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A Promise We Can Keep

The Return On Life value proposition tells clients you will help them get the most from the money they have.

By Mitch Anthony

The events of the last year or so have hastened the inevitable. By “the inevitable,” I’m referring to change that was bound to take place for the good of the profession and the clients it serves. The winds of transformation that are blowing upon the financial planning profession have led to the conclusion that the value proposition most planners held forth (ROI) is unsustainable and must be replaced by a more sustainable and reliable promise.

A value proposition is a promise made to clients of the value you propose to introduce into their situations. Heretofore, the value proposition that has been predominant in financial services has centered around ROI—which has proved to be a promise that cannot be kept. There were many that argued this point with me three years ago—before all asset classes decided to tank in unison. Promising clients that you can help them get positive returns or better returns than they received elsewhere is tantamount to promising sunshine on their birthdays. You cannot control the factors that decide the outcome. You can only manage around them.

Today, the writing is plainly on the wall and only the dinosaurs in the profession refuse to see it—we must only make promises we can keep if we hope to keep clients. A promise that hinges on vulnerable markets, institutions and investment vehicles no longer qualifies.

The Return On Life (ROL) value proposition is the one promise we can keep, and its value wholly transcends that of ROI. The promise of the Return On Life value proposition is simple and attainable: We are going to help you get the most life you can out of the money you have. The ROL proposition for the planning profession rests upon the following:

- Knowing what matters most to your clients,
- Understanding the key transitions going on in their lives, and
- Advising them on all financial matters of import (not just assets).

The energy and time once spent on gathering, analyzing and projecting numbers must now be gathered and focused on gathering, understanding and advising around clients' stories. Once those stories are heard and understood, the synthesis begins with the material assets in play and the risks that must be navigated. It is a whole-brain exercise—one that requires building bridges between stories and numbers. Binary code thinkers need not apply.

In the future of financial life planning, the intuitively skilled planners will lead the parade and hire out the analysis and projection work to others. They understand that the business is won by spending time facing the client and hearing their stories.

I am already seeing the evidence of this trend in terms that no industry leader can argue with—the ROL approach is leading to greater AUM. In the last month, I have received correspondence from two planners (one in Canada and one in South Africa) who were given awards as No. 1 in their profession (in terms of AUM and quality of practice) and both informed me that it was the shift to the Return on Life philosophy that had accelerated their business growth to unprecedented levels. I am not surprised in the least—why should we be surprised that a greater understanding of our clients would lead to a broader level of trust with their assets?

It is this inescapable conclusion that will finally convince the product and process pushers to abandon their futile strategies of attempting to convince clients on the basis of numbers. Every broker-dealer and custodian needs more assets under management to survive—and the assets that migrate today do so because a level of trust and intimacy has been established between planner and client, not because of some novel fund or investment strategy.

On a recent trip to Johannesburg, South Africa, I had the pleasure of working with some CFPs who had completed the ROL migration and transformation in their business. What impressed me the most was not the financial success of their firm but their success as human beings in forging connections with other human beings. One of the principals of the firm said:

“You know, Mitch, I’m actually working more than I used to but I am loving it more. I used to sell a policy or a fund and take the rest of the day off, but feeling at odds with myself. Now I look everyone squarely in the eye knowing that my efforts are about well-being in his or her life. I’m still being paid well but I am delivering exponentially more value now.”

This is the new bar that the professional must jump over, the new standard in practice excellence. It’s not just about how much I am managing and being paid, but how well I am being rewarded emotionally, spiritually and relationally in my labors. Does my work feel more like a mission than a job? In the ROL model of business, those working a job will only be working with the crumbs that fall off of the table of those who are motivated by a mission to improve the lives of their clients.

The ROL model of practice requires just as much discipline as the ROI model required, maybe more. But it is a discipline that is centered on the human element of the business. The people we hire must get it. We cannot afford to have a client interacting with associates and partners who do not understand why the client is there and what the client’s money means to his or her life. The ROL model requires a new level of discipline in terms of process. To succeed, the process must be scalable and repeatable. The process of gathering stories is the context for the numbers that are gathered. The stories that matter are:

- How did you get here?
- What experiences have shaped your life and situation?
- What are you facing today in terms of challenges and opportunities?
- What are the possibilities for your future and what could get in the way?

At the Financial Life Planning Institute (flpinc.com), we have found that when financial planners are disciplined in their application of these humanizing inquiries, their businesses prosper in short order. People place their trust in those who best demonstrate their humanness.

As we enter the age of the ROL promise, I feel a sense of relief and of hope. This business is finally beginning to turn the corner toward the place it was invented to reside in, a place where it can find its truest and most noble definition—a people business that works with money, not a money business that works with people. Now we must engage ourselves in helping these people live the best lives possible with the money they have.

©2009 Mitch Anthony. All rights reserved. Mitch is the president of the Financial Life Planning Institute and Advisor Insights Inc. He is an industry leader in training advisors on building life-centered relationships.