

# PRIMER ON THE CARE & FEEDING OF CLIENTS

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*Many San Diego chapter members have remarked that our October program on “The Care and Feeding of Clients” was one of the best of the year – getting high marks for interest and relevance from members across appraisal disciplines. In fact, it ranked right up there with the wine tasting and cork screw collecting program in the Gas Lamp Quarter as the year’s most popular.*

*I have organized my notes on that popular October meeting for the benefit of those who missed it or would like to revisit ideas that were shared during our lengthy panel discussion. I would like to thank fellow panel members Thom Underwood, ASA; David Bowie, Candidate; Georgie Stillman, ASA; Kim Ufford, AM; Rick Engstrom, and our executive administrator Jan Giamanco, who served as moderator, for their help with the program.*

## **I. Screening Clients: Have a method and follow it.**

Several appraisers use a “Contact Info” form for screening clients where they note answers to specific questions they’ve asked during this first contact. One member recommends letting voice mail answer. This allows him to give some thought to the prospective client’s message and be prepared to give full attention when he returns the call – without interrupting his work. All members agreed on the importance of getting as much information as possible up front to determine if the client needs (and can afford) your services and if the job is right for you. After first interviewing the caller – with special care to listening to what’s said and reading between the lines – you can then quickly assess his needs and discuss the possible scope of work and fees involved. Tips: Allow for flexibility. Be respectful and professional. Make notes for future reference.

### A. First Contact Questions and Issues

- 1. What is the appraisal purpose?** Probate, insurance claims or scheduling, charitable donation, divorce, litigation, contemplating selling, etc. This is a good first question as it frames the appraisal problem.
- 2. Who are the intended users of the appraisal?** You should know if you’re having this discussion with the actual client or with a third party.
- 3. What kind of items must be appraised?** Does this fall within your expertise? If not, refer client to an ASA colleague. Don’t learn on the job at the client’s expense.
- 4. Determine if the items are “worth” appraising.** Be responsive to a potential discrepancy between the monetary worth of the client’s items and the cost of your fee. Depression glass and forties furniture may not warrant an appraisal. You may want to recommend they visit antique

shops or look on Ebay. However, in some claims litigation cases, an appraisal may still be required for low value items.

**5. What is the client's time frame or constraints?** Is there a house in escrow that needs to be emptied? Is there a looming court date, moving or donation date? Are they in need of the sale proceeds? Can you meet their time frame?

**6. Inquire as to how they found you.** It's helpful to know what ads work and who your friends are.

## B. Recognize Red Flags and Hot Button Issues

**1. Listen to the client and recognize warnings of potential problems such as:**

- a) Unreasonably high (or low) expectations of value
- b) Unrealistic expectations in terms of turn around time
- c) Sad stories about dire straits and economic hardship
- d) Unrealistic expectations about the cost of an appraisal
- e) Ambiguity about ownership or legality of items
- f) Use of an appraisal to get loan from an unknown third party

**2. Learn to quickly say "No" when**

- a) Client is looking for a specific or pre-determined value
- b) Client wants you to compromise your standards in any way.
- c) Cost of appraisal is disproportionate to value of item
- d) Time needed to do appraisal is too short
- e) You have scheduling conflicts
- f) Not your area of expertise and you must learn on the job
- g) There could be a conflict of interest or the appearance of one
- h) An attorney wants to designate you as an expert witness at the last minute without sending you a retainer or informing you about the case

## **II. OK you're hired! Prepare for the initial consultation.**

Our chapter members revealed several tools used in preparing for a job. Among the most important of these is the contract or engagement letter where the scope, fees, billing arrangements, on-site requirements or limiting conditions are disclosed prior to the initial

visit. (Business Valuation appraisers are pros at this.) Putting the scope of work in writing will help avoid what members refer to as “scope creep” when you get roped into doing more work for the same pay. Tip: Get it in writing!

#### A. Payment Issues – Better safe than sorry!

- 1. Confirm your fee schedule in writing prior to initial visit.** It’s convenient to have a brochure or informational packet handy to mail out upon first contact. Always date your fee schedule. Refer client to review your website if you have one.
- 2. Execute an engagement letter or work order** – at the very least a simple letter or exchange of emails or faxes confirming date, time and place of appointment.
- 3. Ask for an advanced payment or retainer** – include info about retainers on your fee schedule or in your letter so they know in advance that this is your standard procedure and they’re not being singled out.
- 4. Only agree to bill out the fee when you have confirmation in writing** of the job you are going to do – even with repeat clients. Require a written “authorization” to begin work.
- 5. Be cautious when working for Plaintiff’s counsel** or for third parties. Know and get in writing who is going to pay your bill.
- 6. Discuss billable time with client in advance.** Make sure they understand that time on site is only a portion of the total time for which they will be charged.

#### B. Scope of Work – Discuss, Disclose and Define Before You Begin

- 1. Prepare the client to provide you with any relevant documentation** and information including prior appraisals, insurance inventories, catalogues, invoices, publications and provenance information. Determine if items are specified in a will or trust instrument.
- 2. If using other appraisers or assistants, always disclose it to client in advance.** If you don’t know before the initial visit, allow for the possibility by explaining to the client in advance that certain types of items require input from specialists/experts. (No one should be expected to know everything!)
- 3. Ask about physical conditions onsite** that could impede your work or cause you to need an assistant.

**4. Plan for logistics of access, handling, photographing, etc.** Advise your client that you may need to take paintings off the wall, see the backs of objects, and turn furniture upside down.

**5. Educate the client about the report you will produce** – it's a formal legal document. Help the client understand that professional methodology equals a credible and reliable report. Reassure client of the confidentiality involved in your work.

**6. Explain the process and value of doing research** and obtaining comparables. Warn the client in advance that the job doesn't end with the onsite inspection. That's only the beginning.

### **III. Taking Control – How not to be managed by the client.**

Get off to a good start by being punctual. If you have an impediment call ahead and let clients reschedule if they prefer. Dress appropriately and respect their home or place of business. (Some people remove their shoes inside the house for religious reasons.) Get down to business by explaining your work procedures. Some appraisers bring brochures or articles to share with clients to preoccupy them while getting down to work.

Tips: Listen to your clients needs but don't socialize unnecessarily. Always remain professional and business like. Remember the old adage "familiarity breeds contempt".

#### A. Managing the client on-site.

**1. Conduct a walk-through.** Upon arrival ask the client to walk through the premises with you, specifying the items to be appraised or pointing out items to be excluded. Note: This is often where "family mythology" stories surface.

**2. Come well prepared with all necessary aids and tools** so the client doesn't have to get involved with your task at hand by finding a flashlight or a measuring tape.

**3. Actively listen to the client,** but don't get overly involved in discussions or offer up opinions during the walk through.

**4. Get all the facts you can.** Probe the client for information. Ask relevant questions: Where was it purchased? Has it been repaired? What were you "told" about it?

**5. Avoid making hasty remarks** about value or condition before doing a thorough inspection or necessary research. Resist clients requests for "ballpark" figures as they may come back to haunt you.

**6. Use your time effectively.** You are on the clock; it's your client's dime. Do not dawdle but be sure you handle and examine items thoroughly.

**7. Collect retainer or deposit before you leave the premises** (if it wasn't sent to you in advance). The client who is reluctant to pay a deposit will likely be difficult when it comes time to collect subsequent payments or the final bill.

B. Dealing with the unexpected.

- 1. You were expecting six items not sixty!** Before you begin work explain the full cost of the expanded job and the time involved.
- 2. Amend your fee estimate on the spot.** Don't wait until you've performed the work. When you discover the job is more difficult than initially anticipated, there are more items requiring more time on site, or more research involved, you should alert the client immediately – no one likes cost overrun surprises. Chances are the client was “in the know” and was attempting to get away with “scope creep”.
- 3. Ask for advance payment.** When jobs are bigger in reality than the client previously described, ask for advance payment or incremental payments.
- 4. Don't be afraid to reschedule** if there are unpleasant conditions on site that can be mitigated at a future date.
- 5. If there are hazardous conditions on site** – don't go ahead and work without protection, particularly on a job site with toxic fumes or mold. If you don't acknowledge the risk, you are not only exposing yourself to danger, but you are also potentially diminishing the client's perceived claim. Usually you are warned of this type of work environment in advance and have arrived with the appropriate protective gear. If not, walk away – this job's not worth it.

**IV. Delivering Bad News: U.S. Grant didn't sleep in this bed!**

There are plenty of anecdotal stories or “family myths” that influence a client's expectations of value. The important thing to remember is that while sentimentality may not have monetary value, sometimes the client may have profound attachment to the object in question. Clients sometimes think their object is “exactly like the one on Antique Road Show” and may have already mentally (or otherwise) spent the proceeds from an imagined sale. These situations require sensitivity on the part of the appraiser.

A. Telling the client the appraisal results are not what they expected or hoped for.

- 1. Be sensitive, not gratuitously critical.** Your comments may be interpreted as a reflection on the client's taste (or lack of).

**2. Never say it's bad, cheap, garbage or junk!** Even if you're talking to the adjuster or assistant during your work on site. The client may be in the next room within hearing distance.

**3. Soften the blow.** It's "absolutely fabulous" but not saleable. Great painting but there's not much of a market for this subject matter (portraits of old people, dead animals, etc.)

**4. Find something positive to say.** The object may be like a family member's pet or child. Always precede criticism with praise.

**5. Explain the market rationale:** It's an unpopular color, or the condition is not perfect as the current market dictates, lack of provenance, out of fashion, too many available on the market, etc.

*Note: This is the first of a projected series of articles based on future ASA San Diego Chapter meetings dealing with professional business practices.*