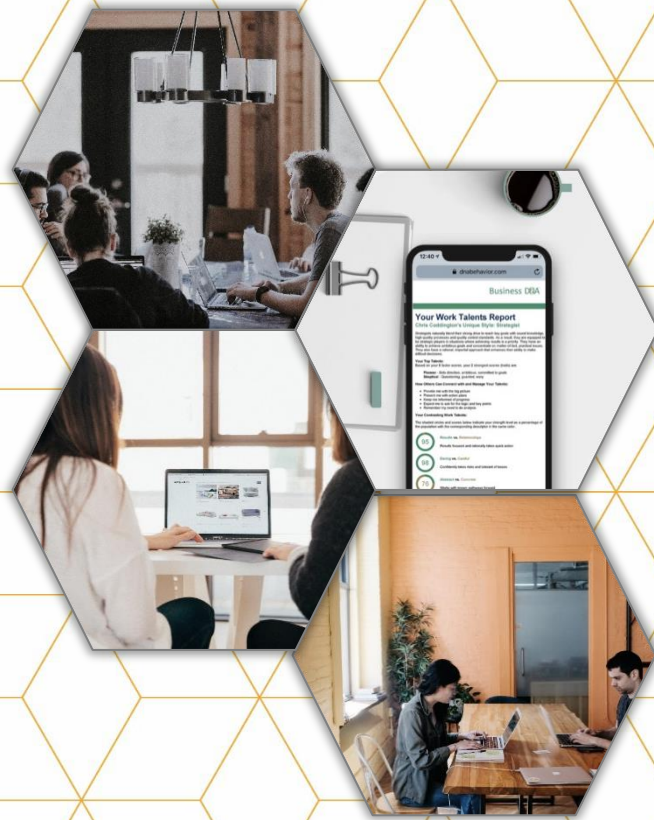


# Client Behavior: The Key to Long-Term Relationships



DNA Behavior®

## Behavioral Drivers – What are they?

In general, we all have behavioral drivers that are inherent and stable over time.

These tend to be:

- The drive to achieve, obtain, accomplish.
- The drive to build relationships and be connected.
- The drive to experience; a rush, pleasure, excitement.
- The drive to preserve, protect, and guard.
- The drive to influence and direct our own lives.

And yet today we are in unprecedented times. Some of these inherent behavioral drivers are being ripped away from us as we all face remote working and social isolation.

Both financial advisors and investors are in uncharted waters, and yet strangely find themselves on a very level playing field.

Advisors will be facing the same challenges as their client investors. Potential loss of income, home isolation, investments falling, life goals in jeopardy.

So, how then can or should advisors manage their own drivers in order to advise and safeguard their clients investments, goals and the future life decisions that have been made when they themselves are in a state of anxiety and concern?

How are these fundamental drivers in the advisor/client relationship being challenged? What are the behaviors likely to surface for both in these unprecedented times?

## From the Advisors Perspective:

Advisors are facing some big challenges. How to keep clients engaged during these troubling times; how to offer a point of difference to keep businesses afloat; how to transfer face to face interaction to social media ways of communicating without losing the personal touch. And how to keep their own head while the world shakes.

Add to this the inherent bias we all have, whether it be resistant to the use of social media, a reserved nature that makes online discussions uncomfortable, or an unsatisfied driving entrepreneurial force restricted by the 'social isolation' policies. We are all trying to find our new normal.

Uncertain times tend to bring out the worst and the best in people. Regardless of whether you are an advisor offering a service or a mumpreneur struggling to make ends meet as you grow your business, your behavior needs to be known and managed as you make important decisions.

A survey revealed that 71% of advisors said they experience moderate or high negative stress, compared to 63% of investors. Source: <https://www.thewealthadvisor.com/article/new-study-finds-advisors-are-more-stressed-out-their-clients>

Advisors could be forgiven for panicking in this season of market volatility. Suddenly the priority is not just about the market and client's investments, but rather about maintaining relationships with clients and managing their expectations, while also having their personal drivers challenged.

When advisors are not behaviorally sophisticated and have no insight into how best to communicate with clients other than face to face by intuition, flight suddenly seems an attractive option. But this reaction will not maintain business, nor will it keep investors engaged.

Advisors may well feel there is very little they can do now, but that is not so. It just requires a shift in thinking away from a client's investment portfolio to considering their clients emotional state and managing their expectations and concerns.

Most often financial plans have been formed in stable times. Life goals have been discussed and used to form the basis of investment strategies. Even in early market volatility, advisors will have managed client behavior by keeping them focused on the long-term perspective.

From the advisor's viewpoint this current environment is not just about clients, it's personal, it's impacting the advisor's world. Not only are they reviewing where they stand in terms of their own investments, they are being prevented from running their business as they have always done and so it would be inevitable that those who are not behaviorally smart will be uneasy.

It's important for advisors to know themselves as they move from the advisory role to a more coaching role with their clients. This is where a validated discovery process such as DNA Behavior will reveal a depth of financial awareness, personal bias, emotional and character factors that will provide advisors with a significant insight into their inherent and learned behavior.

## Behavioral Management of Investors (and Self) Understand Financial Personality Drivers

1. Firstly, understand the influence of your own biases and emotions on client decision-making.
2. Understand the behavioral biases and emotions driving the irrational responses of your clients to:
  - Match the client's style to the investment solutions offered.
  - Re-frame information in a way that will increase the likelihood that the client will stick with their plans.
  - Better speak to the client's feelings to get change – communicate on the clients' terms.
  - Provide real time behavioral coaching to keep the client comfortable.





Using your experience as a financial advisor could usefully move into providing the basics in this time of uncertainty. As an advisor/coach begin to educate your clients about how to save, budget, stick with plans and goals they have already made and most importantly, talk to them about making healthy choices with their money and avoid the temptation during this isolation period to shop excessively or trade online. These basic reminders might well improve their financial security and wellness.

## From the Clients Perspective:

The key is for investors to always be emotionally calm when making important decisions; “check your emotions before you wreck yourself”.

Your advisor should work with you to focus on the following:

1. How to position meetings and communicate with you using social media in a way that delivers a superior exchange.
2. Identifying your strongest 2 behavioral traits via the use of DNA Behavior Natural Discovery process and maximizing their use to navigate you through these difficult times.
  - a. For example – if you are results driven, managing your expectations in this current global financial uncertainty.
  - b. Or, if you are fast paced and need action, work with you to understand potential opportunities and connect those to support your already agreed goals.
3. Discussing your behavioral biases – these will be obvious from the completion of your DNA Behavior profile. Maybe you’re optimism bias or herd follower bias will need to be addressed.
4. Your risk behavior, spending pattern, goal motivation, and ensuring they remain aligned with your wealth creation and life goals when fear of the unknown is present.

These are roller coaster times and as an investor you should not be alarmed if your advisor moves to a more coaching role. Accept this shift and work with them to safeguard your financial plans.

### Managing the Emotional Roller Coaster of Markets and Life Events



Why do some investors repeatedly lose wealth and others accumulate it?

Everyone has patterns of behavior that they naturally revert to, particularly when under pressure, which can negatively impact performance.

For investors to be financially successful, they need to be able to manage their “emotional reflex system” when events happen.

Emotions drive how people act in uncertainty.

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Financial DNA

But, remember, your advisor can only help you if they understand you at a deeper level. So, when they ask you to complete the DNA Behavior Discovery process, there is a foundational reason for this

request. The advisor needs to understand you at a deeper level. They need to get to the core of your financial, emotional personality quickly in order to advise you effectively.

Neither you nor your advisor can control the markets, but each can develop Financial EQ through behavioral awareness. With behavioral insights you will have a much deeper insight into how to respond to events and close the investment performance gap.

Achieving the results you want are more likely if you know how to predict your reactions and understand how to manage your responses and behavior.

It's probably worth restating the role of financial advisors!

They should:

1. Help you as the client build a customized plan to achieve your life goals for living a quality life.
2. Use well understood processes to move you towards your goals and importantly at this time help you resist the temptation to panic and sell.
3. Keep your spirit and confidence levels up as a consequence of their expertise in leading and advising you.
4. Manage or even reign in your potential to return to old or long held beliefs that could damage your wealth creation to achieve goals.
5. Stay in touch with you. Communicating regularly and with any means suitable during these times.

## An Important Thought from Hugh Massie

I, the writer of this guide, recalled a piece written by our CEO/Founder some years ago, in fact, in 2008. I thought it was worthy of reprinting. Hugh Massie wrote about the importance of financial education. Who knew how relevant this piece would be to today's advisor/client relationship?

Here is what he wrote:-

*Recently I have really hit on the issue of financial education to develop greater financial capability for the consumer. Why am I harping on it more? Yes, it is my passion and the core of why Financial DNA was developed. However, the need is now "red hot" with the financial markets in turbulence and many people very concerned about how they will unwind. Are we at the lows yet? It would not seem likely. So, there is potential for a lot more concern and emotion yet.*

*The question becomes how will you behave in these turbulent times? What decisions will you make? How will you make them?*

*Everyone has emotions. Further, nothing more than money can trigger your emotions and cause you to make irrational decisions. The key is to have greater self-understanding of your emotions and propensities to making financial decisions. Also, it is important that you stay focused on your life purpose. This may sound lofty and big picture. However, your life purpose is the foundation of your goals and your wealth creation strategies. I have always seen that those who stay focused on their life purpose are the ones who make it through turbulent times and manage their emotions.*

# DNA Behavior®

*Remember that 5% of your wealth will come from investments and 95% from your behavior. So, understanding your behavior will get the results in the end.*

*So, what is the next step? Get more of the right financial education and become financially literate. The focus of this education should clearly be to become more educated about who you are and your life purpose. The Financial DNA purpose and that of our Wealth Mentors is to provide you with this education. Ultimately if you are interested in preserving your wealth in turbulent times, then this is the best strategy out there.*

Those are wise words for this season.

## Time to *Know* Advisor/Client Behavior

These are unparalleled times. If the world is to survive this pandemic in terms of health and economic stability, we must take a long, long, hard look at our behaviors.

Both advisors and clients must objectively face the reality of this situation and work together through knowledge of each other's inherent behaviors to achieve success. This requires understanding how each will innately respond to times of change and difficulty.

With an investment of just 10 minutes required to complete a DNA Behavior Discovery both advisor and client will have at their fingertips and on any device, significant insights into their financial and emotional personality and any learned behaviors.

To learn more about DNA Behavior International and the solutions we offer, please visit: [www.dnabehavior.com](http://www.dnabehavior.com)

If you have any questions or would like to discuss with an executive on our team, please email us at: [inquiries@dnabehavior.com](mailto:inquiries@dnabehavior.com)

