



## DOROTHY HINGHCLIFF'S FA GREEN BLOG

### Take Action To Keep Clients Happy

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During this severe economic downturn that's driven revenue lower for many advisory firms, it's more important than ever for advisors to come up with creative ways to serve clients and keep their business. Advisor Judith L. Seid has found an interesting way to do just that.

After learning that many clients would be interested in being more directly involved in shareholder activism, Blue Summit Financial Group launched a client action network, says Seid, CFP, president and founder of the La Mesa, Calif.-based firm.

"We had been providing the investment vehicles that were doing shareholder activism on our clients' behalf," says Seid, whose firm focuses on socially responsible investing. "We spoke to our advisory board and found out that clients really didn't know what was happening behind the scenes. They felt removed from the process."

In addition to strengthening relationships with clients, the Blue Summit Client Action Network also is part of the firm's marketing efforts. Says Seid: "We want to make sure that we are putting efforts into ethics and corporate behavior and hope that people realize there's more to investing than making money, it's about making change."

To get the network going, the firm formed a client committee to organize and run it. Seid and Blue Summit vice president Shane G. Johnston attended the network's first meeting recently to offer guidance and ideas. They introduced the group to some of the organizations working for corporate responsibility, including the nonprofit As You Sow, founded in 1992. Among other actions, As You Sow has led investor coalitions that have pushed for alternatives to genetically modified foods and that helped convince Home Depot to phase out sales of wood products from endangered forest areas. "We're helping clients by bringing them into contact with other entities they can tie into so it's easier for them to have a larger impact by piggybacking on things that institutional investors are doing," Seid says.

One of the first actions the Blue Summit network may take up is a letter-writing campaign to convince Pepsi to increase recycling of plastic bottles, which cause millions of seabirds and other ocean animals to die each year. The network also may participate in efforts to encourage the Obama administration to form an Office of Innovation In Corporate Social Responsibility and to ask Kraft Foods, McDonald's and Avon to disclose the use of any potentially harmful nanomaterials in their products. Nanomaterials are very small particles that have relatively large surface areas and can react more frequently with tissues in the body, which can increase stress on the body or cause cell death, according to a 2008 study by UCLA researchers.

Seid says by helping to organize the network, the firm shows clients that it cares about them and shares their values. Blue Summit also is providing updates on the network to clients in its newsletter.

"We care about them feeling more empowered and their portfolios being strong," she says. "When you look at what companies are doing—and this is important to look at from an investment standpoint—these companies are taking risks that can impact liability. Unethical practices certainly add to overall risk the investor has." In fact, she continues, questionable business practices today may become the basis of liability suits tomorrow. "Whoever thought years and years ago that tobacco companies would have to pay for the health problems they caused?" she notes.