

CHARACTER BUILDING

Financial planners should try first to see their own vulnerabilities in order to understand their clients' quirks and blind spots, **MATTHEW SMITH** writes.

A **ADVISERS DO** not like to show their vulnerabilities, says Hugh Massie, president of United States-based research and consultancy firm, Financial DNA Resources. He bases his observation on 11 years' experience surveying advisers and their clients in an effort to categorise core behavioural traits.

That's not to say every adviser is the same, he says, but sociologically speaking, people who gravitate towards the profession are likely to be a certain type of person, in the same way that teachers generally have certain hard-wired personality traits.

It is important for advisers to know this about themselves because vulnerabilities need to be exposed and understood in order for people to build any sort of trust in their relationships, Massie says.

Unfortunately, advisers aren't used to doing that.

Financial DNA draws on research from the University of Georgia to define 16 personality types based on the strength of characteristics including whether people are dominant or compliant, introverted or extroverted, detached or compassionate, cautious or adventurous.

Massie, an Australian based in Houston, Texas, spoke at the annual US Financial Planning Association Convention in Seattle in September.

He was formerly a tax planner with Arthur Anderson before founding Sydney-based advisory practice Coddington Group. The group then morphed into a consultancy firm that Massie brought to the US four years ago.

He says "rainmaker" financial advisers – those who are independently minded and usually own and operate their own practice – tend to have similar hard-wired personality traits. They tend to be dominant and extroverted, and score lower on compassion. They are some-

where in the mid-range between adventurous-cautious and concrete-abstract.

Advisers will find they work better and form stronger relationships with certain client types.

"Because advisers are more likely to be extroverted, they also tend to be less detail oriented," Massie says. "You'll find that the planners tend to be extroverted while the support staff such as the paraplanners will be more methodical.

"A methodical client will want to see everything you do, and they won't trust you unless they get insight into the process and are provided with a lot of information."

Treat partners equally

It's dangerous to try to define a personality type based on gender, Massie says. He has observed married couples where the male appears dominant but the woman is more dominant but also more introverted.

The woman may not talk much during the initial meeting but she plays her cards at home, and an adviser who does not recognise this will often be left wondering why the couple has not signed up.

Massie says advisers should meet both the husband and the wife but he advises against playing the marriage counsellor. Instead, advisers should bring both parties on to equal footing from the outset by talking about each other's strengths and weaknesses.

"There are as many women as there are men who turn out to be drivers, just as there are as many men who are harmonisers," he says.

"People will make changes when they are made aware of a behaviour in themselves and they feel it has been accepted."

Similar to the process of risk profiling, Financial DNA



creates assessment tools to discover a person's behavioural traits based on a combination of core beliefs and learned behaviour.

Massie spends his time discovering a client's natural hard-wired behaviour – that is, the instinct a client reverts to when under pressure. It is the bedrock of the personality, he says, that is fully developed by the age of three.

Identifying core personality traits can be as simple as merely listening and observing, or as complex as cutting through barriers of learned behaviour built over many years. Massie estimates advisers only see 10 per cent of a client's core behaviour after a one-hour meeting.

Financial DNA classifies clients based on four key categories: control, interaction, potential for conflict and attention to detail. Clients are either strategic thinkers, control freaks, extroverts or compassionate.

A strategic thinker is goal-orientated, visionary, precise, analytical, assertive, confident and prepared. They insist on quality results. Strategic thinkers may come across as rigid, cold, pushy, stubborn, insistent, and can be overly attentive to detail.

In their desire to achieve results, strategic thinkers may become critical, judgmental and insist on doing

things their way. Massie says they can be a nightmare for a financial adviser.

Control freaks, however, can prove to be the biggest challenge. This is because the adviser is more comfortable being in the dominant position and usually prefer clients to delegate to them.

Knowing if your client is high or low on the extrovert scale can help decipher whether information they pass on is relevant and should be taken into consideration. Extroverted people will pick up ideas at a dinner party and a switched-on adviser will know the information is not necessarily coming from a good source.

Overly compassionate clients will find it hard to make decisions. They will often procrastinate and be the first to crack if things go topsy-turvy.

No matter how good advisers think they are with people, Massie says there are usually blind spots to identifying what might be a strength or a weakness in their own personality.

And clients often find it hard to see their own core personality through social pretence and learned behaviour. Massie gives an example of the client who comes in and says he or she is not a risk taker, and then asks six months later: "Where are my returns?" ★

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"I SHOULD HAVE BOUGHT IN WA BEFORE THE BOOM, I WISH I'D BOUGHT GOLD BEFORE THE RUSH, IF ONLY I'D GOT INTO RESOURCE STOCKS LAST YEAR."

IF ONLY I'D READ

