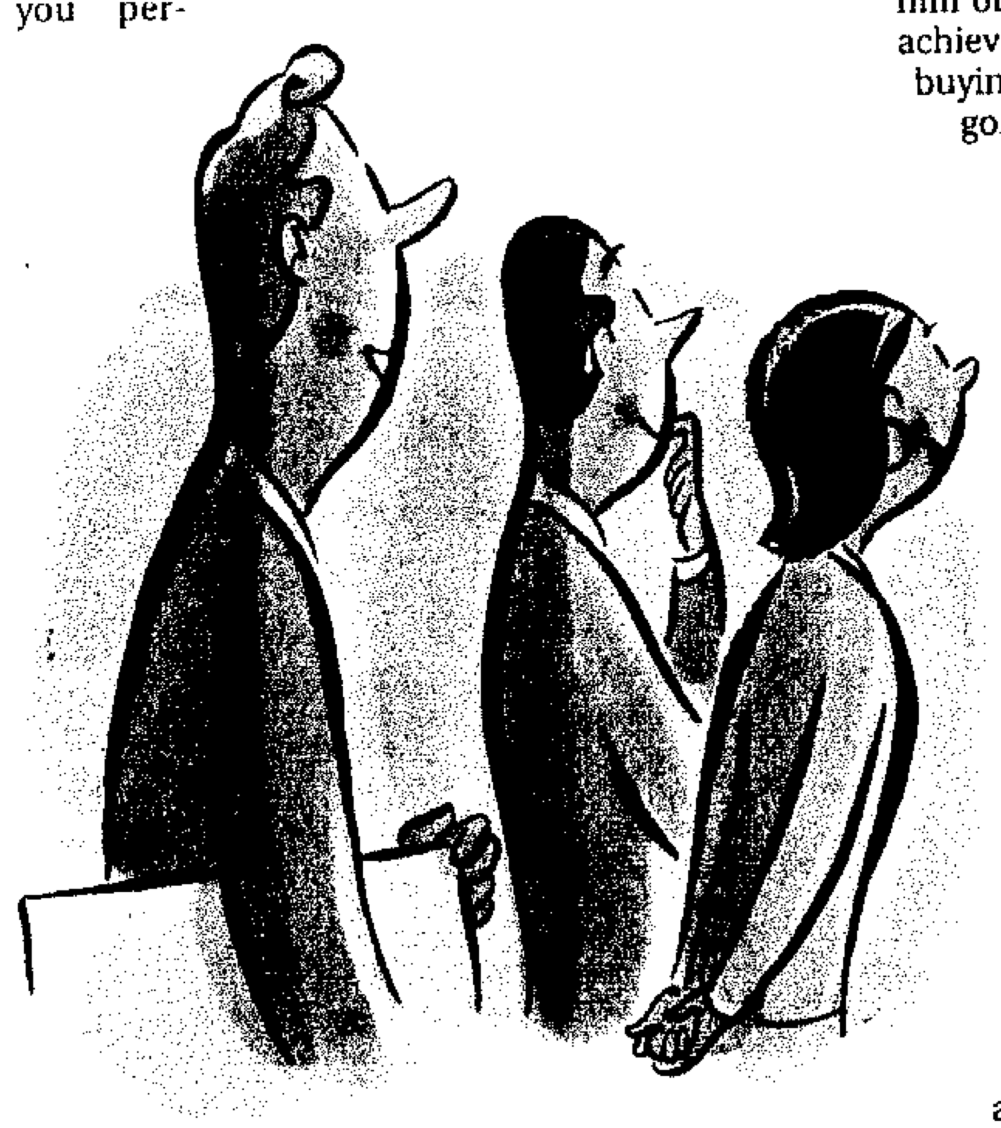
Motivating clients to remain invested and focused on their financial plans is a challenge. But if you can get them to keep their eyes in the prize and stay invested, you can retain assets and build long-term, rewarding relationships with them

BY LAURA URMONEIT

Chasing the rabbit

The children's story of *The Little Engine that Could* is a great tale of motivation. In attempting to overcome a daunting obstacle, a small locomotive engine chants its way from "I think I can" to "I know I can" until it reaches its goal. The lessons of that story — determination, confidence and focusing on a purpose — are as appropriate to grown-up advisors and investors as they are to the story's intended young audience.

That is never more true than in bear markets when sluggish returns make it difficult to persuade clients to stay invested and remain focused on financial goals. So, how do you persuade clients to stick to a long-term financial plan when the temptation to spend seems stronger than the desire to save? Motivating clients to stay invested is an important part of any financial advisory business. It can bring prospects into your book, keep assets from walking out the door and help you build long-term relationships with clients.



The first step is understanding your clients' real motivation. *Winston Dictionary* defines "motivation" as the "ultimate inner reason for performing a given act." And some advisors and clients believe the ultimate reason for investing is to make money. But if you need to go beyond money and identify the core objective that drives your client. Then you can motivate him or her to use a financial or investment plan to achieve that goal. Perhaps it's taking care of family, buying a dream retirement house across from the golf course or saving for a yacht to sail the world.

Knowing your client's ultimate goal is the key to motivating them, says Sherry Knight, a motivational speaker and president of Regina-based **Dimension 11 Ltd.**, a personal productivity consulting firm.

But before you can identify your clients' goals, you have to know how to deal with them individually, according to Knight. Your client base generally can be separated into four personality categories. Your motivational strategy will depend on each client's personality type.

The analytical client likes to see facts and figures. In order to motivate an analytical client, says Knight, you should use lots of numbers in your presentations, and focus on the long term.

The task-oriented client wants to see the end result, which at this stage usually means dollars and cents. They will want to walk away from meetings with a sense of achievement. To spur them on, provide a one-page report showing them how their money has grown and how it will continue to grow.

The approval-seeking client wants to be recognized and have personal approval. Recognize that they want to spend their money on things that make them feel good. Don't set goals as far in the future as you would for the analytical client.

The security-seeking client's main concern is making sure their loved ones are looked after. In meetings you'll talk to them about their spouse and children. These clients are very relationship-orientated and they will ask many "why" questions.

Once you've established the type of personality your client has, the next step is to find out what he or she wants. While clients may say they're investing strictly to make money, the secret of motivating them to keep their money invested often lies within a tangible object, suggests Deborah Knuckey, a Washington, DC-based money coach and author of *The Ms. Spent Money Guide*. Knuckey recommends searching for something that will tempt your clients and lure them forward.

"The goal should be targets," Knuckey says.

For example, if the goal is to retire comfortably, she asks, what does that mean to your client? You should give your client a strong image, something very specific, such as a seaside condominium or a Mediterranean villa. The next step is to ask your client what is getting in the way of achieving that goal. Advisors should help clients to identify obstacles and find strategies to deal with them right away.

Knuckey tells of one woman who had all the right intentions but a difficult obstacle. She made a good salary, saved her money regularly and had a desire to invest it. Her problem was that she was the only one in her family making a good living, and it seemed every time she started to get ahead financially, a sibling or parent would come asking for help out of a financial bind. The client learned to give her own financial plan a higher priority without feeling as if she was abandoning her family.

Getting clients to divulge their personal financial situation can be a challenge, says Knuckey. When you're talking to people about money, you're talking about the most personal thing in their lives.

"People will tell you who they're sleeping with over how much debt they have," she says. "Some people need the permission to put their personal priorities

international, growth, value and some small-cap," she says.

While her interest in asset allocation is evident, Illman says finding new clients is the most challenging part of developing a practice. She uses a number of tools in an effort to build her book.

"Right now I use a lot of booths at home shows and trade shows. From there I can do some cold calls," she says. "But by far, referrals from my clients are the [most effective way of getting new clients]." Setting up a time of the day and following through on phoning potential new clients can sometimes be a daunting task, but Illman knows it has to be done. Once she gets an initial meeting, she is confident in her ability to persuade a prospect to come on board.

"I find what works for me is showing clients the difference between the route they're on, where they'll be with short-term goals, and leaving investments in for the long term," she says. IE

are when people don't show up appointments, or if you're calli all the time but not getting an calls back," she says.

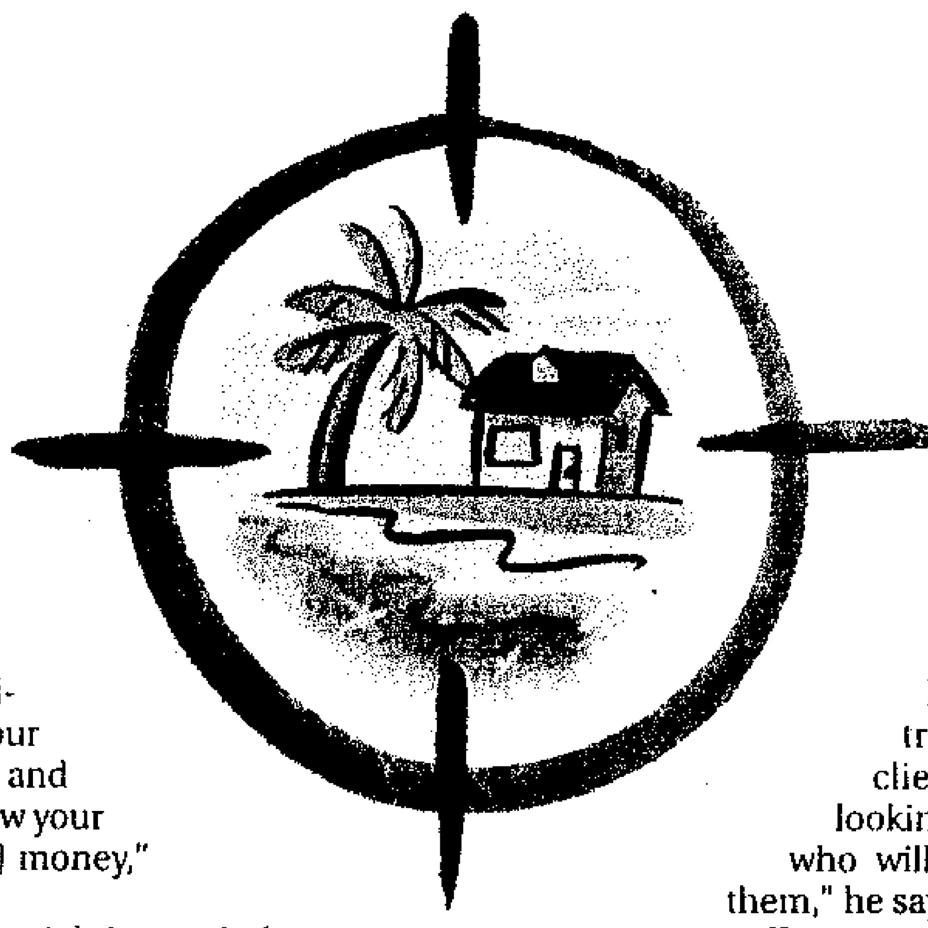
- **Client first: One of Illman's mottoes is: "Focus on the clie If you're doing that, then it'll always be easy to do what's ri**

"Stay true to yourself and t you'll never be caught in a siti tion in which you don't know v to do. If you're following your belief system, then getting int situation that's not right is ne to impossible," she adds.

- **Communicate: Communicate and communicate some more, says. Keeping clients informed about their investments is a touch they will appreciate — es cially if investing is still foreig them. "I keep reminding client that bears are not usually as l as bull markets. Not all clients have been taught about financ planning, so you have to bring them along slowly," she says.**

higher up on the list."

One way of organizing priorities is to create a shopping list of what's important in the client's life. If taking care of a parent or spending time with children is at the top, acknowledge that this is the centre of your client's universe. "Understand what your client's bigger drivers are and what that does in terms of how your client will spend [his or her] money," Knuckey says.



You are the coach and your job is to ask the questions that will help your client "get out of their own way" or stop being their own obstacle, according to Knuckey. The challenge now is to turn intentions into actions.

Knuckey offers two analogies. One is the traditional racehorse theory. Similar to a horse running around a track while being whipped by the jockey, the client is doing what they *should* do but not necessarily what they *want* to do. The client's motivation stems from a negative idea such as a fear of not having enough money to retire. While this method may work for some clients, others may resist.

"If that's been working for the client, then great," Knuckey says. But watch for clients who say yes to one thing and then do something else. You have to get creative with these people, she says.

For these clients Knuckey's second concept, the greyhound theory, comes into play. Like a greyhound in a race, chasing a mechanically propelled rabbit, the client is motivated by a desire to have something. Instead of being pushed by a whip, the client is being pulled by a goal. The challenge for the advisor in this method is to uncover the client's true — sometimes unstated — intentions, says Knuckey.

The advisor's role is to help bring clients to a "place" where they want to invest. "Help clients link their goals to something meaningful to them. The more tangible you can make it, the more advisors will be able to help," she says.

Your choice of words can have a significant effect on your success as a motivator. Knuckey suggests modernizing certain words that may not appeal to the consumer's ear. For instance, the word "budget" could be discouraging because it suggests cutting, which is a turnoff for some clients. Try using the term "spending plan" instead.

It's also important to make a meeting with you a positive experience. "Some people would rather have a root canal than visit you," Knuckey says. Take inventory of all the tools you use with clients and rethink how effective they work. You might need to simplify and rename budget worksheets, or find different ways of presenting findings and recommendations to your clients. Watch for words that make your clients' eyes glaze over. If you have a strong relationship with a client, there may be room for a little experimentation. Just be sure to remain true to your personal style, she says.

J. Angus Watt, managing director at **National Bank Financial Inc.** in Edmonton, tells of a client whose wife announced plans to empty her $60,000 account and go off to trade stocks. In Watt's opinion, the woman had an account that was perfectly suited to her risk tolerance and goals. Although she might have made money on the stock market, Watt knew that mentally she couldn't afford the risk. By talking with the couple, Watt was able to convince them that sticking to their plan was best for both of them.

Approaching a situation tactfully and with compassion is important when trying to help clients avoid mistakes, according to Watt. "Keeping things in perspective is important," he says. "Questioning yourself as an advisor, looking at the big picture and keeping a focus is critical. While your clients may think you paint a picture of hope for them, really it's wisdom."

Watt says keeping clients motivated to stay invested is simply a matter providing service and making sure no client is neglected or underserved.

Watt believes clients stay invested when they know you're looking after their accounts. "You have to make sure there's a team that can give the client warmth and support. The team must be made of good people who have great skills and are confident, compassionate, and are in the same mindset as you. Having that develops trust, and that's what clients want. They're looking for honest people who will be looking out for them," he says.

One effective motivator is a feeling of control, according to Halifax-based motivational speaker Wayne Forester. And nothing gives a person a better feeling of control than a sense of ownership.

In the workplace, motivation through ownership can take the form of increased responsibilities for workers, Forester says. In our personal lives, it's the reason why we buy houses, cars and cottages.

"Those principles apply to investing as well," Forester says. "Investment advisors are often competing against a tangible item," he says, referring to the client who would rather buy a new car or a big-screen TV than invest in an RRSP. "The secret is finding ways in which you can create a greater sense of ownership for your client," he says.

Forester agrees that terminology and language are critical to connecting with clients. Phrases such as "your portfolio" and "you own this" are vital in communicating a sense of control to your client. (Forester remembers his father receiving a stock certificate in the mail — concrete evidence that he owned a piece of a company. Many people used to frame those certificates on the wall in a display of pride and achievement.)

The root of motivation will vary between clients. With an investment plan, clients can express their desire and chart a definitive course on how to fulfill it. The plan will become the basis for a sense of control, says Paul D. Shirer, president and financial coach at Toronto-based **Perfect Timing Network**. Influences that are beyond your control, such as short-term market fluctuations, are no longer an issue when you have a structured, long-term investment blueprint in place.

Advisors should keep clients focused on goals, according to Shirer. "It's all about having a long-term plan, as opposed to going out just to make some money," he says. "If you're investing to make a fortune, the odds are against you. But if you're investing to secure a future standard of living, then you can take a lot of actions that will get you on your road to securing that."

One of the most important pieces of advice to give to clients is: don't be distracted by news of other investments once your plan is in place.

"Our clients are constantly bombarded with [news of negative events] from the mass media, so it's easy to get off track. But with a secure plan, you can tell your client not to worry about what their neighbour is doing because your client is taking care of himself or herself. It takes a lot of guts and conviction to ignore what other people are saying or doing. There will always be the neighbour that is going to tell your client about the stock that went up 100%, but they're not going to talk about the 10 others that went bankrupt," says Shirer.

One tool Shirer uses to help keep his clients on track is taken from an article he clipped from an investment company publication. It tracks the performance of the S&P 500 index from 1963 to 1993. A client who had invested $1 in the market over that 30-year period would have gained $23.30. However, if by trying to time the market the investor had missed just 90 days out of that 30-year period (that's slightly more than 1% of the total time), the gain would have been only $1.10. (There are many similar articles that highlight this phenomenon.)

Motivating clients to stay invested will depend on the goals established in the initial meetings. Shirer suggests creating two plans — a short-term plan with the goal of buying a house within three to five years, for example, and a long-term plan for retirement. The short-term plan has the motivational boost of offering a reward in the near future. And should the client undermine the short-term plan by going on a spending spree, the long-term plan can remain in place.

While he sees himself as a coach and something of a psychologist, Shirer doesn't believe an advisor's job is to make people miserable. His job is to keep people on a good investing track.

"It's not about the money," Shirer says. "It's about what the money gets you and what the money will provide you with in the future."

And that can be the most powerful motivator. IE

THE MOTIVATED MOTIVATOR

In order to be a good motivator, you must be motivated yourself, says Deborah Knuckey, author of *The Ms. Spent Money Guide*. She offers these five tips to help keep you "chasing the rabbit":

- **Be sympathetic. Understand the social and cultural influences that affect your behaviour with money and business. This can help you empathize with your clients' different perspectives. What have you allowed to get in the way of your own plans?**
- **Define your perfect client. Look at your current roster and identify what makes your favourite clients fun to work with. How can you attract more people like them into your practice? Some advisors have found inspiration by focusing on niches such as celebrities or entrepreneurs.**
- **Fire a client, or two. Give those who fail to follow through on their plan six months to shape up or ship out. They're wasting your time and their money if they don't follow through — and they are non-motivating to work with.**
- **Create a motivating business plan. Just as a financial plan should offer rewards for clients, your business plan should encourage you with positive goals.**
- **Check your direction regularly. Every six months or so, compare your progress against your plan. Ask yourself: "What can I do to move forward" and "What's getting in my way?"**

Getting your clients in gear

Once you've determined your own personal plan for motivation, money coach Deborah Knuckey suggests a few ideas to bring to the table to motivate your clients.

Ask powerful questions. Short, open-ended questions can help clients explore the big picture behind their financial lives and help you build a stronger relationship with them. Ask: "What is getting in your way? What is important about that goal?"

Audit your tools. Look at the materials you use with clients and see if there are ways they can be more focused on motivation and goals.

Tap into clients' creativity. Instead of asking them to describe their goals, ask them to come to the next meeting with a collage of pictures showing their aims and to explain what the pictures represent.

Watch your language. Skip words like "should" and "budget" and use more motivating words such as "want" and "plan" or even "dream."

Remember that it's not just about money. Your clients' financial lives may be reflections of emotional, social and cultural issues that have little to do with finances — anyone who has worked with couples has seen this in play.

Help your clients recognize that there is more to achieving goals than numbers.