



Freedom Practice Podcast

Episode 8 – Weeding out D and F Clients

Hi, this is Craig Hersch, and this is the Freedom Practice Podcast. In today's episode, I'm going to help you identify what I call a D or an F client, obviously a failing client. I urge you not to take on that work. Now this sounds relatively easy, but in reality, people do this all the time.

Estate planners take on work that they shouldn't take on knowing going into the engagement, that this client is going to be a problem client. Let me give you an example that just happened very recently with me, one of our good referral sources: a local trust company and bank, sent me over an irrevocable trust that one of their prospects had entered into. The prospect was talking to this trust company, about the trust company serving as trustee on this trust, which had some money in it obviously had some investments in it, so the Trust company was interested in serving.

The issue though, the trust company has attorneys on their staff who I know and respect, and there was an issue in the sense that this irrevocable trust had provisions that would seem to include the assets in the estate of the grantor or the grantor spouse, when the intent of the irrevocable trust was clearly to remove it from the estate of the grantor. So, they asked me my opinion on it, I took a quick look at it, and it was very unusual terms, but I researched it a little bit and said, I tend to agree with them.

They said, "how do you think we might fix this?" By the way, this was a trust drawn up in a northern state, and they wanted to domesticate it here to Florida as well. I said, "perhaps we can decant it into a new trust," but there's a lot of issues with that. But yes, I see the issues that you see.

So, they had this client contact me, and we have a procedure in my office to take in any new file, and that procedure is basically the client prepays us a fee of a few hundred dollars for the initial consultation. Well, this particular client said "no, I don't want to pay that. All I want to know is whether Mr. Hersch understands the issues and sees the issues the way I do."

We have this procedure to take in a new client. That procedure includes a prepayment on the new client's part of several hundred dollars for this initial consultation, we do this for new estate plans. We do this, especially when there's a trust that needs to be corrected or fixed or any matters of that sort. We rarely see new client or a prospect for no fee as a free initial consultation, we don't do that. That's a whole topic for another podcast episode, but know that that's our process.

Our process also includes that we want the client to provide us copies of the relevant instruments: any relevant tax returns, such as a gift tax return, and completing our client organizer. If the client won't do any of those things, we refuse to take on the engagement or will offer to reschedule the appointment when the client is willing to perform all those tasks that we asked prior to this initial consultation. The very few times that I've gone against our own process where I said, just make an exception I've always regretted. We created this process for a reason it's well thought out. And again, that's another podcast episode topic. I don't want to go too deeply into that right now.

Nevertheless, we thought through this process, and the process does serve its point it weeds out the tire kickers, the people who don't value our services; the people who are never willing to pay for our services. It only gives us those clients who really do value what we're going to be doing for them.



Well, this particular client didn't want to pay the initial consultation fee, and in fact, he sent me an email and said, "here's what I want you to do and I'll consider engaging you. I want you to tell me what you found. I want you to outline how you would correct it, and how much you would charge for those things."

Well, dear listeners, you certainly understand that what he's asked me for is all the value all the groundwork that I already did I happen to already do this in this file because it was a referral from this bank and trust company, but normally I don't do that much work. I explained to him in a response "No, this isn't the way we do things, you have to pay for the initial consultation and then we'll talk and if you want to move forward we'll talk about the fees to provide a written synopsis and my estimated fees for correcting the wrongs, correcting the problems."

Now what I suspected this particular prospect was going to do was he wanted me to give him all that information so he could go back to whoever drafted the trust and say, "Hey, I need you to fix these things, you committed malpractice," or who knows what he would say to them?

Maybe he didn't have that intent, and that's really irrelevant. The point of this particular podcast episode is that this was a D or an F, probably an F client. I responded to the bank and trust company and said, "Listen, this guy, he just doesn't meet our criteria. I'm sorry, I don't want to make you look bad, but I'm not willing to give this fellow all of my intellectual property; everything that I know, for free, it's just not going to happen."

The President of the bank was very gracious, and he said, "Yes, I fully understand Craig."

So, what transpires from all this? The issue is whether you come at your practice from a viewpoint of the world is abundant, you can turn down the D and F clients. All they're going to do is gum up the works. You're going to be sorry you took them on, it's going to take too much time, they're not going to be willing to pay you. Why in the world would you take on somebody like that? The world is abundant. There are an abundant number of clients out there, baby boomers are retiring in record numbers, and will need a state planning going forward. There is no reason to chase down an F client like this or even to acquiesce to this F clients demands.

So, I hope that you gathered from today's episode, the confidence to turn down those F clients. To identify them. In particular, I urge you to create a process for intaking clients that your team knows and understands and that you won't violate, so that you weed out the tire kickers, you weed out the people who don't value your services and just want to pick your brain and engage only those clients who are A and B clients.

Well, that's it for today. Thank you very much for spending your time with me. If you found today's information valuable, please do subscribe to the Freedom Practice Podcast. You can also find us on the web at 4freedompractice.com. Until next time, this is Craig Hersch, and I look forward to speaking to you again soon.