives us a snapshot of this shift in financial power. At that time, 43 per cent of the top wealth holders in the U.S. were women, who held assets totaling \$4.6 trillion. Sixty-one per cent of these high-net-worth women were under the age of 65, and those under the age of 50 had a higher average net worth than their male counterparts (\$3.1 million compared to \$2.5 million for individual men).

Coupled with the effects of this sociological change is the massive intergenerational transfer of wealth that will continue over the next decade. Although post-recession projections of the size of the intergenerational wealth transfer in Canada have been slashed from the often-quoted \$1 trillion figure to \$600 billion, it will still significantly add to the financial power women wield in the changing financial landscape. Not only will women be inheriting from the previous generation on an equal basis with their male siblings, they will also be recipients of an intra-generational wealth transfer as statistically they outlive their husbands. Some estimates predict that women will control over 90 per cent of all wealth at some point in its trajectory through the generations.

Women are also creating new wealth faster than men, starting new businesses at twice the rate of men (in Canada alone, one million women own businesses). A Statistics Canada report on entrepreneurs indicates that the average net worth of a self-employed woman is three times higher than that of a paid worker.

Women have also shown that they have the “Midas touch” in corporate environments, where increasingly they are taking on leadership roles and exercising considerable power and influence. Ongoing research by Catalyst, a firm that tracks the progress of women in business, shows that companies with more women in corporate officer positions and on boards of directors substantially outperform those with fewer women. These results have been noted by the corporate world and there is a growing trend toward getting more women into the top — and top-paying — corporate ranks.

These trends are gaining traction among Gen X and Y women, who were raised with the same privileges, opportunities and expectations as their brothers. Women who are now in the 30 to 44 age bracket have more university degrees than men and are proving no exception to the fact that income and education are highly correlated.

THE IDEAL CLIENT

As a group, women have a different investing style from men, and this style is more likely to match your profile of the ideal client. The 2004 IRS report showed that women’s portfolios contain a greater proportion of equities than those of men, and that women also have a substantially lower debt-to-assets ratio. Other research demonstrates that women take a rational approach to investing: they conduct thorough research; invest consistently; and work within a long time horizon. They tend to be patient investors who have the tenacity to stick with their investment plans through market turbulence. If you have built a strong relationship with your female clients, they will likely stay with you through challenging times.

Because women are big-picture thinkers, they will be interested in the full range of services and products you offer. Unlike men, who may have a tendency to resist advice, women welcome well-crafted advice and, provided you have won their trust, will follow it carefully.

Moreover, women are natural promoters who will happily refer your services to those in their network (Conversely, female clients will also feel it is their duty to warn others if you don’t meet their expectations.)

WOMEN AND HOLISTIC PLANNING

Women do different things with their wealth than their male counterparts and therefore want different things from their financial advisors. Wealthy women want you to help them with long-term planning and with achieving financial literacy for themselves and their children. (Raising financially literate children is very important to them.) The qualities they value in an advisor are trustworthiness, empathy and a commitment to giving service that goes above and beyond.

Studies consistently show that while men as a group value possessions, power and prestige, women value relationships above all. Women aspire to wealth because it gives them the freedom and self-assurance to live a life that aligns with their deepest values. They want to build a secure future for their families, to be generous to their friends, and to make a strong contribution to their communities, favoured causes and charities. Women are often thinking of three or even four living generations when they make decisions about their wealth, so they want to see the big financial picture.

Women form the ultimate market for “holistic” wealth management approaches. The client experience in a practice that offers a holistic approach is vastly different from that found in a practice where conversations revolve around fund performance and complex investment vehicles. With holistic planning, there are deep conversations about values, what individuals and families want to achieve in their lives, and how their money can help serve these objectives.

Detailed long-term planning takes into account major life events and is revisited and adjusted periodically to account for changes in circumstances. The holistic approach is less about transactions and more about the translation of aspirations and goals into well-conceived and comprehensive financial plans that are skillfully executed over the course of a generation and beyond. (This approach clearly benefits male clients as well.)

When it comes to the mechanics of investing and becoming financially literate, female clients look to their advisors to give them the knowledge they need to be informed investors. A large proportion of high-net-worth women continue to be plagued by a sense of financial insecurity, and fear losing everything. You will earn their gratitude and their loyalty if you are able to give them peace of mind about their financial future and that of their family.

High-net-worth women represent a huge potential market for advisors who are willing to take the time to understand what women are looking for from their financial advisors. You can take the following 10 steps to adapt your practice to meet the needs of this growing market:

1. Vet your communications for patronizing words and approaches.

In achieving success in other fields, high-net-worth women may not have had the time or aptitude to have acquired a deep knowledge of financial matters, but that is certainly true of most of your male clients as well. It’s also why they need you. Use tact and judgment to determine the amount and complexity of the information needed, and offer it with respect.

2. Don’t try to impress her with your knowledge and command of technical jargon.

Communicating clearly is an essential part of building trust, and people don’t trust what they don’t understand. Recall, as well, that

PRACTICE MANAGEMENT

women generally have little interest in accumulating money for its own sake, so the language and concepts that have been developed for those who do have this interest will not appeal to most of your female clients. In general, focus more on benefits than on process or how a product or technique works.

3. Exercise patience in all your dealings with women prospects and clients.

Expect that it will take you longer than you might expect to win a woman's business. This is not because she is indecisive but because she researches her options carefully and consults with others in her network before she reaches a final decision. She wants a lot of detail and is looking for the best solution and greatest value. Testimonials from satisfied clients might help to speed this process along.

4. Listen skilfully and master the indirect approach.

Take the time to get to know a woman's situation very well, and strive to hear the messages that lie below anecdotes that don't *seem* to have a direct connection with the conversation you are having about finances. Women naturally take a more indirect approach in their conversational style. This is partly to avoid bluntness but also because they instinctually go into relationship-building mode for which storytelling is a time-honoured approach. Most successful women have the ability to come straight to the point and speak with a male directness; however, it is safe to assume that women will feel more comfortable having personal conversations about money if you give them the freedom to express themselves in a way that comes naturally to them. Listen carefully to learn about her values, interests and concerns. Try asking more questions if you think a woman is trying to tell you something and you are not getting her point.

5. Demonstrate empathy and a non-judgemental attitude in a variety of ways.

A woman won't feel she is connecting with you unless you maintain eye contact with her. Give her some indication that you are empathizing with her situation. Men are often expressionless when they are listening, whereas women tend to mirror the speaker's expressions. Resist any instinct to offer a solution for every prob-

lem she talks about. Women talk about problems for several reasons: sometimes they're thinking through a problem aloud to explore various approaches and solutions; other times, they may be building a relationship with you by showing vulnerability and a willingness to take you into their confidence.

6. Time-pressed women often prefer spoken rather than written communication.

Don't simply hand a woman a folder bulging with material and feel that you have communicated appropriately. She doesn't have the time to leaf through dull and complicated information to find what directly applies to her, or to clarify something she didn't completely grasp in the meeting with you. Summarize relevant information for her, and make it interesting and accessible by tying it to her particular situation.

7. Helping your female clients raise their level of financial literacy will help close the deal and win their loyalty over the longer course.

Financial education does not necessarily have to be offered one-on-one. Seminars and workshops are an efficient way of building knowledge and understanding, and go a long way towards building trust.

8. Emphasize a financially secure future for your female clients and their families.

Remember, the security women are seeking often includes meeting the needs of others they feel responsible for: children, parents, and even siblings and disadvantaged friends. Women want to have the resources to be generous and nurture others.

9. Ask for feedback.

Women nod to encourage you to continue talking, but this doesn't necessarily mean they're following your logic. Ask them for feedback frequently and make them feel safe in giving you a candid response. Encourage female clients to ask a lot of questions and show that you are comfortable with a multi-tracked, open dialogue.

10. Express appreciation for a woman's business and do it often.

In addition to doing this verbally, you might invite her to client appreciation events that reflect her interests. You might find that she expresses her appreciation by bringing potential prospects as her guests, and that she is very willing to give you a glowing testimonial.

In a world where 85 per cent of all buying decisions (including financial services) are either influenced by women or made directly by them, many financial advisors still don't seem to see the business case for making their practice attractive to women. Implementing these 10 fundamental steps in your practice will help you mine this expanding high-net-worth market for your services. Translating this knowledge throughout your entire practice — and involving your whole team — takes effort, ongoing communication and discipline. It's well worth the effort, however, as your entire client base — women *and* men — will benefit from the results and you will become much more referable. **F**

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BONUS TIP

Pay attention to the women who are already in your practice but aren't direct clients. They're the well-educated and successful mothers, wives and daughters of your current male clients. If you're not including the other half of the client couple in your meetings, you're placing a valuable client relationship at risk. When a woman is present, remember that she will be listening for different things than her husband. She wants you to present a solution where all the disparate financial pieces relating to their complex lives neatly fit together.