



MODULE 1: THE POWER OF WEALTH MANAGEMENT

High-Net-Worth Personalities: Reinforce Your Knowledge

In **Module 1: The Power of Wealth Management**, you were introduced to the nine high-net-worth personalities. Now is your opportunity to gain some experience determining, in each of the following nine client situations, which high-net-worth personality is dominant. Occasionally a client or prospective client will appear to have a combination of two or more personalities, but most affluent individuals have a single, dominant high-net-worth personality. The ability to determine which personality is at work is critical for understanding how best to address each client's financial challenge.

Client One

You meet Tom Anders at a party the evening after a major correction on Wall Street. While you are talking with him about the market, he tells you he's underwhelmed by the performance of his investment portfolio and wants to hear what you will do for him. You set up a meeting.

His office is in a nondescript building, has a linoleum floor and an older desk and chairs. There are no plants or pictures. You know Tom is wealthy so you are a little surprised by his environment.

You start by explaining that the more you know about his financial goals, the more you could help him. You ask, "What would you like to achieve with your money?" Tom pauses and replies, "Well, you could say I just want it to achieve what it should, which is to appreciate."

You decide to try a second question. "When you think about your money, what concerns, needs or feelings come to mind?" He is quicker to respond this time. "Well, I guess my investments aren't getting the performance I was expecting." You go back to the first follow-up. "Are you trying to take care of your family, become financially independent or grow your assets?" "Well, put that way, I guess you'd have to say growing my assets."

Which high-net-worth personality is Tom Anders?

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|---|--------------------------------------|
| <input type="checkbox"/> Family Steward | <input type="checkbox"/> VIP |
| <input type="checkbox"/> Phobic | <input type="checkbox"/> Accumulator |
| <input type="checkbox"/> Independent | <input type="checkbox"/> Gambler |
| <input type="checkbox"/> The Anonymous | <input type="checkbox"/> Innovator |
| <input type="checkbox"/> Mogul | |

Client Two

You are referred to Frederick Ford by one of your clients. He agrees to meet with you when you call. Before getting off the phone, he asks you if your firm does hedge funds. He meets you in his home office. His desktop computer displays Bloomberg.

He immediately asks you about a merger that has just been announced. You talk about that for a few minutes and then ask him, "Let's step back a moment. What would you like to achieve with your money?"

He talks about rate of return and issues in portfolio performance measurement. You follow up with, "So what's important to you when you talk about your investing?" He talks about style drift. You move on to, "So how involved do you like to be in managing your finances?" He points to the screen. "Completely involved. I do some of my own trading, and I work with several advisors, but very closely."

"What about investing and trading interests you so much?" you ask. "Well, it's a wild ride. It's changing all the time and that makes it exciting."

Which high-net-worth personality is Frederick Ford?

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|---|--------------------------------------|
| <input type="checkbox"/> Family Steward | <input type="checkbox"/> VIP |
| <input type="checkbox"/> Phobic | <input type="checkbox"/> Accumulator |
| <input type="checkbox"/> Independent | <input type="checkbox"/> Gambler |
| <input type="checkbox"/> The Anonymous | <input type="checkbox"/> Innovator |
| <input type="checkbox"/> Mogul | |

Client Three

Louis Brown is an executive in a high-technology firm. He was introduced to you by one of your clients. When you contacted him, he said he would be willing to meet. On the phone he asks you to be ready to explain your thoughts on the Brinson Study.

You pass the security checkpoint. You walk into a nondescript conference room.

You start by explaining that the more you know about him and his financial goals, the more you can both decide if you will be a good fit. You ask the opening question, "What would you like to achieve with your money?" Lou says, "Performance." You think you know what personality he is, so you jump to Question 3. "How involved do you like to be in managing your finances?" "Very involved," he responds. "I'm pretty technically oriented, and financial engineering interests me."

Which high-net-worth personality is Louis Brown?

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|---|--------------------------------------|
| <input type="checkbox"/> Family Steward | <input type="checkbox"/> VIP |
| <input type="checkbox"/> Phobic | <input type="checkbox"/> Accumulator |
| <input type="checkbox"/> Independent | <input type="checkbox"/> Gambler |
| <input type="checkbox"/> The Anonymous | <input type="checkbox"/> Innovator |
| <input type="checkbox"/> Mogul | |

Client Four

You have been referred to Gene Thompson by a client. You know he owns a local manufacturing plant and is active in Kiwanis. After making a number of calls, you were able to set up a meeting at his office. When you enter, you notice he is about 60 years old. As he walks over to greet you, you see that his shirt sleeves are rolled up and his jacket is off. His shoes are scuffed. There are pictures of very young children all around the office.

You ask about how he got started in the business, and then ask the first of the opening questions, "What would you like to achieve with your money?"

He responds, "Well, the business has taken pretty good care of me and Mary. Then it took pretty good care of our kids. And now that our kids have kids, I guess I'm looking to it to take care of them, too." And he points to the pictures.

Which high-net-worth personality is Gene Thompson?

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|---|--------------------------------------|
| <input type="checkbox"/> Family Steward | <input type="checkbox"/> VIP |
| <input type="checkbox"/> Phobic | <input type="checkbox"/> Accumulator |
| <input type="checkbox"/> Independent | <input type="checkbox"/> Gambler |
| <input type="checkbox"/> The Anonymous | <input type="checkbox"/> Innovator |
| <input type="checkbox"/> Mogul | |

Client Five

A friend of your mother's, Mary Ann Black, was recently widowed. Mr. Black had been a very successful entrepreneur. When he died, he left Mary the business interests as well as a substantial investment portfolio. Mary has told your mother she is at her wit's end dealing with all of this. Your mother volunteers you to talk to her and help her sort out her financial situation. You go to Mary's house and sit on her yellow silk sofa. Chinese porcelains and oil paintings surround you. On the grand piano are silver-framed pictures of children.

After some light conversation you ask the first opening question, "What would you like to achieve with your money?" Mary laughs nervously and says, "Make money, I suppose." You use the follow-up question, "Do you want to make more money to take care of your family or be more independent yourself?" Mary looks around in some confusion. "Well, both, I suppose. Would you like some iced tea?"

"No, thanks," you answer, and then ask the next opening question, "When you think about money, what concerns, needs or feelings come to mind?" Mary is quick to respond. "Well, I don't like it at all. It is a lot to worry about, and Jim did it all, and I never knew what he was doing and I am so afraid of making a mistake." You go to the third opening question, "How involved do you want to be in managing your finances?" Mary says, "If I could find someone I could trust, not at all."

Which high-net-worth personality is Mary Ann Black?

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|---|--------------------------------------|
| <input type="checkbox"/> Family Steward | <input type="checkbox"/> VIP |
| <input type="checkbox"/> Phobic | <input type="checkbox"/> Accumulator |
| <input type="checkbox"/> Independent | <input type="checkbox"/> Gambler |
| <input type="checkbox"/> The Anonymous | <input type="checkbox"/> Innovator |
| <input type="checkbox"/> Mogul | |

Client Six

Gary Antonelli is well known in the community because he is active in local politics and economic development. You know him through a non-profit organization for which you volunteer.

You approach Gary about working with you, and he is willing to meet. When you show up, the administrative assistant gets you settled in the chair in front of Gary's desk. He's running late, which gives you a chance to examine the photographs of him taken with local politicians and community leaders. There are a dozen awards on the walls and on his credenza. When Gary comes in, he takes the chair behind his desk and says he has to take a quick call. In fact, he takes three in a row.

He turns to you and says, "Well. What do you have?" "As you know, I'm an investment advisor, but whether or not I have anything for you is what we have to sort out. Let me ask you about your goal for your money. What would you say is your primary goal? What do you want to achieve with your money?" "Increase in value, of course," he responds abruptly. Then you ask, "And when you think about your money, what concerns, needs or feelings come to mind?" "Well, for me, having money has always been about getting what I want. It puts me in the driver's seat."

Which high-net-worth personality is Gary Antonelli?

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|---|--------------------------------------|
| <input type="checkbox"/> Family Steward | <input type="checkbox"/> VIP |
| <input type="checkbox"/> Phobic | <input type="checkbox"/> Accumulator |
| <input type="checkbox"/> Independent | <input type="checkbox"/> Gambler |
| <input type="checkbox"/> The Anonymous | <input type="checkbox"/> Innovator |
| <input type="checkbox"/> Mogul | |

Client Seven

Sheila Orzack is a management consultant introduced to you by a client. You call her for weeks before you get through. She agrees to give you a few minutes, but is not sure she will be looking for a new financial advisor. She drops a few names of prestigious wealth management firms with which she has done business. When you enter her office you notice the furnishings and window treatments have clearly been coordinated by an interior designer. On the wall, framed pictures of her with celebrities are hanging next to several original oil paintings. She wears tasteful, expensive clothes and gold jewelry.

After you compliment her on her office view, you explain you would like to start with a few questions. "For example, what would you like to achieve with your money?" Sheila is clear, and says, "I want my portfolio to grow." You follow up with, "Do you want to make more money to take care of your family or be more independent yourself?" Sheila responds, "I have kids, but they are on their own now, and I'd like to retire when the time is right. Actually I would like having more to invest in art."

Which high-net-worth personality is Sheila Orzack?	
<input type="checkbox"/> Family Steward	<input type="checkbox"/> VIP
<input type="checkbox"/> Phobic	<input type="checkbox"/> Accumulator
<input type="checkbox"/> Independent	<input type="checkbox"/> Gambler
<input type="checkbox"/> The Anonymous	<input type="checkbox"/> Innovator
<input type="checkbox"/> Mogul	

Client Eight

Richard Harkins, M.D. has signed up for your seminar on retirement planning for physicians. He is quiet during the seminar, but agrees to a follow-up meeting. When you finally get through to him by phone, he sounds busy and distracted but flattered. He is willing to give you half an hour.

You enter his office. His desk is obscured by reports and paper. The bookshelves are cluttered with binders. There is a framed photo on the bookshelf of a sailboat.

"Are you a sailor?" you ask. Dr. Harkins responds enthusiastically, "Absolutely. Ocean racing. Just finished the Newport run." You talk some more, then say, "Well, let's follow-up from that seminar. Let me start with this: What would you like to achieve with your money?" Dr. Harkins looks a little confused, so you use a follow-up question to elaborate. "Is your goal to make money to take care of your family or to be financially independent yourself?"

Dr. Harkins says emphatically, "You got that right—financial independence. I went into medicine because I thought it was a calling, but managed care has got me down. Now all I want to do is get enough together to sail full time."

Which high-net-worth personality is Dr. Harkins?

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|---|--------------------------------------|
| <input type="checkbox"/> Family Steward | <input type="checkbox"/> VIP |
| <input type="checkbox"/> Phobic | <input type="checkbox"/> Accumulator |
| <input type="checkbox"/> Independent | <input type="checkbox"/> Gambler |
| <input type="checkbox"/> The Anonymous | <input type="checkbox"/> Innovator |
| <input type="checkbox"/> Mogul | |

Client Nine

You meet Harry Smith briefly at a charity benefit and decide to follow up. Two weeks of calling and you cannot get through. You discover that Harry's son went to your business school and you had the same finance course. You call up Harry's son, who works at his father's company, and suggest that his father might want to hear what you have to say. Harry's son sets up the meeting at their building. Harry meets you in the conference room. The top of the table is bare.

You start with your usual small talk and find Harry Smith hard to talk to. You switch to the opening question, "What would you like to achieve with your finances?" He mentions performance. You do not get anything from the follow-up question.

You say, "People think differently about their money. When you think about your money, what needs, concerns or feelings come up for you?" He reiterates his point about

performance. You say, "Since performance is important to you, how involved do you like to be in managing your finances?" He says it depends. You decide to try the last question, "How important to you is the confidentiality of your financial affairs?" He sits up, looks at you and says, "Nothing is more important."

Which high-net-worth personality is Harry Smith?

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|---|--------------------------------------|
| <input type="checkbox"/> Family Steward | <input type="checkbox"/> VIP |
| <input type="checkbox"/> Phobic | <input type="checkbox"/> Accumulator |
| <input type="checkbox"/> Independent | <input type="checkbox"/> Gambler |
| <input type="checkbox"/> The Anonymous | <input type="checkbox"/> Innovator |
| <input type="checkbox"/> Mogul | |

Answers to the Quiz

Client One

The first thing Tom Anders tells you is he is unhappy with the poor returns produced by his current financial advisor. When you meet, it's in a nondescript office in a nondescript building. He is certainly not spending his money on appearances. When you ask questions, he comes right out and tells you his priority—growing his assets.

Tom Anders is an *Accumulator*.

Client Two

Frederick Ford's first question to you is about hedge funds. His second is about a just-announced merger. He subscribes to Bloomberg. When you ask him what interests him about investing, he talks about the subtleties of portfolio performance and style drift. What does he like about investing? The 'wild ride' and the 'excitement.'

Frederick Ford is a *Gambler*.

Client Three

Louis Brown has a technical background. He asks you about the Brinson study. Remember, most people are not aware of the Brinson study and if they are, they are not inclined to talk about it. Also, he says he likes financial engineering.

Louis Brown is an *Innovator*.

Client Four

Gene Thompson has pictures of very young children all around his office. He mentions his family in the first few things he says to you. He describes his goal as wanting to structure his assets and those of his kids to take care of his family, especially the grandkids.

Gene Thompson is a *Family Steward*.

Client Five

Mary Ann Black is overwhelmed by the prospect of taking over financial management from her late husband. Whenever you try to ask about specifics about her financial goals she seems confused and changes the subject. She says she would like to find someone else to manage her money.

Mary Ann Black is a *Phobic*.

Client Six

Gary Antonelli is well known in local politics, economic development and nonprofit circles. His office walls are covered with photographs of him taken with local politicians and community leaders and awards. He makes you wait while he takes calls. He is abrupt and to the point. He mentions being 'in the driver's seat.'

Gary Antonelli is a *Mogul*.

Client Seven

Shelia Orzack is hard to reach. She makes it known that she is working with several prestigious wealth management firms. Her office has been professionally decorated. She wears expensive clothes and gold jewelry. One of her goals is to build up her art collection.

Shelia Orzack is a *VIP*.

Client Eight

Richard Harkins, M.D. has a desk cluttered with reports and paper. He's an enthusiastic sailor. He wants nothing more than to sail full-time.

Dr. Harkins is an *Independent*.

Client Nine

Harry Smith meets you in a conference room, devoid of pictures or paper. He is difficult to draw out. Until you mention confidentiality, you cannot get him to respond to anything.

Harry Smith is an *Anonymous*.

Summary

The purpose of this quiz is to help you see that it is not all that difficult to accurately identify the high-net-worth personalities of affluent individuals. While these examples are straightforward, financial advisors using high-net-worth psychology say that identifying the personality types of their prospects and clients is fairly straightforward, too.

Source of the high-net-worth personality quiz: Russ Alan Prince and Karen Maru File, *High-Net-Worth Psychology*.