

People skills, the competitive advantage in today's new economy

By Bill Bachrach, CSP, CPAE

As a person whose professional life is all about coaching and training advisors, I am frequently asked, "What's the most important thing I can do to be more successful." The answer is your people skills, also known as interpersonal or communication skills.

Your success as Financial Advisor has more to do with your people skills than your technical expertise. Of course, it's a good idea to have both. But in today's new reality it's your people skills that set you apart. These are the skills that enhance your connection with your existing clients because you demonstrate empathy for the pain they may be experiencing as they make the mental and emotional transition to their new economic reality. These are the skills that allow you to communicate your advice so it's acted on. It's your people skills that help you help your clients adjust their goals or their time horizons. These are the skills that help you meet prospective Ideal Clients. These are the skills that help you engage potential Ideal Clients in a way that increases the likelihood that they will become your next new Ideal Clients. These are the skills that help you effectively ask for referrals and make the follow-up connections with the people to whom you are referred.

What if you're not a natural people person? Don't worry about that. The problem with the "natural people person" is that they tend to talk too much. Talking skills are not the same as people skills.

How do you develop these people skills if you are new to our business or polish them up if you've allowed them get a bit rusty?

3 key things: Ask good questions. Listen with empathy. When it's your turn to talk, be able to articulate your ideas and your advice with conviction so your clients and your prospective clients respond positively. It also helps if you genuinely care about people. It's hard to fake liking people.

Your people skills are invaluable for building your business by referral and self referral. In fact, regardless of your preferred client acquisition system, sooner or later you're going to have talk to a human being. The more you do it the better you get.

Over the past 20 years I've seen several studies about how people with money meet and / or want to meet their Financial Advisor. Typically 90% or more say "referral." The other methods share the remaining 10%: cold call, direct mail, drip marketing, seminars, advertising, or radio shows.

Of course, I'm not telling you anything you don't already know. No doubt, you've read the same research. I'm simply proposing that you finally suck it up and get good at actually asking for referrals and making the follow-up calls. Can you think of anything more intelligent than becoming good at meeting new Ideal Clients the way *they* say they want to be met? You might have been able to get away way with not-so-intelligent marketing in the old economy, but the new world is far less forgiving. Acquiring new Ideal Clients by referral is also the most cost-effective method. Your cost

per Ideal Client will be the lowest by referral. Can you think of a better time to implement the most effective and least expensive method for acquiring new Ideal Clients? It will be your people skills that will have the biggest impact on the success of your referral-based client acquisition strategy. That and consistency of execution are the keys to success for all client acquisition methodologies. You might as well consistently execute the system for acquiring Ideal Clients that those prospective clients have told you is the way they would like to be “acquired.”

The Self-Referral. The self-referral is simply my terminology for the process of referring yourself to people you already know and new people you meet in the course of your everyday life. You meet lots of people you could engage in conversation that might lead to a business relationship, but you probably choose not to. Another excellent way to implement a self-referral program is to strategically put yourself in places where you know your potential Ideal Clients tend to be, provided these are places you genuinely enjoy being. It’s painful to hear about advisors who pretend to be interested in the symphony just to meet wealthy donors. You will be far more effective when you get involved in things you actually enjoy and meet potential Ideal Clients as part of living the life you want to live anyway.

Like all repetitive motion result-producing activities, at first these “muscles” may weak. With consistent “exercise” they become strong. Being a Financial Advisor you would probably like to have a formula that produces a predictable result. Here you go:

- ask good questions
- listen with empathy
- resist the temptation to talk about yourself and / or what you do and how you do it
- ask more good questions
- continue to listen with empathy
- continue to NOT talk about yourself and / or what you do and how you do it
- Lather. Rinse. Repeat (the sound advice you find on the back of the shampoo bottle)
- When it’s your turn to talk, say something relevant to them and offer something of value for them, whether they ever do business with you or not.

Because you were genuinely listening with empathy you will remember the things they say that are legitimate reasons to propose a next step, which might be a telephone conversation or a face-to-face meeting. In adult learning theory this is called “creating relevance.”

Sending a relevant gift, like a book or an article or something else that might help them in the areas they have told you matter to them is also a good idea.

If appropriate, say something like, “Based on the things you told me about _____, _____, and _____, I think you would get value from our process for helping people like you make smart choices about your money in a way that positively impacts your ability to _____, _____, and _____.

What goes in the blanks? The most compelling and emotionally charged things they just told you while you were listening with empathy as they answered your great questions. How do you remember what they said? You listened. People with good people skills pay attention when others are talking and remember what they said, at least for the few minutes while they are together. (Later you may want to jot down a few notes to refresh your memory.)

Here's what it might sound like when you incorporate their personally compelling information: "Based on the things you told me about wanting to help your family be happy and successful, having more interesting experiences in your life like your goal to see the Grand Canyon, and getting more involved in community service, particularly programs to help at-risk youth, I think you would get value from our process for helping people like you make smart choices about your money in a way that positively impacts your ability to help your family be happy and successful, have more interesting experiences in your life, and get more involved in community service, particularly programs to help at-risk youth. Would you like to explore that?" Yes it's a mouthful. It's a mouthful of things that matter to them.

The key is to have a process. The next step in your process is likely a telephone appointment or a face-to-face meeting in your office, preferably with both spouses and all their financial documents.

Where do you have these conversations? Short answer: everywhere you meet people.

The little "secret" to make this work is simply to substitute meaningful conversations driven by your questions for the superficial chit-chat about sports, hobbies, the weather, and politics that frequently dominate how many people interact.

Keep your list of these questions on a 3x5 note card in your pocket and refer to them often. Are these really the kind of things people with great interpersonal skills do? Absolutely. The glib, spontaneous people person is rare. Most have dedicated themselves to being students of this skill. Think about being to people skills what a professional athlete is to their sport or a professional musician is to their instrument or a best-in-class surgeon is to their specialty. What would your business be like if you had world-class people skills?

What do you say during these conversations when they ask what you do? This may not work exactly for you, so adjust it accordingly, but this is what we teach the advisors we coach: "I help people make smart choices about their money so they achieve their goals and fulfill their values. We do this by helping them get their entire financial house in order and keep it that way forever."

Whatever questions you get asked, answer them succinctly and directly immediately followed by another one of your questions. The objective is to keep *them* talking.

What are some good questions?

- What's important about money to you?
- What are your aspirations for the future?
- Who do you care about?
- How does money affect these relationships?
- What's changed for you as a result of the recent economic events?
- What are you doing to cope with this change?
- How would you like your Financial Advisor to help you?
- When you meet a stranger try this: "I'm a Financial Advisor. Is there anything on your mind you'd like to talk to me about?"

My co-author of High-Trust Leadership, Norman Levine, was brilliant at this. He called his self-referral process the non-interview. He described it to me this way, "I meet new people, strike up a conversation, and sometimes nothing comes of it. Sometimes I make a new friend. Sometimes I get a new client." Nothing bad ever happened to Norman by striking up conversations with strangers, but lots of good things occurred in his 50+ years in our business.

Let me wrap up with a few things you can do to keep your people skills sharp:

- Have a list of questions.
- Get in the habit of engaging people wherever you are.
- Keep your interacting-with-people muscles active. Remember, muscles you don't use do NOT get stronger by themselves.
- Buy a small digital recorder and record your client meetings, both initial interviews / discovery meetings, implementation meetings, and progress meetings.
- Listen to the recordings to see how well you ask questions and listen. One objective is to hear their voice on the recording much more than yours.
- Go to a communication skills class, preferably one that puts you on video and provides personal coaching. You MUST see yourself on video. Painful? Probably. Valuable? Absolutely! An excellent and cost effective program is the Decker Communications Course. www.decker.com.

It's a great time to be a Financial Advisor... if you have people skills.

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Time, Priority, and Calendar Management; the "secret" to being a highly successful financial professional by Bill Bachrach, CSP, CPAE

There are fundamental truths for knowing your priorities, placing them on your calendar, and developing the discipline to consistently honor your calendar. The challenge, of course, is in developing the habit to *consistently* do what you probably already know you should do in order to achieve your goals. Sometimes a little illumination on a subject can go a long way to producing your desired results.

The process of time, priority, and calendar management is easier when you have clear goals that you are committed to.

"He who has a reason why can bear most any how." - Frederick Wilhelm Nietzsche.

So, what *are* you committed to? What matters to you so much, personally and professionally, that you *need* to manage your time very well in order to dramatically increase the probability you will achieve it? By when do you want to be there? What will you be thinking and feeling once you have achieved each of your goals? You want your "why" to be big enough and important enough to pull you to take action on the how.

Keep in mind that you can't actually "manage time." All you can do is decide which high pay-off action items you are going to schedule into your time and do those things most of the time. You won't be perfect. Fortunately, perfection is not required to achieve your goals.

Here are a few tactics that will help you get more done, accomplish your goals, and reduce the feeling overwhelm, which are compounded during challenging economic times.

Almost 20 years ago Dr. John Lee taught me the simple 4-D formula for time management: Drop. Delay. Delegate. Do.

The easiest way to gain more time is to NOT do something that isn't especially important any way. How many things do you think you *have* to do which could actually be dropped without changing your results or your life? Drop them. Get them off your list and get them out of your head. Think of one thing right now that you can drop completely. Doesn't that feel better? You just got the gift of time.

There are some things that feel more urgent or important than they actually are when you compare them to your goals. What can you delay, perhaps indefinitely, that will free up time now to do more important, results-producing, activities?

There is a rule in economics called "comparative economic advantage." It simply means that if you generate \$100 an hour with your time and you can pay someone else \$25 an hour to do some of your lower pay-off activities, thus freeing you to do more \$100 / hour activities, this is a good deal. What can you delegate to others? The key, of course, is to actually use the extra time you gained

from delegating to do higher pay-off activities. If you hire someone to delegate to and then use that time to read the newspaper you are not getting the value of comparative economic advantage.

And the last of the 4 Ds is do. What are the things that have the most impact on achieving your goals? Your high pay-off activities likely include meeting with clients, asking for referrals, making your follow-up calls to your referrals to schedule appointments, meeting with prospective clients, doing your part of the planning and preparation for upcoming client meetings, professional development, building and leading your team so you have willing and capable people to delegate to, etc.

Use the 4 D formula and realize an immediate boost in your productivity.

Another simple way to improve your results is to “get real” with time. Most of us have more to do than is possible to get done in our weekly ration of 168 hours. Why do some people get so much more done with their 168 hour ration than others? They schedule their important action items on their calendar and honor their calendar. This means they make appointments with themselves to do what’s most important. Not just meetings with others, but actual appointments on their calendars with themselves to rehearse and prepare for a client or prospect meeting, a block of time scheduled to make follow-up phone calls, an hour scheduled to call clients to just check in, an appointment with yourself to go for a run or hit the gym. This is more than an idea in your head that you will do something at 11 o’clock. It’s an actual appointment with yourself, at a specific time, to do a high pay-off activity. Imagine how much more productive you will be when your most results-producing activities are on your calendar. This is much more powerful and effective than having a to-do list.

Scheduling your high pay-off activities on your calendar accomplishes at least two important things. First, it gives you a time and priority consciousness. Given all the more important things you can do with your time than shoot the breeze with a colleague, you wouldn’t schedule time to do that on your calendar. With your new-found time consciousness, because everything you need to do to achieve your goals is on your calendar, you will naturally gravitate away from things that waste time. Secondly, it reduces the feelings of overwhelm from not getting as much done as you want to. You still won’t get everything done, but when you cross your completed items off on your calendar and reflect on your results from the day you will feel good knowing that the most important things got done. Feelings of stress from not getting enough done are largely the result of realizing that less important things got done at the expense of the more important things. Scheduling your most important action items on your calendar and developing the habit to honor your calendar makes you more productive and lowers stress.

The bottom line is that your time is something you have control over. At a time when there is so much turmoil and uncertainty in areas you can’t control (the market, the economy, and world events) it’s comforting to know that your success is still in your hands because you can choose to fill your calendar with high pay-off, result-producing action items.

It’s time to get back to work so you can achieve your goals and enjoy what is truly important to you in life.

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Service culture or Accountability Culture™: Which is better for your clients and better for you?

by Bill Bachrach, CSP, CPAE, Bachrach & Associates, Inc.

Simply put, the service culture is oriented to giving people what they want and the Accountability Culture™ is about holding people accountable to do what needs to be done so they achieve their goals for the reasons that are important to them, *especially* when they don't feel like it.

Nordstrom is a service culture. If you owned a department store I would encourage you to run it like Nordstrom. When the customer brings back the worn out shoes and wants a refund, just smile and hand it over because "the customer is always right."

A high-performance athletic team is an accountability culture. You agree to do what the coaches advise you to do because they have earned the right to coach the players. Consider modeling your practice more like that of a really good coach. You are a licensed and trained professional who has earned the right to advise your clients on the appropriate course of action to achieve their goals for the reasons that are important to them.

The bottom line is that in the financial services business the "customer" simply isn't always right and it's your job to tell them the truth.

Many financial advisors presume that people come to them primarily for their knowledge and access to products, programs, and platforms. This kind of thinking tends to lead them to act more like salespeople who over-educate, over-explain, offer choices and options, and leave the ultimate decision about which investments or how much insurance up to the client. Or, worse yet, the client tells you what they want to buy and you sell it to them. While I am aware that some clients prefer this collaborative type of relationship, most would be much better off working with an advisor who holds them accountable to do what needs to be done rather than what the client thinks they want to do. Professionals don't collaborate with amateurs. Hence the title: financial *advisor*. We know an advisor who handles these situations perfectly. When a client (the amateur) crosses the line where they are telling the advisor (the professional) what to do this advisor simply reminds the client who's who by asking, "There are two of us here today. One of us is the client and one of us is the advisor. Tell me again, which one do *you* want to be?" Of course, he does this with a smile, but the point is effectively made. Does he have more courage with his clients than you currently possess? Read on.

Most of us realize, at least deep down when we are truly being honest with ourselves, that we need more accountability in our lives to consistently do those things that we *need* to do in order to achieve our goals. Aren't you more likely to show up for a workout you scheduled with a friend? Aren't you more likely to be prompt for the family event you publicly promised you'd attend? These are forms of accountability.

Yes, some people tend to resist accountability, however, when it's offered in the right way by someone they trust they tend to respond positively. The trust relationship is a subject on which I have written volumes, so I won't elaborate on it again here.

Accountability is NOT punishment. Accountability is NOT micro-management. Accountability is NOT condescending. Accountability is support from someone who cares. A good CEO is accountable to the board of directors and the shareholders. Good parents hold their children accountable to behavior that will lead to success in school, extra curricular activities, and life. Good coaches hold their athletes accountable to behave in ways that create success on and off the field. The director holds the actors accountable to memorize their lines. A good business coach holds their clients accountable to execute the action plan for success. Good leaders hold their subordinates accountable to do what the goal requires to achieve it. A good publisher holds the writer accountable to meet the deadline. Smart people of all ages and levels of experience seek ways to be held accountable because we know that, to some degree or another, left to our own devices we will under-perform our potential. It's human nature. And by its nature the accountability relationship is a love – hate thing. You may hate it in the moment, but it fosters love because of the value and results it produces.

Aren't the people who had the most impact on your life those who told you what you *needed* to hear not what you wanted to hear? Aren't these the valuable people who held you accountable to make the best choices and behave in a way that would make your life better, especially when you didn't have the best perspective on the subject at the time? The true Trusted Advisor is very much like a mentor to their clients.

The best and most effective financial advisors hold their clients accountable to do what needs to be done, when it needs to be done to achieve their goals and fulfill what is truly important to them (their core values). This is the Accountability Culture™.

How do you do it?

As a Trusted Advisor, and not a salesperson, it's your responsibility to initiate what I call accountability conversations. Not many clients will tell you, "My self-discipline isn't what I'd like it to be, will you help make sure I get this stuff done?" It's your responsibility to say something like, "Based on your current reality, your defined goals, the target dates to achieve them, and what's important to you, we're going to get these specific things done, in this specific order, by these specific dates. Here's what I am going to do and here's what you have to do, okay?" This kind of language my sound familiar to you, it's called leadership.

Or: "Here's what needs to happen in order for you to achieve your goals for the reasons that are important to you. One of the most important things that you have hired me to do is to create a prioritized schedule of what needs to be done on a timeline that will get it done. Here's what I'm going to do and here's what you need to do. Let's discuss your commitments and make sure we create a schedule that works for you and still meets the important deadlines that matter to you."

You might be wondering if you'll ever get resistance. What if you do? What if they say something like, "Wow, you're pretty tough." or "You sound like my boss."?

Trusted Advisor: That's what you pay me for. I'm here to make sure you achieve your goals. The most important part of our relationship wasn't *creating* the plan, the most important thing is to *implement* the plan.

Client: What if I don't get something done by the date we agreed to?

TA: You should let me know as far in advance as possible that you're not going to meet the deadline and we'll establish a new date. Just don't make that a habit. What would you do if I was in the habit of not doing what needed to be done for you by the deadlines we agreed to?

Client: I guess I'd have to fire you.

TA: Exactly. And our relationship is a two-way street. If I don't do what I'm supposed to do then you should fire me. And if you don't do what you're supposed to do then I'll have no choice but to fire you. However, there's really no reason for it to come to that. We've completed your Financial Road Map®, you now have a comprehensive financial plan, and you've said that you are both committed to achieving your goals for the reasons that are important to you, true?

Client: True.

TA: So I'll commit to do what I'm supposed to do. Are you still committed to do what you need to do to actualize what's on your Financial Road Map®?

Client: Yes!

TA: Fabulous. Now all we both have to do is follow-through on what we agreed to do and there will be no reason for either of us to be fired. Sound good?

Client: It sounds like "tough love" to me, but that may be just what we need.

TA: That's what you pay me for. The celebrations we have as you achieve your goals will make it all worth it.

In our experience, when this type of relationship is proposed it is consistently embraced. The clients may not say so, but one spouse or another (if not both of them) is usually thinking, *Yes! This is what we really need!* Sadly, some advisors don't feel comfortable holding their clients accountable. They say it feels awkward to hold their 40-, 50-, 60-, or 70-year-old clients accountable. After all, aren't these people adults who are just supposed to do what needs to be done? And if they don't, isn't that their problem? No. They need and will appreciate your leadership and accountability support. In the Accountability Culture™ you will do more business because your clients feel more confident about achieving their goals, are more loyal, and refer you more consistently.

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In Trouble, Push On

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“When you’re going through hell, keep going.”

– Winston Churchill

One of my financial advisor friends recently said to me, “My business is off X%, but that’s not bad considering that I’ve spoken to other advisors and their business is down more than mine.”

Hear me out, please. What I’m going to say after what I say next could be very valuable to your success in the next 12 months. My honest thought that I didn’t express was, “Beautiful. I guess if you find big enough losers to compare yourself to you can always feel good about yourself and your results.”

A bit harsh, I know. Remember I just *thought* it. But, it’s true isn’t it?

Human nature seems to be that when our results are down we try to find ways to rationalize and justify. “It can’t be me. It must be something outside my control. And if others are down too, it’s okay for me to be down.”

Consider thinking about results at a different level. What if the problem IS you? That would be good, wouldn’t it? If the problem is you, then your success is still within your control even when many things out of your control are bad. For example, the only way the market or the economy or world events can be to blame for down results is if your business development activities are maxed out and your other business habits are solid. If your business development activities are not maxed out then the poor economy or down market is not the problem. They have only exposed a weakness: your poor business habits. So, really, be honest with yourself. Are you meeting with your clients several times / year and holding them accountable to implement the action items of their long-term financial plan? Does a long-term plan even exist? Did you prepare them emotionally for the inevitable downturns in the economy? (Or did you imply that your “experts” will beat the market?) Have you provided so much value that their relationship with you is not dependent on investment performance? Do you regularly ask for referrals? Do you provide value to the people to whom you are referred, whether they do business with you or not? Do you consistently follow-up with the friends, family, and colleagues your clients refer? What about your staff and external subject-matter-experts on your Deliverables Team? Do you have enough business cash reserves to weather a down economic cycle and invest in your growth even when others are pulling back? How’s *your* personal financial plan holding up?

Before you blame the market, take a long look in the mirror.

The question isn’t “how much will a down economic cycle impact your business?” The better question is, “what are you going to do about it?”

Here are 6 ways to capitalize on the current reality to succeed now and thrive later.

1. **What you think matters.** One of my advisor clients asked me on a recent teleconference what I think about during difficult times. My honest response was, “Bull____. Bull____. Bull____. I’m NOT going to let my goals in life be determined by some economic, world, or market event!” There was a recession in 1994 and a mortgage trainer named Deborah Jones had buttons printed that read, “I’ve heard there’s a recession and I’ve chosen to not participate.” I love that. What about you? What’s going on in your head right now? What you think matters, but don’t just *think* good thoughts. Let your positive thoughts inspire positive actions.
2. **Do something about it!** My favorite river guide is Bob Stanley. We spent 12 days last summer rafting the Colorado River through the Grand Canyon with Bob. We all remember Bob’s 3 rules when you get launched into the river. 1. Remain calm. 2. Breathe when there’s air. 3. Do something about it! In other words, don’t hang out and wait for someone to rescue you. Bob’s a big fan of the “self rescue.” What if nobody shows up to rescue you? Positive action to serve your clients, acquire new clients, and build your deliverables team will take your mind off the negative and produce positive results. Studying the problem will not make it go away. Neither will reading about it or watching it on TV. Turn the TV off and throw the paper away. Go to work instead.
3. **Who you hang out with matters.** This includes what you read and what you watch. You don’t want your kids to hang out with people who are a negative influence, so why wouldn’t that philosophy apply to you? Disengage from people who think their success is influenced by external events. Associate with people who tell the truth and take responsibility for their lives and their results.
4. **Be aggressive.** I don’t mean verbally aggressive like some old-school, stock broker, insurance agent, salesperson making cold calls. I mean activity aggressive. Focus on what you know produces results. Rededicate yourself. Redouble your efforts. Whatever you do, don’t wait for “this to pass.”
 - a. Schedule meetings with your clients and tell them the truth about what they can do increase the probability of achieving their goals.
 - b. Have referral conversations.
 - c. Add value and be of service to your referrals by getting the VBFP books and Quality of Life Newsletters in the hands of your clients’ friends, family, and colleagues.
 - d. Follow-up! Be professional. Be diligent. Follow-up!
 - e. Conduct effective phone conversations that are truly valuable, whether people do business with you or not.
 - f. Keep in mind that most financial advisors aren’t very good and now, more than ever, it’s very obvious to their clients. This is a great time to show up in the lives of people who thought their advisor had it together.
5. **Increase and protect your confidence.**
 - a. Reflect on events in your life that were challenging, going all the way back to your childhood, and remember that you survived then and you’ll survive now. If you were an advisor in 2000 – 2002, that was a much more challenging economic time and you survived. What else has happened in your life that has prepared you to weather this?

- b. Do something challenging. Go for a tough hike or bike ride. Run a 10k. Register for an Outward Bound program. Swim with sharks. Do whatever works for you. For example, we organized a ropes challenge course for our advisor clients the day before the upcoming September Academy 2. A ropes course is a great way to have fun and gain confidence at the same time.
<http://www.youtube.com/watch?v=z3jTjjKn7vk>

6. Prepare now for the next time. First of all, you realize there will be a next time, right? There's always a next time. There will be another up cycle and there will be another down cycle. Spring follows winter. My colleague Bert Decker, of the famous Decker Communications Training Company says, "*The effectiveness of your communication determines the effectiveness of your life.*") He's right. Your success as a financial professional is not determined by your technical skills, it's determined by your people skills and your communication skills. What are you doing today to improve those skills to enjoy success now and to be better prepared for the next time? It's your communication skills that make you effective when you have referral conversations, make your follow-up calls, during phone consultations, conducting inspiring Financial Road Map[®] Interviews, being articulate with your advice at the Implementation Meetings, and keeping your clients on track and fully invested at Progress Meetings during challenging times.

Not everyone suffers during down economic cycles. Some people are up. What has to happen so you're enjoying being part of the "up" group instead of commiserating with the "down" group?

Remember, failing with an excuse, even a really good excuse, is never as good as succeeding.

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Fiduciary standard?

Article by Bill Bachrach, CSP, CPAE

The headline reads: “Wall Street wins big as Dodd drops fiduciary provision.” And the first line of that article is “Chalk it up as a win for the securities and insurance industries.” How do the securities and insurance industries *win* when the client loses? It’s a fascinating way to view the world, but not surprising. Here’s my translation, “the lower the standards the easier it is for us to manage our advisors, wealth managers, salespeople, and agents.” It’s the usual product-oriented, fear-based thinking from our industry at-large and it’s proves, once again, that you have a competitive advantage as an individual Trusted Advisor who chooses to put the client first. Can you believe what you just read: *you have a competitive advantage by putting the client first?* Yes, you do. Doesn’t everyone put the client first? Apparently not. Amazingly enough, our industry considers it a win when they don’t have to adopt the highest standard of care for their clients. Wow. Here’s what Wikipedia has to say about Fiduciary.

A fiduciary duty is a legal or ethical relationship of confidence or trust between two or more parties, most commonly a fiduciary and a principal. In a fiduciary relation one person, in a position of vulnerability, justifiably reposes confidence, good faith, reliance and trust in another whose aid, advice or protection is sought in some matter. In such a relation good conscience requires one to act at all times for the sole benefit and interests of another, with loyalty to those interests.

A fiduciary is someone who has undertaken to act for and on behalf of another in a particular matter in circumstances which give rise to a relationship of trust and confidence.

A fiduciary duty is the highest standard of care at either equity or law. A fiduciary is expected to be extremely loyal to the person to whom he owes the duty (the "principal"): he must not put his personal interests before the duty, and must not profit from his position as a fiduciary, unless the principal consents. The word itself comes originally from the Latin fides, meaning faith, and fiducia, trust.

Sounds like the perfect standard for the kind of advisor you would probably choose if you were a client, doesn’t it? And you are probably already a highly

A group of top advisors and industry leaders formed a committee called “The Committee for the Fiduciary Standard” (www.thefiduciarystandard.org).

The message on their website reads: When the Committee formed, we spoke out on the important issue of ensuring that investors' best interests are number one in financial reforms, by adopting the five core principles of the authentic fiduciary standard. These five principles are:

1. Put the client's best interest first.
2. Act with prudence; that is, with the skill, care, diligence and good judgment of a professional.
3. Do not mislead clients; provide conspicuous, full and fair disclosure of all important facts;
4. Avoid conflicts of interest.
5. Fully disclose and fairly manage, in the client's favor, unavoidable conflicts.

What are the advantages of being an advisor who adopts the fiduciary standard, even informally, as a matter of choice?

1. Fewer, if any, conflicts of interest. Wouldn't it be great to have no conflicts of interest to disclose? If you were a client, would you rather have a Financial Advisor who fully discloses her conflicts of interests or a Financial Advisor who does not have any conflicts of interest to disclose? No matter how much your clients trust you now, the relationships shift up to the next level when you take the fiduciary approach. They were always confident you had their best interests at heart and now they know it for certain.
2. Confidence knowing that you have voluntarily chosen to operate at a higher standard than your peers and "competition." What impact would this higher level of confidence have on:
 - a. your client interactions?
 - b. your effectiveness in asking for referrals?
 - c. your effectiveness in how you follow-up with your referrals?
 - d. how you answer the question, "what do you do?"
 - e. your value proposition?
 - f. your entire way of being in every prospect and client interaction?
 - g. your effectiveness in partnering with other professionals such as accountants, lawyers, and money managers to serve clients.
3. Employee morale and loyalty. Even in difficult economic times, the core motivators beyond the paycheck determine the true value you gain from your employees. Most human beings would rather be part of an organization that stakes out the higher ethical ground as part of their defined business practices.
4. Compliance simplification. It's very obvious to your internal compliance officers and / or the regulators who are looking for client situations where you have conflicts. When they don't exist there's no reason to spend more time in your office, to keep digging, or engage in endless follow-ups.

What other advantages would you have if you adopted the fiduciary standard?

Maybe it's a good thing for you that the industry fights the fiduciary standard. As long as they do, individual advisors who adopt the standard have a competitive advantage. Enjoy it while it lasts.

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Bill Bachrach, CSP, CPAE is the author of 4 books, including the best-selling *Values-Based Financial Planning*. He has delivered approximately 2,000 keynote speeches and presentations teaching financial professionals to build high-trust client relationships. For over 21 years he and his team have trained successful advisors and planners to dramatically improve their client loyalty, build their business by referral only, and live a very high quality of life. For more information on how to build your practice as a Trusted Advisor, go to www.baivbfp.com. Register to receive a monthly complimentary e-newsletter called The Trusted Financial Advisor or call 858-558-3200 for more information.

What's new in building high-trust client relationships?

By Bill Bachrach, CSP, CPAE

Over the years, 20+ now, I've studied a lot, taught a lot, and written a lot about building high-trust client relationships. Lately I've found myself saying to our core group of committed advisors who implement the Values-Based Financial Planning turn-key business model that, "trust is *not* the objective, trust is a *by-product* of the other things that you do, like your behavior, your communication, and the quality of your work."

I've come to believe that if gaining your clients trust is your objective then the focus is on the wrong place: you. When, of course, the focus should be on *them*. When your goal is to establish trust it might be to further your agenda, like, "I have to get them to trust me... so they hire me... so they give me assets... so they buy my product or idea, etc. etc. etc."

Consider this point of view instead: "I am going to show up relaxed, be authentic, behave with an extremely high level of professionalism, skillfully execute my process for creating a great client interview experience or progress meeting experience, ask great questions, listen with empathy, be well-organized, be respectful of their time by not bragging about myself or my company or boring them with over-explanations of financial concepts and ideas, and be selective about only letting the truly right-fit people join my community of Ideal Clients. And if, in the process of *behaving* this way, they trust me and hire me, fine. If not, that's okay too."

Some advisors try to force things to happen with everyone they meet by using sales, influence, or persuasion tactics to "close the deal." This is akin to a woman desperately seeking a husband because her "biological clock is ticking" instead of looking for the right partner with similar goals and values who is best suited for the two of them to create a life together of happiness and fulfillment.

I'm in the business of helping successful advisors double-quadruple their business revenue in 4 years or less, so what I'm writing about here is not purely altruistic. You may be concerned that "relaxing" or abandoning a more intense sales focus will diminish your results. Actually, the contrary is true. Which "way of being" do you think is more likely to attract successful people to want to become your clients, the relaxed Trusted Advisor or the intense salesperson? Relaxed doesn't mean wishy-washy or lacking in passion for helping people make smart choices about their money. It means that you don't show up with what we used to call "commission breath."

Think of each client relationship more like a professional marriage. The objectives are for them to have the best possible experience, whether they become a client or not, and for only the "right-fits" to become clients.

Here are a few time-tested ideas for behaving in ways that create the by-product of trust and a few thoughts about not-to-do behaviors that erode trust.

- 1 Look for "right fit" people to join your client community versus a "they have money therefore I want them" mentality. Create an Ideal Client Profile where the personality element of the people you meet is equally important to the money element in order for them to earn an invitation to join your client community. Notice the difference in how it feels to think of *inviting* people to do business with you versus "closing the deal."
- 2 Ask good questions.
 - a. Values (What's important about money to you?)
 - b. Goals (What are your tangible goals that require money and planning to achieve? How much do you want to have for that goal? By when? What are two or three words that describe what you are thinking and feeling once you have achieved that goal?)
 - c. Does the idea of having a comprehensive financial plan which gives you a higher probability of achieving your goals and fulfilling your values appeal to you?
 - d. Would you like to join our client community and have us do this work for you?
- 3 Listen with empathy. The tendency, especially during an initial client interview with people you may have never met face-to-face, is to think more about what you are going to say next while they are answering your questions. When you do this you don't really hear what they said, therefore it's hard to be empathetic to things you weren't fully present, mentally, to hear. The solution is to have your questions memorized so you don't have to think about what you are going to ask next, thus allowing you to be fully present and a much more empathic listener.
- 4 Record your client meetings, especially the initial client interview. I've written in this magazine before about recording client meetings and to save you the trouble of searching back issues here's a script for introducing the recorder. "I appreciate the investment of time and effort you made to be here today. The fact that you have done so tells me that you must be serious about your money, is that true? (pause for answer) You'll notice that I'll ask many relevant questions, take copious notes, and I also record the meeting. (refer to the recorder and pause) The reason I record is because I'm very thorough. (pause) Do you know how you can watch a movie a second or third time and see things you missed the first time?" (Nice long pause for them to respond.) "Well giving you advice about your money so you can achieve your goals is obviously much more important than a movie, so I want to make sure our advice is right for you. If we choose to work together, I'll listen to this recording at least one more time to make sure to get it right." (pause) Ask your first question. (See "ask good questions" above)
- 5 Give advice with conviction. Salespeople tend to offer alternatives and let the prospect or client choose. Trusted Advisors gather all the information they need, consult with other experts where appropriate, and give the best advice for the client... with conviction. There may be more than one way to achieve a goal, but there is only one *best* way. Find the best way and give advice with conviction.
- 6 Tell the truth even if doing so jeopardizes the relationship. Serious and successful people don't want to pay good money for a rubber-stamp, yes-person kissing their butts and telling them only what they want to hear. It's your job to tell the truth, *especially* when it's what they need to hear and not what they want to hear.
- 7 Avoid direct statements or indirect implications that you can do the impossible. I.e: beat the market. The primary determinant of a person achieving their goals is their own behavior. Your job is much more about managing your clients' choices and actions than it is about managing their money. The bottom line is that there is no guarantee of anything. The best you can do is to help people get their entire financial house in order, make the best choices

- possible at the time, and be in the strongest position possible to adapt to whatever non-controllable events occur. The less you play the predict-the-future game the more credible you are.
- 8 Be inspiring. Focus on helping clients and prospective clients create a compelling vision for their future and become their bridge to make it happen. Being a future vision creator is much more trust-building than being a problem-solver.
 - 9 Avoid the use of the old-school greed appeal: “work with me and you'll get a better return because our guru has a better beat the market black box.”
 - 10 Avoid the use of the old-school fear tactic: “buy gold (or whatever) now because the big deficits and weak dollar mean inevitable inflation coming to erode your buying power! You could outlive your money and end up a burden to your family, living off community hand-outs, or on the government dole. How would that make you feel?”
 - 11 Be a comprehensive financial professional. It's interesting that most financial advisors claim to be comprehensive. But what does that really mean? What is “comprehensive financial services?” At the very least, *comprehensive* implies "everything." Do you really help your clients take care of *everything* related to their money? How many things is that? I know of one advisor who has done such a great job of defining comprehensive financial services that many advisors look to him for leadership on this subject. Check out www.trustedadvisor toolkit.com for the best information I know of about delivering truly comprehensive financial services.
 - 12 Put the client first. Duh. I know. It sounds almost silly and certainly cliché. And yet there is a lot of discussion and controversy by the regulators and industry leaders about the fiduciary standard. Am I the only one who finds it absurd that legislation is necessary for our industry to step up and adopt a fiduciary standard? Isn't that simply always, in all situations, and under all circumstances putting your client's needs ahead of your own? Isn't that what you already do? Do you really need a law about that? Apparently the industry does. The good news is that your competition needs somebody else to define integrity for them. And speaking of integrity...
 - 13 Have no conflicts of interest. Notice I didn't say "*disclose* conflicts of interest." Run your business without any conflicts of interest. Why should there be any conflicts of interest to disclose?

Keep in mind that these are not "tactics" to build trust. These are the powerful behaviors of financial professionals who are very good at what they do and who genuinely care about helping people get their financial house in order, achieve their goals, and fulfill their values. By behaving at this very high level of professionalism trust is the *by-product* of that behavior.

The bottom line is that you can't "technique" your way to trust. You earn it by who you are and what you do.

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Success Leaves Clues (Don't Shoot the Messenger)

By Bill Bachrach, CSP, CPAE

You have probably heard the saying that success leaves clues. These "clues" are Universal Truths or Laws of Nature that we observe successful people following that provide a good example of what to do if we would like to be successful also. These are things we accept as being true and unchangeable. Some of the more obvious Universal Truths or Natural Laws are that humans need to breathe air to survive, gravity, and that water is wet.

Another such Natural Law is what I call The Rule of 168. There are only 168 hours in the week and your success and happiness in life are determined by how you choose to invest your 168 hours. This was not my idea. God did not confer with me when he or she decided how long it would take the Earth to make a complete spin on its axis or the time required for the Earth to revolve around the sun. It is what it is. Resistance is futile. Please don't shoot the messenger.

Jack Nicholson's character (Colonel Nathan R. Jessep) in the movie *A Few Good Men* delivered one of the most famous lines in the modern movie era, "The Truth! You can't handle the truth!" I propose that life is better when you choose to *handle* the truth. Success is leaving clues about the truths required to be successful. Are you listening? Do you see them? Will you choose to *handle* the truth?

As with the Rule of 168, there are Natural Laws and Universal Truths about what is necessary to be a successful Financial Advisor. I did not invent these truths any more than I had input into how many hours there are in a day or week. I have just been a diligent observer taking good notes. This may not be a complete list, but I doubt you will disagree with anything on it. What you do with this information is your choice. Remember, don't shoot the messenger.

- Must have the skill and confidence to engage people in conversations that could lead to the next step of them potentially doing business with you. These can be with people you already know, people you meet in the course of your everyday life, or referrals. The result of these conversations must be enough appointments on your calendar to yield enough clients to make your business successful.
- Must have the skill and confidence to conduct an initial client interview where you establish a bond of trust and the outcome is that a high enough percentage of these people hire you so your business is successful.
- Must have the skill and confidence to answer any question any prospect, or client, could ever ask at any time.
- Must have the skill, confidence, and resources to create a plan of action that gives your clients the highest probability to achieve their goals.
- Must have the skill and confidence to articulate how much you charge, what they get, and that it's a good value *for them*.
- Must have the skill and confidence to set the right price for your services so your business is successful and your life works.
- Must have the skill and confidence to give advice to clients about the necessary action required for them to achieve their financial goals in a way that inspires them to act.

- Must have the skill and confidence to conduct regular, productive progress meetings with your clients so they stay on track to achieving their goals.
- Must have the skill and confidence to have crucial conversations with your clients when they become "their own worst enemy" and want to do things that are not consistent with them achieving their goals.
- Must have the skill and confidence to build and lead your team of the Technical and Administrative Subject Matter Experts necessary to deliver on your promise to your clients. (The Rule of 168 mandates that there is not enough time to do it all yourself.)
- Must have the skill and confidence to conduct referral conversations that generate referrals.
- Must have the skill and confidence to make follow-up phone calls and engage the people, to whom you have been referred, in constructive conversations that could lead to the next step of them potentially doing business with you.
- Must develop the skill and confidence to recognize high pay-off activities, fill your calendar with high pay-off activities, do the high pay-off activities, and delegate or drop lower pay-off activities.
- Must develop the emotional fortitude and discipline to develop these skills and confidence.
- Must be willing to learn these skills from others if you were not born with them.
- Must develop the emotional fortitude and discipline to consistently and repeatedly implement the skills and confidence that produce results both on the days when you feel like it and the days when you don't feel like it, regardless of events out of your control such as what's happening in the market, the economy, or the world.
- Must document the processes and systems that will be repeatedly used to acquire clients, serve clients, and lead the business.
- Must generate enough business revenue, so after paying your business expenses and taxes, there is enough money left to pay for you to live a good lifestyle now and enough money for you to fund your future goals, such as your own financial independence. In other words, you have enough money to get and keep your own financial house in order.
- Must develop the ability to produce these business results in a reasonable amount of time per day, week, month, and year in order for other important aspects of your life to get the attention they need and to be enjoyed. Ie: family and friends, health and fitness, fun and recreation, spiritual growth, mental health, philanthropy, etc.

Perhaps you can think of a few other "musts" in order to have a successful financial services business. This list truths will at least get you started.

Here's what else that I have learned about Universal Truths and Natural Laws:

You can't change them. You can't fight them. They have no emotion. They have no investment in whether or not you succeed or fail. In fact, they don't care if you live or die. It's impossible for them to care about you because they don't even know you exist. They don't care about your background, your upbringing, your personal story, your personal tragedies, or your strengths and weaknesses. They don't care if you suffer from depression, addictions, or were abused as a child. They don't care about your race, your religion, your gender, your age, or your heritage. They don't care if you grew up poor, middle-class or wealthy. They don't care how unique you are, how special you are, or how important you are. They don't care how much potential you have. They don't care how much you are loved by your parents, your grandparents, your children, your spouse, your friends, your pets, or how much you love them back. They don't care if you are attractive or unattractive, healthy or unhealthy, fit or out of shape, able-bodied or disabled. They don't care how smart you are, how experienced you are, or how much you care about helping people. They don't care if you are having

a bad hair day or a no-hair day. They don't care if your house burned down, your spouse left you, or your dog died. They have no interest in your needs, your wants, your goals, your aspirations, or your values. They don't care about your religion, your faith, or your beliefs. They don't care how much value you bring to your community or how much of a difference you are making in the world. They are not mean or malicious. They have no agenda. They don't have any emotional capacity to be concerned about anything or anyone. They are what they are. The Laws of Success. Universal Truths. Natural Laws. Please don't shoot the messenger. None of this is my idea. It is what it is.

There are simply Universal Truths and Natural Laws that exist for every Financial Advisor who chooses to be successful at acquiring and serving clients.

To whatever degree you choose to deny, resist, or fight Universal Truths and Natural Laws is the degree to which you will fail to achieve your potential. Whatever time and energy you expend to change them or resist them is wasted time that you will never get back.

Surrender to these laws and you will immediately experience more inner peace. Embrace these truths and you will move to a higher level of professional success and happiness in life.

Commit to developing more skill, more confidence, more emotional fortitude, and more discipline in each area described above and you will soon be enjoying far greater results.

And, remember, don't shoot the messenger. None of this way my idea. I didn't get a vote either. I'm just trying to help and do the best I can on my journey... just like you.

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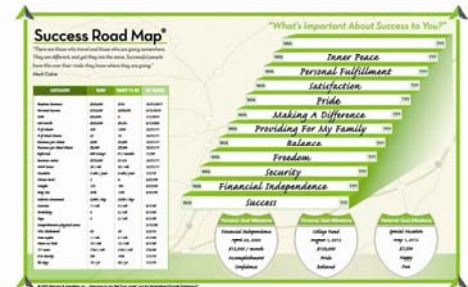
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-Peter Washburn

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