

The Value of Active Goodwill

By Bob Deitrick, ChFC, CEO

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When I was returning home from a business trip to Savannah recently, Steven called me on the plane as I was en route and told me that one of our clients had been in a car accident. The first thing I asked of course was: "Is she okay?" She was, but her car had been totaled. When I called her that night upon arriving in Columbus, she was shaken but concerned that she didn't have any transportation. I suggested that she call her insurance carrier to find out if she could get a rental car and they were not very helpful. The next day, I called the car dealer where I had assisted her in acquiring the car two years earlier, and I set up an appointment for us to go into the dealer to get a new car for her that next day. On Thursday morning, I went to the dealer with her and negotiated a new deal and she was able to drive home a brand new ruby red Lincoln MKC that afternoon!

I am not sharing this story to impress you, but to impress upon you that assisting our clients, vis a vis active goodwill, is the foundation of how we have built our practice over decades. If we see a client experiencing a dilemma - we will do our best to assist them in overcoming the problem by helping them toward a successful conclusion. Active goodwill - or going above and beyond the call of duty to assist - distinguishes our practice and makes us unique allowing us to stand above the crowd.

We believe a primary value of our client-focused process is to create a win-win scenario for all parties involved. But when you add careful cultivation to building up goodwill, we strive to be vastly superior to our competition. Quality customer service, process and goodwill are the cornerstone of culture which I built this business upon some 36 years ago. In my view, quality of service is not what we put into it, but what our client derives from it. The bottom line is that we always want every client to have a positive experience with Polaris Financial Partners, to the extent possible.

There are seven levels which we strive for with our clientele:

- 1) The first level is Total Service Satisfaction. It goes without saying that unless our client is satisfied with our results, operations and service, any goodwill will be impacted.*
- 2) Utility Satisfaction. This is the all-around satisfaction each client receives through our entire wealth management and financial planning process.*
- 3) Brand Loyalty. We strive to ensure that our clients are happy every time they leave our offices or depart from an event or seminar or our annual Christmas party which we may have hosted. Our goal is to create a meaningful and rewarding experience each time you interact with PFP.*
- 4) Relationship Commitment. Steven and I believe that our clients are part of our extended family and "family" is how we treat all our clientele.*
- 5) Follow Through. I am a big believer in the notion that "our lives tend to work in direct proportion to the commitments we make and keep." Sounds corny, but it's true. Therefore, we strive to follow through and to always do what we tell you we are going to do. We're not infallible, I don't mean to imply we are perfect as we are not, but we strive to do and to be our best. Further, we always have our clients' back and their best interest at heart as well.*

6) Pleasure. It is our sincere hope that we can create an emotional connection with our clients as well. Our goal being that if you feel content in this relationship, you are less likely to look elsewhere for price differentials or other competitors.

7) Active Goodwill. We have built our business on the concept that active goodwill matters. More than 85% of our new clients and business is derived from our existing client base and that makes our firm unique. Active goodwill from our clients is how we have built our practice over four decades.

On a business note, April was, as we expected, a solid month for the equity markets as the S&P 500 and the NASDAQ both hit new records again last Friday. In fact, we hit the high point for the year last Friday and have altered our predictions for the balance of this year. We portend the S&P and the NASDAQ may rise an additional 7% to 12% by year end respectively– if and only if, this trade deal with China gets accomplished. If not, a pull-back of correction proportions may take place later this year. The news of new tariffs tweeted by Trump this weekend was not promising. Having said that, we are optimistic that calmer heads will prevail and that this gets done. The President knows his legacy and re-election hopes are dependent upon a trade deal with China becoming ratified in 2019. We hope that the President can stay out of his own way... that continues to be his challenge.

Tom Lee, co-founder of Fund Strat Global Advisors, one of the few analysts we admire and watch closely raised his S&P 500 year-end target last week to 3,125 from 2,925. That is a 7% gain from Thursday's 2,917 close. As of last Friday, folks, the S&P 500 has risen 18% this year. Not too shabby by any metric... Lee said his new year-end target for the S&P reflects the first-quarter earnings "recession," which he said so far has not been as bad as feared. Lee also argued that Fed Chair Jerome Powell's comments at the conclusion of this week's two-day policy meeting didn't spook the market as much as they have in the past.

The market is comfortable with earnings this quarter and the macro-numbers this year-to-date have been solid too. Unemployment for April hit a 50-year low last Friday at 3.6% with more than 263K new jobs being created, and the Fed's message has been far more conciliatory this year than last.

Strong earnings supported the market in April. More than 50% of firms have reported earnings and 74.7% have beaten expectations (according to FactSet). We believe that our clients should continue to be invested in 2019 and commit to buying on any dips as they happen over the balance of this year as well. If, and only if, the China deal goes through, this may be a break out year for equities.

We will be having three seminars in early-June. Those dates follow:

- **Wednesday, June 5th - Heavy apps and a wine tasting at Eddie's starting at 6:15 p.m.**
- **Friday, June the 7th – a Luncheon at Eddie Merlot's starting at 12:15 p.m.**
- **Saturday, June 8th – A Polaris Brunch at Eddie Merlot's with all the trimmings.**

We look forward to seeing you again sometime soon. Please feel free to call us with any questions.