

I've always done collaborative advice (yeah, right!)

David Greenslade | Strategi | 08 April 2014

Recently, I ran a session for a group of 20+ years plus CFP veterans on increasing productivity and linking that with compliance requirements and changing consumer needs.

These advisers understood the compliance bit. They were so focused on compliance that they used it as the reason why they could not talk with clients about asset protection, estate planning, tax – in fact, about anything or add value anywhere other than to the client's actual portfolio. As a result, they were not getting new business. New prospects who came in the door were not engaging, instead choosing to leave and go elsewhere. Even more disturbing was the realisation that an ever increasing number of their clients were deciding they did not need a regular review, they no longer rang up to advise when they had more money to invest and, certainly, they were not providing any referrals – not even one per adviser per year!

These advisers are fantastic technically. They know how to build portfolios, use spreadsheets, quote the technical jargon and dish out advice. Without exception, they all stated they knew their clients intimately, they used technology and they engaged with clients collaboratively.

But what became evident was that their idea of using technology and engaging collaboratively with clients was very different to mine. They used technology in the form of Word documents, Excel spreadsheets, CRM systems and wrap platforms, behind the scenes and out of sight of the client. When interacting with clients, paper was their thing! Collaboration to them was the antithesis of objection. They felt they were fully engaging with their clients by sitting opposite a client in a meeting room, giving a briefing, asking the clients if they had any questions – and then telling them the answers. These advisers had done this for 20 years. It had worked well when they were building their businesses and they told me their clients must still trust them as there had not been an exponential increase in clients departing their firms.

Fortunately, these industry veterans were keen to find ways to really increase their business productivity, increase revenue and multiply the value of their businesses. We discussed that their clients may still be with them but why they were not getting a bigger slice of their client's financial services expenditure.

We also spent time looking at fantastically easy-to-use software which their clients could drive themselves during the interview while the adviser asked a series of probing questions – all of which takes the client/adviser relationship to a whole new level. The advisers discovered that their elderly clients did have goals, that chasing a higher income producing return from a portfolio was not their sole determinant of success, and that many clients may have considerable sums of cash and other investments sitting elsewhere.

By the end of the day, these advisers had moved from what was, in fact, a traditional consultative advice approach (the client asks a question and the adviser – who is the font of all knowledge – provides the answer, either then and there, or via an SOA some days or weeks later) to a truly collaborative approach. This involved using tablets in the hands of clients or clients driving software which projected onto a large flat screen monitor. Client and adviser moved from sitting opposite each other in a meeting room to sitting on a couch together and looking at a large screen. The advisers mastered a series of client centric, non-threatening questions which, when asked the right way and explored using the software's interface, produced a range of scenarios for the client and adviser to analyse right then and there, and decide on the most appropriate solution. The software, while still in its testing phase, produced a rudimentary SoA that the client and adviser could discuss and sign off on, knowing that the finer detail around how to implement the solution would be supplied the following day.

This still followed the six step advice process, it met all the compliance requirements – and the amount of behind-the-scenes adviser time was cut by over 50%.

A number of weeks have now transpired since that session. I did a quick ring around prior to penning this article to check on their progress. Key comments from those calls were:

- “I now use the one screen risk tolerance questionnaire with all my clients. It is so much better than the seven pages I printed out before. The clients use the tool and I talk them through the implications of their answers and we watch the asset allocations and portfolios change right in front of us on the screen.”
- “The one screen tool for calculating how much insurance needed has enabled me to sell insurance to the adult kids of almost every one of my elderly clients. It is fantastic for discussing self-insurance vs passing risk to an insurance company and identifying at what stages in a person's life they need more or less insurance cover.”
- “The tool that enables clients and me to work out the amount of income and capital they need to meet their goals is my favourite. It is just so easy to use and being able to discuss every little change with the client in the meeting gets their instant understanding and buy in. I attach the screen shots as part of a SoA and it cuts down my SoA writing time by heaps. I am now looking to use it in seminars I run.”

These advisers and others like them are at the forefront of the evolution of personalised financial advice. Technology is changing the way clients search for information and is making it easier for product suppliers to sell simple products online. Potentially, this is a threat to some financial advisers.

However, true collaborative advice – where the adviser is provided with additional psychology-based questioning techniques and processes and this is fully intertwined with simple-to-use technology – creates a more powerful client/adviser relationship which will easily withstand the onslaught of online sales, DIY websites, call centre approaches and

cookie cutter product solutions. The client ends up being more engaged and better understanding the advice. And the adviser ends up getting a bigger share of the client's financial services expenditure. It's a real win/win for all concerned.



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