

# 4 The Three Adviser Styles

## **CHAPTER AT A GLANCE:**

*Changes in consumer behavior and the financial services industry have caused professionals to naturally gravitate into three different operating modes—the sales style, the advice style, and the discernment style. Each style represents behavior traits and insights into how advisers frame their prospecting opportunities and client relationships. The styles can reveal barriers, stigmas, and opportunities in current behavior patterns, and how these correlate to or conflict with an adviser’s desired marketplace or business model.*

This chapter delves deeper into each of the adviser styles. It offers an opportunity to embrace and understand the wealth holder’s changing cravings, tolerances, and needs. While our experience indicates there are three distinct business and behavior styles, practically speaking many advisers operate in more than one style. Consider, for example, a partner in a law firm who designs advanced

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estate planning strategies, yet is directly compensated for the volume of business she brings into the firm. She is operating in the sales style and the advice style, and perhaps the discernment style as well. The goal of this book is to increase advisers' awareness of how they're communicating with clients, and how their communication styles complement or hinder their service models.

### THE SALES STYLE

The dictionary definition of "sell" is "to persuade another to recognize the worth or desirability of something." The sales style is based on persuading the client to follow specific course of action or to purchase a specific product or service.

The sales style is effective as long as everyone understands the rules of the game. This means full disclosure about how you get paid and what services you're providing. In financial services, there are salespeople who do great work, ask great questions, and obtain the necessary facts to determine suitability of the products they're selling.

However, there are also many advisers operating in the sales style who use professional titles to suggest they're providing more than product solutions. Without offering a thorough planning process, a simple investment or retirement projection is provided. The consumer thinks he or she has done planning.

All of the seats at the advisory table must be filled by experts who care, and the sales role is an important role. However, in an industry that dances across the television and newsstands with smoke and mirrors, we as advisers owe it to wealth holders to articulate the nature and depth of our particular role. Consider your last home-buying

#### ADVISERS WHO THRIVE IN THE SALES STYLE

- *Enjoy the thrill of the kill*
- *Lose interest or momentum after the initial sale*
- *Love to learn the intricacies of how powerful products work*
- *Enjoy the simplicity of a transactional business*

experience. Perhaps you had an extremely positive experience with the sales professional you worked with, even actively referred him or her to others. Everyone at the buying table knew their purpose. The flow of compensation was clearly disclosed.

### **APPLYING MODEL TO MARKETPLACE**

In the emerging affluent market, the sales style not only works well, but it is the most financially feasible style. Consumers here are willing to take the baseline risk of working with someone who hopes to complete a transaction as remuneration for their investment in the relationship. They accept the underlying transactional dynamic in exchange for not having to pay a planning fee.

While recognizing the feasibility of this style in the emerging affluent sector, we must likewise acknowledge the changing flavor of the industry as a whole. As many advisers move their businesses up the wealth spectrum, the viability of the sales style comes into question. Why are advisers picking elaborate professional titles and obtaining professional designations at record rates? Consumers are changing. Their tolerance for pure persuasion is waning. They are dictating a different business style going forward.

As you move into the affluent market, wealth holders are less and less willing to risk making financial decisions through a salesperson. Even if they like and trust you, they know your best days are those in which you make a sale. And there's always the chance that from two good options, you'll make a stronger recommendation for the one that derives a greater commission or company incentive.

In the affluent market, professionals operating in the sales style will increasingly find another member of the wealth holder's team directly involved in decision making. You can still effectively prospect to and build relationships directly with wealth holders, but they are likely to obtain the opinion of their CPA or attorney during the process. Our experience indicates that if you wish to continue working in the \$3 million or more marketplace and operate in the sales style, it is paramount to sharpen your skill set for aligning with and not alienating the existing members of the advisory team.

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Also, as affluent wealth holders seek the opinions of their other team members, those team members quickly see the light bulb of opportunity inherent to bringing their own best choice to the team table. They control the access points and possibly get paid on the deals. Attorneys, CPAs, and other professionals must understand your worth so they will consider saving a seat for you at the table.

In the emerging wealthy and high wealth markets, the days of a wealth holder maintaining a 20-year friendship with their life insurance guy and making buying decisions directly with that person are quickly evaporating. These wealth holders are beginning to rely on the independent advice of a professional other than the salesperson to make their ultimate decisions. Relationship will no longer supersede the buyer's due diligence. The salesperson will be an important member of the team but the product acquisition will take place through the most trusted adviser as a filter.

### THE ADVICE STYLE

Advice is defined as an “opinion about what could be done about a situation or problem.” The advice style is focused on clearly articulating the best course of action based on the adviser's insight, perspective, and experience.

In an effort to move up market and adapt to the needs of affluent wealth holders, many advisers have naturally migrated away from a sales-only style of doing business toward an advice-based style. The advice style works well in the affluent market segment where the financial decisions are still fairly straightforward. The wealth holder wants to enlist expertise and understands the structural relationship options available to them. They are becoming increasingly amenable to paying a separate financial planning fee for professional advice. In turn, they expect a real plan and established systems and processes for execution. There is tremendous fee-for-value opportunity for advisers operating in the advice style in the affluent marketplace.

Financial advisers planning to move into or remain in this style should consider their technical knowledge, educational pedigrees, and professional designations as paramount to their success. You will

increasingly be judged on your ability to provide bulletproof recommendations. Our experience indicates that the most trusted adviser of the future will have the relationship power and the obligation to drill deep into your ideas and your presentations. Those who continue to excel in the advice style will rise to this occasion by having sufficient depth of expertise to survive this key adviser's due diligence, thereby earning and retaining their seat at the table.

### **ADVISERS WHO THRIVE IN THE ADVICE STYLE**

- *Provide value through deep technical expertise in a particular discipline*
- *Thrive on staying technically current and even designing new strategies*
- *Enjoy trust and intimacy in client relationships as they apply to executing advice, but do not wish to spend hours and hours delving into the softer side of a client's vision*

The advice style has very specific implications for advisers who wish to work in the emerging wealthy and high wealth marketplace. These wealth holders are more interested in a blank-slate conversation than a presentation of recommendations. They want someone who can empower them to make their own decisions; someone who is better at asking questions than suggesting solutions. They care more about the quality of the communication in the relationship than your ability to produce a highly technical financial plan. They know that technical recommendations are simply a commodity that can be purchased on the open market—a buyer's market. In the emerging wealthy and high wealth markets, the most trusted adviser of the future will operate in the discernment style.

### **THE DISCERNMENT STYLE**

“Discern” is defined as “to perceive with the eyes or intellect; to detect; to recognize or comprehend mentally.” Over the past several

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years, a new adviser style has begun to emerge surrounding the concept of discernment. The discernment style represents a communication methodology emanating from an entirely different vantage point. It is based on the fundamental belief that when it comes to creating a vision for his or her wealth, the client possesses all of his or her own best answers. They simply need the right questions and a compassionate listener.

The discernment style is least effective in the emerging affluent and affluent segments as it requires a greater investment of time, effort, and resources than the sales style and the advice style, and wealth holders in the first two realms of affluence don't see a justifiable return on investment.

The discernment style evolved from on-the-street experiences demonstrating that in the emerging wealthy and high wealth markets, wealth holders do not wish to be sold on a particular solution or told to consider a certain recommendation. They are not looking for an instructor, they are looking a guide; someone who can open doorways and expand perspective without the underlying driver of leadership or judgment. They are looking for someone who can help them see possibilities outside of their own thinking.

Good advisers ask questions. Great advisers operating in the advice style ask follow-up questions. In discernment, the advisers ask enough of the right questions for the wealth holder to arrive at his or her own ah-has. Lines of questioning have no driver except client clarity. Advisers aren't sifting through courses of action in their minds. Their only agenda item is to help the wealth holder get to a deeper level of insight.

In discernment-based planning, it's not whether the client breaks down in tears or shares a sacred story that matters. It's what you do next. Just at the point of awkwardness that makes most people want to retreat to safer ground, the discernment-based adviser steps into that space and, with permission, delves deeper. He or she takes the risk with the wealth holder that there might really be something there; a wise choice bobbing about beneath the tears.

Follow up questions might include:

- Tell me more about that.
- What did you think about when it was happening?
- How did you feel at the time it happened?
- How do you feel now?
- How has it influenced your thinking or actions over the years?
- What major life themes emerged from that experience?
- When was the last time you spoke with someone about this?

The discernment adviser asks four, five, even six levels of questions on the same tough topic. With the context of the experience now at surface level, the point of thought offers new insight for the wealth holder and the adviser. These insights are then woven into to the fabric of planning.

In the advice style, a client may tell you he or she lost a child years ago. In the discernment style, the client is likely to unearth how the event has changed him or her as a person; how it has impacted every cell of his or her being every day since it occurred.

### **ADVISERS WHO THRIVE IN THE DISCERNMENT STYLE**

- *Can put their egos aside in favor of progress for the wealth holder even if it means giving another team member the limelight*
- *Feel most in their zone during the intimate, coaching-type conversations they have with clients*
- *Feel that establishing a client's mission, vision, values, and goals is a powerful part of the planning process—not a cog in the wheel toward a transaction*
- *Are comfortable asking tough questions without knowing what the answer might bring*
- *May wish to use their discernment-based behaviors in a most trusted adviser role, or may prefer to operate in a single core discipline*

The discernment style is rooted in our experience that the emerging wealthy and high wealth markets desire a greater voice in

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the process. They will pay professionals to bring questions, information, and wisdom to the table. They want help gaining insight so that their own best choice rises to the surface.

The crucial difference between presenting facts and recommending what course of action to take is central to the discernment style. Consider the planning experiences you may have had in which you presented a great set of recommendations and the wealth holder never took action. In essence, the wealth holder was asked to consider your ideas and pick one.

Now consider the mindset of self-made people. They bring wisdom and often entrepreneurship to the planning table. They have made countless great decisions and at least several bad ones. They define life by their DNA-based ability to make wise choices. Then, they enter planning to find a team of experts presenting recommendations at them. Watch them back away from the table. They want to participate in the figuring out part. Many advisers don't have a process for allowing the wealth holder to do this. The discernment style does not suggest that wealth holders want to learn how the watch is made. They want to discern whether a watch is the right solution to the right problem.

Some advisers believe that the wealth holder of today doesn't have time to engage in this style of planning, that they want to get in and out of the process as fast as possible. It is true that some wealth holders don't want to go deep. Some aren't ready and some resist the intimacy necessary to effectively plan at the discernment level. Society has taught us to content ourselves with pat answers instead of exploring the root of our discomfort and really resolving it. As a result, advisers oblige by implementing planning that serves intermediate ends—Band-Aid decisions that only account for the halfway point in the wealth holder's thinking.

Have you ever noticed that most engagements in which a client starts off wanting to get the work done quickly rarely move into implementation? Wealth holders profess a lack of time and advisers fall in step working quickly through the process. Then the backing away occurs. The wealth holder craves resolution but they're too smart to



take action unless it represents a wise choice. By offering these families a true discernment opportunity, you can help emerging wealthy and high wealth families finally begin to feel good about their planning, making more confident and substantive progress than ever before.

### MEASURING CLIENT INTIMACY

When clients cry in an adviser's presence or bare a secret they've never revealed before, some advisers seem to wear it as a badge of honor—"the wife cried at the first meeting." People cry for a wide variety of reasons—intense fear, joy, forgiveness, or a release of tension. Crying in someone's presence doesn't equate to the existence or sustainability of client intimacy. If you strive to operate in the discernment style, ask yourself the last time a client had a new and substantial ah-ha in your presence; an ah-ha about a past experience, not about your advice.

#### ADVISER STORY:

*Tim Belber, owner of Family Wealth Services Group in Denver, Colorado, describes a breakthrough in a client's thinking that was achieved using the discernment style. The client was a self-made 60-year-old man with a net worth of \$16 million. Two of his three sons worked in their blue-collar business.*

*"Tom called one day and said he needed to make some changes to his estate plan. There were problems with his son, Tommy Jr. It seems Tommy had begun complaining about superficial things including their office space—it wasn't fancy enough, they needed a better location, something more professional and higher profile. Tom Sr. was concerned that Tommy was financially irresponsible; that he might blow all of the assets of the business on superficial things. When we sat down to talk, I asked him what was happening in Tommy's life. It turned out he had a new wife who was a young attorney. He had started feeling peer pressure for working in an*

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*industry that didn't have much cocktail-party appeal. He was reaching for ways to erase his embarrassment. By the end of our conversation, Tom Sr. realized that Tommy's behavior had nothing to do with financial irresponsibility. He needed the freedom to go out in the world—to experience having a boss that wasn't his father; to build a career with white collar cachet.*

*Following Tom Sr.'s ah-ha, father and son were able to communicate openly about Tommy Jr.'s craving to experience a career outside the family business. Tom Sr. gave his full emotional support for Tommy's pursuits, and was able to constructively communicate the situation to his other son that was working in the business.*

*Nine months later, Tommy Jr. asked to return and work in the family business. Tom Sr. accepted. A short four months later, Tom Sr. died suddenly. Today, nearly ten years later, the two sons are running the business together. They complement each others' talents and have doubled the size of the business. If Tom Sr.'s phone call to me was followed by an appointment to change his legal documents, instead of a stimulated dialogue about the root problem, I firmly believe things would have turned out altogether differently.”*

### CONTEMPLATION MEETS ACTION

When we talk about the evolution in consumer thinking described in earlier chapters, it's important to consider that the changes occurring in the wealth holder's mind are more about humanity than money. These changes are taking hold of our society at large. People are craving greater contemplation and reflection when making their most important life decisions. In the high-end financial services marketplace, every consumer wants to be truly heard by their adviser. If you're operating in the sales style or the advice style, consider incorporating discernment-based behaviors into your relationships. Consider the respect it demonstrates to your clients and the quality

of interactions you can achieve through honing your skills.

Discernment-based behavior is listening without looking for a solution. It's asking questions that aren't designed to lead the client to a purchase. It's about helping the client still his or her world for a moment, creating a timeless space in which he or she can make a deeply confident choice.

If you choose to operate in the sales style, consider the level and type of discovery or questioning you're bringing to the client's experience. Use every sales encounter to sharpen your discovery skills. Ask questions beyond what surrounds the sale at hand. Instead of using the trial close questions of the past, try some discernment-based questions.

- On a scale of one to ten, how would you measure your confidence level about the path we're taking?
- What is your gut telling you about what we're doing?
- How does the work we've done so far compare to the expectations you had when you first engaged us?
- Do you have any questions about the work we're doing?

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As incentive-based professionals, advisers were initially trained to minimize conversation, secure the transaction, and get out. Today's consumer is savvier than that. Demonstrate your sincere interest in his or her well being through a willingness to dwell in the decision making process just a bit longer. Confirm that the path the wealth holder is on is not just a good path for anyone, but his or her own personal true north.

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### **MAKE YOUR OWN BEST CHOICE**

At the end of the day, what each of us faces is simply an obligation to our clients to make our own best choice. If you are a born salesperson, sell with integrity and introspection about your client's place in the world. If you enjoy being an expert in a technical discipline, delve deeper into your capabilities, expand your inventory of knowledge, and plant yourself firmly in the advice style. If you are stimulated by the depth of conversation and responsibility inherent to the discernment style, make a commitment to sharpen your skills and to operate there with the kind of intentionality inherent to being a student of your craft.