

**Advisers Can Work Less, Be Healthy and Make More Money**

By Katherine Vessenes, JD, CFP®

Given the current state of the market, I've wondered how financial advisers are feeling these days. I'm not referring to the success of their practices, not directly at least. I'm referring to their health. We believe their businesses could be causing them some health issues, especially considering the incredible market turmoil we've experienced since September. Our theory, borne out with many of our clients, is getting their business running better will make financial advisers healthier too.

Vestment Advisors' partnered with the FPA to create the 2008 Financial Advisor Survey on Physical and Mental Health. Nearly 300 financial advisers, all FPA members, responded to our survey. With the extreme financial conditions encompassing the industry over the past two months, we asked 11 follow-up questions to gauge the effect of the market's volatility. The results of the original survey and its follow-up questions offered interesting information about how health and business success go hand-in-hand.

Here are some of the results:

First and foremost, a staggering 90 percent of responding advisers reported that the recent market changes have increased their stress level. Nearly 53 percent of respondents to the follow-up survey pointed to market turmoil as the most stressful element of their job currently. Compare that to only 18 percent of advisers during the original survey, and one can easily see the physical strain the market has placed on these advisers recently.

Interestingly, most advisers are not struggling with keeping their clients and many are seeing some level of growth during the current market turmoil. Nearly 41 percent of respondents have maintained their clientele during these market changes. Now here's the absolutely staggering news: 48 percent, nearly half, of advisers responding to our follow-up survey reported they've added clients during the recent economic turmoil! So while our economy faces its most volatile time in decades, placing increased strain on these advisers, they are actually growing their practices. That's simply amazing!

Why is this growth occurring? The key has been the shift in time allocation these advisers have seen since September. Prior to September 1st, 71 percent of responding advisers reported spending less than 14 hours per week with their clients. Since September 1st, nearly 57 percent of advisers reported spending more than 15 hours per week with their clients – a tremendous increase to say the least. As you can see, there is a direct correlation between spending more face-to-face time with clients and increasing your business. However, there is still a major problem here that is straining adviser's health and their practices.

That problem is that these advisers, who are seeing growth in their practice, are not properly prepared to spend more time with their clients – and it's wearing on their health. Consider this simple finding, nearly 77 percent of responding advisers reported that client demands were the most stressful demand on their time. Without question, market turmoil has led to advisers spending more of their time dealing with client demands, and thus increasing their stress level. Increasing the amount of time they spend meeting with clients shouldn't be a burden; rather it should be the focus of the practice model they implore every day.

Going back to stress, financial advisers have always been hard workers. In fact, of the advisers we surveyed, over 81 percent of respondents reported working more than 40 hours a week while 47 percent reported working 51 or more hours a week. Over 15 percent are actually putting in more than 60 hours every single week. Combining this heavy workload with an unpredictable market and you've got a recipe for stress.

Why are advisers taking on so much stress? We asked, "If you could wave a magic wand and change two things, what would they be?" The leading response, with over 75 percent, was to increase income/revenue and/or profitability. It appears that the strong desire to build up their practices and increase their income motivates these advisers to sacrifice themselves, their families, and sometimes their personal health.

Regarding increases in revenue and profitability, nearly 20 percent called the action important while an incredible 71 percent determined it extremely important. A staggering 91 percent of respondents place a high priority on growing their businesses. When asked to rate the importance of increasing their client base, over 26 percent deemed the action important, while nearly 60 percent called it extremely important. In fact, 63 percent of advisers producing less than \$200k a year deal reported work-related stress due to a lack of new clients. Clearly, the top priority for a majority of these responding financial advisers is to bring in more clients and make more money. This seems to explain the extreme amount of hours advisers are working every week, and the ensuing stress.

The second largest response to the magic wand question, with over 35 percent, was a desire for more time off for self/family. One of the secrets we have learned from multi-million dollar advisers is that working harder does not necessarily equal making more money! In fact, nearly half of our respondents are producing less than \$200k a year, yet 78 percent of those advisers are working more than 40 hours a week!

Before jumping too far ahead, we wanted to know how healthy the adviser was and then, for those with some kind of health issue, what obstacles advisers were facing in regards to their health. Over 36 percent of respondents indicated that their health was terrific. The remaining 63 percent were asked, "What is keeping you from improving your health?" Over 55 percent of the advisers answered that a lack of time was causing the problem. This is no surprise; given how many hours they are spending at work. Meanwhile, near 54 percent of the respondents admitted a lack of discipline was deterring their health. Our follow-up survey showed that work during the market turmoil is affecting the sleep of an alarming 30 percent of advisers. Only 11 percent of advisers indicated that nothing is preventing them from improving their health as they are happy with their health.

There is a direct correlation between too much stress, deteriorating health, and poor practice management. Exercise is vital to health and relieving stress. Of advisers producing less than \$500k a year, 70 percent exercise less than one hour in an entire week! Furthermore, 71 percent of that same group earning less than \$500k reported a lack of downtime was causing them stress at home, opposed to nine percent for advisers producing more than \$500k. Of the 10 percent of advisers said they were unhappy, none were earning over \$500k. All of these issues have a similar cause, and it's the same problem that hurts adviser's businesses as much as it does their health—a lack of proper time management.

We tell all of our clients that their most valuable inventory is their time. Like any good investment, leveraging your time will bring you the greatest results and help you make the most money. Many advisers are spending their most valuable inventory on activities that do not directly lead to more business. The key is maximizing their time earning money while outsourcing functions or enabling your employees to handle the rest - making them valuable assets, too.

Looking at the data, there were two specific tasks that directly affected advisers' lack of time. When asked of reducing or delegating paperwork, nearly 27 percent of advisers answered it was important while almost 46 percent responded that it was extremely important during the initial survey. Nearly 73 percent of advisers are dealing with too much paperwork! Furthermore, 79 percent of advisers producing less than \$500k a year cited paperwork as a cause of their stress. Compare that to only 19 percent of advisers earning more than \$500k and we have a perfect example of successful advisers reducing stress by avoiding unnecessary tasks. Even during our follow-up survey, amidst all of the market turmoil, nearly 17 percent of advisers cited paperwork as their largest cause of stress.

The other task identified as a problem was reducing compliance issues. Nearly 29 percent of the respondents found the issue important while 31 percent proclaimed it extremely important. So we have 60 percent of respondents recognizing the importance of reducing compliance issues. Breaking down the amount of stress caused by compliance issues, 76 percent of advisers earning under \$500k responded that compliance causes them stress opposed to 48 percent for those producing more than \$500k. Compliance issues are still the main cause of stress for over seven percent of advisers following the market changes.

These results show that paperwork and compliance serve as a major thorn in the side of advisers, even with a volatile market taking place. Now, filling out paperwork and properly handling compliance is a critical part of the business, but advisers may be best served by outsourcing or delegating these responsibilities. With those duties off of their shoulders, they can focus on prospecting for new clients and retaining existing clients.

Considering that nearly half of advisers are seeing growth during these market changes, it's obvious that spending more time face-to-face with clients – albeit forced by market conditions - is beneficial. It is extremely important to the health and subsequent success of financial advisers that they recognize their time is much better spent doing what only they can do: spending time in front of clients and solidifying those relationships. Everything else, including service work, filling out forms, placing trades, and even completing plans should be delegated.

The problem here is that these advisers are not properly setup to meet with clients – as evidenced by their increased stress level from needing to spend time with clients. Most of the respondents recognized the importance of face-to-face time with clients. When asked about getting in front of more prospects, over 24 percent of advisers answered the action was important while nearly 59 percent answered that it is extremely important. So while an overwhelming majority of the respondents, 83 percent, recognize this importance; many aren't exactly sure how to do it. Otherwise, these advisers wouldn't be stressed out over the time-crunch of balancing increased client time.

To reap the full benefits of spending more time with clients, and to do so without the risk of their health, advisers must increase their efficiency. When asked about increasing efficiency, nearly 32 percent of the advisers classified it as important while almost 57 percent identified it as extremely important. These 89 percent of responding financial advisers must realize that the key to increasing their efficiency and escalating their revenue while improving their health is to eliminate all of the time (and energy) draining tasks that are unrelated to finding, meeting, and gaining clients. Not only will that make their practice more successful, it will help to alleviate their stress level as well.

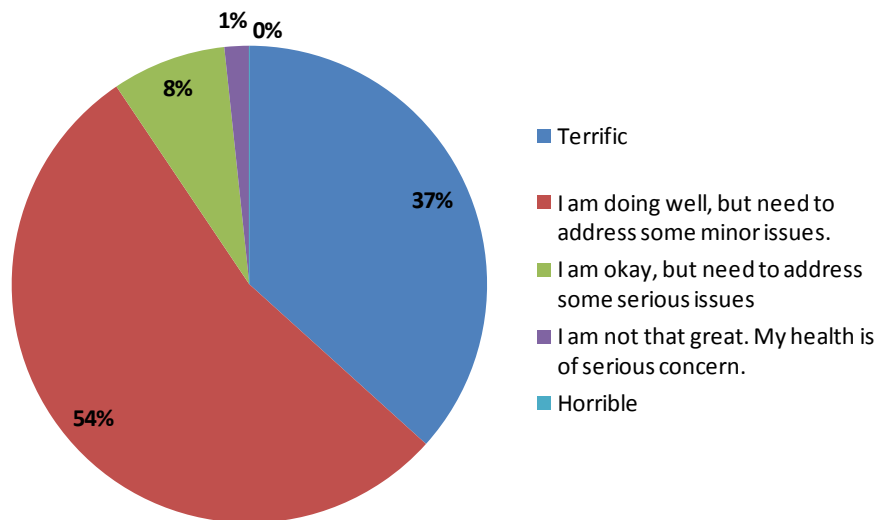
Financial advisers need to realize is that this service-based industry does not reward the hardest working adviser as much as it does the most effective adviser – even during this current market volatility. Advisers must learn that working effectively means being healthy, enjoying what they do and best leveraging every bit of their practice. They must eliminate all of the tasks that should be delegated and focus in on the one area their business most needs them... bringing in clients. By sticking to this game plan and leaving the rest to their staff; financial advisers will not only increase their income, they will improve their health and quickly find a renewed passion for their career—and more importantly, their life.

**Study Topline Results**

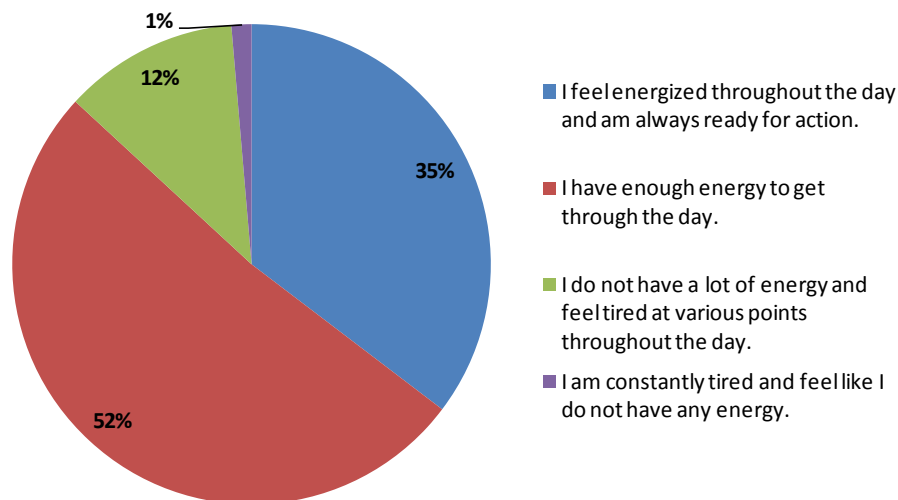
*Methodology:*

To achieve research objectives, 660 members of the FPA Research Group were invited to participate in this online research study. The mail questionnaire was fielded in August 2008 with a follow-up survey in October 2008. A total of 297 surveys were completed in August. The aggregate profile of these respondents is representative of the FPA membership with a 5.7 percent margin of error. The follow-up survey consists of responses from the same individuals who responded in August. A total of 203 respondents completed the follow-up survey.

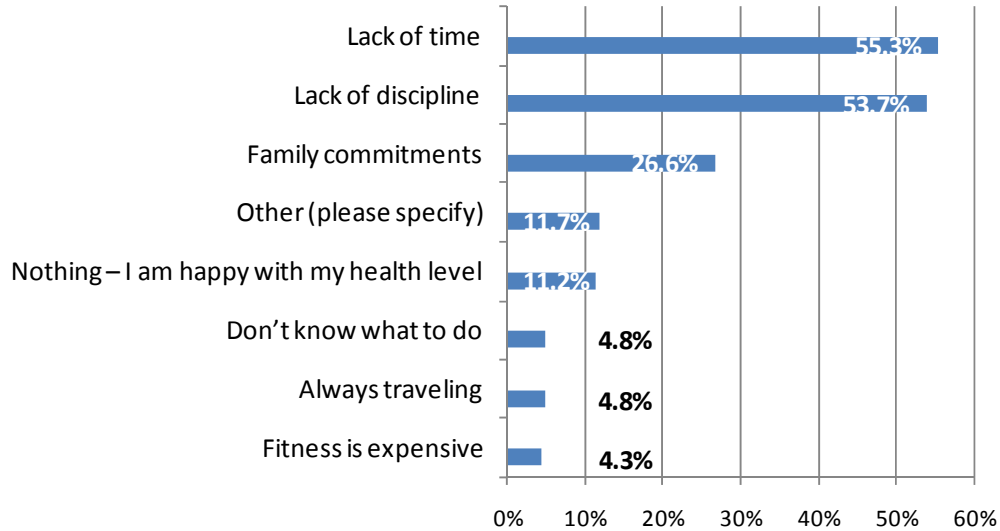
*How would you describe your health?*



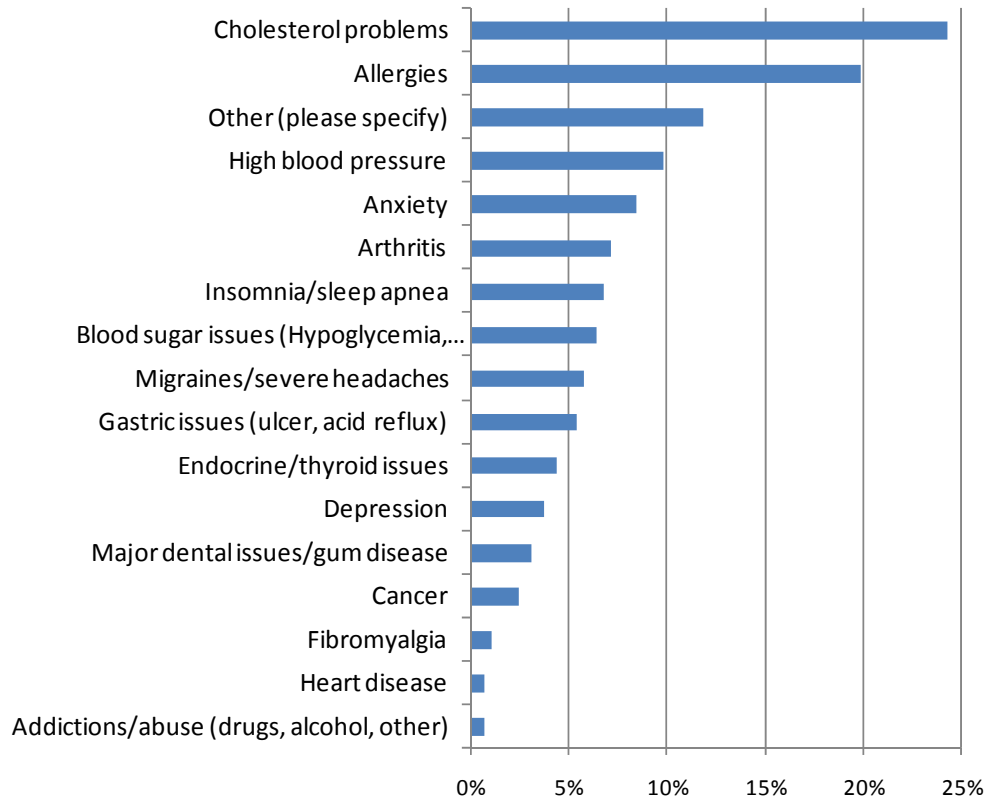
*How would you describe your energy level?*



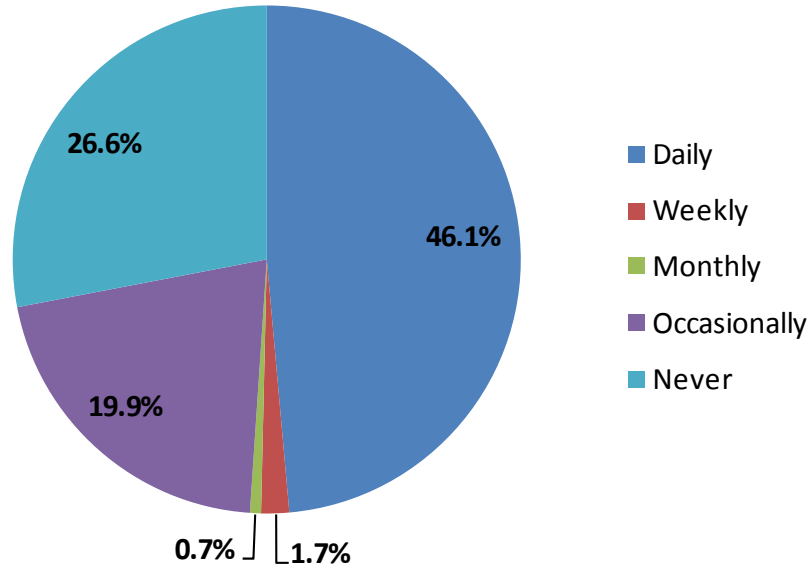
*What is keeping you from improving your health?*



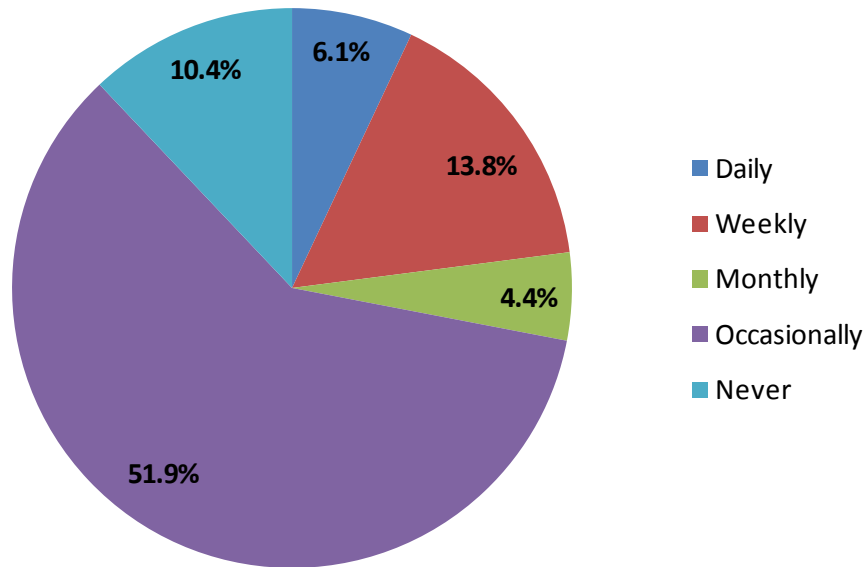
*Do you have any major health issues?*



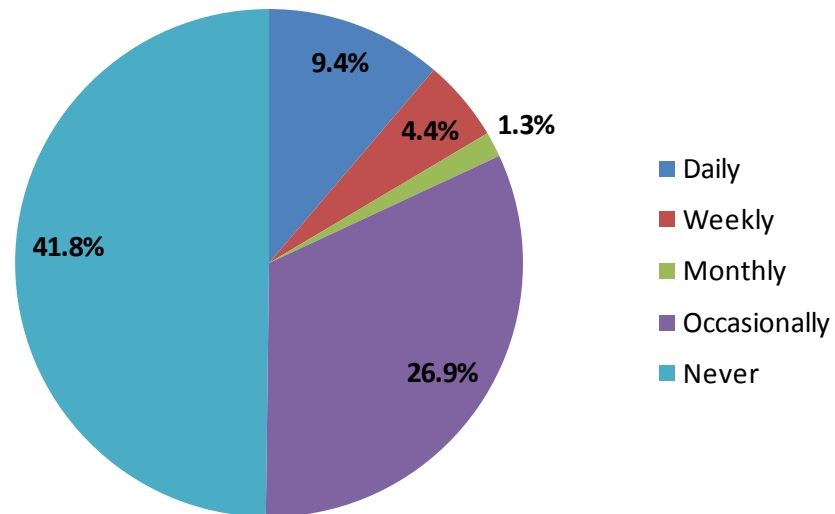
*Use of Prescription Medications*



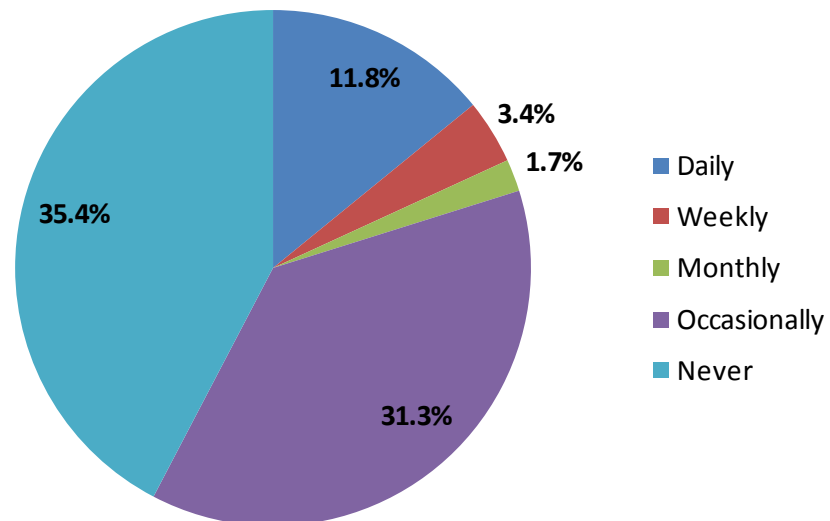
*Use of NSAIDs (ibuprofen, Tylenol)*



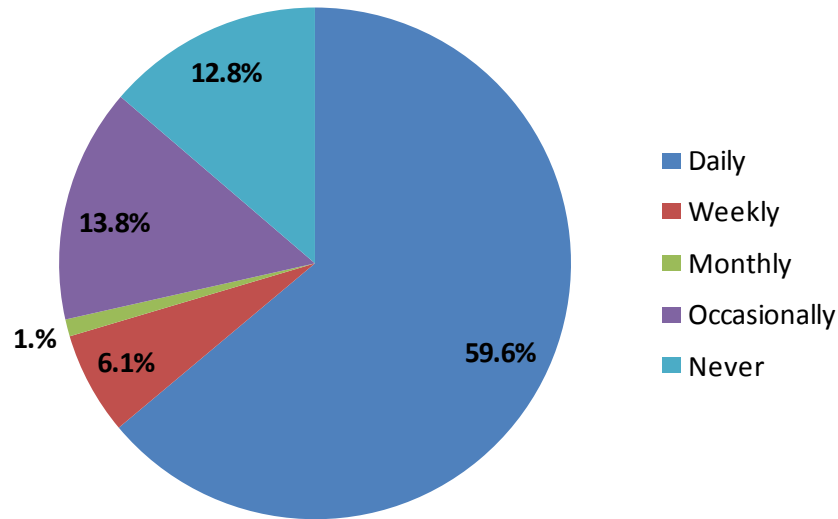
*Use of Antacids/Acid Blockers*



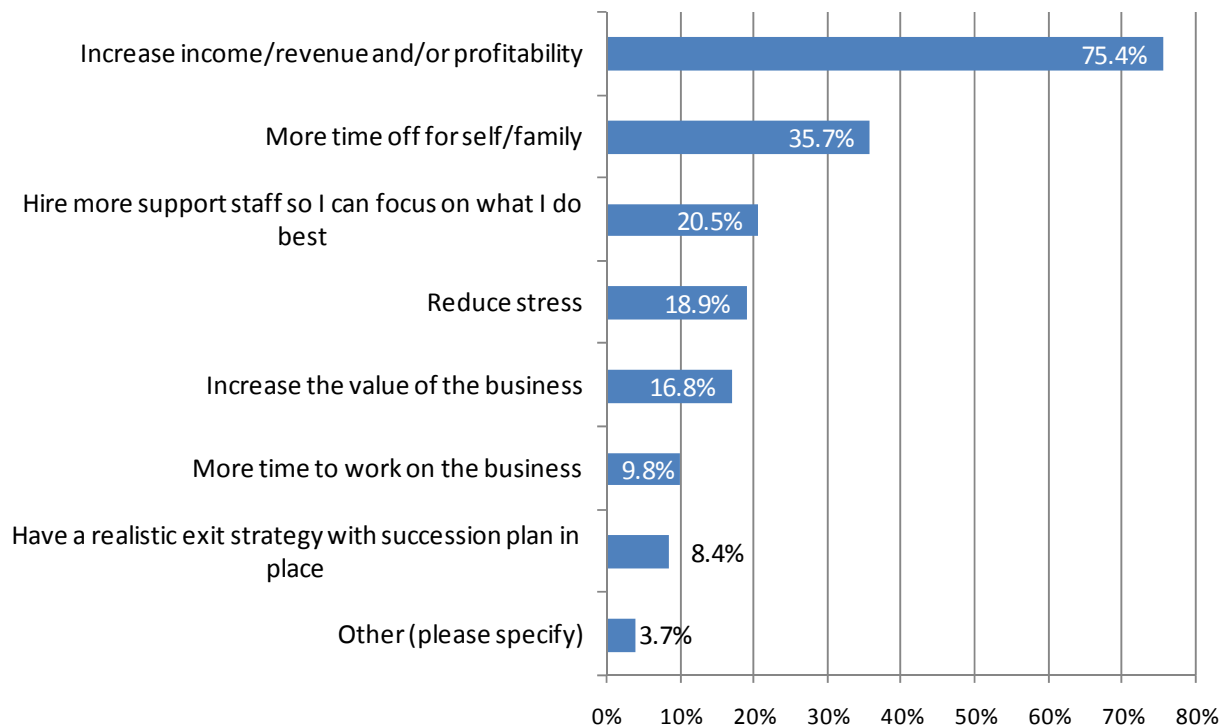
*Use of Allergy Medicines, Antihistamines*



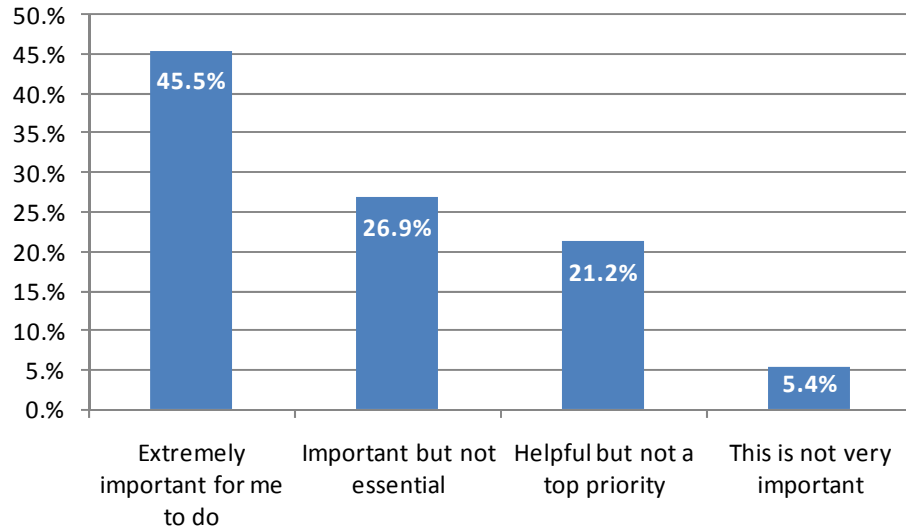
*Use of Multivitamins/Mineral Supplements*



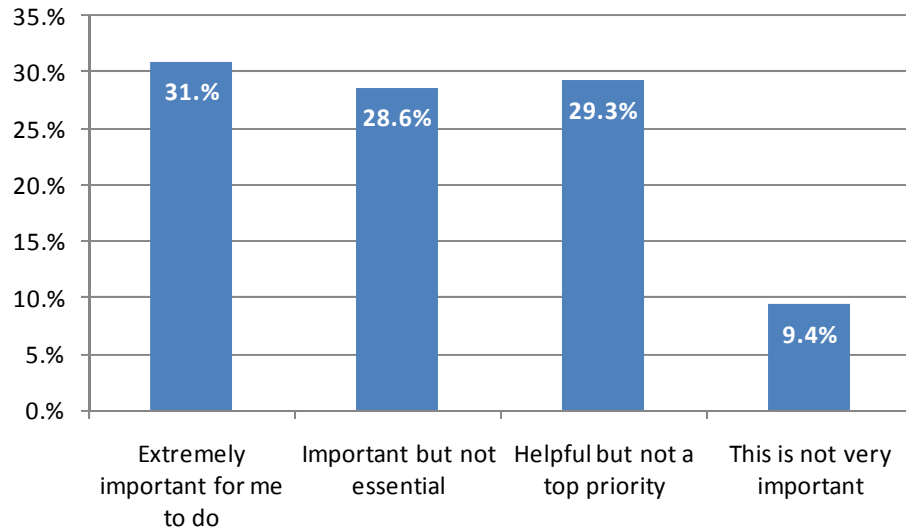
*If you could wave a magic wand and change 2 things (permanently) at work starting tomorrow morning, what would they be?*



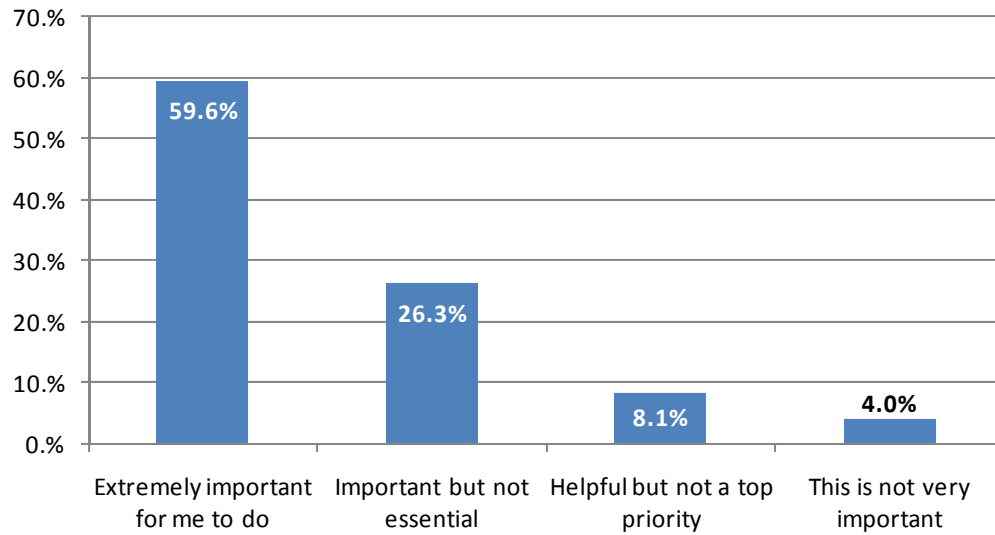
*Importance of Reducing or Delegating Paperwork*



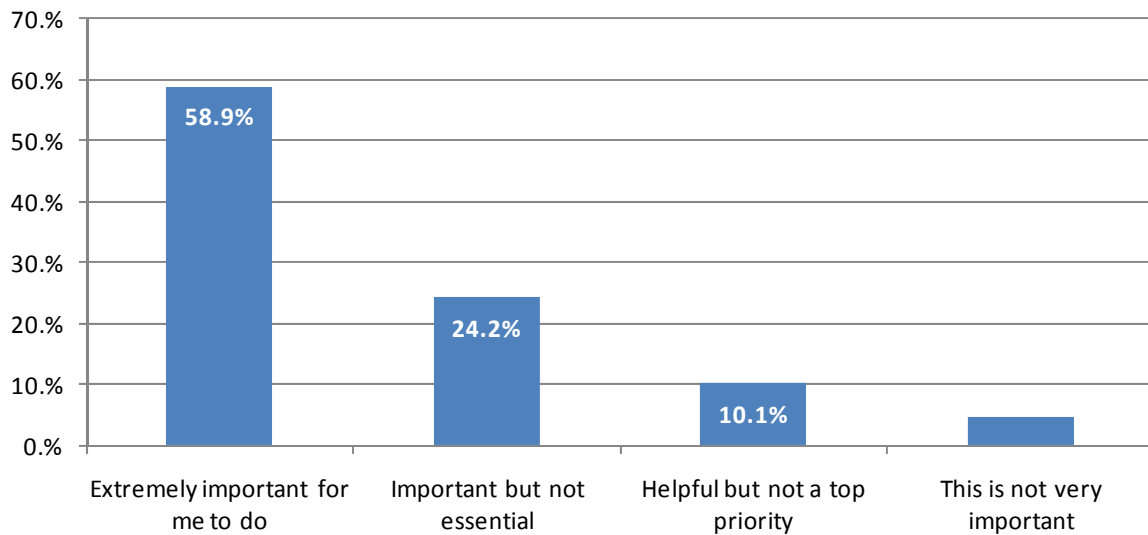
*Importance of Reducing Compliance Issues*



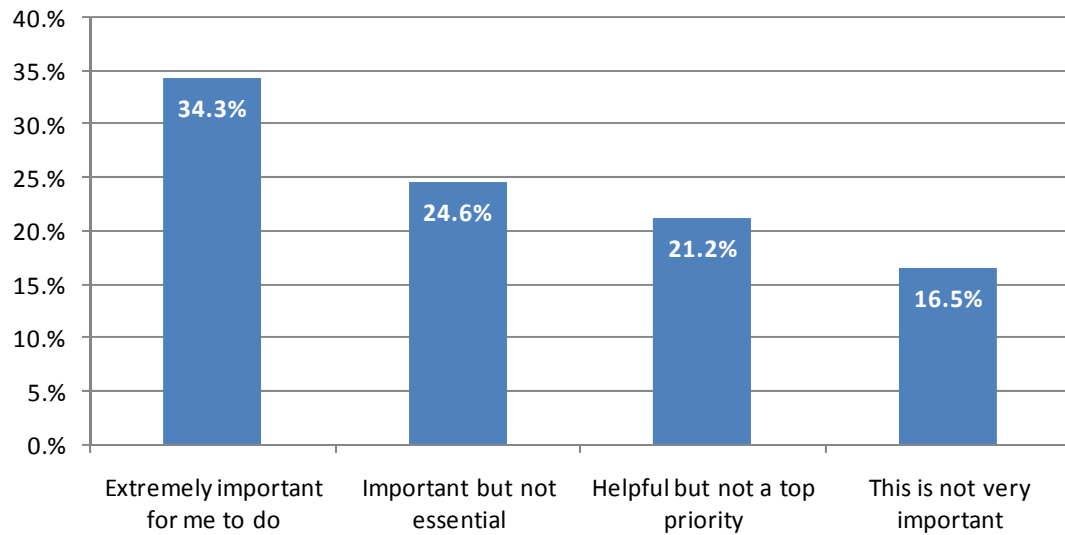
*Importance of Increasing Client Base*



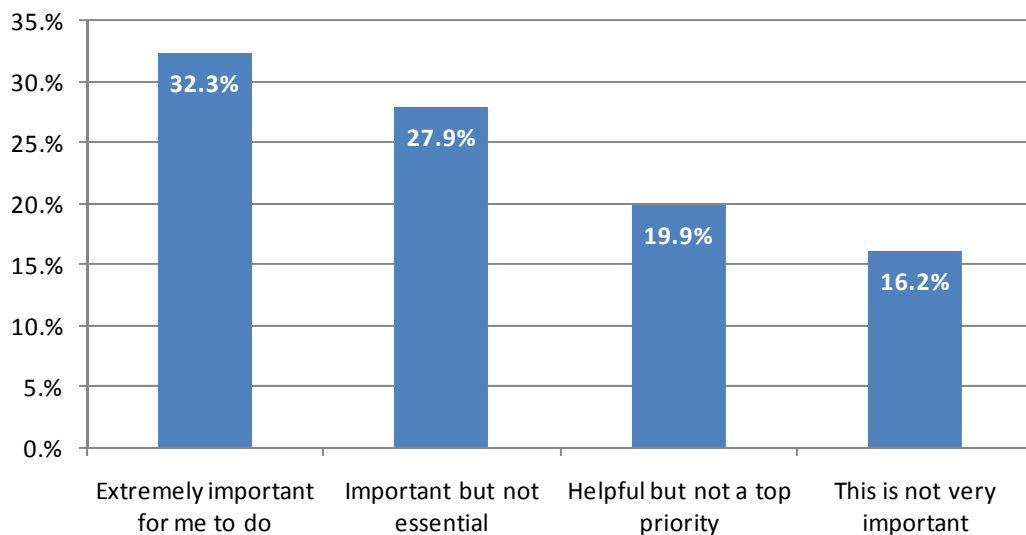
*Importance of Getting In Front of More Clients*



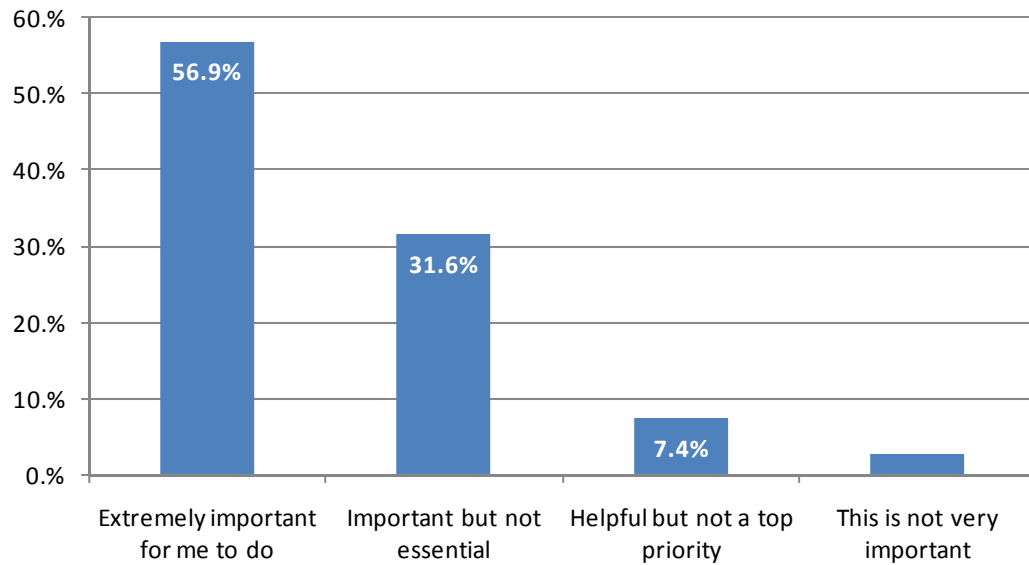
*Importance of Hiring/Retaining the Right Staff*



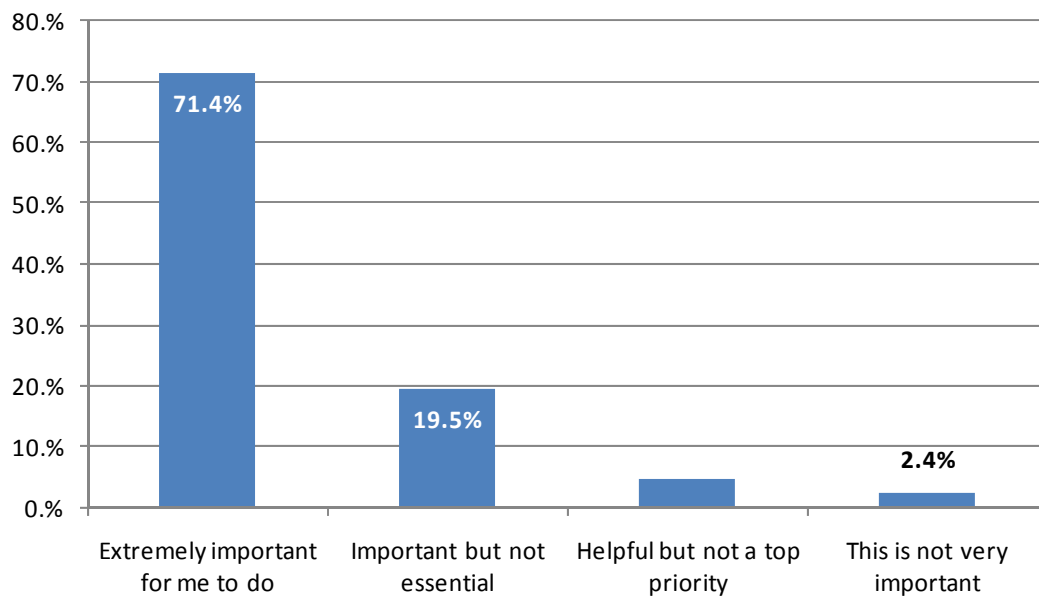
*Importance of Training Staff*



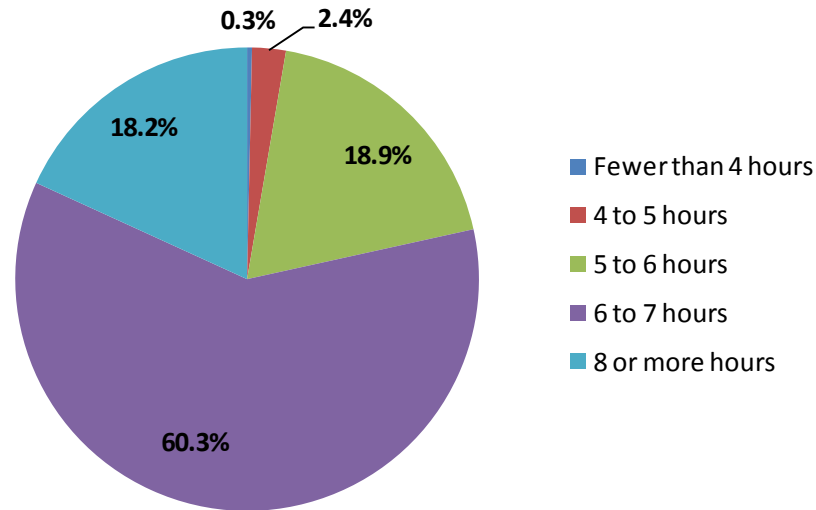
*Importance of Increasing Efficiency*



*Importance of Increasing Revenues/Profitability*



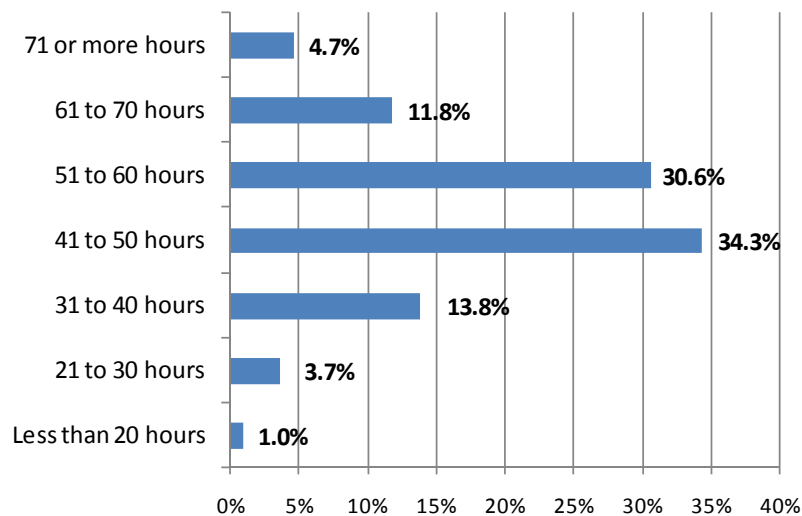
*How many hours of sleep do you regularly get each night?*



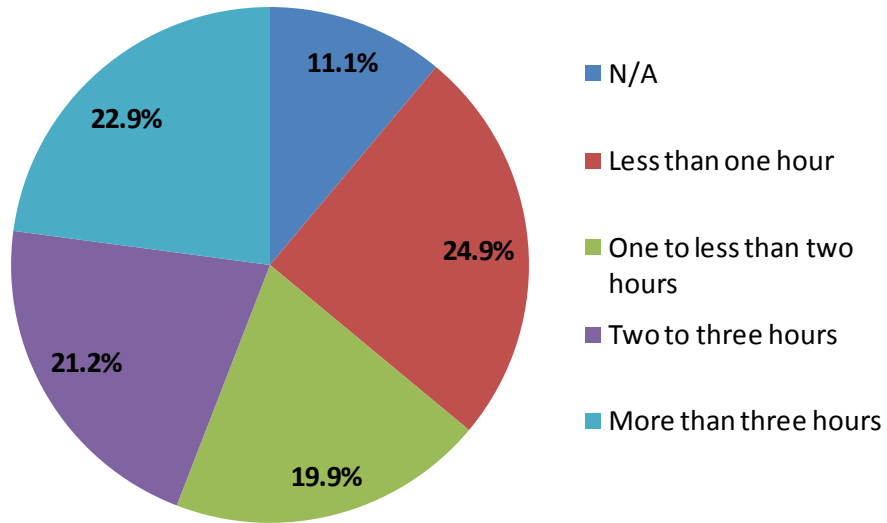
*Is your work life affecting your sleep?*

OPTIONS	PERCENT
Yes	25.9%
No	61.3%
Don't Know	12.8%

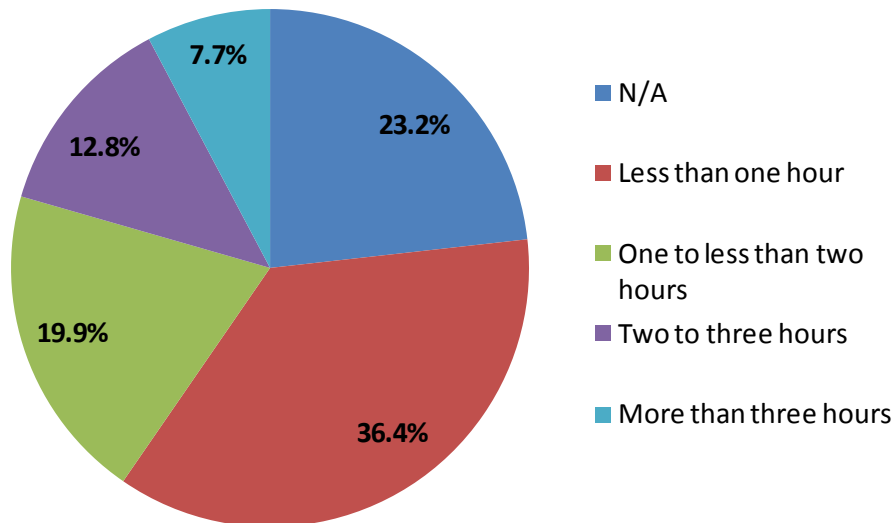
*How many hours do you work per week (total including weekends and working at home)?*



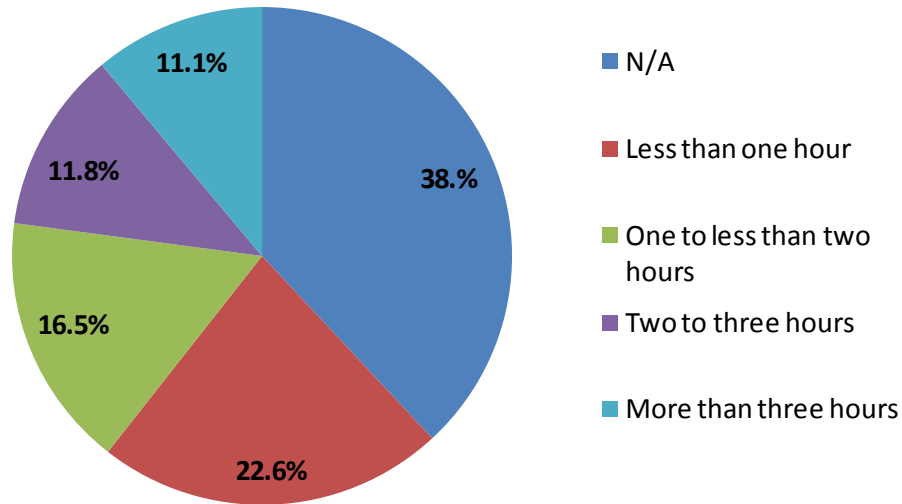
*Time Spent on Cardio Exercise Per Week (i.e. running, cycling, other activities that elevate your heart rate and increase cardiovascular activity)*



*Time Spent on Weight Training/Strengthening Per Week (i.e. free weights, pushups, situps, other activities that are designed to build strength and muscle)*



*Time Spent on Other Non-Sedentary Activities Per Week (i.e. dance)*

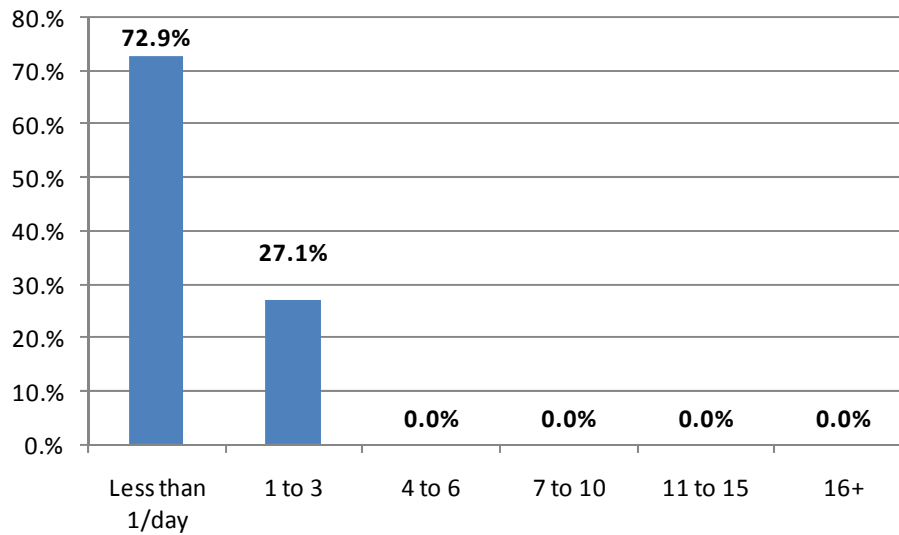


*How/why do you maintain that level of exercise per week?*

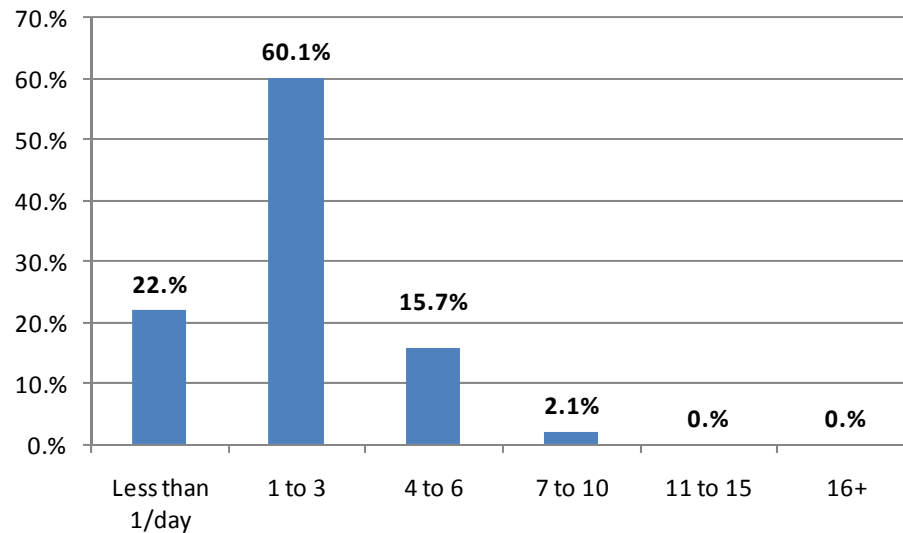
Note: Only asked of respondents who indicated at least an hour of cardio and an hour of weight training/strengthening every week.

OPTIONS	PERCENT
It's a high priority – I make it happen.	64.9%
It is part of my daily routine/it's a habit.	56.8%
I schedule it in advance and I stick to my schedule.	33.3%
I start my day with it.	22.5%
Other (please specify)	13.5%
Doctor's orders – I need to do it for my health.	9.9%
I have a workout buddy/class that keeps me accountable.	7.2%
My family demands it.	2.7%

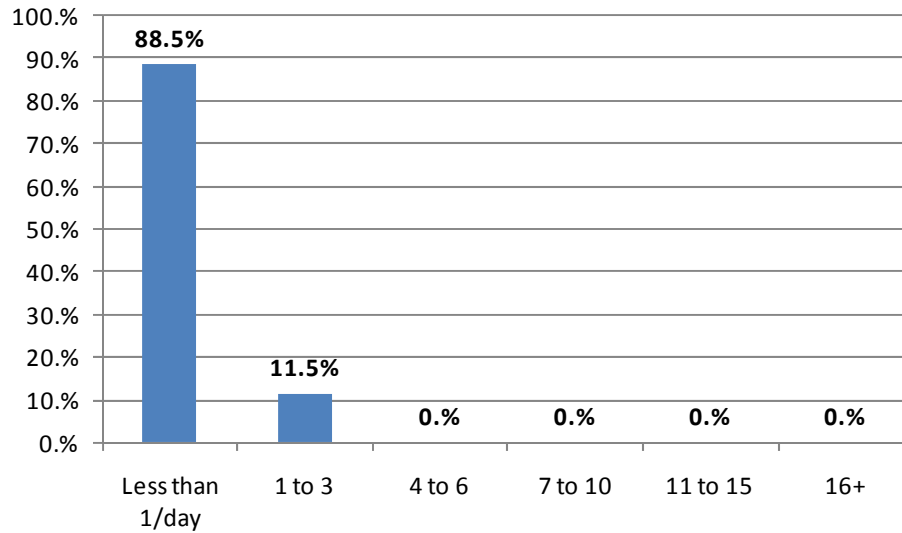
*How Many Servings of Alcohol Do You Consume Each Day?*



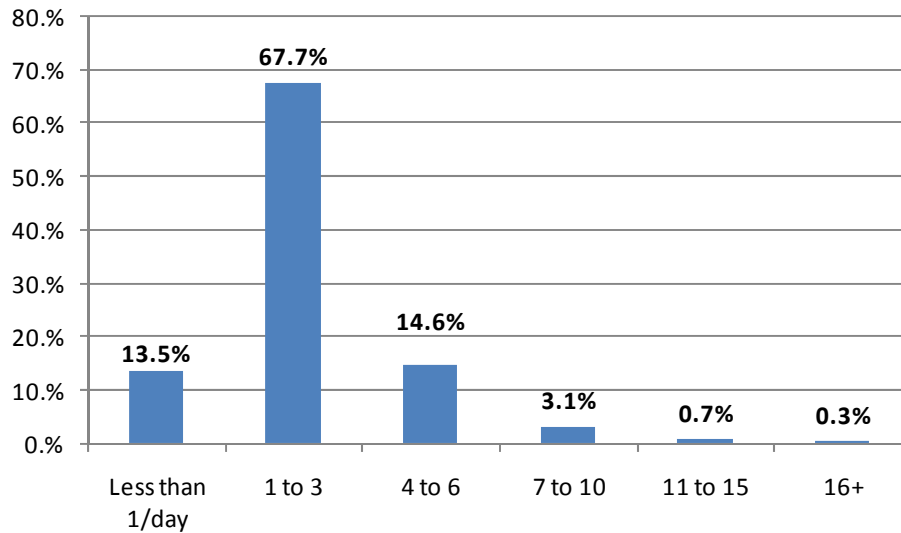
*How Many Servings of Caffeine Do You Consume Each Day?*



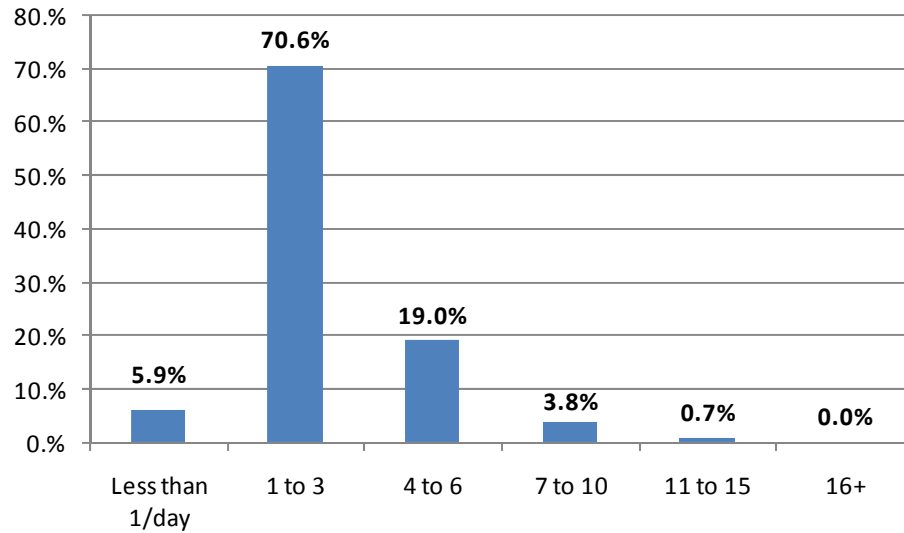
*How Many Servings of Fast Food Do You Consume Each Day?*



*How Many Servings of Fruit Do You Consume Each Day?*



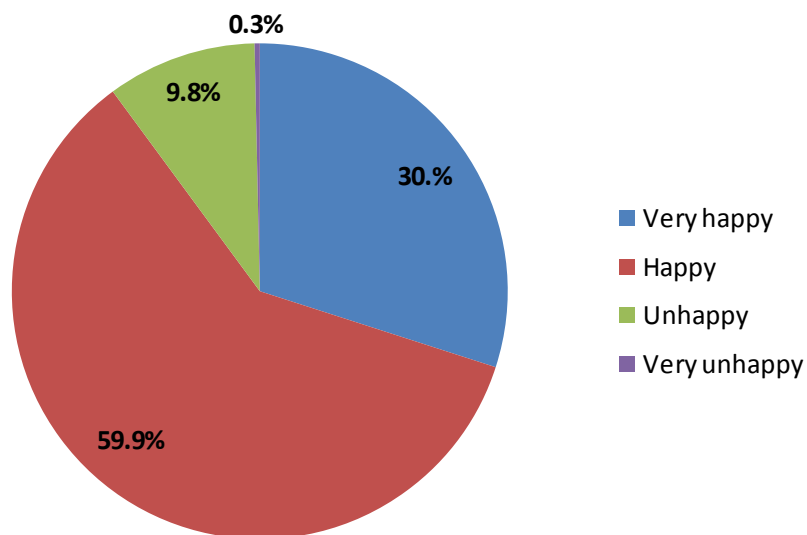
*How Many Servings of Vegetables Do You Consume Each Day?*



*Do you smoke or chew tobacco?*

OPTIONS	PERCENT
Yes	5.1%
No	94.9%

*How Happy Are You in Your Work/Professional Life?*

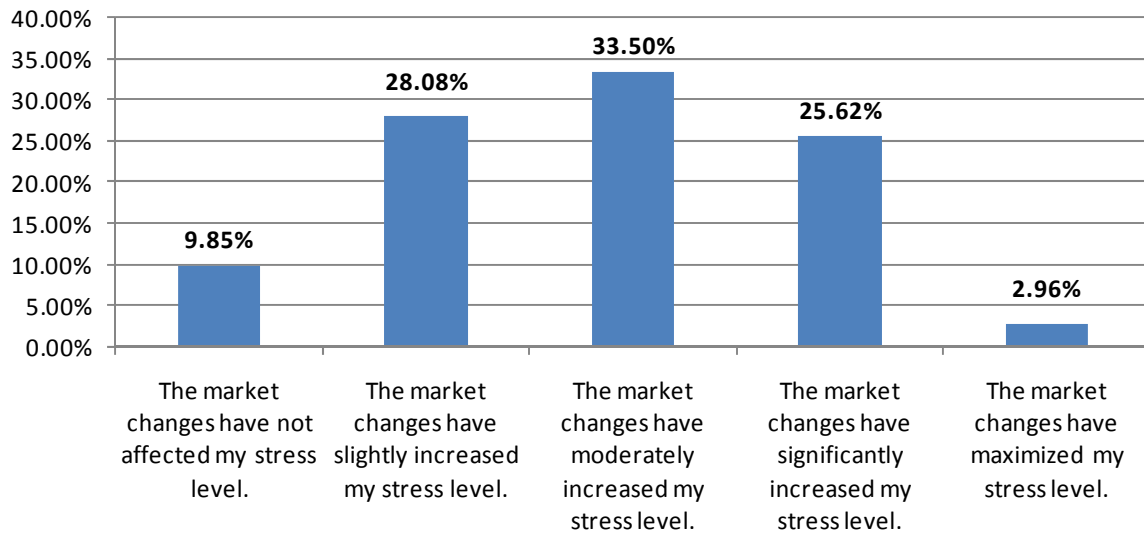


*What is Causing the Most Stress for You At Work*

OPTIONS	PERCENT
Time management	41.4%
Not enough new clients	40.1%
Paperwork	25.9%
Client, employee or partner demands on time	23.6%
Business financial worries	22.6%
Interruptions	20.5%
Market turmoil	17.8%
Compliance	16.8%
Family issues/problems at home	6.7%
Nothing	5.4%
Excessive travel	2.0%

**October 2008 Follow-Up Survey**

*How have recent market changes affected your stress level?*



*What is causing the most stress for you at work?*

OPTIONS	PERCENT
Market turmoil	52.71%
Time management	33.99%
Client, employee or partner demands on time	33.99%
Not enough new clients	21.18%
Business financial worries	20.20%
Paperwork	16.26%
Interruptions	13.30%
Other (specify)	11.82%
Compliance	7.39%
Family issues/problems at home	4.43%
Nothing	2.46%
Excessive travel	1.97%

*Is Your Work Life Affecting Your Sleep*

OPTIONS	PERCENT
Yes	30.54%
No	63.05%
Don't Know	6.40%

*Have You Lost or Added Clients During This Time?*

OPTIONS	PERCENT
I have lost 10% or more of my client base	0.49%
I have lost 5-9% of my client base	0.00%
I have lost less than 5% of my client base	10.84%
I have neither gained nor lost clients	40.89%
I have gained an additional 1-4% to my client base	32.02%
I have gained an additional 5-9% to my client base	9.36%
I have gained an additional 10% or more to my client base	6.40%