

The Financial Coach: the Future Financial Adviser?

by Paula Harris



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MONEY IS A TOOL. We use it to help us achieve our goals and dreams. Traditionally, the financial advisory world has been focused on our clients “return on their money.” We have all heard it, and most of us have felt it as well—managing money is a commoditized service. Many of our clients measure the value of our service based on the investment return we get for them.

But many of us do so much more than that, including financial planning. We gather information. We analyze that information. We populate spreadsheets and software packages. Then we present it back to the client as their financial plan. Here’s your plan, good luck! Come see us if you have any questions.

The client departs feeling like they got value because they now have a “plan”—maybe it’s even bound or in a three-ring binder. Or maybe we saved it electronically and securely emailed it to them or posted it to our company portal.

Slowly, or sometimes quickly, the client slides back into their familiar

patterns and habits. Many will not have much success with their plan, especially if they don’t have accountability in implementing it. The tug of instant gratification is a much greater pull than planning for tomorrow. The war for our wallets is so powerful that who could blame our clients when the kids’ have needs, the neighbors have a new car, their friends and family are taking some fabulous trip, and they feel the need to keep up?

Understanding the “Why”

Many of us help our clients identify future goals like buy a home, pay for the kids’ college, take a family vacation, retirement, and legacy planning; it’s like a checklist of things to be accomplished. Where we might fail to be as effective as we could is helping understand “why” this goal might be so important to them, therefore, helping connect them to a larger reason to stay focused when there are lots of tugs at their wallet day in and day out.

For example, most people want to own their own home at one point in their lives. But how often do we ask, “What about owning a home is important to you?” Try asking that question and you might hear, “When I was a kid we moved eight times before I was 10, and I never felt like I fit in anywhere with other kids. I didn’t have any friends. I stopped unpacking my things because I knew we would move again. I want my kids to have stability and the security

of knowing that this is a place they can call home—a place where they can develop deep, lasting friendships versus acquaintances.”

In her May 2018 *Journal* article, “Bridge the Gap Between the Financial Plan and Client Action,” Saundra Davis did an excellent job talking about her role as a financial coach. She collaborates with her clients to identify their desired outcomes, helps them discover what is most important to them about achieving those outcomes, and then connects how achieving those outcomes will affect their lives. The process creates a deeper emotional connection for the client in “why” they want to achieve that goal and how their money is a means to accomplishing it.

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Is This the Future?

For financial planning to have its greatest impact, should we be retooling to be financial coaches? As a financial coach, we may help clients to figure out their “why” in what’s really

important in achieving their goals. We would help equip them with the skills and tools to empower them to be masters of their own future. We would help them with their mindset.

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The role of a coach is to empower clients to take responsibility for their decisions, support their learning and growth by offering advice and perspective, and serve as an accountability partner in achieving their goals. Ultimately, the client will work on improving long-term behavior and own the process for their transformation to be successful. The coach is a guide, sitting on the same side of the table toward success.

If developing coaching skills is the future, there would also be a need for public education on how a financial coach could help. The majority of consumers still don't understand what a financial plan is and still think much of the advice industry is centered on product sales.

However, groups like the XY Planning Network are training a whole new crop of financial advisers who are advice-centered. Many of them are working with younger clients on a monthly or quarterly basis to help them make smarter daily decisions about their money. This regular communication pattern is deeper and richer than that of an annual review. These new advisers are having a big impact on the X and Y Generations and how they interact with a

financial adviser. Their expectations are different than what the boomers and the Greatest Generation have experienced from the financial services industry.

Learn about Mindset

As financial advisers we might want to start expanding our reading beyond *Barron's* and the *Financial Times* and dive into some books about mindset. James Clear, who spoke at this year's FPA Retreat, talked about his most recent book, *Atomic Habits*. The book is about the importance of improving daily habits and mastering tiny behaviors that can lead to remarkable results.

Darren Hardy, speaker, author and former publisher of *SUCCESS* magazine, wrote *The Compound Effect*, which is based upon the principle that our decisions shape our destiny—to success or disaster. Finally, Jack Canfield's *The Success Principles* is a roadmap for success and should be a “must read” for all advisers and their clients.

By all means, I don't have this all figured out. The work I have done this year getting certified in the Jack Canfield Methodology around his success principles has really opened up my mind to thinking about how we can have the greatest success and impact on helping our clients achieve their goals.

As I reflect on our clients' successes and failures, it often comes down to their thoughts, beliefs, and actions that impact what they achieve. If we can help guide our clients through their most important decisions, it's less likely we will be replaced by a robo-adviser who won't be there to provide a hug and a cup of tea for our widowed clients or throw rice at the newly married couple as they depart the church. We will be a critical part of our client's life success team. ■

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