

MoneyMarketing

Mr motivator

10 February 2011 | By [Rachael Adams](#)

Motivational speaker and **Metlife** senior vice president Joe Jordan was in the UK last week to talk to IFAs about behavioural finance and how it can be used to develop their businesses. Rachael Adams caught up with him to talk about what this can add to IFA businesses



What is behavioural finance?

As financial advisers, our business is to motivate people and people are not motivated by facts but act on their emotions. For example, in a bear market people panic, they buy high and sell low. People do not do what they know they should do but do what they feel. Engaging clients is about recognising their behaviour patterns and that is behavioural finance.

How did you get into behavioural finance?

I was doing it instinctively and did not even know what it was. I started in insurance, running sales at Paine Webber and then I came to **MetLife**, where I was in charge of product development. The trigger for me was starting fee-based financial planning.

Why did that make you aware of behavioural finance?

It was a silver bullet. I said, 'Hey, if we get well trained people to show everything to our clients logically, we'll do great.' And we didn't. I couldn't figure it out. Then I took a proper look and said, 'This stuff is so analytical. I couldn't talk to my mother like this.'

Our brains have two sides: the left, which analyses and the right, which feels. I knew the key was more of a right-brain mode. I am not saying emotion is better, you have to have balance. But it has been unbalanced for so long.

Where did this imbalance come from?

I think it was the information age in the early 80s. It all got really left brain, concepts were out, numbers were in. It put forward a train of thought that was narrowly reductive and highly analytical. And while those skills are still important, they are no longer sufficient because you have got to connect with people.

How can financial advisers escape this legacy?

They have got to stop focusing on performance and start focusing on client goals. They are going to learn about these goals by understanding their clients' behaviour, not by showing them spreadsheets. But there is a problem. IFAs have been beaten up so much that they don't believe they could have a significant impact on someone's life. No one has the chutzpah to say, 'You're doing a good job.'

This sounds nice, but how can it drive IFA businesses?

Increasing self-worth drives sales because advisers are going to be more motivated. But what is most important is choosing the right clients. At the moment, IFAs will take anyone on. They will bring in the most difficult client who sits there with the Financial Times and graphs and charts and only cares about top performance, not about building a relationship. If I had a prospective client like that I would not take them on.

What does this mean for IFA firms?

They need to create a culture that is supportive of the positive impact they have on others. I show videotapes of advisers delivering death claims and changing their clients' lives and I say, 'Don't you want to be a hero?' One video features a Chinese lady who had a pre-death benefit, which meant she could pay for medication that gave her a less painful death. Before she dies she thanks her financial rep and there is this big emotion. That's what advising is about.

Why is behavioural finance relevant now?

People desperately need what financial advisers have got right now. The Government is not giving it to them anymore, the corporation is not giving it to them any more and I go to China a lot and these families are saying, 'I'm not going to take care of you any more, dad.' These safety nets, they are gone. People are going to have to make it on their own but they are going to need help. That's where IFAs come in.

Joe Jordan's top tips for using behavioural finance to build value in an IFA business

- Don't take on any Tom, Dick or Harry. Clients who only care about top performance will flee at the first sign of volatility and will never stick with one adviser
- There are three types of people - those who listen to your advice, those who don't listen and those who haven't heard it yet. Keep the first, lose the second and talk to the third to make them into the first

- Realise that people are paying for you and not your products and you will be more motivated. Price is only an issue in the absence of value
- Know that people defy logic. In financial terms, people don't save for their retirement, even though they know they should
- Everyone dies. Wouldn't it be nice to make a difference to people's lives? Build your firm's supporting culture around the fact that you are here to help clients