

Podcast Transcript

Host: Bill Coppel

Guest: Matt Oechsli, Founder and CEO of the Oechsli Institute

- INTRO [music] 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, and welcome to another episode of The Next Frontier. Today, I am honored to introduce our guest. It's Matt Oechsli. I hope that's a name that resonates with all of you. Matt and I have been working together for a number of years, but just in case you're not familiar with Matt, let me tell you a little bit about him. Matt has been doing research against the affluent market for more than 20 years. And through this research-based approach, he's developed a number of programs to help financial advisors develop their business -- and more importantly stay relevant in times today that can only be characterized as enormously disruptive with the advent of technology and digital into the financial services space.
- BILL COPPEL Today, we're really competing against robos in a lot of cases. Matt is the founder and CEO of the Oechsli Institute. It's an institute designed to track the sentiments of affluent investors and how well advisors are serving the needs of these investors. He delivers presentations worldwide from Sydney to Singapore and all the way to Wall Street. And he brings a very dynamic and practical message to financial professionals, support personnel, and sales management. He's written 11 books. Many of them are best sellers within our industry. He is often referred to as the "Professor of Wall Street," in the sense that he has spent a lot of time studying this space and using academic research findings, and data, to guide his thinking along with how he coaches and counsels financial professionals.
- BILL COPPEL So Matt, it's a pleasure to have you with us. Welcome to The Next Frontier.
- MATT OECHSLI A pleasure to be here, Bill.
- BILL COPPEL As I mentioned, we are facing a tsunami of digital disruption. It's affecting institutions, industries, and service-based businesses -- and clearly, the financial services industry is feeling the effects of this. Today, clients can manage a lot of their own affairs from their smartphones based on the technology that's out there. So it really begins to question where is the value of a financial intermediary, or a financial advisor as we call them. And is this value eroding? What do you see out there and what do you see as the future for the financial advisor?
- MATT OECHSLI You know, that's an interesting question. Over a decade ago our research highlighted the fact that the affluent want someone, a professional, to oversee the multi-dimensional aspects of their family's financial affairs. In other words, they want a "go-to" financial quarterback, or a "go-to" family physician of their finances. For years, we've researched both the affluent and advisors, and the general population of advisors really is not providing that role. In recent years, comprehensive wealth management has become a talking point. Every firm is talking about their advisors providing comprehensive wealth management, which is basically their label for overseeing the multi-dimensional aspects of a family's financial affairs.

MATT OECHSLI All that being said, elite advisors, in our research, are providing these services and they are not being disrupted by technology or the robos. In fact, they're using technology. The affluent want their advisor to be current in technology and resources. But the average advisor who maybe is still one dimensional, just following the stock market, or just handling investments, or just selling funds -- they're the ones that are being disrupted.

BILL COPPEL Take a moment, Matt, and share with us your definition of the elite advisor.

MATT OECHSLI The elite advisor is an advisor who is acquiring, on a consistent basis, clients of a million dollars or more of investable assets. They're bringing in close to 10 of these clients a year, and they are retaining their affluent clients. So they have a loyal client base. They're meeting the criteria that our research says affluent clients are looking for from a service perspective, to financial planning, to protection, to investments meeting expectations, to communication. Right on down the list. So they're providing, the solutions with a level of personalized service the affluent want. And they're also in a continual growth mode because they're marketing themselves using word-of-mouth influence. And here again, word-of-mouth influence is absolutely the driver of marketing in the affluent space. And the affluent aren't telling their friends to go hire a robo advisor. They're telling their friends, "Hey, you've got to talk to Matt Oechsli."

BILL COPPEL That's interesting, because the elite advisor that you're describing, I'm guessing -- and I'd like you to confirm this based on the research you've been doing, and the team's been doing -- I'm assuming they're not static. They must be evolving, and the skills and capabilities that they make available probably look different today than they did, perhaps, five years ago.

MATT OECHSLI Most definitely. And they evolve year-to-year because we do, as you know Bill, parallel research projects every year. We research the affluent investor, the client, and we research financial advisors. And not that much changes year to year, to year with the affluent. But what's a constant is that the elite advisors are hand-to-glove providing the services that the affluent tell us they want. For instance, there's many elite advisors, who years ago didn't do financial planning. They do it now. There's many advisors years ago who weren't really organizing and overseeing the totality of their clients financial affairs. They're doing it now. Years ago, financial advisors were just focused-- even the elite advisor, just focused on being good professionals. Now, these elite advisors have expanded the relationship so they're emotionally connecting with their clients. They're providing that personal component. We have 10 years of research that says, when you expand that relationship, you have an ideal client.

BILL COPPEL So let's spend a few minutes now looking at the affluent based on what we're reading. For example, you can buy your groceries online today. You can do all of your shopping and fulfill all of your needs online. Clearly sentiments and expectations of affluents, and the general population of consumers across the country have changed. They've been altered by this. What are you seeing in the research where the needs, as articulated by affluents, are beginning to evolve reflecting some of the influences from other parts of our lives that we're now shifting the responsibility over to digital?

MATT OECHSLI As far as shifting the responsibility, an advisor has to realize that they are, outside of themselves, their own persona. Their brand has become digital. And what I mean by that is that-- so I'm introduced to you by a client at a social function. Word of mouth is spreading properly. You come highly recommended. If I'm at all interested in you or what you do, or who you are, I'm going to Google search you. And so that's just the basics. From that Google search now whatever comes up -- you don't have a current

website...if your digital presence is just sort of ho-hum, our data says very clearly it's a negative impact factor.

BILL COPPEL

Okay. So what we're seeing change is the fact that the internet and digital have empowered affluent investors to really do an awful lot of research on you, before they even have a conversation.

MATT OECHSLI

Absolutely. Or even *after* they've had a conversation. We asked in our most recent research this year, what prompts a search for an advisor? So we're prompting a proactive search for a financial advisor. And what prompts this search is getting a higher level of assets. So when they accumulate a certain amount of assets, and/or if they're doing it themselves, this is disruptive to a typical advisor if they're not careful. If they deem that their advisor isn't capable of handling their now more complex financial needs, they proactively start searching for an advisor. And how do they proactively search? They start asking around. The number one thing they do is start asking around. They're not thinking about going digital, using a robo advisor. They're asking around.

MATT OECHSLI

And our other research-- and this is a point I really need to make because when we look at what are the big complaints that the affluent have with their advisor, the complaints, in other words the dissatisfaction, is typically around service and communication. However, that doesn't necessarily prompt a search because it's in the intangibles world. We use that data in our coaching for financial advisors to use when they're out there prospecting, developing relationships. That information is very, very helpful in planting the seeds to stir up that dissatisfaction. Reminding that particular prospect that they're not really happy with the communication and the service they're receiving from their advisor.

BILL COPPEL

What I'm hearing from the research is that advisors are often lulled into a sense of security with a relationship with a client, only to find out when their needs change they don't think of that advisor. So it starts to point this notion of EQ, or emotional intelligence, and so I think that's a theme that I've read throughout a lot of your latest publications, this sense of, you said it earlier, communication. There's service but then there's that communication element. And so it seems to me that in a world that's being dominated, or certainly being influenced, by the encroachment of digital services -- where we typically relied on an intermediary -- communication now is key more so than ever.

MATT OECHSLI

It's absolutely key. We've been studying this for a decade, and I think we cracked the code with what we know about advisors who get the positive word of mouth, because most of all new affluent clients have discovered their current advisor through some form of word-of-mouth influence. And the base of that hierarchy is they have to be first-class professionals. They've got to be really professional and good at what they do in overseeing the totality of their clients' financial affairs. But that alone, Bill, doesn't stimulate word-of-mouth influence. And a lot of advisors are kind of, "Oh, gosh why not?" Well, because it's expected. Just like we expect that our cardiologist is a first-class cardiologist. Or we expect that our orthopedic is a first-class orthopedic surgeon. You know, so being a first-class professional is the baseline. But then the next step up on that hierarchy is emotionally connecting. That means you expand the relationship. You now have this holistic relationship with your client where you're sort of involved in their life. You're sort of their life coach. You know what their kids are doing. They know what your kids are doing. And it's beyond just business.

MATT OECHSLI

This is all about trust. People throw that word "trust" around rather loosely. But we have data, and when you have that emotional connection with your client you have a loyal client. They're not beating you up over prices, and they're going to take you into

their spheres of influence and introduce you to people who could potentially become future clients.

BILL COPPEL

One of the things your research does, Matt, is it points out gaps between what affluent investors indicate they want from a relationship. And it measures how well they believe the advisor is delivering against it. On the other side of the coin, you've got the advisor who you're talking to in this research--

MATT OECHSLI

Right.

BILL COPPEL

--and you're serving up these categories of things that affluent investors have indicated are important to them. And asked the advisors to judge themselves on how well they're doing. Give me an example of a gap that you've recently uncovered with this latest round, where the affluent has identified something very, very important to them, given it a high value. A client has responded by giving it high value but also saying that the advisor's not delivering against it, and the advisor, in fact, thinks they are.

MATT OECHSLI

The biggest gap, and the most important area is what we just talked about -- the emotional connectivity, because the affluent want this emotional connection. This gives them a level of trust and comfort with their financial advisor. We've been asking the affluent for a decade now, how they viewed the relationship. Was it just a business relationship? Or was it expanded to have this personal component? And the data changes year to year, but it's in the range of 25% to 28% of the affluent say they have this expanded relationship that they want. And then when we ask the advisors the same question, it ranges between 68% to 75% of the advisors say they have this expanded relationship. So that's a huge gap. And I think that gap speaks volumes for the disruption you're talking about.

BILL COPPEL

Well, that's interesting. Boy, that is quite a gap.

MATT OECHSLI

And it happens year to year, to year. It's just not a one-time thing. It's continual.

BILL COPPEL

It's consistent?

MATT OECHSLI

Right.

BILL COPPEL

And that's when you get the advisor who's stunned when their client actually calls them one day and says, "Gee, I'm leaving."

MATT OECHSLI

Exactly right. And, you know, everybody talks about performance. Performance, performance, performance. So here's an example, I'm on a call the other day with an advisor of a big team and one of their team members, and the team member left another team, came to this team from another firm, and took all of his clients. And the performance was horrible. But this advisor had great relationships. I was told the performance was horrible, but let's say it was probably subpar. And the comment was this—"shoots a big hole in the fact that everything centers around performance, doesn't it?" I said, "It's all about relationships." Now, you don't want to have bad performance but relationships trump performance.

BILL COPPEL

Let's talk a little bit more about this relationship aspect of it because I think everyone believes they've got a relationship. In fact, we believe here that's there's only three things that really matter to clients. If you really dig down deep it's this notion of what are the three things that are most important to people? And it can be boiled down to relationships, life experiences, and time. When you look at your affluent research, is this something that elite advisors are recognizing? And is that something that is contributing to their ability to have a better level of EQ, emotional intelligence, that creates an exceptional relationship and turns the client into an evangelist for what they do?

MATT OECHSLI I don't think the elite advisors have thought it through to that extent. I think it's sort of common sense that's not common practice. The elite advisors have recognized that when you're dealing with the affluent, the typical standard advertising, billboards, newspaper ads, public seminars...These people, in their mind, it doesn't relate to them. It's, not targeting them. And so they know that the better relationship they have with these wealthy clients, the more they interact with them outside of the office, strengthens the relationship and brings more business their way, because they get introduced to people in their spheres of influence. And I think through their experience over the years they realize, "This is what it's all about." And so they continually go ahead and strengthen the relationship. Generational planning for the next generation is not a big issue for these elite advisors because they've developed relationships with the family. They've been advising the children of their wealthy clients. I mean, they're in the game. But they're a minority.

Most of these advisors aren't really elite like this.

BILL COPPEL Well, it sounds like there's a real opportunity. It's a relatively small percentage of the advisor population that we can call elite, based on their behavior, and the fact that they've discovered it's more than having that baseline level of great service, and knowledge, and expertise needed to manage that relationship. As you've worked with advisors that are seeking to reach that elite status, what are the steps like, and what's the change process feel like for them? And what are they doing to change their behaviors to attain this status of elite advisor?

MATT OECHSLI To attain the status of an elite advisor it's really one step at a time. And so we're really advocating one client at a time, making absolutely certain that you're strengthening that relationship, you're emotionally connecting with that client. We have a relationship index that we have advisors use so they're tracking their relationship with all the data. How many contact points? How often do you talk to both spouses? When was the last time you did something social? How many actual performance reviews have you done? And so we're looking to move that dial. You take your top 25 clients, let's say, one client at a time, you want to be strengthening that relationship and making certain that you're providing the multi-dimensional solutions that our research says that they're looking for.

MATT OECHSLI That's step number one. This is a transformational process. And as they start, the actual marketing acquisition will unfold because their clients, through their actions, will see that their advisor is more involved in their lives. Their advisor is providing more value than heretofore they've been providing. And the advisor, you've got to be scripting on this because "It's a more complex world, Mr. Client. And this is why we're doing all these services. Things are getting confusing, and we're going to be your point person, and if ever you have a question about anything regarding your financial world, don't hesitate, because this is what we do. We're your one-stop shop for coordinating all this." Client to client, to client that becomes transformational because it doesn't take long for that relationship to change with all of your top-tier clients. But it can't be done in a client event. It can't be done in having a big seminar, you pull all your clients in and, "This is the new me." One client at a time. It's one prospect at a time. It's one center of influence referral alliance partner at a time.

BILL COPPEL So obviously not all of these advisor-client relationships, as you describe the elite advisor, are the same.

MATT OECHSLI Correct.

BILL COPPEL And, I know that you and the institute have worked hard over the years to help advisors find good processes to run their business. So it's a little counter-intuitive when you think about it, right? So I've got to create a very, very special relationship,

which is going to require me, in many cases, to do different things for different clients.

MATT OECHSLI

Correct.

BILL COPPEL

How do you reconcile process and uniqueness to create these clients who are, essentially out marketing on your behalf?

MATT OECHSLI

You have a basic standard client experience. But then the basic standard client experience, that's sort of your baseline. And if you're going to have four themed client reviews a year, well you're not forcing a client into a themed review who you could barely get down to have one review a year, because they're too busy. They're not interested in all these reviews. So the first order of business is to really know your client. And to know your client, you've got to ask the right questions. You've got to be really listening. You have to be dialed in. Each relationship, as you just said Bill, is really personalized to the personality, the needs -- and we're talking about the emotional needs -- as well as the financial solutions that are needed for each individual client. Whether there are needs for their children, whether there are needs in their retirement, to whether it's something to do with retiring from a big job. It's all personal.

BILL COPPEL

You mentioned something I want to drill down a little bit further on, -- retirement. Are you seeing advisors getting involved with not just preparing the client financially for retirement, but also emotionally. Because it seems to me when you think about retirement, what you're saying is the person you've been for 20 or 30 or longer years, you're going to stop being that person tomorrow.

MATT OECHSLI

Right.

BILL COPPEL

Talk to us a little bit about what you're seeing out there with the elite practices that you work with on how they're helping clients really chart the next chapter, after they 'transition' out of the career they may have been in for a long time.

MATT OECHSLI

Well, the elite advisors are hand-to-glove with their clients so they know the emotional component of retiring for that individual client. Some clients are truly excited about it and they're never looking back. Others have a gap in their life and they need something to do. They're chatting with affluent clients who are retiring about where their volunteer work is going to be. What type of vacations they're going on. Where they're going. What they're doing. They're helping them emotionally fill that void. Others, they're just sort of like it's bon voyage. They're out there and they're enjoying life. But they're dialed in. Where very few advisors are dialed into anything other than just -- they're retired. They're not dialed into that emotional component. So when you have that emotional connection -- and I keep coming back to that emotional connection because if you have that emotional connection with a client, you're with them and you know where they're at emotionally as they retire.

BILL COPPEL

How many elite advisors would say that their clients are not just their clients, they're actually their friends?

MATT OECHSLI

The majority.

BILL COPPEL

So the friend factor's a big deal here, in terms of this emotional connection?

MATT OECHSLI

The friend factor is a big deal and you see what elite advisors do though, is they take every one of their affluent clients personally and seriously. And some of these clients are easier to interact with socially and emotionally than others. But they make it their mission to connect with all of them. Where the average advisor really emotionally connects, or gets a personal relationship, with their favorite clients. The clients that are easy to interact with. And that's the biggest difference.

BILL COPPEL So I guess my question is, why would you do business with someone you didn't like?

MATT OECHSLI Advisors who keep clients they don't like -- and we know advisors who keep clients that really drive them crazy, they can't stand them. Well, it's all about the money. But it's not that they don't like a client, it's in fact that some clients are just more challenging to interact with socially. You don't have this natural fit. So if you're an outdoorsy, athletic advisor and you have a wealthy client that's into the theatre, and a little more intellectual, and you don't have that natural connection point -- well, you have to go out of your way to make it happen. And they do. The typical advisor won't because that client's just a little...I feel a little uncomfortable around that client. I'm not as natural. I can't really be myself. I'm a little self-conscious. Whatever it might be. And we all know there are certain clients that we enjoy being around. It doesn't mean we hate the rest of them.

BILL COPPEL Probably the notion of not liking is not the right way to characterize it, but it's finding that alignment emotionally, socially with that individual that transcends the relationship from a sales transaction into a sustainable emotional connection.

MATT OECHSLI When you have just a professional relationship, you're in charge. This is what we do. This is how we do it. We're good at what we do. You know, that personality factor comes into play but not as much as when you expand the relationship. When you expand to have that emotional connection, as you know, Bill, certain personalities are easier to interact with than others. Advisors, the elite advisors, make it their mission to interact this way with all of their clients.

BILL COPPEL My experience has been often-- where we were trained as advisors to tell a story, if you will. And

 oftentimes that story was about us and what we did.

MATT OECHSLI Right [laughter].

BILL COPPEL I'm not saying that that was necessarily wrong, or bad, but it didn't give the client a lot of time to tell their story. How are the elite advisors handling that interaction?

MATT OECHSLI Elite advisors are phenomenal listeners, and we have taken what the elite advisors do and we call it the three Cs of communication. They're concise. They don't talk too much. They're not long-winded, talking about themselves. They're conversational. They're not arrogant, telling you how great they are, or acting like they have the answer for everything in the world. And they do it with confidence, but a relaxed confidence. And another thing that elite advisors excel in, Bill, is asking questions. They understand how to ask questions in a casual, conversational tone. Not as an inquisition. Then they're good listeners to the response. When a prospect typically asks an advisor, "What do you do for a living?" An advisor then regurgitates their value proposition, which often sounds like the financial pledge of allegiance [laughter], because you're trying to come across so smart, so intelligent. This is all counterintuitive, but that's precisely the wrong thing they should do.

MATT OECHSLI They should just be very humble about it, you know, "We handle the finances for some families here in the area." Then they redirect by asking a question to the other individual such as, "How did you get involved with this fundraiser?" And then they listen to the response. And when they listen and then ask a follow-up question -- follow-up questions are the key to developing rapport and credibility because they signal that A, you're listening. B, that you care about what you're hearing and C, you're interested in hearing more. People like that. It's Dale Carnegie 101. Basically, elite advisors know that this prospect is going to tell me what they need and how to sell my services to them.

BILL COPPEL How are elite advisors specifically leveraging the digital technologies available in a way that enhances the emotional connection, and doesn't try to replace it, or make it easy, or make it a shortcut?

MATT OECHSLI The elite advisors are--our research says very, very firmly in all of the ones that we've coached -- on the cutting edge of technology. They use it. They help their clients with the technology and, and at the same time, they know if a client doesn't want to get too high-tech, they leave them alone. So they're not afraid of technology. They are on the cutting edge of technology. They use it internally with their operations to improve efficiencies, but externally with their clients it's personalized to each individual client.

BILL COPPEL The access ... often times they'll use it for clients who, in addition to running their own practice, if they empower a client with access to information without fear of it having a negative implication on their relationship.

MATT OECHSLI No question. Because our data is very, very clear. We asked a question, which is very germane to your point here of what constitutes -- this is to the affluent now -- a, high-quality in-office visit with your advisor. The five top criteria. The number one criteria was convenience. The convenience of the office. The convenience of parking. And so some of these offices that are in major downtown areas with security to get in, it's a pain in the neck for affluents to go to that office. The advisor needs to be cognizant of that and either have a car service drive their client in and meet them at the curb, and personally walk them in the office, go through security, or they need to go out to their establishment to have a meeting. The second criteria is the personalization of the initial greeting when they walk into the office. And then the third is they want to learn something. They want to be educated. The fourth is they want current technology. So here's your digital-- here's the technology. They want you to be up to speed with current technology ... whether you're showing it on the big screen...you know how to use all the bells and whistles, not that they might want to learn how to use them themselves, but they want their advisor to be current.

MATT OECHSLI And then the fifth criteria for a good office visit - and you'll [laughter] get a kick out of this - is they want you to talk to them about their family and their hobbies. What they like to do for fun. The emotional connectivity part.

BILL COPPEL Oh, that's perfect. All right. I'm going to put you on the spot because we've been friends a long time. I'm assuming you have a financial advisor.

MATT OECHSLI Right.

BILL COPPEL When you think about the relationship with your financial advisor, what do you value most?

MATT OECHSLI I value most my financial advisor's brains and his honesty. Known him forever.

BILL COPPEL Okay. And honesty meaning you trust him?

MATT OECHSLI I trust him implicitly.

BILL COPPEL And he knows everything about you?

MATT OECHSLI Absolutely.

BILL COPPEL And the family?

MATT OECHSLI Yep.

BILL COPPEL Okay. Now, second--

MATT OECHSLI I prospected him by the way [laughter].

BILL COPPEL You trained your own advisor.

MATT OECHSLI He was one of my workout partners in the gym.

BILL COPPEL What advice would you give to an advisor today to achieve that elite status?

MATT OECHSLI My advice would be two-fold. It would be one, absolutely raise your game professionally. Make certain that you are the real deal. You're providing all these services with consummate professionalism. It's not just about a value proposition. And then number two, make certain that you expand that relationship and emotionally connect with your client. You have an ideal client, word of mouth is going to travel in your favor.

BILL COPPEL For the folks listening to this episode, how can they get a hold of Matt Oechsli and tap into the Oechsli Institute if they are interested in pursuing more information on becoming an elite advisor?

MATT OECHSLI They can go to our website, [www dot O-E-C-H-S-L-I dot com](http://www.O-E-C-H-S-L-I.com). And then just peruse and read some of our research reports.

BILL COPPEL Are you still hosting your rainmaker programs?

MATT OECHSLI Yeah, we're doing our rainmakers. We're calling them coaching retreats. They're basically for our coaching clients. We're doing a social media automation coaching, as well as team coaching. So we have 25 coaches that do a first-class job and our advisors we coach come to these programs.

BILL COPPEL Thank you. It was a pleasure to have you join us today. We look forward to our next conversation.

MATT OECHSLI I enjoyed it. Thank you, Bill. [music]

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