

The Value Of You By Mitch Anthony

Wise financial advisory firms work hard to emulate the UPS approach.

On a recent airplane trip, I sat next to an executive with UPS who explained how his company transformed itself from a package delivery company to a “supply chain management” firm. It all hearkens back to the big picture.

“Delivering packages, we soon learned, is a commodity,” this executive informed me. “Once it becomes a commodity, we enter into the pricing war zone. Using our powers of observation we realized that by virtue of our expansive viewpoint—delivering millions of packages for thousands of companies—we knew more than most of them about supply chain management. We decided to start selling our expertise instead of relying on the commodity for our well-being.”

By appealing to the context of the commodity they served, UPS transformed its company into a big-picture strategic business that sells advice as an entrée to the commodities they deliver. That’s a whole different ballgame—and one that wise financial advisory firms work hard to emulate.

While I’m on the topic of package delivery, allow me to put myself in danger of bleeding a metaphor to death. In the interest of equal opportunity, let’s switch to FedEx for our next example. Let’s say you are a high school football coach who has built a very competitive program. You have a huge game coming up with a conference rival. A fellow coach tells you he is going to FedEx a game plan to you that he thinks will greatly enhance your chances of winning. The next morning, as the delivery truck pulls up and the doorbell rings, I want to offer you two choices on who is going to be the delivery person:

Scenario one: The regular FedEx guy in FedEx apparel is there to deliver the package. In this case you quickly sign, shut the door and look over the plan to see if it can help you win.

Scenario two: George Seifert, pioneer of the West Coast offense, is at your door to deliver the package. In this scenario, you drop the package and fervently beg him to stay and spend some time to explain how you might successfully implement and run this scheme.

In the first scenario, the package is the object of value, which is the historical state of financial services. Many advisors have been (and some still are) viewed as nothing more than highly paid delivery boys who add no value beyond delivering the package—to say nothing of what is in the package. Any company that thinks that their latest tweaking of a product or a process makes for a good calling card needs a quick course on the accelerated nature of standardization and commoditization in our culture of rapid catch-up. Nowhere is this truer than in product manufacturing and in the distribution of said product.

If you are first out with an idea, you run the risk of being ahead of the curve, missing the mark, arriving too early or simply being wrong. Most manufacturers would prefer the second or tertiary spot in the line-up as opposed to the leadoff position, as it’s always better to be on the cutting edge than the bleeding edge.

Even if you are first to market with the latest tweaked product or service, by the time the marketing department figures out how to tell the story, however, the story gets purged in the compliance “briar patch”—and you’ve got, at best, nine months to give birth before your competitors march out a dozen clones. Oh, I know there are some exceptions to this example, but these are few and are far between in this age of accelerated technology and nimble competitors. We live in an age where information moves quickly and inescapably results in rapid commoditization. It is shortsighted and increasingly self-destructive to hang your hat on the latest, greatest product or process.

A more preferable and advantageous plan for advisory firms would be to hit the pavement running with George Seifert-types whose chief value exist in the grey-matter, not in the four-color, laminated play-of-the-day. In this second scenario, the chief value is the intellectual and experiential capital “between the ears”—not just in a particular scheme an individual happens to have in his hands at the time. In the financial services industry, where most advisors are selling “plays” and “plans,” the need is to shift toward selling insight, experience or what we commonly refer to as wisdom. Such a shift will require not just a new approach to advice but a new type of advisor to deliver the game plan at the advisory level.

The Val-YOU Proposition

If products have become commodities and advisors who bring them are perceived as delivery boys (or girls), then what is the next potent value proposition? I submit that it is the advisor himself or herself that comes with experience, observations, curiosity and, yes, wisdom. When this George Seifert prototype shows up, your clients will pay more attention to the conversation than to the package because they will understand that there is wisdom to be gained.

YOU are at the core of the new Val-YOU Proposition.

You will not sell a higher value proposition to your clients until you wholeheartedly embrace and integrate that selfsame value prop firmly within yourself. The central point in your future value proposition is to place your human value above all in the way you present yourself.

I often ask advisors, "What are you going to do for me? What am I paying for?" One advisor told me, "Mitch, I'm really good with the numbers." I pulled out a calculator and said, "So is this, but I'm not going to pay it 1%. I just put in a couple of double-A batteries now and then."

If the value you are selling can be replicated by a machine or software, then you are not selling the more powerful and self-sustaining human value that you possess. Consider the following values that get sold in a relationship for fees, in descending order of importance and value:

- The personal aspect: You as an individual (your level of concern, philosophy, uniqueness and professionalism).
- The strategic aspect: Your ability to think conceptually and contextually, ascertain meaning and create a strategy unique to the individual (based largely on intuitive capabilities).
- The procedural aspect: The processes you use for managing assets, risks, etc., in the planning process.
- The tactical aspect: The products and services you utilize in the animation of the plan.

One of the common frustrations I see with high-end advisors (by high-end I mean a combination of their skill level and the assets they manage) is that they know they are delivering extreme levels of personal and strategic value, but their fees are tethered to the lower value of the procedural aspect (AUM). This is a complex problem that begins with not knowing how to sell the personal and strategic aspects, and ends with possessing the confidence to charge desirable clients and reassign or discharge those who do not fit the new paradigm and who do not understand these higher values.

Advisors As Wisdom Merchants

What is your transcendent personal value? What is it about you that I cannot expect to receive elsewhere? Describe for me how a relationship with you in the realm of my money is fulfilling enough to keep me from shopping for "services" elsewhere. I see too few advisors in this industry who have figured out how to articulate the best of what they bring to the table.

You have integrity. You care about your clients. You pay attention to their situation. You're in it for the long haul. You tailor your plans around the needs and desires of their life, not your financial goals. This is personal value. This is what people are willing to pay for. I have always believed that the greatest value leaders can provide (and it is important to think of yourself as a leader if you are dispensing advice) is to offer clients a picture of a life that works—your life. By doing the right thing for the right reasons we prosper and gather even greater opportunity.

One planner told me that he explains his personal set of values this way: "I'm like your financial best man," he says. "I'm here to help remind you of the promises you have made to yourself and to those you love, and it takes good advice and financial discipline to see those promises through."

Another advisor explains her value set this way: "I want to be your CFO—your Chief Financial Organizer. Most people have financial lives that are scattered here and there, like puzzle pieces, and it's hard to see the big picture of where you are at and how far along you are without seeing all the pieces together. To get to this place, we first need to look at each piece, decide what to keep, what to throw away and what we need to take time to think about."

Another advisor shared this description of personal value: "In a previous life I was a coach. As a coach, my greatest desire was to see my players grow, both in their game and as human beings. And to help them, I had to be good at two things: 1) the Xs and the Os—I had to think strategically and creatively to make sure we got the wins we needed; and 2) I needed to know how to motivate each player to bring out their best game—one part information and one part inspiration. I find the same approach helps my financial clients the same way it helped my players."

It's a great skill is to be able to articulate how you go about accomplishing the best of what you offer in the lives of your clients. Once your clients understand your true personal Val-YOU, the competition gets left in the dust ... because they have nothing more to sell that a thousand others offer as well.

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