Align Your Client's Plan To Their Unique Financial Wiring - by Hugh Massie, November 2005

In the past several years I have asked many advisors the question, "How much time do you truthfully spend understanding the mind of your clients?" The answers vary from 3% to 20%, but the consensus is about 10%. I then also ask, "Can you predict how you and your clients would behave if there was a negative event tomorrow?" Some say they can, but when probed it is only after knowing the client 10 or more years and having experienced some challenging situations with them. There is also some industry research to support this.

> **"As a general rule the most successful people in life are those who have the best information" – Benjamin Disraeli**

Know Your Client, Know Their Behavior

The reality is that we know very little about the behavior of our clients, and consequently how they make decisions. Making assumptions about who the client is and what their true motivations are is a dangerous approach. Ultimately, as advisors our ability to objectively understand how our clients are uniquely "wired" and then to build and maintain a healthy relationship with them represents 80% or more of our success.

When you think about it, the behavioral dynamics start from the moment a prospect makes contact with you. Therefore, what I want to encourage is that as advisors you more deliberately address the behavioral issues very early in your relationship with the client. I call this adopting an *"Understanding People before Numbers"* approach. Importantly, you need to have the correct methodology for understanding behavior as otherwise your assessment of the client could be very wrong.

> **The key principle being to understand people, you need to understand behavior.**

Removing the Myth that Financial Planning is Primarily About Money

When a prospect or client first makes contact with you, generally the first question they ask is a financial one of some sort. It is about money in some way. The reality is that the financial question is being driven by a life issue of some sort such as retirement, the sale of a business, funding college fees, or buying a lifestyle asset. Hence, I believe financial planning is 80% about understanding the life of the client and 20% about the financial issues.

> **The perceptions that money creates, trigger powerful energies that drive both positive and negative behavior.**

The correct starting point to understand the life of the client is to firstly discover their "financial personality" and then their life purpose. I believe it is a mistake to delve into the money issues and values too soon in the discovery process as it will generate confusion or stress and stop you getting to the core of who your client is. Therefore, it is important that you change the direction of the client discovery process by asking non-money focused life questions and having the client participate in a robust behavioral assessment process that enables you to get beyond the money cloud. After all, the goal as advisors is ultimately to align the core of who the client is to their financial decisions by knowing the whole person and their behavior. Otherwise, there is very little chance of getting the client to make committed financial decisions for the long-term. This is even more important when you are dealing with a couple, a family or a business as there is then multiple "money baggage" as each person is different. Also, remember as an advisor your clients can "eat" your behavior and hence, your money baggage can come into play too.

The Drive of Natural Behavior on Financial Decisions

To truly know the client you need to understand all of the client's financial personality and how it has evolved through their life. A person's financial personality is dynamic but is driven by their natural hard-wired behavior, which is the "core" and then continuously shaped by factors such as the environment, experiences and education.

The natural hard-wired behavior is uniquely programmed into a person from birth and through the first 3 or so years of their life. It is ingrained and will change very little throughout the person's life regardless of how much money they have. To a large degree, the differences in natural behavior explain why siblings are often so different and have different financial motivations, notwithstanding they have the same parents and are brought up in the same family unit with similar values, beliefs and opportunities.

The stability of the natural behavior means it can be reliably predicted, providing you have the correctly structured tools to uncover it.

Whilst understanding the overall financial personality is important, there are some key reasons to discover the natural hard-wired behavior as it:

- shapes how a person processes their life experiences and how they see the world;
- defines the person's relationship with themself, their communication style and consequently, their relationship with others and their inner motivations;
- reveals itself more clearly when a person is under pressure, which is often triggered by money and relationships.

The Practicalities … Using the Behavioral Information to Guide Clients

Very often you only see learned or adapted behaviors when you first meet a new client, and therefore do not see what is under the "iceberg". You only ever see 10% of who a new client is in the first meeting. This is even more the case when you meet a couple. As advisors, I am sure you have seen clients role play when they meet with you, but how do the financial decisions really get made and how does the behavior drive the process?

Let's now assume that we have an advisor Chris Coddington and a new prospect Helen Jones has come to meet with Chris for the first time. Helen is interested in building a financial road map for her future. The following is a quick summary of how the natural behavioral insights may be leveraged:

1. To determine if Chris and Helen are a "match" to be in an advisor relationship. Typically, advisors are referred clients based on their values (including integrity) and competencies, but the advisor or client is hired or fired for their behavior. Can the desired service be provided? There may be difficulties if Chris is naturally results focused and Helen is relationship and lifestyle focused.
2. How will Chris and Helen interact with each other in terms of their verbal and written communication? This is often where expectation gaps and misunderstandings occur. Remember, what the advisor says is not always what the client hears. If you can uncover the learning style of your clients then the information can be re-framed so they hear it on their terms.
3. Chris will need to understand Helen's true financial motivations, as who she says she is may not be who she really is. Understanding how

Building a portfolio from the inside-out will enable the client to truly balance their emotions with rationality.

to guide Helen to reach realistic goals within her emotional capability will be important.

4. Getting to the root of Helen's decision-making style will be crucial. Everyone has strengths and aptitudes which they should consistently follow, some of which are natural and others learned. Normally, the mistakes and lack of clarity come when a client does not have a handle on the "blind-spots" in their decision-making pattern.
5. Building an accountability framework for Helen will be important particularly as both the advisor and client may be naturally prone to making decisions independently. Will Helen or Chris be naturally pre-disposed to controlling the relationship?

The behavioral insight becomes even more important to understand when you consider Helen has a husband called Tony. What is Tony's behavioral style? The differences need to be objectively revealed and then understood and reconciled. This will really help with the alignment of the couple's decisions.

Behavioral Understanding Leads to a Quality Life

Further, in terms of building a financial road-map for Helen, Chris can use the behavioral insights to guide Helen to discovering her life purpose, and truly building a greater quality of life. Discovering the life purpose is fundamental to helping Helen prioritize her goals from the top-down and then developing money clarity. I know from experience that those who are able to write down their life purpose are more likely to stick to it and reach their goals each year.

An approach for Chris to follow in helping Helen discover her life purpose is to firstly find her "unique gift". This will be Helen's natural behavioral talents plus her passion. Then to get to the life purpose, Chris will help Helen find her vision and define her values. At all stages of this process, Helen's natural behavior will be influencing the outcome as it shapes how she sees the world.

A "quality life" means successfully integrating finances into a balanced life, and in so doing, having the courage to live according to your unique design, in harmony and without regret.

About the Author:

Hugh Massie is the President and Founder of Financial DNA Resources. In his work as a Wealth Mentor, Hugh specializes in human behavioral discovery using the proprietary Financial DNA® Discovery Process to liberate and empower people, families and organizations internationally to implement committed wealth creation decisions aligned to the core of who they are. Hugh is also the author of a book: "Financial DNA® – Discover Your Financial Personality for a Quality Life".

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