

Creating an ROL-Centered Practice

by Mitch Anthony

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The task of creating a financial plan is often viewed by clients as a one-time event that easily becomes outdated. As a financial plan becomes outdated, clients begin to chafe at paying the same fee for what they perceive as less effort. The real value is in monitoring the plan—hinging on how personal, how frequent, and how synchronized the monitoring is to the client's life and circumstances.

The return on life (ROL) practitioner perceives that for a financial plan to be a living, breathing instrument, it must be infused with aspects addressing individualized life needs in the context of money that basic data gathering, analysis, and projections alone cannot provide. The ultimate end of a financial plan is that it will comprehend a client's meaning as it relates to his or her means. The plan will articulate the why as well as the how. Why are we developing and monitoring this plan? This question must move beyond clichés like, "So I can retire" or "So I can have enough to not worry anymore." It also must move beyond simple metrics that often are determined by factors and causes beyond your control.

The value of the planning process must be felt as well as seen. Five core values need to be articulated for today's clients to earn a more privileged position in their lives. These values address real needs in their hearts and minds as they relate to their money.

1. **Organization.** Help bring order to your clients' lives.
2. **Objectivity.** Provide untainted perspectives that lead to suitable and rational money decisions.
3. **Proactivity.** Help clients anticipate life transitions and prepare financially.
4. **Accountability.** Help clients follow through on their commitments.
5. **Partnership.** Help clients make decisions that move them toward the best life possible with the money they have.

Let's examine how you might articulate these ROL values to clients in your conversations and processes.

Help Bring Order to Your Clients' Lives

Few people possess a sense of perfect calm regarding the various financial decisions they have made in their adult lives. Many have a sense of dread or denial regarding sustainability of their investments, policies, loans, commitments, and options. The conversation that gathers all the pieces of the puzzle to demonstrate the big picture is of tremendous value.

Two actions are needed to bring a sense of financial composure leading to financial peace of mind (1) a micro-assessment of cash flows, and (2) a macro-assessment of all investments, loans, policies, and other financial commitments. I believe more planners provide the latter than the former, but more and more planners are beginning their conversations with a baseline process of figuring out first where the money is going. Isn't it a second-rate process to plan only around discretionary funds when we could first assist clients in generating more discretionary funds through exercising more discretion around spending?

Provide Untainted Perspectives that Lead to Decisions

Where can we go for advice that is not hinged to the dispenser's personal purse? To the cynical consumer, the lawyer could be advising the pursuit of a specific action to ramp up hours billed. The dentist could be exaggerating the risks of not pursuing a recommended treatment to increase monthly revenue. The adviser could be recommending a fund, plan of action, or policy to pad his own upfront or recurring income.

Demonstrate the value of objectivity in conversations with clients through absolute transparency around remuneration. If you are providing transcendent value of the ROL ilk, you will not hesitate to say, "Here is the value I propose to bring to your financial situation, and here is how I am paid for what I do."

Help Clients Anticipate Life Transitions

Money goes in motion when life goes in transition, and every practitioner is concerned about money going in motion. They want to be on the retaining end of the equation when it is their client's current portfolio, and they want to be on the custodial side of the equation when it is a prospect. The mistake many make is being too late to the conversation regarding specific transitions.

Years ago I created a process called the life transitions profile that thousands of planners have since integrated into their practice to help anticipate clients' life transitions. From of a list of more than 60 transitions, clients indicate those on the near horizon for them, and the planner gives advice specific to the transitions.

Help Clients Follow Through on Commitments

I know an adviser who describes his value to male clients in this way: "I'm like the best man in your wedding, listening to the promises you make and holding you to them." Ask any successful individual if there are matters that need attention in their financial life, and the answer most likely is "yes." What keeps them from attending to the details and getting matters settled is a lack of accountability.

Clients need someone to hold their feet to the fire when it comes to important matters in their financial lives, including having a current estate plan, properly insuring their chief assets, avoiding unnecessary risks, properly researching investment opportunities, living within their means, etc. An adviser who educes these responsibilities from the heart of the client and holds that client's attention to completion is of inestimable value.

Help Clients Make Decisions for the Best Life Possible

A chief financial officer cannot work independently on behalf of a company. The CFO can only work with the resources the company possesses. It is a partnership where the company has an agenda and applies capital toward that agenda, and the CFO attempts to wisely allocate available resources against that agenda. The CEO doesn't just hand the CFO a check for a million dollars and say, "Let's see what you can do for me this year." Far too often this is the position advisers find themselves in, and I believe it happens in large part because they have not properly defined the nature of the relationship.

Rather than being a facilitator or broker of investments, the adviser needs to resemble the role of CFO for the client's life. To succeed, a partnership is required, which needs to be defined as the adviser's role and responsibilities, and the client's role and - responsibilities.

The client needs to understand that you are not playing in a comparative game with other advisory firms and that you can only work with what they bring to the table. Planning for your clients' financial lives is impossible if they only tell half the story and bring a third of their assets to the table. Clearly a lack of trust leads to this reticence. To succeed, your clients must understand you are working with them—not just for them.

You, the adviser, have expectations of the client, and the client has expectations of you. Expectations include thoroughly knowing a client's situation, awareness of the assets and liabilities at play, as well as timely action and follow through on the client's part.

Begin to contemplate how you can communicate and validate these five values in your planning practice. The value perceived and felt will transcend any fee structure you may have incorporated. When these values are transmitted to clients, you no longer have to wonder if clients appreciate your value and if you're at risk because of unfortunate markets.

The result of the ROL approach is that your client relationships move toward a life-driven rather than a numbers-driven dynamic. This not only means firmer footing for you in those relationships, but also greater value being delivered to your clients on a self-perpetuating basis.

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