

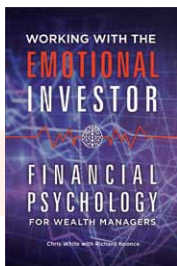
TAKING TIME TO GET INSIDE THE MIND OF YOUR CLIENT

What does your client really want from an advisory relationship with you? That’s an important question for every advisor to ask themselves on a daily basis. In my experience, too many of us take a product-centric, “one-size-fits-all” approach to advising clients about investments, instead of working with them to shape wealth management plans that are aligned with their personal *values, dreams, goals, and risk tolerance*. To be sure, such issues sometimes “float in the air” during wealth management and estate planning discussions, but they often don’t get the kind of intentional focus that’s necessary to create a strategic, long-term wealth management planning framework.

This is unfortunate because, in my experience, most clients want to incorporate their personal values and belief systems into their investment and wealth management plans. However, they need encouragement to do so, because in many cases, they’ve never been asked about such topics as part of the wealth management process! Often, they lack the basic vocabulary for linking discussion of wealth with issues such as personal legacy, family values and traditions, individual passions, generativity, altruism, and philanthropy — all elements of what I think of as a client’s fullest expression of themselves; of “self-actualization” — to use the term coined by psychologist Abraham Maslow.

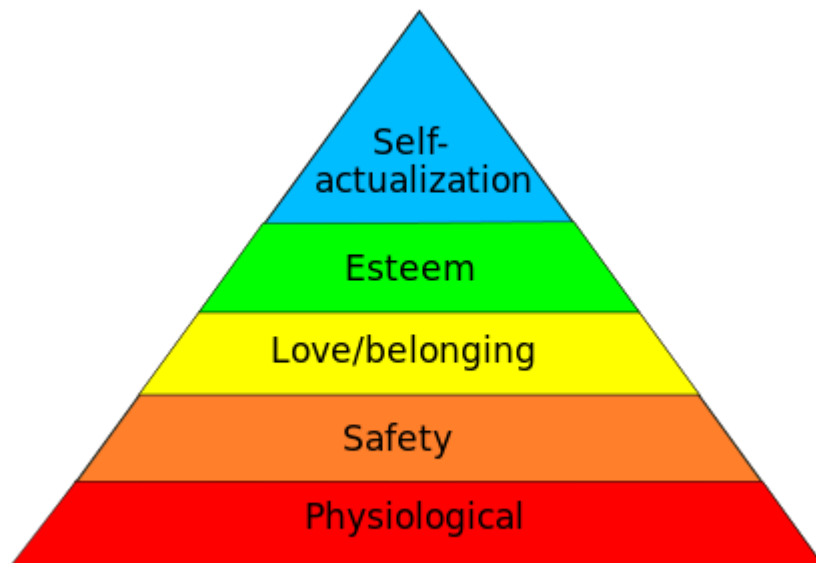
To rectify this, at the beginning of a new client relationship I think it’s critical to talk with clients about their personal goals and family history, and how they want such factors to influence their decisions not only about investments, wealth conservation, and growth but also about children, grandchildren, inheritances, charitable gifting, philanthropic endeavors, and multi-generational wealth transfer. Such discussions then need to be part of the regular portfolio review process we conduct with clients on an annual basis.

So, what’s the best way to broach such conversations with clients? Given that I believe there is a strong link between an individual’s emotional make-up and their investment style,

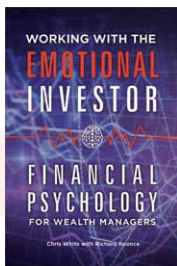


the tools of developmental and humanistic psychology are extremely valuable to employ in helping unlock the “secrets” of our clients. In particular, I find Maslow’s “Hierarchy of Needs” model to be a powerful framework to use to help clients define their wealth management goals in the context of specific personal values and human motivations. (See Figure below).

For those who haven’t taken Psychology 101 for a while, Maslow’s Hierarchy of Needs is a construct in psychology articulated by Abraham Maslow in his 1943 article, “A Theory of Human Motivation” which appeared in *Psychological Review*.¹



The model (shown above) is usually represented as a pyramid showing different levels of “need” all human beings possess, beginning at the base of the pyramid with basic physiological and safety needs (e.g. food, shelter, air, clothing, personal security, and so forth). Once these needs are met, Maslow says, a person’s needs evolve and move higher on the pyramid to include the needs for love/intimacy, belonging/connection, and esteem



(a.k.a. the need to be respected and valued.) Once these needs are met, Maslow says, people seek “self-actualization” — the realization of their fullest potential. Examples of this include the man or woman who desires and strives to be an ideal parent; the executive who seeks to use their expertise to revitalize a struggling community; the artist who seeks to stretch him or herself artistically and rise to the apex of their craft; the scientist who strives to find the cure for cancer; and the musician who takes delight in rising to become a world-renowned performing artist.

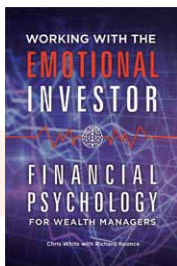
The common thread with all these individuals is their quest for personal self-realization; their desire to accomplish everything that one can achieve; to become the most that one can be.

As wealth advisors, we typically begin working with clients to help them fulfill their needs at the base level of the pyramid — at the level of “safety” (e.g. financial protection, security, and stability). Doing so is certainly central to our work as advisors, and as the Family Office Exchange notes, include basics such as offering objective advice and counsel to clients, preserving client privacy and confidentiality, safeguarding financial records, and assuring appropriate legal documentation and record-keeping of transactions.

But what about helping clients fulfill “higher order” needs such as: the desire to support charitable causes and missions; invest in a new and promising medical technology; start a philanthropic organization; or, create a foundation intended to slow climate change or preserve the Amazon rain forest?

Maslow himself lends credence to the importance of “higher-order” human motivations as the impetus for altruistic human action. “Classic economic theory, based as it is on an inadequate theory of human motivation, could be revolutionized by accepting the reality of higher human needs, including the impulse to self-actualization and the love for the highest values.”²

As advisors, we must create the opportunity for “spacious conversations” with our clients. Conversations that go beyond mere investment planning and portfolio design to



encompass what clients are about as individuals and human beings. This requires sensitivity and careful listening, a love of each person's "inner light" (as the Quakers put it) and a desire to help our clients align their wealth management goals with their higher order priorities of personal value and meaning. Maslow's Hierarchy of Needs model provides a wonderful outline you can use for such conversations.



(Endnotes)

1 Abraham Maslow, "A Theory of Human Motivation," in *Psychological Review* 50 (4), July, 1948, 370-396.

2 Ibid

