**Transcript**

**Better conversations. Better outcomes.**

**Episode 1.19 – The best learnings of 2016**

*Matt Smith* - Like a lot of things, advisors, the audience, they have to be efficient with their time and I think this is a good opportunity for us now to go back through the 20 plus episodes we've recorded so far and just like pull out some of the best ideas. So, what I think would be a good idea is for us to do the 10 best tips that we can think of that we culled through the first season.

*Ben Jones* - Welcome to Better Conversations, Better Outcomes presented by BMO Global Asset Management. I'm Ben Jones.

*Matt Smith* - And I'm Matt Smith. In each episode we'll explore topics relevant to today's trusted advisors, interviewing experts and investigating the world of wealth advising from every angle. We'll also provide actionable ideas designed to improve outcomes for advisors and their clients.

*Ben Jones* - To learn more, visit us at bmogam.com/betterconversations. Thanks for joining us.

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*Ben Jones* - So, Matt. The end of the year. We get to see all sorts of lists come out; the top songs for the year, the billboard pop hits, and you had this great idea that we should create a best of our podcast this year.

*Matt Smith* - As we're sitting here in Utah watching it snow, it's appropriate that you starting thinking about end of year. And by the way, congratulations to you for a great first season. You and I started thinking about this idea, gosh, more than a year ago and David Letterman used to be famous for his top 10 lists and he would count them backwards. So, maybe we would do a best 10 and we'll count them backwards.

*Ben Jones* - You know, I love that idea. When I was a kid, I remember that it was the only Friday night I'd get home before curfew and it was the only night of the week my father would let me stay up late enough to watch David Letterman's top 10. So, it's a fond memory for me although neither of us possess the comedic value of David Letterman.

*Matt Smith* - Well, we'll see what we can do about that. I am volunteering to go with number 10. So, I'll do 10, you do nine, and we'll just go -- switch off like that.

*Ben Jones* - Great.

*Matt Smith* - So, I looked through all of the episodes and one of the things that really struck me in reflecting on these, and my **number 10** is this idea of tailoring communication style to the individual. So, for the advisor to their client. And I know it sounds like an obvious thing, but this has been a recurring theme a lot of places that I've been involved with the last couple years. Couple years ago we implemented a new sales approach at BMO Global Asset Management where we talked about the Challenger approach and a big part of the Challenger approach is reading your audience, and tailoring communication to their personality type. Our first episode, episode 1.1, of this season was helping advisors tailor their communication to personality temperament.

*Matt Smith* - The first approach is to try to adapt. So, that is understanding the different archetypes, learn your clients' tendencies towards one or more of these types, modify your communication for that particular client to match their style. So, that's one approach. The other is just be yourself. You know all of us, and advisors included obviously, have their own archetype and communicate in a certain way. Now, I would imagine that it's natural, then, for those advisors to attract clients that have similar archetypes.

*Matt Smith* - Whether or not you use the tips that we talked about in that episode or it's just a matter of looking for clues that you see as you're interacting with your clients, are they more animated when they see the graph versus the spreadsheets? Are they introverted? Do you need to draw them out? Do they like to be analytical? So, just keeping an eye out for those clues and tailoring communication, I think, can go a long way. And I was struck by -- in another episode, Kristin Gibson said something that really shocked me that applies to this topic. She said that studies showed that for every hour of client meeting, the advisor speaks 53 minutes. I was shocked by that stat. So, even if it's being aware of how much you're talking when you're in a meeting with the client, let them talk more. That will give you more clues - that will give you more opportunity to pick up on their communication. So, that's my number 10.

*Ben Jones* - I like that. And in particular, I mean that was an audience favorite. That episode has seen a lot of feedback and whatnot come in. And the guide that we put out on the Better Conversations website has been a fast favorite. As I've been out, I've had lots of advisors let me know that they've been using the questions that you created to help tailor those communications. So certainly a good, actionable idea for folks to consider for their practice in 2017. So, my **number nine** is the impact that technology is having on our industry and in particular, Phil Chao talked about using big data along with technology to individually allocate or manage glide paths at the personal level in a managed account type format, almost like a personalized target-date fund for each individual in a retirement plan.

Phil Chao - Now, we're going to try to throw in other data. The other data is just really what are we really doing. Changing the mix ever so slightly on the glide path. By doing that, we're going to differentiate the 42 year old male from a 42 year old female who have totally different risk appetites, totally different investment asset savings, aspirations, and so on, and so on, and so on. No. It will never do that. So, custom is what I would call target-date 1.5, maybe. It's not 2.0. It will never be 2.0. If 2.0 means that we're going to be able to custom on an individual level where Ben will have something that's more uniquely to him than somebody who's also Ben's age but at a very different place.

*Ben Jones* - This also came up in other conversations, whether it was Carl Richards talking about automated investment services and tools, or Hugh O'Toole bringing up the way that big data helped them quantify things that previously were just thought of as theories. And so I think that the way that technology and big data is being used today has the ability to really impact the way that advisors allocate their time with clients. And I think that's a good thing. It allows them a lot more time to get to know their clients on a much more personal level and interact with their clients and have better conversations. The technology is continuing to algorithm away a lot of the administrative tasks so that we can have better and deeper relationships with our clients.

*Matt Smith* - Right, and I do think that's an important point about big data, automation, even artificial intelligence. I was reading today in *Forbes*, all of the brain power that's being put into the financial services area and we can see these as intermediating some of the traditional businesses, traditional ways advisors do business. And it could be a threat or these could end up being tools so that in the end what the advisor is left with really is that human to human communication, adding value at the human level and letting the machines crunch the big data. And letting the algorithms come up with better ways, let's say, to allocate portfolios. And the advisor can then focus on the more human aspects of their relationship. My **number eight** is I took this tip from the podcast with Dawn Wolfe on social investing. And it struck me when I had that conversation with her, a couple of things, but in particular that there's more than one approach to solving social issues with investing. I came to that interview with the orientation that if you wanted to make an impact with your investment, a social impact with your investments, that you avoided certain companies or certain industries. And she really had some great discussion about that not being the only way you can have a social impact with your investing. And first of all, her advice was have the advisor make sure that they understand what the investor is trying to do with their investments from a social standpoint. Are they trying to make a change in an industry or are they just trying to make an expressive statement that they don't want to support a certain area by avoiding that?

*Dawn Wolfe* - Responsible means different things to different people and really it's what ultimately is drawing them to this. Is it because they want greater value alignment between their portfolio and either their organization or their personal beliefs. And that often falls into the avoidance category. Although, what we're seeing more and more is that if that ultimately is the goal of the client to avoid a particular area, there's also often an interest in layering on the opportunity to tilt towards or to favor different areas that are important to them.

*Matt Smith* - She made a really good point that with some of these issues -- and we might be talking about large Fortune 500 companies that an investor might want to avoid -- an individual avoiding that company is not going to have an impact. A lot of these large companies they have access to capital and they have access to all the capital they're ever going to need. So, the impact of you divesting from that company wouldn't be as great as, let's say, holding shares of that company and now you have a voice as a shareholder. So, look for organizations who might, rather than divest those companies, hold them and then engage. And that in the end might have a bigger social impact than just divesting.

*Ben Jones* - You know, it's interesting you say that. That's the old Carl Icahn activist investor adage being applied to social issues now instead of just extracting the maximum amount of value and leaving the company.

*Matt Smith* - Right, right. And then of course the other point she made was when your client comes to you with this issue, they want to make a social impact with their investing, it's really important to have a conversation; where does this fit in your priorities? Is this a nice to have? Is this a passing interest? Or is it the highest priority? Because if it's a lower priority, you may have to have a discussion that, look, with your portfolio, a better approach may be having a traditional portfolio and talking to the fund companies about engagement rather than divesting.

*Ben Jones* - **Number seven** and thinking back through all the episodes, one thing that really struck me was the role that purpose plays with many of the most successful advisors. And the reason that it struck me is that not all of them really kind of latched onto the idea of purpose itself, but in the way that they conducted themselves and the way that they run their businesses, I really notice it. So, I noticed this with Damon White from Schwab where for their firm it was really all about helping families. Jeff Gratton who wanted to help workers be able to retire with dignity from their employers. And you heard this -- Jack Cramer's third step: why do you do what you do?

*Jack Cramer* - Telling them why you do what you do will get you farther than just telling them what you do or how you do it. Telling them the why of what you're doing will at least buy you the time in the audience to tell more of your story.

*Ben Jones* - Reminded me a lot of Daniel Pink's book, *Drive,* where he mentions that the three components of drive are autonomy, mastery, and purpose. And for many of the advisors that we talked through, it was clear to me that they had a purpose for why they do what they do.

*Matt Smith* - It's that thing that you're passionate about. Your passion comes from your purpose and so whether you take the Jim Collins diagram of this, or the Daniel Pink, or the Simon Sinek, it does come back to that purpose and I really do think that is a great point. And when you see advisors with dynamic growing valuable practices, you inevitably find an advisor or a group of advisors who are very clear with their purpose. **Number six**, this struck me when I was interviewing Kristin Gibson for the episode of Women and Wealth, and she talked about the value of an advisor maintaining a strong relationship with both the husband and wife in a client relationship, in a couple client relationship. Particularly when the husband passes away.

*Kristin Gibson* - A vast majority of women, once the spouse is gone, will seek out a different and a new financial advisor relationship. A lot of times it has been the one single relationship -- and between the advisor and the male in that relationship where the bond has been, and all the communication has been, and so one is just the sheer point of making a change, and I'm in charge, and I feel like I've got to sort of establish that trusted relationship on my own. It's hard to come in if you haven't started that relationship after a spouse is gone. One of the stories is that I heard from a woman who said I knew my advisor, my husband's advisor, and I liked him but the first three meetings I had after he passed away, my advisor kept talking about my husband and here's what Roger would have wanted and here's what Roger said, and here's what Roger and I talked about. And so after the third time I had to say Roger's not here, I need to worry about what I want and so I have now selected my advisor that has been working with my daughter who has called and asked me about me and what we're doing and what's important to our family and all these other things.

*Matt Smith* - I thought that stat was amazing. It has obviously a big impact on advisors and what struck me is I had a personal experience with this. About 10 years ago, my father-in-law passed away and so my mother-in-law asked me to talk to her advisor about her finances. And I had the exact same experience. I was talking to her advisor on her behalf and he kept telling me what my father-in-law wanted and the way my father-in-law wanted things invested and I was making some suggestions about lowering the risk because my mother-in-law was in retirement age and he said yeah, but that's not what he wanted. And it was a cordial conversation and I had many conversations. I ended up firing him as an advisor because he couldn't come around to this idea that now she is making the decisions and so let's not have our advisor listening audience lose 90% of their women clients when the husband passes away.

*Ben Jones* - You know it's also, just kind of validation of that, Bill Harris was on Schwab Impact and one of the things that his firm has evolved to over the course of their evolution is about halfway through his career he started finding that he works really well with widowed spouses. And so he wished he would have fallen into that niche earlier, but it was something that he was well qualified for, good at, and so he was able to really create a community and a practice around these widowed spouses to help them execute their visions rather than their husband's visions.

*Ben Jones* - My **number five** was an insight that came out of a conversation originally with Dr. Alexis Abramson, which is -- she has four pillars on quality of life in living to 100. And often as financial inclined people and practitioners, we think a lot about the financial aspects of retirement. But what struck me was that you have to have the financial aspects as a foundation for being able to retire, but the thing that has the highest impact on your quality of life in retirement is your health.

*Alexis Abramson* - My first advice for advisors is learn a bit more about some of the client conditions that are potentially impacting your client. Why? Because the more you know about them and the more trust -- and this is a theme in everything I talk about, this idea of trust and loyalty between a financial advisor, a sales person, frankly anyone, and the person that they're working with. I really, really believe strongly that that's important in this case to build that trust and that strength between you and your client. This idea around understanding what they're going through from a physical standpoint is super important.

*Ben Jones* - This came up with Steve Williams when he talked about how many people in their survey had to involuntary retire early due to health conditions. And again with Hugh O'Toole when he talked about quantifying this unfunded liability regarding employers that have older employees who can't afford to retire. So, what really struck me as the number five best of 2016 idea for taking back your practice is the role that health can have on your clients' quality of life in retirement. And just like financial matters, you have to manage your health and invest the time and energy in that well before the triggering event to be able to be successful. And it's no guarantee of success, but to be able to be more successful and having that quality of life post-retirement.

*Matt Smith* - Right, and I think we're all learning that this health-wealth connection, the mind/body/spirit/finances, they're all connected. My **number four** is from Steve Moore, stop providing just investment advice. This is a topic that, as an industry, we've been talking about for 10, 15, 20 years that your value as an advisor to your client is not just an asset allocation, it's not just risk profiling, it's not just in setting a portfolio and managing the assets. But, all of the other aspects of wealth management, anything that -- as Steve said -- that takes time, planning, and money and there's a few really good reasons why you should be providing more than just investment advice. First of all, every day you have to prove your fee. You have to earn your fee with your clients. And the more diverse set of problems you're solving for your clients, the easier it is to show value and remind your clients of what you're getting paid for. Also, Steve had some real practical advice about how to go about this. And it may sound counterintuitive, but Steve's advice was take your best clients, and sit down, and what he says is have a re-fact session with them. Tell them that you're always trying to improve your practice, always trying to improve your relationship with your clients, and you want to set aside some time to really get to know them better so that you as their advisor can help them reach the goals that they want. And it's just a simple session where you talk to your clients, say tell me your story. And from that refacting session, you create a financial vision document.

*Steve Moore* - The process is to actually do that planning, update their financial plan, sit down and think deeply of what you can do for a couple to help them actually move in the direction of their financial vision. You create this financial vision document that's richly written and each sub-vision that they have written as though the couple wrote it. And that is what the job of a wealth manager is. Your job is to bring that financial vision into fruition.

*Matt Smith -* You found different needs within that refacting session, and now that starts to populate the list of those other things you can help your client with.

*Ben Jones -* I really like the idea of going back to your initial clients, deepening the relation there first to really understand why they may have chose to work with you and how you can better improve your services for the rest of your clients as well.

*Ben Jones -* So, that takes us to **number three**. My number three was simplify communications. And so Steve Moore actually brought this up on one of his podcasts. And I don't know the quote exactly, but it was something like talk to them like humans. Don't use all the financial jargon and industry lingo, but talk to people like humans. And I really thought that that hit a tone that is really spot-on and it made me think of many of the conversations that I've bumbled over the years when I was using industry jargon that went way over my mother's, or my father's, or my sister, or my brother, whoever's head that I was talking to at the time. And so I really like this idea of simplifying communication. And Carl actually talked about this as well on our episode on the art of communication. And what he said to me was that the number one request that he gets from people who read his column in the *New York Times* is their advisors to speak more simply to them so that they can understand better what it is their advisor is talking about. And I think to sum this all up, I heard it again with Sherri Fitts when she was talking about the digital conversations that advisors need to have online. And she said don't speak to the geek in you, but speak to the human in your audience. And I think that really nails this idea of simplifying our communication so that we become more human and make things easier for clients to come along with us.

*Sheri Fitts -* The big mistake that advisors make in social is they forget that people could give a rat's behind reading something that says fourth quarter economic forecast. Advisors tend to think that people want to read about target-date funds or about a specific product. People don't want to read about products, they want to read about how does that particular product fit into my life, into what I worry about.

*Matt Smith -* You want to be relatable. Like the other day I saw an Instagram that Tim Ferris had posted and he has a plaque in his house that he sees every day and just one word says - simplify. And so I think that's really good advice. I don't know if you asked Carl the question in your interview with him, but I do remember him mentioning in his interview that sometimes people are fearful of simplifying and I think you asked the question can you oversimplify. And he said you know, I've simplified and simplified, and I have never gotten to the point where it's too simple. And quite frankly, if they want more explanation, they'll ask for it.

*Matt Smith -* And I'm going to move on to **number two**. Also something I learned from Steve Moore and one of the things we're trying to do with this podcast series is to help advisors build more valuable practices. And value can be defined lots of ways. And in the end, advisors are looking to grow their business. Either get more clients or get higher value clients. And you have this conundrum, right, of you want to ask for referrals, but we know that the vast majority of people when they're asked for referrals by an advisor, it makes them uncomfortable. So, you don't want to do this thing that makes your valuable customers uncomfortable, but then how do you grow your business? And Steve had a couple of really good tips. First of all, he talked about advisors creating a sound byte. And this is just a short sentence that describes you. And you could be the best advisor in a certain geography, you could be the advisor who has the most certain type of clients in a certain industry, but create a short sound byte and put it in your speech so your clients are hearing it.  And if they ever have a situation where they have to describe you to a colleague or a friend, they have that sound byte that's easy to repeat.  The other piece of advice Steve gave was to slip into your conversations with your clients what Steve calls story time.  And these are short descriptions of how you as an advisor have helped another client with another problem.  And they don't have to sound self-serving.  They can just be brief, short, simple descriptions.  Work these different examples into your client conversation and over time your clients are going to have, essentially, this rolodex of issues that they know in the back -- in their mind -- that you solve for other clients.  They can also relate those to friends and colleagues when they hear of that particular issue that a colleague is dealing with.

*Steve Moore - T*here's a way to do it and a way more effective way, and it's what I call viral marketing.  Working with your very best clients in a very special way so they want to go out and talk about you to their friends and their colleagues.

*Ben Jones* - You know, I think that's such good advice and I've had the privilege of going around the country and talking to advisors over the last decade.  And the number one thing that I always hear from from advisors is I want to understand better how to grow my practice.  I want to understand how to talk to more people who have this unique need or fit this unique target clientele.  In fact, I remember speaking with someone recently and they only work with families who have disabled children in a certain geographic area.  And I said we want to do more work for that because we have disabled children and we're uniquely qualified to understand all of the caregiving and lifelong commitment that that entails for these families.  And I thought to myself well, you don't need to ask for referrals.  You just need to continue to be yourself because you've got it down.

*Matt Smith* - Right.

*Ben Jones* - You know, just tell all of your clients that thing again and I think it's such great advice for Steve to catch that early and say your best tool for growing your business is telling a group of clients what you do well for that same group of clients.

*Matt Smith* - Simply and concisely keep those stories, put them into your discussion with your clients, and I think that is going to get you good, high quality referrals as much as anything.  We're down to our number one tip from our season one podcast.  Ben, what is your number one tip?

*Ben Jones* - So, **number one** idea that came out of the podcast this year, at least for me, and having had the experience of getting to talk to some amazing guests -- we had some really amazing guests on the show -- and I learned a lot from everyone that I spoke with.  One of the things that really struck home for me is the idea that many advisors could take and put into action immediately in 2017 was that a lot of the most valuable things that you can do for your clients lie directly at the intersection of money and emotions.  And this really hit home for me with our conversation with Dr. Amy D’Aprix, talking about family legacy conversations.  And the way she framed it was the conversations you should not avoid.  And she talks about how much emotion is wrapped up in those conversations and it's usually not about the money that cause a lot of the family rifts.  Or you think about some of the family feuds that go on for decades.  It's usually not the money.

*Amy D’Aprix* -When we talked about legacy a lot of times in financial services, we go right to money.  And I say legacy is so much greater than that.  It's wider, bigger.  It's about leaving behind the essence of who we are. It's about our stories, our memories, and our values. We have an opportunity with clients that you may not even realize you have to be life altering for them simply by listening and making one or two little suggestions and not just responding to the financial, but being able to hear the human in that too.

*Ben Jones* - For me, if I was an advisor, I'd really focus on getting better at having conversations that lie directly at the intersection of money and emotions in 2017 and I'd just commit to that right away. I mean, Carl Richards talked about this, that roboadvisors will algorithm away everything that you used to do as an advisor except deal with the things that lie at the -- I'm going to get this quote wrong -- the messy intersection of life and money. Because you can't algorithm away emotions and you can't have empathy in an algorithm. And so this is where a lot of the value lies. And I really liked the way Steve Williams, when we were talking about game planning for retirement -- if you look at his picture frame that he talked about, the four corners of the picture frame, he says you want to list who, what, where, and when and those are the different quadrants you kind of want to start framing out your retirement vision. It's interesting none of those things talk about how much, or how long it will last. They're all emotional ties, those who am I going to spend my time with? What am I going to spend my time doing? Where am I going to spend my time? And when do I want to have certain experiences with grandchildren, and children, and family, and friends. And I think this idea of valuable things lie at the intersection of money and emotions and it's where advisors can provide the best guidance, the most concrete road maps to help their clients navigate some of these rough waters. And so, that was what I thought was the number one best idea that came out of the 2016 season.

*Ben Jones* - So, Matt, just kind of a bonus question here. So, we've got our top 10 list. What was maybe your personal biggest take away from the experience of hosting season one of the podcast?

*Matt Smith* - I thought it would be hard to get enough topics for season one, let alone for season two. I thought after season one, we'd hit all the topics and it seems like every time we do a podcast, we get two or three ideas for another topic. So certainly no shortage of topics.

*Ben Jones* - And I think there's a great opportunity too for our listeners. If you've got something that you're struggling with or you have a conversation that is paramount to your business, we'd love to hear from you. What are the conversations that you're challenged with? What are the conversations you've mastered that you might be willing to share with our audience as well? I think in both cases, we're starting now planning for our next 24 episodes next year. We're going to tackle and we would love to get your thoughts on what are the most relevant and helpful things that we can do for you.

*Matt Smith* - Right, and give us feedback. If there's certain aspects of these podcasts you enjoy, let us know. If there's things that we should stop doing or modify, please let us know. We're learning as we go as well and happy to take any kind of feedback and make the next episodes even more effective for our audience.

*Ben Jones* - So, one thing that I just was struck by as I look back over our top 10 list here is that conversations are becoming the foundational aspect of an advisory business and from starting early in the relationship when you might not even know that your "prospect" is following you digitally, all the way through discovery and your ongoing quarterly strategy meetings, as well as each life stage, advisors that focus on making these conversations better and a more successful part of their practice, those are the ones that are going to have fulfilling careers, successful practices, and more importantly -- and maybe most importantly -- really enduring relationships.

*Ben Jones* - Thanks for listening to Better conversations. Better outcomes.  This podcast is presented by BMO Global Asset Management.  To learn more about what BMO can do for you, go to bmogam.com/betterconversations.

*Matt Smith* - We hope you found something of value in today's episode, and if you did, we encourage you to subscribe to the show and leave us a rating and review on iTunes.  And of course, the greatest compliment of all is if you tell your friends and coworkers to tune in.  Until next time, I'm Matt Smith.

*Ben Jones* - And I'm Ben Jones.  From all of us at BMO Global Asset Management, hoping you have a productive and wonderful week.



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