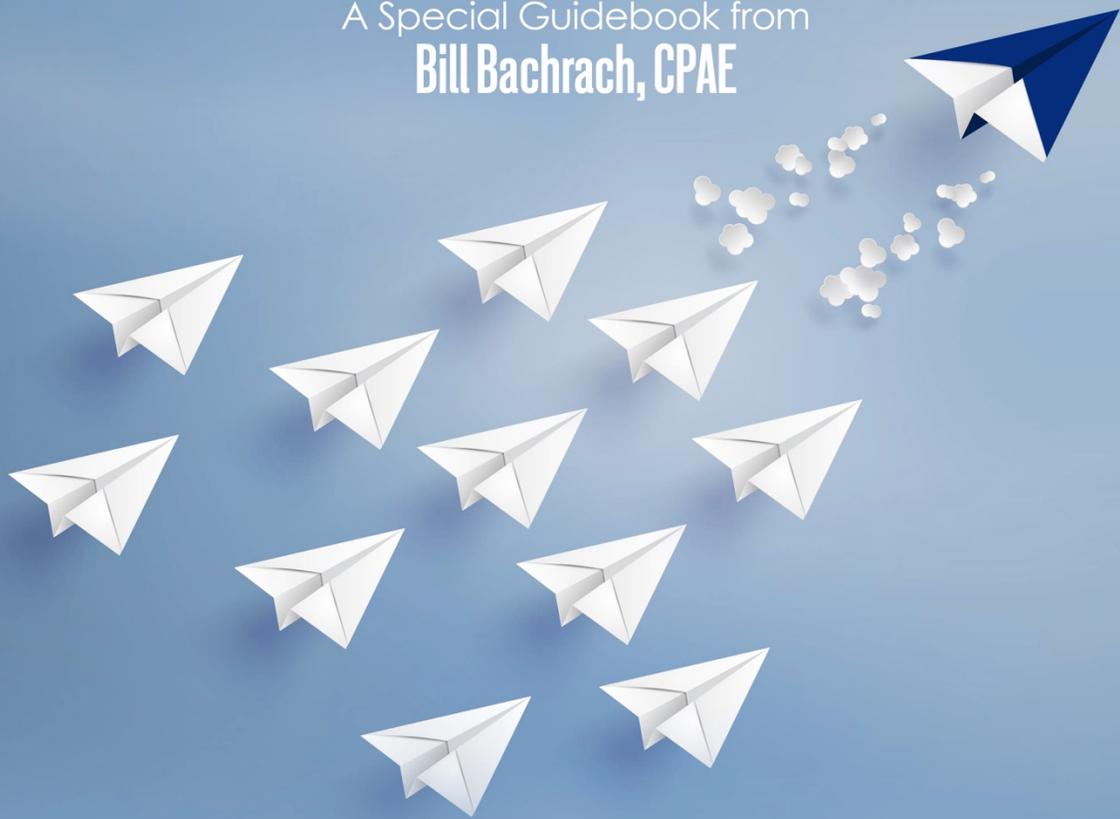


The LEADERSHIP VACUUM

A Special Guidebook from
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The Leadership Vacuum

by Bill Bachrach, CSP, CPAE

My personal trainer, Rico, is also a drummer. He told me a story about being invited to play with a group of musicians who were more talented than he was. Being a little nervous to play with these musicians, he made the mistake a drummer can't afford to make: He followed instead of led. Shortly into their first song, the lead guitar player stopped playing and waved off the other musicians, who stopped also. Then he turned to Rico sitting behind his drum set and yelled, "Hey, Rico, you're the drummer! You're supposed to be *driving* this train, not *riding* it!"

What about you? When it comes to your client relationships, are you *riding* the train or are you *driving* it? When dealing with financially successful people, you can't afford to make the mistake of following when they need to be led.

The technical work of financial services continues to be commoditized by technology. Leadership is not being commoditized. The price of the products may continue to decrease, but the incomes of CEOs continue to rise? Why? Leadership is valuable, and rare.

The smartest FAs have already moved away from being financial plan writers, investment advisors, asset gathering middlemen, insurance experts and accountants. If you are still doing the technical work, and not the leadership work it's time to consider this transition or transformation. It's better for the clients and it's great for you.

It would be a mistake to think you can effectively do both the technical work (write

the plans, manage the money, develop asset allocations, do the taxes, be the insurance expert, etc.) AND be the leader. That's like the CEO of a car company also working in the factory. She should visit the factory, but she can't be the leader and work on the assembly line. The orchestra conductor can't play the violin and lead the other musicians. The coach can't also be the quarterback. Even if you were smart enough and capable enough to do all these jobs, there simply isn't enough time. Leadership is a full-time job.

The best FAs are leaders. They lead financially successful clients to become crystal clear about their values, goals and current financial reality. Then they lead them by orchestrating the creation of a truly comprehensive plan to bridge the gap between where they are now and where they want to be so they achieve their most important goals and fulfill their most deeply held values.

They do this by holding the client accountable to implement the advice of their team of best-in-class subject matter experts in the areas of tax, financial planning, insurance, legal, investment management and everything else needed for the clients to achieve their goals.

They are especially effective at leading their clients to make smart choices about their money during those times when emotions run high and when making the best financial decisions is counterintuitive. For example, their clients stayed fully invested in 2008 and 2009 and would do the same in the next turbulent economy. Their clients face the music of their own mortality and non-

negotiable life risks by having the right amount of insurance, in all areas, despite the discomfort that some of these conversations might create. They have all their legal document ducks in a row in spite of the fact that doing so forces a person to deal with very uncomfortable scenarios—such as who pulls the plug and when.

There are a few powerful words and explanations that can help the FA leader communicate with prospects and clients about the value of having a leader rather than dealing directly with technicians.

Coordinate. “Currently, the various technical experts in tax, financial planning, asset management, insurance and legal do not have an impartial leader holding them accountable to perform at the highest levels possible. They are NOT working together with synergy and harmony for your benefit. In fact, many of them do not even know the others exist and are forced to do their work without any visibility to the important information in the possession of another technician. Your life will be much better when your technical experts are being coordinated through a collaborative process that yields better advice. I can provide the leadership to coordinate these technicians for you and your family’s benefit. How does that sound to you?”

Consolidate. “You have many more accounts, institutions and products than are necessary to achieve your goals and have diversification. The reason is that the various technicians you currently do business with don’t do this kind of work. As a result, your documentation is much more complicated than it has to be and your costs are much higher than they need to be. Your life will be much better when all of your financial affairs are as consolidated as

possible. I can provide the leadership to achieve this consolidation. Would you like to get this done?”

Comprehensive. “To put it politely, there are holes in your financial house that you could drive a truck through. It’s simply by luck and the grace of God that an event hasn’t happened that turns one of these holes into a big problem for you and your family. The reason for this is that you have a variety of technicians doing bits and pieces, but nobody with a comprehensive checklist to make sure that virtually everything necessary to get your entire financial house in perfect order gets done. Your life will be much better and safer when you experience truly comprehensive financial services. I can provide the leadership to get your entire financial house in perfect order and help you keep it that way forever. This will give you the confidence that no matter what happens in the markets, the economy or the world that you will achieve your goals. How would having that kind of confidence about your future impact your life?”

Simplify. “By having one trained professional as the leader of your team coordinating the comprehensive and consolidated organization of your financial affairs, your life will be much, much simpler. This means that you can focus your physical time and mental energy on things that are more important to you and bring more meaning to your life than dealing with your money. If anything happens to you, you know the people you care about most won’t be stressed out or frustrated dealing with your technical experts and trying to figure out your unique way of handling your financial affairs. When I am done simplifying your financial life, even the most uninterested person in your family will be able to understand and appreciate your

finances. Your life will be much better when your finances are simpler. I can provide the leadership to achieve this simplification. What do you think about the idea of simplifying your financial life?"

Accountability. "We hold the technical experts accountable to give you the best advice necessary to get and keep your entire financial house in order. We hold you accountable to do your part. One of the problems is that you're driving the train. Because you have so much money and by the nature of your personality, your technical experts are following you instead of leading you. This could be because they don't really know how to lead or they could just be afraid that if they exert leadership that you will take your business elsewhere. Whatever the case, it's not working. The technical experts need to be held accountable to do their work at a very high level and you need to be accountable to implement their advice. What's missing in your financial life is a leader who can make this happen. Are you ready for an FA leader to hold you and your team accountable?"

It's very common for advisors we are training to be the leader described in this guidebook to say something like, "But you don't understand, Bill, I have some very successful, type-A, driver personality clients and they are not going to be 'led.'" I know exactly what you mean and why you feel that way. What's happening is what I call a "leadership vacuum." **A leadership vacuum occurs when one person in the relationship behaves in a wishy-washy or ambiguous way and the other person, sensing this, steps into the leadership vacuum created by that other person's wishy-washiness.** They step into the leadership vacuum even in areas where they are not actually qualified because they are

leaders. It's their nature. It's also the nature of every leader to be a good follower, but only when the other leader is really leading. The big question here is, "How could there be a leadership vacuum in your office on your turf where you are the expert?"

The short answer is that you can't ever allow there to be a leadership vacuum for a client to step into. I'm not talking about control. I'm talking about leadership.

What do you do if you allow even the smallest leadership crack in the conversation to develop and a client with strong leadership tendencies squeezes in? Consider something a top FA leader shared with me about how he handles this on the rare occasion when it occurs. He waits for the client who has taken over the reins of leadership to stop speaking and calmly says, "I think we need to take a step back for a moment and re-examine our relationship. One of us is the client and one of us is the advisor. Tell me again which one you want to be?" That's leadership.

So, why are there so many technicians and so few leaders in our industry? It's just the nature of our business. When you entered the business, you were taught the technical work: how to pick stocks and bonds, how to write financial plans, how to build portfolios, how to sell insurance and how to prepare tax returns. You probably worked hard to get some designations (CFP, CPA, CFA, CLU, etc.) and you take pride in your technical skills. Nobody told you that someday your technical ability was going to progressively diminish in value and that your leadership skills would become your most important asset. You were probably not even offered leadership training that could be applied to serving your clients and running your business. The bottom line is

that leadership is a choice. You can choose to remain a technician or you can choose to be a leader.

The recipe I have described here, leading a team of best-in-class technical subject matter experts who are coordinated, comprehensive, held accountable to a high

standard where everything in a client's financial life is consolidated and simplified will help you rescue the most financially successful clients from the FA technicians who dominate the landscape of our industry.

Your business will flourish and your clients will be better off.

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Bill Bachrach's thinking, writing, speaking, and training have made him one of the most popular resources in the world for Financial Advisors who seek to build high-trust client relationships, master client acquisition, and emulate the success habits of the Top Advisors. His books are industry best-sellers and his articles appear in the most prestigious financial services publications around the world. For more information or to book Bill now, call Anne Bachrach at 619-255-4888 or visit www.billbachrach.com