



Happy New Year?

I would like to take this opportunity to wish all readers a very happy New Year. However, “happy” means different things to different people. I have been surprised by how many advisers I have heard looking forward to a happy 2013 because “markets are looking up” or “clients are finally looking to invest” or “confidence in shares is returning”.

That’s fine for investment advisers – I understand that their business is very much tied to investment behaviour. But for genuine financial advisers, it doesn’t matter. Yes, that’s right, the prospect of improved financial markets does not matter to real financial advisers.

What is the role of a financial adviser? There is a range of responses but they usually relate to helping people make smart financial decisions or helping people achieve their financial goals or giving their clients greater certainty (or confidence) about their financial outcomes. If you believe in these value propositions (rather than helping people achieve great investment returns or provide sound investment advice) then I would pose a simple question:

Did your clients need your advice and guidance more or less when you compare the period 2008-2012 with 2003-2007?

I suspect that they desperately needed your direction and leadership more in the last few years. And that is when you really delivered value to them.

So if you believe in genuine financial adviser value propositions please align your business to them in 2013 rather than thinking that it will be a good year because of the market. I think the test of alignment includes:

- The way that you and your team describes what you do for your clients, especially when speaking with referral partners and potential clients
- The positioning of your business on your website, white papers and marketing material
- The manner in which you conduct your initial meetings and review meetings, especially the questions that you ask your clients
- The presentation of your services in your engagement letters
- How well you honour and respect the relationship with your clients
- And, finally and obviously, how you price and pitch your fees.

Not convinced? I highly recommend that you get in front of your most values and trusted clients and undertake some one-on-one market research. I suggest arranging an informal meeting, perhaps over breakfast, coffee or lunch. Take the opportunity to ask them questions along the lines of the following and listen carefully to their answers:



- How did you first hear about us?
- What initial expectations or impressions did you have?
- What are the major financial challenges that we have helped you with?
- What else could we do to help you solve your problems or achieve your goals?
- What is important to you in our relationship?
- What are the major benefits you have enjoyed by working with us?
- How would you compare us to your previous experience with financial advisers?

You may be surprised at what your important clients actually value.

As an aside, what type of questions might investment advisers ask their clients? Perhaps questions like:

- Have you been happy with the returns that have been generated this year?
- What do you think of our asset allocation for next year?
- How does our regular portfolio reporting compare with your expectations?
- What additional cash would you like to invest this year?

It's a different world.....

These are the best of times to behave like a genuine financial adviser – and avoid the temptation of assuming that the prospect of improved investment markets will deliver a happy New Year.