



THE ELITE WEALTH MANAGER

BUILD A SIMPLE AND ELEGANT WEALTH MANAGEMENT BUSINESS

IMPLEMENT WEALTH MANAGEMENT

THE NINE HIGH-NET-WORTH PERSONALITIES

VIDEO TRANSCRIPTION

John Bowen: The nine, count them, nine high net worth personalities. This is so important for us to understand the demographics of the affluent market that we want to serve. Why? Because as we get clarity around what they want to accomplish, their mindset, those high net worth personalities, what happens is we find that we can serve them even better. Let's dive in. So, as we go in, what we find is demographic data is great for understanding the market. Talked about some of that at a very high level in the last video. But what we really want to know is who the affluent are and how we can best serve them by what they want to accomplish. And what we've done is... this in the early '90s on high net worth psychology and provides a framework of understanding of the affluent individuals, what they want from their money and from you, and that's critical.

So high net worth psychology goes ahead and answers many questions about the affluent. We've studied why did they switch financial advisors? And I can tell you it's primarily experience. Why do they prefer some services and products over other? Okay, because it's aligned with what they want to accomplish. Why do some of the financial advisors... Why do some have many financial advisors and only one? Well, this is an important one so I'm going to take a second here. What we find over and over again in every study we've done that so many of the affluent diversify, not by strategic asset class, type investing, which many advisors do, or dynamic, or tactical or whatever methodology you're using. But they diversify by advisors because they can't tell the difference.

This is why you're going to hear over and over again the importance of differentiating yourself and really position yourself for value. And this is where the high net worth personalities are so valuable for you. And why do they choose the financial advisors they do? And we're going to go into this. This is a process of the six C's that we go over that you are going to love because you can use that in checking both your marketing and your client experience and make sure you're doing a great job. Okay, so, just a kind of a side, in the tool section of the strategy, you're going to find two interactive resources.

One is kind of a fun thing. It's a high net worth personality, self-diagnostic quiz so you can figure out your own high net worth. And it's also going to tell you which ones you're going to be most compatible with and profitable to work with. Now we get asked all the time, "John, is this something I could use with my clients?" No, we're going to show you when we get into the total client model. It's only four questions you can ask, and you can be really clear when you're doing a discovery meeting, what high net worth personality they are, and we'll share with you how you can actually test against that too. Because it is very important to understand. The second tool is, kind of a fun thing, high net worth personality refresher. So, you can go through and really get an understanding of whether you understand... Kind of tests and reinforce the high net worth personalities.

VIDEO TRANSCRIPTION

So, where does this come about? The high net worth personality is attracting and retaining the affluent. This is where I really met Russ. This was in the early nineties, Russ had just published a book on, I forgot the exact word, but I think it was Cultivating the Affluent, it was a little tiny book. Well under a hundred pages, huge amount of research in this area. And it was for 450 bucks, today that would be a book for over a thousand dollars, and it was like wow. And I'm one of those guys, I'm on this lifelong journey of learning. Didn't know Russ but bought the book, and I was blown away. And then probably 90 days later I'm giving this speech, and I give the speech, and I sit down, and I happen to sit next to Russ. He was going to give a speech later. I didn't even know that we were in the audience too. It wasn't like it was just speakers and so on.

A lot of life is what I call strategic stumbling. You never know. We became good friends after that, doing a lot of research, working together. And then ultimately, we've been partners for many, many years, and this is something that I think is a foundation piece. I mentioned in kind of the preview for the other one that when we first got this... I grew up in upstate New York and I'm a small-town boy and people start talking about psychographics. Yeah, I've lived in California now most of my life, but the reality is, I'm going, "Eh, I don't know if I want to have this in our first coaching program." And I had our professional educational people, and Russ and we took a vote and I lost, cause I'm a big believer in whatever the best practices are.

And the idea here was that this would help you really gain an understanding that not, and it is a mistake I made that I treated pretty much all the affluent the same. They have very different goals and mindsets and then how we could really use that to segment them and get clear on who we wanted to work with, who we could best serve, and who we were most compatible with and also most profitable with, and then how we could master our framing.... the conversations we had to not only to add more value to them but to inspire them to action, so they got what they wanted. And I got to tell you, in the very first coaching program, I think it was 2004, we ran, it was a huge hit. It was a huge hit. We've included it in every program going forward, it really makes a difference. So that's why I want to make sure you understand it.

And, we talk about it is that these nine high net worth personalities, this is just so important. It was done almost 20 ... two decades ago by Russ and it's a landmark study and we still use it. We continue to use it and it's one of the most important ones we do. So, think of the high net worth personalities. I might just go down and we'll start with family stewards, this is where we make the big money. The name implies that, you look at the bullet points here: dominant focus is taking care of their family, conservative in both personal and professional life. And I want you to pay... as I go through these, the third bullet a lot because they're not very knowledgeable about investing in quite honestly, they don't want to be, they want to take care of the family.

VIDEO TRANSCRIPTION

The vast majority of people when we survey and we do a lot of work with entrepreneurs and we're serving entrepreneurs and huge number, it was in the 90s I don't remember the exact number, but the number one thing is they wanted to take care of the people they love. This is such a big driver. Then the causes they care about and make a difference in the world. That's kind of the big framing. But when we start segmenting it, family stewards are all about accumulating wealth to take care of their primary purpose, is their family.

Then, if we continue the independent, there's a lot of independence in Silicon Valley, they want to make enough money so that they have personal freedom. So, they have enough money to support whatever quality of life they have. They feel investing is a necessary means to an end. It's not that they get excited about it and they're not interested in the process of investing or wealth management.

Well think about that for a second. The first two, and I'm going in the order of the size of the groups as well, so, one of the mistakes we make is we get caught up in telling people about the process of what we're going to do. And what I want to encourage you to do, is about 80% should be focused on getting them the results, 20% explaining, make sure you have a compelling process that's going to address their major concerns, but it's not that they need... they don't need to know how the watch is made. They want to know the timing of it. Okay, let's continue.

Phobics. Phobics are all about... they're confused and scared about money. They dislike managing finances. If you start talking technical, they're not going to work with you, and they choose based on trust. Okay. Phobics can make really good clients, but it's all about building that trust. And we'll talk about how we do that with everyone we're working with.

Okay. Let's continue the Anonymous. They're all about confidentiality. So, AI clients are today, but they prize it above all else. It's really important and they're the most likely to concentrate the wealth with one group.

Okay. Let's go to a Moguls. Moguls are all about control. Investing in another way for power and they're decisive in decisions and rarely looking back. The IP's, it's all about status, and investing where it results in the ability to buy nice things. Prestige is important and they're the ones that are most likely to be affiliated with one of the major, big brand, high reputation firms.

Accumulators, it's all about being focused on making more money. See what it's a little distinction here. We all of a sudden, we went to a group that's very different. Their investment, they're very performance oriented, and they tend to live well below their means, and they are very, very thrifty. So, we all know accumulators, and these are the ones, who quite honestly

VIDEO TRANSCRIPTION

have a lot of complaints, because they're always going to judge your performance against the best performing asset class. And they are interested in just piling up the money.

Let's continue. Then we have the gamblers, they're in it for the excitement. They really enjoy doing it. They tend to be very knowledgeable, involved, and they exhibit a high-risk tolerance. Now we've gone into all kinds of studies in this area. I just can bring up one, you know the Gamblers to be satisfied with their advisor, what we found in one of our studies, they needed to be touched during the course of a 12-month period, 48 times. Now I didn't have to get together physically, but by phone, computer, the whole thing, a personal touch. Well if quality of life, if you want to have an amazing life of significant, having clients that you have to touch 48 times is not it.

And then the last ones are innovators. Focus on leading edge products. Sophisticated investors, complex, tend to be technically-savvy, and highly educated. I still remember one of the big think tanks here in Silicon Valley. I got introduced to the president of its and... Great guy had a great relationship. I was teaching grad school at the time and he's asking me all these questions. I can still remember writing out the math formula for mean cross covariance optimization and we got into all these different discussions and so, on the end of the day, he invested just a tiny amount of money. He was always trying to find the best solution. Terrible client, great guy, really enjoyed him a lot, but it's not what you want to do. As a matter of fact, let me continue down and you'll see here.

Here we have is kind of the distribution in this study. The foundation one, I mean it's back in 2005, Russ and I've talked about it. It's just such an expensive study. We haven't done it again, but we think the numbers are pretty close. These are certainly directional. And what's interesting, all of these people make good clients. The best are family stewards, independent, phobics. But when we get to the last three, accumulators, gamblers, and innovators, which represent about 15% they're bad clients. They take a tremendous amount of time, quality isn't there, and so on.

For some of you and I did a lot of public seminars early on... Was before you had to pay to play in radio. So, I had my own radio show. I later hired some of the top radio personalities in San Francisco and LA, well guess who comes to these public workshops? It's these three groups are the largest likely to come and we were very successful, built a great business and all that, but that was the grind part of the business and you don't need to do that. So, one of the things we want to be successful on purpose, going back to the strategy one and recognizing this. So, we want to decide who we want to work with, who we're most compatible with. And you know what we have here for the balance... I'm not going to go through it all, I'll just go at a high level. We have a nice writeup on each to explain.

VIDEO TRANSCRIPTION

I'm going to just read the tagline on each. So, think a family steward, it's the largest one, they are looking for good financial management so they can take care of the people they love, their family. And then we have a case study and you can read and you'll see, and as we go through the program what is going to happen, I'm going to show you how you can tell your perspective clients and clients what personality they are by four questions. And then, okay, that's great, but then how do you use that? And we'll use that. One of the most important thing for those advisors there are a million or more, is to master framing conversations where most of us as advisors aren't good. You're going to see much of the material is scripted that we have here because it's just so important to say it well.

So, you'll see all that come together. But let's just stay on the high net worth personalities. So, the independents, a quote you might hear for one is, "To me successful financial management means freedom." Again, read all of this, read the cases. Phobics, "The last thing I want to talk about is my money." Okay. They don't like talking about it. The anonymous, "My money is my business and no one else's." Their privacy is so important. I had the opportunity for two years of work. I was CEO of a company Assante and their sports and entertainment where we're working with about 600 very high-profile clients and some were extremely anonymous for very logical reasons beyond the simple privacy and, you want to understand what's driving them. Moguls, "Being rich means power." Okay. A lot of entrepreneurs, driven entrepreneurs that happens.

The IP's, "There's a lot of way to get respect and having money is one of them." They're very status oriented. Accumulators, I always find this kind of funny, "You can never be too rich or too thin but being rich matters much more." And then gamblers, "You have better odds playing the market than at Vegas." That's why they're so time consuming. And innovators, "Derivatives are the best thing that ever happened."

I still remember sitting in a meeting with a very successful individual and he literally saying that to me and I'm trying to... and he lost a lot of money doing this stuff, but he was always going on the bleeding edge. And today, he wasn't a client, but he's a friend of a friend. I mean I can tell you that he's struggling, but had I worked with him, I think it would have been nothing but frustration the whole time. And I don't think we would've stayed long-term because he wasn't aligned with my personality and that's where it's very, very powerful for you to understand.

And then I'm going to show you later on how to bring this back together so it's very valuable. So those are the nine lives, the nine high net worth personalities. And that's going to be important for you to remember. Okay. We'll come back to it several times during it. Now let's go back to we're still in implementing wealth management, we've done the affluent market, we did the high nine high net worth personalities, the psychographics. I'm going to now go into the five key financial concerns. I've touched on these before. These are something that you do need to

VIDEO TRANSCRIPTION

memorize and you're going to use it over and over again. And I'm going to show you why and how in the next video, it's going to make a huge difference. See you there.