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## Client Values - A Gimmick or For Real?

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The concept of “values-based advice” is not uncommon but I wonder about the depth of commitment to it. When I have asked advisers about the benefits of a values conversation the focus of their response is often along the lines of either “differentiation” of their approach or “warming up” the prospect. In this column I would like to address the question of whether the values conversation is just a gimmick or whether it really adds to the quality of the financial advice.

Now let me confess that I am not adopting an objective stance here. I am fully convinced that, applied confidently and competently, a values-based approach not only builds trust from the first meeting but provides an excellent foundation for advice. Here are two recent case studies\* from our clients....

### Case Study 1

Greg and Jane are in their early 50s. They are not wealthy people but they have been careful about saving towards their retirement. They own a fishing boat and it is evident that they not only enjoy their pastime but they have a specific goal of upgrading their boat one day. A traditional financial planner would no doubt be able to identify this goal and include it in his/her financial plan. However, a few years down the track the planner may well seek to de-prioritise this goal in favour of more “sensible” strategies.

Our client, however, explored their interest in fishing to a greater degree of depth. When Greg and Jane, with some prodding, began to share their passion for their hobby our client was diligent in recording their key phrases. It became clear that it was more than just a hobby! This was their “sanity” after a tough week at work and their way of treating their friends to a great day out. They shared the “adrenalin rush” of wrestling with a marlin on the end of a rod – and our client refrained from making any value judgments.

So when the engagement letter not only noted the goal of upgrading the boat but quoted some of their associated experiences, Greg and Jane were delighted that our client really understood them. And in a few years time, they will be confident that our client will continue to respect their goal, knowing what is really driving it.



## Case Study 2

Kerry is a widow with children from her marriage to Ken as well as from an earlier marriage. She is keen to ensure that children from both marriages are well looked after in the event of her death. She is also keen to ensure that Ken's legacy is enjoyed by his children and a family trust has already been established with this in mind. A traditional financial planner would no doubt identify the importance of estate planning and the difficulties of managing the expectations of Kerry's two families. However, when working with a lawyer to draw up suitable wills and trust structures it would be easy to overlook Kerry's real concerns.

Our client explored Kerry's fundamental drivers in the context of her legacy and the relationship with her two sets of children. Our client conducted a serious and at times emotional interview with Kerry. He came to understand the importance of honouring Ken's financial discipline. More significantly, he discovered that Kerry's relationship with Ken's eldest son was very tense as a result of the management of the family trust. Mending this relationship was an important priority for Kerry.

So when the engagement letter not only recommended a review of her estate planning but included quotes about her true motivations, Kerry was in tears. Kerry was impressed that, for the first time, someone really understood her wishes and she was confident that her wishes would be respected. And, in dealing with the lawyers, how careful will our client be to communicate Kerry's motivations and ensure that the outcome is perfect for her?

The values conversation is not "special" in identifying goals or concerns. However, it is special in demonstrating your understanding of your clients in your engagement letter. It is also special in ensuring that the underlying drivers are recognised and respected throughout the relationship by everyone involved.

These are the best of times to commit to values-based advice to understand and solve the most important challenges in your clients' financial lives.

\* Names and specific circumstances modified for confidentiality purposes