

## **When is an Advisor not an Advisor?**

*“A small percentage of financial professionals have spent years acquiring the knowledge they need to help their clients achieve their financial goals. A much higher percentage of advisors have acquired sales skills that they use to market investment products. The difference between the two types of advisors is like night and day. ”*

### **Introduction**

Advisors aren't advisors when they are sales representatives. More than 80% of all advisors sell financial products for commissions. Like any other sales professional, their job is to convince investors to buy the products they're selling. Whether or not investors achieve their financial goals is secondary to the advisors' needs to meet sales goals and maximize personal incomes.

Unfortunately, these advisors do not describe their roles as sales representatives to investors. They know that would be counter-productive. Instead, they camouflage their role by describing themselves as financial experts. This creates a substantial amount of hidden risk for investors who have to determine who the real professionals are – experts who have the knowledge to help them achieve their goals or sales reps who want to sell them investment products.

Following are brief descriptions of the tactics most sales representatives use to win investor assets. Investors can use the information in this white paper to avoid sales representatives who market themselves as experts.

### **Personalities & Sales Skills**

Most lower quality advisors use their personalities and sales skills to convince investors they are trustworthy experts. However, they don't provide any documentation to prove they are the competent, ethical professionals they say they are. It's too bad personalities and sales skills have nothing to do with competence and integrity.

### **The Sales Pitch**

Lower quality advisors prefer verbal presentations that give them maximum flexibility to use their personalities and sales skills to win assets. They may provide glossy brochures and pamphlets for hot investment products, but they provide no documentation for their credentials or business practices.

### **Omissions, Misrepresentations, and Diversions**

Low quality advisors omit or misrepresent information that could cost them sales. For example, they *omit* information about their credentials and *misrepresent* their expertise.

Another favorite tactic is to *divert* attention away from their qualifications by selling the track records of “hot” financial products.

### **Loss of Deniability**

Weak advisors always prefer verbal information because omissions, misrepresentations, and diversions are easy to deny later. It’s the investors’ word against theirs. Written information is much more difficult to deny, especially if it’s certified by advisors that it’s complete and accurate.

### **Loss of Control**

Weak advisors also prefer verbal information because they lose control over data that are documented. For example, investors may turn their written information over to supervisors, compliance officers, regulators, or attorneys.

### **Comparative Data**

Weak advisors prefer verbal presentations for an additional reason. Each sales pitch is different so it’s difficult for investors to compare advisors to each other. Documented, standardized information makes it easy for investors to compare advisors to each other and difficult for lower quality advisors to compete with higher quality professionals. Bad advisors don’t want to be compared to good advisors because they will lose every time.

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