Client-centricity rule #4: focus on what you can control

Wealth managers should learn not to react off-the-cuff to market movements – and instead must focus on the things they can control in order to do the best thing for their clients.

When the markets take a beating, it is intriguing to observe how many wealth managers become nervous, stressed and even desperate. It's not uncommon to hear them say things like: "I don't know what to recommend to my clients anymore. Everything is going down."

Such anxious statements betray two 'secrets' about the wealth manager.

First, these individuals sell financial products with the promise that they will perform well. And secondly, these wealth managers do not seem to understand that market volatility is one of the key reasons why we need professional wealth managers in the first place.

Imagine a market without volatility; it only goes up, never down. In such a scenario, why would anyone need an investment professional? In a similar way, if we never fall ill, why would we need doctors?

Yet market volatility is a fact of life. It creates a high level of uncertainty, which is precisely why it warrants the involvement of professionals. Wealth managers don't cause market downturns, so why would they ever be blamed for it? We don't blame doctors for the fact that people get ill, do we?

If the mood of wealth managers, their career and their (self-)respect are closely correlated with the volatility of the market, it must be because they give the impression to their clients that they know where the markets are heading. It would suggest that they tell their clients things like: "Buy A, because it is highly likely that it brings you a handsome profit." These wealth managers therefore sell performance.

If this is how and what a wealth manager does, then this individual indeed makes his or her fate dependent on the volatility in the market – over which he or she has no control whatsoever.

A QUESTION OF CONTROL

Question: why would anyone deliberately make his or her mood and career dependent on factors that he or she cannot control? It simply does not make sense.

Money is a means to an end; it's not the end. Money is a tool that helps us realise our ambitions.

Defining what these ambitions are is within our control and – believe it or not – in many cases already adds tremendous value. Defining how much money we need in order to achieve our ambitions is within our control. Defining and understanding the risks that potentially represent a threat to achieving our ambitions is within our control. Defining a sophisticated, best-practice strategy to manage or mitigate these risks is within our control.

Take note: thanks to many years of gaining knowledge and experience, professional wealth managers are much better positioned to deal with these risks than those who don't have that knowledge and experience (i.e. most clients).

So, by focusing on areas we can control, we can in fact be much more client-centric and thus in a superior position to truly add value.

Obviously, when markets falter, clients may be severely affected. It could be very sad and painful. But in such scenario we are supposed to do what we are there for: stay calm and assess (without becoming emotional) the precise impact of the downturn on clients' lives and ambitions.

This ultimately leads to the most suitable, appropriate and meaningful advice. ■

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