

Podcast Transcript

Host: Bill Coppel

Guest: Julie Littlechild, Founder, Absolute Engagement

- OUTRO Welcome to The Next Frontier where we examine what the role of the financial advisor will be in a world that's being disrupted by artificial intelligence and algorithms. Our mission is to spark new conversations that create stronger connections and build greater client confidence. Join us as we look at our industry and others through a new lens, and explore the opportunities emerging at the intersection of high tech and high touch. It's time for a new conversation. Are you ready?
- BILL COPPEL Hi. This is Bill Coppel, your host for The Next Frontier, and welcome to another episode. Today we have the great pleasure of having Julie Littlechild join us and share with us her thinking on what she phrased as the absolute engagement of an individual in their business. Julie's a speaker; she's a writer; she's a researcher and she's the founder of Absolute Engagement. Through her firm, she helps advisors tailor their client experience to support a compelling personal vision for the future. Julie's worked with top producing professionals, their clients, their teams, for more than 20 years. Prior to founding Absolute Engagement, she launched and ran one of the industry's leading research firms focused on the client experience and client engagement. She's the author of a popular blog, the cohost of the Becoming Referable podcast, and her first book The Pursuit of Absolute Engagement. So Julie, let me start with a question that intrigued me when I read Absolute Engagement. Right out of the gate, you talked about an experience in your life and I want you to elaborate a bit about it. If you could, I'd like to start with this, with something that struck me in the intro of the book, that talked about the experience of your first marathon and how that really set in motion a series of events that led to the establishment of your new company and obviously your book.
- JULIE LITTLECHILD Absolutely. And I like that you say first marathon because so far it's my only one, but I'd like it to be the first. I like the positive framing on that. So I walked a marathon. I did not run a marathon. It was the Boston course and I did this a number of years ago. And it was one of those very pivotal moments that I think that we all have in our journey. For me, it was a tangible demonstration that I could live out the kind of life that I wanted to live, I could make significant changes, even at an older age than perhaps that I might have otherwise have done this. It was a clear representation of change and it happened to coincide with a lot of turmoil, a lot of thinking about where I wanted my business to go. And so it was just a terrific launching pad to tell myself and to reassure myself that I could, in fact, make significant changes at any time.
- BILL COPPEL So what was the motivation? I mean, it's not every day that someone picks up and decides to participate in a marathon. What was the thing that drove you in that direction?
- JULIE LITTLECHILD Well, I'll tell you what it was. I was working with a coach at the time, and I was working with her on where I wanted my professional life to go. And it meandered into a great number of different topics. And she introduced me to some research and I will not remember the name of the researcher right now, but it was this idea of big goals

and the concept that if we set big goals we behave in different ways and we push ourselves further and whatnot. And it just struck me that, as it related to health, in particular at the time, I needed something big to work toward. And in the end, there were so many parallels between that and my business and other parts of my life. But that was really what triggered that particular event.

BILL COPPEL It left a big impression on you?

JULIE LITTLECHILD Absolutely.

BILL COPPEL And it won't be your last?

JULIE LITTLECHILD It will not.

BILL COPPEL And that's good to hear. I was reading one of your blogs and something caught my attention, I wanted to recite it here and get your reaction to it. It was really based around how client engagement is being disrupted and I think it's very appropriate given what we're here to talk about today. You write, "We all want to provide a client experience that not only engages but makes us a magnet for exactly the right kind of client. The problem is this," and that is the problem as you state it, "The way in which we need to engage clients is being disrupted and we're not keeping pace, we are using old approaches to tackle new challenges." What I want to get you to reflect on is how is the engagement-- the client engagement process being disrupted today?

JULIE LITTLECHILD Well, I think that-- I mean, the piece there that you pointed out about using old approaches was really based on this idea that when I looked around, I saw advisors making very logical choices about client experience and it's what I might think of as a service-matrix approach to client experience, right? I segment my clients, I tier my service offering. Everything that I do is designed to deliver a good or great service consistently, and to link that service to the value of the client, and all of that makes absolute sense. The problem is, as you stated, the problem in the data was that most clients, in fact, 90% or so of clients, say they're satisfied and say they're loyal. So you can see a very clear connection between good service and satisfaction and loyalty. Sounds good but that doesn't set you apart. So if we go back to the goal that you mentioned there to be a magnet for the right clients, it means we need to think about engagement in a way that will set you apart.

JULIE LITTLECHILD And that led me to begin to look outside the walls of this industry, to begin to examine client engagement from a very different perspective, to understand how it's being disrupted elsewhere and then bring that back to our industry. There are many disruptions. Let's face it. But some of the ones that I think are most significant on a day-to-day basis for advisors, as they think about designing their client experience, would be a co-creation of values. So a very different role for the client in influencing what value looks like, and what the experience looks like, is the concept of client journey mapping which is, in my mind, a fundamentally different approach to designing the client experience than we've used in the past. And I think both of those suggest that we need to focus, segment, or have a niche market or whatever word you want to use there. But if we go down that path of saying the experience will be co-created, and we're going to design it around the client's journey, then it seems pretty clear to me that we can't design a client experience around the needs of everyone, and that forces us to focus. So those are some of the disruptions that I think are most pertinent day to day.

BILL COPPEL So it's interesting that you said here is that sort of the basis of how we've all operated around having this process to create the client experience. The client experience is almost becoming a status quo. It's not a differentiator. As you pointed out, we can put together a system and a process that creates a good-- or even in sometimes, a very

good client experience, but it's not something that's going to differentiate us. So everyone's kind of caught up to that whole client experience thing. You're taking it a step further.

JULIE LITTLECHILD Well, that's right. That's right because I think that we spend a lot of time focusing on how to improve, which, again, there's a logical basis to this thinking. It's not like you're completely out to lunch for thinking that. So we focus on efficiency and we focus on a lot of these details which will make the client experience better. What I'm a little more interested in is innovation, and what are some of the ways that we can tweak the experience to truly stand out.

BILL COPPEL So what are some of the drivers to engagement that you're seeing discovered through this journey mapping, which I think individualizes, now, the client experience, brings it to a very different dimension. What are some of those drivers?

JULIE LITTLECHILD It does. And so for those that aren't familiar with that process, it's certainly not something I came up with. It's being used by many, if not most, of the most progressive marketing organizations out there. And the fundamental idea is that it's an approach, it's not a tactic. It means you're designing the client experience around the client's journey from start to finish rather than your offer. And so what that means is we need to step back, we need to map out that journey, we need to understand the stages that our ideal client goes through, and I think we need to accept that it starts before they become a client, that we don't control all parts of that, that we're not even involved in all parts of that journey. But, by understanding it, it highlights these little opportunities to support clients in a different way and that's where, I think, the innovation happens, when you're not looking.

BILL COPPEL Right. And I think a point you made earlier is that it is most appropriate for exactly the right client, which leads me to this question. When you discover that a client is not the right client, what's my next move?

JULIE LITTLECHILD This whole issue of the right client is a big issue. I do talk a lot about having a niche market and it's probably the one area where I get the most pushback and it's not always an intellectual argument against it. It's more a discomfort, like, "How am I going to do this? What are the implications?" So--

BILL COPPEL That sounds like a tough conversation.

JULIE LITTLECHILD It is a tough conversation, because it's a difficult decision to make, and yet those that have made it have seen the benefits both in terms of the economics of the business, but also in terms of their own level of personal engagement.

BILL COPPEL Oftentimes when we hear the idea of a niche business, can be interpreted as having somewhat of a stifling effect on your growth potential. Is that true?

JULIE LITTLECHILD I don't believe it's true. And first of all, I mean, for what it's worth, I would define niche as either a defined target audience or as a technical specialization. And that alone helps some people get past it, because a lot of the pushback is, "Well, I don't just want to work with pilots, or dentists, or mechanics, or whatever that is." But legacy planning is a niche. Retirement planning could, in fact, be a niche, if you build an experience around it. So I think that's an important definition. But my belief is that if you choose a niche about which you are passionate, and which is significant enough to offer opportunity, then you become the person. You become the go-to person in your area, in that niche. You are going to attract far more business than you ever did in the past. I've never seen anyone truly suffer from growth by going down a niche path.

BILL COPPEL I'm going to share a phrase that I think was coined by Simon Sinek. He wrote, talking about clients and customers, "They don't buy what you do. They buy why you do it." Tie that back to this absolute engagement theme that you've been most recently emphasizing out there, relative to two fronts. One is what does it mean from the advisor's perspective and, second, what does that mean in terms of the kind of client experience they create, and how that helps the client feel more engaged in the process?

JULIE LITTLECHILD This concept of absolute engagement is a growth of what I've been doing for many years, which has been focusing on client engagement. At some point in the process - and again, it was a personal journey that I was on at the same time - I kind of pulled the camera back a little and began to look at client experience in the context of the overall business. We did some research on advisors who we ultimately named the absolutely engaged, and what we found was those advisors who were most successful - and by success, I mean often it was financial, but they were also reporting lower stress and higher energy and even better health. I mean it was success broadly defined - what they had achieved was alignment, and specifically alignment between the personal vision that they have for their business, who they want to work with, the work they want to do, the role they want to play, their business vision, so as in, "Do I have a niche market?", and then in the client experience and the team experience. So what we found is if we could connect the dots from personal vision to business vision to client experience to team experience, it was almost like a set of gears, right? It created torque, because everything was working together. Whereas in the past, we looked at each of those things in isolation, and that wasn't-- again, people have succeeded doing that for many years, but this is where we see really significant growth and momentum coming. And so that was the concept of absolute engagement. In fact, it started with the advisor. It started with a deep introspection on who they were, what they wanted, what kind of business that they wanted to have, and then beginning to design a business around that vision.

JULIE LITTLECHILD You asked about advisors and clients. The benefit to the advisor, it seems to me, is we kind of swerve the fulfillment flatline that so many advisors hit, because we are building that business around something about which we're deeply passionate. And for the clients, of course, what we're doing is designing a very intentional client experience that is just for them, that is designed around their unique needs. And so it really does come together, I think, as a whole engagement on both fronts.

BILL COPPEL Has the advisor been able to share any kind of feedback? Some of the research-- most of your research -- is focused really on the advisor side of the ledger, I would imagine. What are they getting out of this? How are they feeling, the ones that are further along in the development or the acceptance of this and the implementation of absolute engagement? What are the signs, the attributes, the measures that they're sharing with you about how they feel today versus a year ago, or two years ago, or however long they've been on the journey?

JULIE LITTLECHILD The words that come to mind for me are meaning and momentum. That is to say they are -- what they discover through the process is much of the passion and energy that they had when they started. Now when they started they didn't have a clue what they were doing. But that still felt good, right? Because you're building something. And what this process does is it gives them the vision that they may have lost. One of the things that we found in the research-- we asked advisors, "Are you on track to achieve the vision that you've set for your business?" And only a third of advisors said they were. So two-thirds said, "I'm off-track." For some, it was because they had just drifted. Life gets in the way, and clients, and team, and home, and kids, and all of that kind of knocks us off course. But, for many, about 36%, they said, "My vision's just

changed. I'm a different person." And it's almost like going back to the beginning and saying what is now the vision that will carry me forward with the same energy and purpose as I had when I started out? And, so, by replacing that vision and giving them the north star, it has this incredible effect, not only on their lives, but their team, as well.

BILL COPPEL

How often do you recommend that an advisor stops and asks the question around that alignment we spoke about earlier, that alignment between their personal vision and their business vision, the alignment with their client experience and their team? The world we live in today, which is really characterized, bookended by uncertainty and continuous change, how often should an advisor kind of take a step back and reflect on that vision and that alignment?

JULIE LITTLECHILD

I mean, to some extent it changes for all of us. I think the idea of having an annual personal retreat, as it were, where you sit back and really reflect on where you are, is a good baseline. For others, they need to do it more often, just to stay motivated. One of the steps that we talk about in the book is personal renewal. And I say this is where creativity lives, because it's about this idea that you need to focus on yourself, and whether that is time off-- we found, for example, that when advisors were absolutely engaged, they were more likely to take consecutive weeks off, so-- they were also more likely to take more weeks off, but they would lump those together, so they were taking a longer step back. And there's a ton of research on things like sabbaticals and how that feeds creativity and growth, and whatnot, although I don't think we're quite going there yet with a lot of advisors. So, it could be time off. It could be energy management. It could be sleep. All of these things, I think. You talk about stepping back. I see all of that as part of it as well, as sort of feeding the system to give you the energy to keep going.

BILL COPPEL

It seems to me now, more than ever, advisors have to really take a hard look at where they are. And those that have learned or have the insight and benefit of experience, absolute engagement really could become a platform for significant change.

JULIE LITTLECHILD

It can, and I think digital is a great example of some of the resistance that we see. In the data that we've gathered on that, the technological shift, if we want to call it that, the extent to which we're looking at digital solutions, right now we see it under 50 and over 50. And again, there's no magic number there. But it's not a millennial thing. We've got people in their 40s who are embracing technology at the same level as people in their 30s. So, not acknowledging that, to me, is-- it's not a recipe for disaster because frankly, people will probably continue to make a decent living. I think it's more the opportunity cost of what you could have as an entrepreneur, as someone who's building your own business. It's immense opportunity to have something extraordinary, and you can just let that go if you don't take the time to pause and figure out what you want.

BILL COPPEL

As I listen to you, I see a parallel between what you're talking about relative to the role of an advisor in running their business, and finding that why, and achieving that absolute engagement. It would seem to me that our clients are facing very similar challenges in their own life. At this stage of the game, with the 24-hour news cycle, it's like having a midlife crisis on a more frequent basis than what we'd historically think because of the amount of change and noise that's out there. Can you share with us any stories that have been related to you by advisors who have gone through this, and A), specifically, what they've learned about themselves, and perhaps what maybe they've been able to help clients learn about themselves?

JULIE LITTLECHILD

I mean, so many things come to mind. I was talking to an advisor just recently who has discovered a focus on health and wealth, which a number of advisors are doing,

but he had a true passion and has been changing his business. And he said, "Clients, they walk out feeling inspired and energized. I can feel a palpable difference in the conversation, A), because I'm excited about it, but because I'm demonstrating true leadership for them." And certainly, in our work, this concept of leadership is incredibly important as a driver of engagement. So we've definitely seen that. And this is a slight digression, but the same idea. We did some research recently on succession planning. And of course, no surprise, a lot of advisors aren't creating succession plans. But the question that I had, very similar, is, "Well, how do you talk to your clients about their future and their goals if you're not planning in the same way?" And in exactly the same way, I think that if you are firm on your vision, if you are living that, you're a living, breathing example of what passion can look like in action. I think that is like a magnet for your clients.

BILL COPPEL Well, it sounds like part of that message is get your own house in order as a stepping stone for you to become better at helping clients get their house in order?

JULIE LITTLECHILD Absolutely.

BILL COPPEL And that's part of this absolute engagement theme that you're talking about, is really finding that passion and rebuilding your business around that passion as opposed to the 17 other objectives that we were taught growing up in the business as to what we should be focused on. Now you're giving them, it sounds to me, like a roadmap to find purpose in what they do.

JULIE LITTLECHILD It is.

BILL COPPEL That's valuable.

JULIE LITTLECHILD That's exactly it. And it isn't always a major transformation for people. It's sometimes just a tweak to what they're doing: the role they're playing, the people they focus on. But that alone can create that alignment that we're looking for.

BILL COPPEL One thing I wanted you to do, if you would, for the audience, because I think this was a point that was really eye-opening for me, talk a little bit about this notion of falling victim to the One Degree Effect.

JULIE LITTLECHILD Well, the One Degree Effect essentially is the cumulative effect of veering very slightly off course over a longer period of time. And so I think we all experience it to some extent. We start out, we're focused, we're going to grow a business, the goal is just right in front of us, and then it actually works, and so we begin to add clients, and we're pulled in a few directions, and we hire team members, and we're having kids at home, and we've got aging parents and all of this stuff that we begin to juggle, and juggle, and juggle. And what I find interesting is when we're there juggling all of these things, nobody seems to question, "Should I be juggling all of these things?" We say, "How can I do this more efficiently, because I must be able to accomplish this." But as a result of that, what happens is it just kind of knocks us off that course, imperceptibly, slowly, not for any bad reasons. But then we wake up one day, and we're sort of here, and our vision is back where we started. And we see this gap. And, I mean, mathematically, the flight path is kind of the obvious example. If you did sort of the San Francisco to New York, you went one degree off course, you'd probably end up somewhere in Jersey instead of Manhattan.

BILL COPPEL The one degree thing-- and it doesn't happen quickly, right? It builds up over time.

JULIE LITTLECHILD Nope. You don't notice it. That's the reality, and I think that's why-- and the problem, of course, is by the time you notice it, we have so much invested in where we are at that point, we ascribe so much value to what we've already created, that sometimes change feels almost impossible and those are some of the words that I do hear, "I

couldn't possibly change now." Well, you could, but that's a different question. That's a different discussion.

BILL COPPEL

And for you, that was the marathon in many respects, right?

JULIE LITTLECHILD

Well, it was. The marathon was a representation of it in a way. And I remember when I actually made shifts in my own business, it was quieter than that, and it led to the marathon. But it was a moment where I was-- I had sold a business. I just went straight to work. I took about half an hour off. That was it. Got back to work, and I was working on my next program. And I just kind of pushed back, and I don't know why I asked myself that particular day, that moment, "Is this what I really want?" But that question led to a series of events which has, two or three years later, included things like the marathon. But it also led to a restructuring of my business to focus on the things that I really love to do.

BILL COPPEL

Oh, that's great. I'm going to pause here because there's one last question that I want to ask you, and I try to ask this to all of our guests. As you think about this-- and as a successful business owner, I'm sure you have a financial advisor. And if you think about it, when you are in a relationship with your own financial advisor, what is it that you value most about that relationship?

JULIE LITTLECHILD

I value what I might call guidance or leadership. And I do remember choosing my advisor, and leaving a previous advisor, because he understood where I was at. It was at a point where I was 45 years old, my son had just been born - think about that for a moment - and I was running a business, and he focused on every fear that I had and saw through it and just kind of grabbed us by the hand and led us through a lot of decisions. He didn't talk about him. He didn't talk about his designations. He didn't talk about any of those things, but he understood where we were trying to get. And guidance, to me, is somebody being strong and helping sort of pull you through those decisions. That's certainly what I look for.

BILL COPPEL

Okay. So the flip side of that is, if you could change or add anything going forward, what advice would you give our industry, maybe even your own advisor, as to how they can continue on this journey to create real value in a world that's being disrupted?

JULIE LITTLECHILD

I'll go back to some of what I talked about. But I would think about client experience in terms of the journey. Step back, go in front of a whiteboard, do whatever you have to do. And just map out the client's journey, which is not about you, it's entirely about them. And, at each stage, ask yourself, "What were they thinking, feeling, and doing?" And you will find the points of innovation. You will find the ways to support clients and prospects in a way that you haven't before.

BILL COPPEL

Thank you very much. I appreciate that, Julie. For those folks that want to learn more about Absolute Engagement, your new company, maybe get the book, where can they go?

JULIE LITTLECHILD

Sure. The book is on Amazon. It's The Pursuit of Absolute Engagement, and our website is absoluteengagement.com. I have a blog there and you can link to the podcast. And that's where we tend to share all the random thoughts that go through my mind on a weekly basis.

BILL COPPEL

So I encourage our listeners to check out Julie's podcast and her blog because I think the real value is that there's a new idea coming out of you almost on a weekly basis, or almost on a daily basis. So again, thank you for joining us. We really appreciate having you on The Next Frontier.

JULIE LITTLECHILD

Thanks so much.

BILL COPPEL

See you later. Take care. [music]

OUTRO

If you liked this content, share it or like us. If you want to join the conversation or connect with us, please visit us at www.firstclearing.com.

OUTRO

This content is provided for general informational purposes only. The views expressed by non-affiliated guest speakers are their own and do not necessarily reflect the opinion of First Clearing or its affiliates. First Clearing and its affiliates do not endorse any guest speakers or their companies, and therefore give no assurances as to the quality of their products and services. This channel is not monitored by First Clearing. For more information on our podcasts, visit firstclearing.com. First Clearing is a trade name used by Wells Fargo Clearing Services, LLC, member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company. Copyright 2018. Wells Fargo Clearing Services, LLC. All rights reserved. First Clearing provides correspondent services to broker-dealers and does not provide services to the general public.

CAR-0818-00688