



BEING QUALITATIVE

By Todd Fithian, Managing Partner,
The Legacy Companies, LLC

Legacy helps you grow your business.

What does it mean for a Financial Advisor to be qualitative? We address this in training, during coaching engagements and at speaking events. But we wanted to spend some dedicated time specifically getting into what it really means to be qualitative. Let's dig into it.

WHAT DOES IT MEAN?

At a high level, to be qualitative is to put a client's best interest above your own. It's the approach and mindset to understand what matters to your client, and why it matters to them, and is more important than the resources, products or specific strategies that you can bring to the relationship, especially at the inception.

It's not enough to be aware that you want to serve what matters to your clients; being qualitative means that you are intentional about it.



THE SOFT STUFF IS THE HARD PART

At Legacy, we often say that the soft stuff is the hard part of building relationships. Advisors are historically good with numbers and hard data. It's the soft skills that don't always come easily or naturally to them.

Now don't get me wrong, some Advisors do relationship really well. It matters to them, and they care immensely about their clients. They have the innate ability and skills to connect with people and build quick rapport. However, if they could build an intentional strategy and a process around it, they would have unlimited opportunities.

Another very small percentage struggle with relationship and will always struggle with it. Even if they attend courses and read a pile of books, for certain people, it's just not who they are. And trying to be something you're not is never going to have a long-term viable result. You must be the genuine and authentic version of yourself and that might mean teaming with others who possess those skills.

But the overwhelming majority of Advisors could be doing better, and have the opportunity to develop their skillset and approach by working at it to improve. There are quite a few training programs in this space (ahem, Legacy) to hone skills, become more qualitative, and develop those interpersonal soft skills.

I've had many conversations with Advisors over the years, and when I tell them there is training to get better at qualitative things, they look at me like, "Hey, I'm a top producer. I'm good at relationship. I'm clearly qualitative, otherwise, I wouldn't be so successful." I've been blessed to speak on stages across the United States and Canada about this, and the one thing that has become increasingly clear is that there are many Advisors that shut this thinking down because they believe they're already doing it – the number one inhibitor to adult learning is, "I already know that." They believe they have already mastered these skills. But the reality is only 49% of clients think that their financial recommendations are based on their personal goals, needs, and priorities. In comparison, 90% of Advisors think that their financial recommendations are based on their clients' personal goals, needs and priorities.* That's a huge discrepancy, and it shows that for most Advisors, discovery becomes quantitatively focused very quickly, and most don't even recognize they are doing it.

Many Advisors think they are so good at relationship because they're in front of the right types of people, whether their marketing is moving people closer to them or they are doing a great job for clients who want to make an introduction. But while they get a lot of names and some formal introductions, the results show that these rarely turn into face-to-face or virtual meetings to have a more significant conversation.

FIRST IMPRESSIONS

The qualitative approach starts well before someone even becomes a client. It begins with your very first interaction. Years ago, I was doing some research and came across a study on first impressions. I learned that it takes 12 additional touchpoints to reframe how you're perceived from a first interaction.

When you initially meet with someone, it's all about how you make them feel. To quote Maya Angelou, *"I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel."* There's a benevolence and an act of care for the other person when you're trying to understand what they really want. And at that moment, you start to become and be seen as a more qualitative Advisor - in fact, you begin the journey of becoming their Most Trusted Advisor.

Whether you're talking to a prospect on the phone or just meeting someone for the first time in a social setting, your behaviors are critical because it dictates how they feel.



WHO CARES?

So being qualitative is about taking the time to understand what matters to the person, why it matters to them, and ensuring that we're serving them.

But who cares? What's the point? Listen, at the end of the day, you are Advisors, and you need to gather assets or write insurance, right?

What I'm going to tell you is you're walking away from more opportunities than you realize if you're not incorporating the qualitative elements into how you're engaging, interacting and making people feel. Part of the struggle that Financial Advisors have is that most consumers have had prior experiences with Advisors, and so there's often a negative connotation that you want to sell them something. If you lead by discovering what matters to them and why, you'll be able to diffuse that preconceived notion by demonstrating how you're different.

Advisors challenge us all the time and say, "Well, I want to be different. It's super competitive out there. How am I going to stand out?" One way is during that initial meeting with someone. One of the things we notice is that when an Advisor is meeting with a successful prospect and the Advisor wants to have a longer conversation with them, they find that the prospect is saying, "I've got someone who does that for me." It's the blow-off line that shuts down the conversation. And while that may be true that they already have an Advisor, it also might be their defense mechanism because they're not looking to buy, engage, get investment advice, be sold, etc. So how do you break through that?

So often, I've seen Advisors move immediately into a defensive posture when they hear a prospect already has an Advisor. They default to talking about how long they've been in the business, results they've achieved for other clients, their long list of credentials, how amazing their team is, and some even go to the extent of telling the prospect what the current Advisor isn't doing - or worse - what they are doing wrong. In this moment, they indirectly make the prospect wrong by implying they made the wrong choice of Advisor. And no one likes to be wrong.

In reality, you don't know anything about the other Advisor, and you don't know what's happening in the prospect's world. How can you begin, or why should you begin, to try to defend or explain what makes you different?

Here's the approach I would take if someone asked me how I was different from their current Advisor. I would say, "I appreciate and can understand why you're asking the question, but because I don't know what's going on in your world or the things you've done or haven't done, it wouldn't be fair for me to step in and talk about how I might be different, or better, than who's helping you today. But what I can tell you about is the difference I make in the lives of the clients I serve."

WHO CARES?

What I just did was take the spotlight off me. I'm no longer posturing. By saying, "Let me show you how it made an impact on the people that I have the opportunity to serve," I made it about them.

Since being a qualitative Advisor is putting the attention and spotlight on what matters to the client, why it matters, and what the impact will be for them and their family or business, then the starting point for that conversation isn't me. It isn't why I'm better, how many designations I have, how great my team is, or how they should invest. Rather, it's, "Tell me, what matters in your life and why does that matter? What are you trying to accomplish?" As the saying goes, no one wants a drill; they want the hole. Advisors are busy competing based on how good their drill is, but nobody is talking to the client about what they're trying to create. That is a critical step in becoming a qualitative Advisor.



WHAT GETS AN ADVISOR TO SHIFT?

What gets an Advisor to shift from how they've been trained and how they've done things in the past, to start to have a different conversation?

Successful Advisors, who have been in the business for many years, might think, "Why would I make a shift?" Many of us have blinders on, so if things are going well, the market is performing well, the economy is in a good place and business is growing, you're not feeling any pain. Unfortunately, one of the things that cause people to shift is pain. But Advisors demonstrating their value through investment performance are creating significant relational risk, as markets will underperform from time to time. Pain can come a few ways - when markets are down, when a big client leaves, losing a big opportunity, etc.

The second thing that can cause a shift is when an organization is the catalyst for change. We've seen this when an organization decides to make a change to create a demonstrable difference in how they do relationship and how they serve clients in the experiences that they bring.

The third reason that can cause a shift is when an Advisor loses out to a highly skilled qualitative Advisory team. We've seen that quite a bit in our work, where Advisors come to us saying, "I just lost my largest client to another Advisor. What's this Advisor doing that I'm not?" The Advisor wants to make sure that never happens again, and so they make a conscious decision to start to alter their thinking and process.

Another reason we see Advisors start to shift is when they are a lifetime learner. I love Advisors that are not complacent. We believe that if Advisors are sitting still, they're going backwards. If you're not constantly thinking about how you can be better, how your team can be better, and how your business can be better on behalf of your clients, then you're not growing. If you're not looking at ways you can evolve and be better, then you will get surpassed over time or never capture your true potential. Leaders are readers. This doesn't necessarily mean you have to read, but it does mean you have to continue to learn.

Regardless of the reason, with increasing FinTechs, robo-advisors and regulatory pressures, the shift to having to be better at relationship is here. Don't wait until your metaphorical hair is on fire to start to make a change.

WHAT YOU CAN DO RIGHT NOW

So, what are some things you can do today, right now, that will allow you to start engaging more qualitatively?

1. Be real with yourself. Look objectively at what you're currently doing. Look at your approaches and at how you interact with people when you meet them for the first time. Do you immediately go to what we would call a Below the Horizon conversation, where it's all about strategies, tactics, tools, and what's going on in the market? Defer the conversation about product. Instead, ask what matters to the prospect or client, and why it's important to them. You don't have to take a course to ask those two questions. Look at the language you use, your website and be real. Ask yourself, am I behaving qualitatively or quantitatively? Look at it from an outside perspective to get to the truth. Again, most Advisors *think* they are already doing this, but most clients disagree.*
2. Look at other model practices you want to emulate and ask them what they're doing and how they're doing it. Most of the Advisors we talk to love collaborating with their peers about best practices.
3. Look at industry resources. Behavioral advice and behavioral finance are very common buzzwords in the industry today. And not to date myself, but we at Legacy have been studying this since the mid '90s. There are countless courses, training programs, books and articles on the subject. Shameless plug: Legacy has the best training in the business that is dedicated to this subject and helping Advisors grow their businesses. Regardless of if you decide to work with us, we want to see the industry change and help Advisors grow, so visit our website (www.think-legacy.com) for some free tools and resources that you can use right away to begin to shift your thinking and become a more qualitative Advisor.

Advisors with the most success will recognize the importance of becoming more qualitative. The industry is already headed in that direction. Look inward at the business, the team, and yourself, and see what ways you can shift to create better relationships and a long-term sustainable business.

The work you do matters; it's impactful, and when that shifts everything shifts for the wealth holder and for you and your team. It allows you to have the clients, the business, and the life that you want.

*<https://www.prnewswire.com/news-releases/research-reveals-major-shifts-in-communication-and-trust-between-financial-planners-and-their-clients-301476556.html>

PRNEWswire, February 2022. Research Reveals Major Shifts in Communication and Trust Between Financial Planners and Their Clients