



Embrace the Middle Class

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Shouldn't our profession serve all aspects of society? Annual studies of our industry show that professional financial advisors increasingly seek to serve the wealthy and affluent. From the use of target marketing to capture investment assets under management to life planning, coaching, and serving "sudden" or inherited money clients, we show who we are and to whom we deliver value. We pursue the wealthy and the mass affluent. To reach them, we cater to their complex needs and to their pursuit of meaning and purpose in life, which also allows us to develop the trust that enables us to charge large fees. We are pragmatic businesspeople who want to profit from those who can pay our fees. They are the wealthiest 15% of the population.

I have discussed the the importance of serving the underserved middle-market segment with leaders of our industry. Almost to a person, they express high aspirations for the potential we have to change lives and increase the well-being of many. But with the notable exception of the Garrett Planning Network, the profession only serves a narrow band of the total population, tacitly defined as "those who can pay our fees" and who are willing to accept our way of doing business. Is it possible that our present methods, approaches, and fees actually favor the status quo and obstruct the innovation needed to serve a broader demographic?

To serve the bottom two-thirds of the pyramid of those who need financial advice, we need new approaches and tools. First, we have to decide that the needs of the not-so-wealthy consumer are our legitimate concern and responsibility. After all, who else can bring financial advice and planning to the masses but those with the breadth and training and experience to do so? It is time to take up this challenge and do something for the underserved and unserved middle-income financial consumer. Please, avoid making this a pro bono gesture that would only be patronizing. Most of those in the demographic below the one we normally serve can pay. They may just not want to pay for a comprehensive financial plan. They may not want a relationship. Rather, these consumers do seek wise, specific advice from a professional to solve a problem or answer a question. What's the matter with that?

Is There a Doctor in the House?

A near-parallel might be the different levels of healthcare available to the affluent and the less-than-affluent. In general, the affluent look for programs of preventive medicine that are proactive and involve preventive practices and approaches that keep disease from happening. They like holistic modalities. They don't mind fees. They have a good relationship with their healthcare providers. The less-than-affluent, in contrast, avoid these types of health treatments. They want good, specific medical care to resolve a trauma or an injury or a disease. Holistic approaches are not big with those who can't afford them.

What do medical and financial middle-income consumers have in common? Both come willingly to a trained generalist practitioner or even a specialist in an emergency. Both believe that they can benefit from the attention of a comprehensive practitioner when they are in physical or financial pain. And when they do seek an expert, they want to see a highly qualified, certified professional, most of the time an M.D. for health and, increasingly, a CFP for financial woes.

The future is going to be radically different from the present. We can't reach the masses with the tools and methods that we have developed to reach our present markets. Playing golf or learning coaching skills, for example, are great ways to meet and influence high-net-worth elites, but they may be less essential for the advisor who aspires to serve the masses. Complex quantitative investment modeling is of similarly marginal use to the rank and file 401(k) plan participant.

At the FPA Success Forum in 2003, the panel discussion on the future of the profession did not discuss or hear questions from the attendees on how the Internet might affect our industry. In individual sessions, there were comments, but the Internet was not recognized as pregnant with possibilities for resolving this demographic disconnect. Yet the Internet is an obvious bridge. We're all on the Internet or have access to it. It permits targeted marketing that may allow distribution of packaged service offerings. It can reach large numbers of geographically dispersed consumers. It allows immediate access and features multichannel communications that are mainstream and simple enough for unsophisticated financial consumers. But the average advisory firm's Web site today is woefully inadequate to drive volume and revenue from the middle market using the Internet. The average volume through the average site may be only dozens of users per month. Most sites merely support the pursuit of the wealthy and the mass affluent.

What should we do? Do we want to serve those who fall below the 15% of the population that is "wealthy"? In order to do so, we need to create "financial emergency rooms" and "financial health care centers." We also need to establish ways to bring middle-income consumers to the right person or place, efficiently and inexpensively.

Wanted: New Tools of the Trade

We need to create the methods, approaches, techniques, tools, and support systems to meet these consumers where they live. If we do, we will experience an avalanche of consumer interest in proactively taking care of their financial lives. We will need many more trained planners and advisors, many of whom will undoubtedly come from the ranks of these consumers themselves and who will understand more fully how to serve them.

My company (www.myfinancialadvice.com) is among those developing and delivering solutions to serve middle-income consumers via the Internet. But there are other providers—from automated advice solutions to online education programs—that also hear this call. Plenty of advisors are interested in serving the online financial consumer and the middle market. There is significant market interest from Internet financial communities who would like to add an advice component for the benefit of their customers. The leadership of our professional organizations needs to recognize that these systems and the markets to use them are present reality, not pipe dreams. Those who plan industry meetings should begin to cultivate this conversation by programming to it.

We've avoided this step up to expanded service long enough. Let's begin to assume the responsibility to serve everyone and become in the process the mature profession we all aspire to be.

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