

Are we losing sight of the good we do?

Tony Vidler | Strictly Business | 14 October 2013

The new world order has been beginning to settle into a sense of normality for financial advisers in recent months – which is the cue for a new wave of jargon and confusion to be introduced.

This should be a concern to us all. As if advisers and consumers haven't had enough new terminology to digest, we now have "superlinkers", planners managing clients "human capital", "fulfilment capital" and "shared capital". Perhaps planners can achieve this by becoming a "learning organisation" for their customers to access.

It is not my intent to criticise the authors and proponents of those ideas. However, I question the validity of the ideas themselves. They introduce complexity into an arena where the majority of stakeholders wish to have complexity reduced or removed.

The central thrust of much commentary in recent times has been that the planning industry needs to re-invent itself somewhat and begin to define its core value proposition to consumers. Actually, the core value proposition for the financial services industry, as a whole, really comes down to one of two things:

1. Mitigating uncertainty for consumers (whether through investment, savings, debt, risk, and so on); and,
2. Removing complexity from consumer's lives.

Our service businesses exist to provide either or both of these two core functions. We may not always get it right, but it is the essence of the value we are trying to create – isn't it?

An old saying suggests that you are either fixing the problem or that you are part of the problem. Anytime we are not focused on managing or mitigating uncertainty for clients, or removing complexity from their lives, then we are probably venturing into the realm of becoming part of their problem.

Every so often as an industry – usually following some significant period of change – there is a new twist in the search for validity in customers' minds and a new proliferation of job titles,

professional acronyms, investing themes, and advice/style concepts. Yet none of these deliver anything different in real terms to clients. Nor do they contribute towards providing our core value to consumers. In fact, such trends have a habit of introducing complexity and uncertainty. Arguably, that becomes an inhibitor to consumer participation and confidence in the industry as a whole. It seems fair to say that the less consumers understand what advisers do, how we do it, and how they benefit from it, then the less inclined they are to use the services a great adviser can provide.

Every time we cleverly try to relabel what we do, or come up with very cunning terminology to make ourselves sound even more clever than we are, there is a very real risk that we begin to lose sight of the good that we do.

In a similar vein I have been intrigued for some time with the tendency for advisers running independently owned businesses to view institutions (especially banks!) as major problems. Advisers need not fear these institutions significantly, in my view – provided the advisers are very clear about the value they create for customers.

We must accept that not all consumers have terribly complex financial lives and not all consumers actually need advice. Some consumers will need it sometimes, some will need it for a long time, some never will need objective advice at all. That's just the way it is – and we need to "suck it up and get on with the game".

There is only ever a proportion of the market that requires our services, and to whom we can provide distinct value. Institutions, including banks, have fabulous business models for delivery essential services with a product or solution focus for those who are not yet ideal consumers for a financial adviser's services, "yet" being the important word there.

The new wave of consumers for adviser firms in the future will be those whose lives become increasingly complex, and who have evolved to the point where simple product solutions are no longer enough. It will be those consumers who move into a phase of their life where they perceive there is greater uncertainty or risk, who will be motivated to obtain objective advice to manage their issues. They are the financial planning firm clients of tomorrow. Institutions are growing them for you by introducing complexity into their lives.

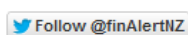
But that will happen only if advisers stay focused on the good that they do and understand the key areas where they have the ability to generate distinct value for consumers.



Tony Vidler is an AFA and principal of [Strictly Business](#) which provides advice to the financial advice industry to help financial advisers become better practitioners and build more profitable businesses. Tony was the financial alert Person of the Year 2011.

Have your say

Tweet this article to your colleagues and/or clients, follow us on Twitter so you hear as soon as we release new articles on PortfolioConstruction.com.au, and/or use the comments area below to share your comments with other Members.



© 2013 Portfolio Construction Forum, Brilliant Investment Publishing Pty Ltd ABN 19 122 531 337. All rights reserved. Refer Terms & Conditions of Use.

[Privacy Statement](#) [Terms & Conditions of Use](#)

another brilliant! publication