

# **School of Schlock:**

## **Why Advisors Need to Stop Educating Their Clients**

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This idea that the purpose of financial advisors is to educate their clients is a fundamental error in our industry. As a financial professional, you need to focus on getting them results, not information.

Would most people you know rather pay for education or results?

We recently moved into a house with a pool, and there's a fellow we've hired to take care of the water and cleaning and other pool maintenance. If something is wrong, I just leave him a note about whatever I've noticed that needs to be fixed. Can you imagine if he were to knock on the sliding glass door to my office, which overlooks the pool, and say, "Hey, Bill! Come on out here and let me show you what I'm doing. I want to explain how I'm going to balance the chlorine in the water."

Why would I want to know that? I just want my pool to be clean, safe, and comfortable for swimming whenever I or guests decide to get in it. I don't want to think about chemistry, much less spend time getting "educated" by my pool guy on something that I couldn't care less about.

This is not unlike those people who try to "add value" by explaining Modern Portfolio Theory or any number of other technical aspects of financial planning to clients or prospective clients. Can I really compare being a financial advisor to the pool guy? Yes, absolutely. You're just more highly compensated because you do a more important job. But it's the same in concept.

What value do you *really* provide?

Consider this. I cycle with a recently retired professor who's made a name for himself as the author of college textbooks. He's written more than 20 bestsellers on subjects such as personal financial planning, fundamentals of investing, corporate finance, and so on.

In fact, he gave me a few of his books not too long ago. They're impressive tomes, complete with software and website support. The books are filled with theory, practice, case studies, study guides, plus comprehension and retention tests.

My point? If you were going to really educate someone about financial planning, you'd be using a textbook like this. This is where serious students go to learn. Serious students aren't learning about finance from *Money* magazine and chats with their financial professionals. (Incidentally, the financial media aren't in the business of educating, either; they're in the business of marketing magazines.)

I've been in this business for my entire career, and I've never seen anybody who advocates educating clients actually test for retention. So let's call it what it really is: It's education used as a sales tool. Let's call it "edu-sell." If we were really going to educate people, we'd be using textbooks, testing, and the rest.

Just so we're clear: The book my professor friend wrote on financial planning is 685 pages, printed in small type on ultra-thin paper. That book is heavy! How many of your clients do you think would like to haul this book around in a backpack, study it for hours on end, and take all

the tests? (Now, that's just personal financial planning. Next up: Let's talk about investing! This book, with similar typestyle and kind of paper is 718 pages.)

The beauty of a relationship with a financial advisor is that without having to read all this, learn it, pass the tests, and then implement it, your clients can get the benefit of all this knowledge.

You may be reading this and thinking, "Well, how are they getting the benefit? Cuz I don't know all that stuff, either."

How do I know that? I've spent my life with financial advisors, and I'm well aware of how little we know. What do we know about investing? Definitely not as much as a professional money manager. They're the ones who, when they were in college, actually liked the classes with these monster textbooks. They're the reason *you* don't have to know all of it, either.

However, I do suggest you buy these books. Go to [www.swlearning.com](http://www.swlearning.com), and acquire at least the ones on personal financial planning and investing. And here's how you may want to use them: If you have a client who insists on being educated, you produce the book and say, "This is the best-selling college textbook on personal financial planning, and you can't have my copy; however, I invite you to buy your own, read it, study it, and take the tests. About the time you're ready to retire, you should have learned what you need to know to start implementing this stuff."

You can do this seriously, or do it like I would, with a little levity: "Oh, and by the way, when you're done with that one, here's what you'll need to know to handle your investing." Produce the 718-page volume with a flourish.

Then pull out the CCHs for taxes and drop them on the desk. Boom! "You'll need to keep up with this every year because it changes all the time. And this is what you'll need to know about long-term care. Here's the book on disability ... homeowner's ... long-term care ... Or you can harness through me all the experts who know what you need to do because they've already learned all this stuff."

The point is that you're in the business of helping people get results. If it's education they want, then they should go to school. If it's results they want, they can get that through you. That's the purpose of a financial professional. *That's* how you help your clients.

Don't be a salesperson. Be a Trusted Advisor.

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