

## **What is Your Professional Title? Your answer will affect your business. By Tracy Piercy, CFP**

*What do you say when someone asks you "What do you do?" Do you watch over investments, do you help people to manage their day-to-day financial activities, or do you try to combine these activities? In an evolving industry, what is your focus? Your answer could affect your bottom line.*

In an industry working hard to standardize the credentials of its practitioners, what we call ourselves is of vital importance. Many of us are 'financial planners', which often means that we have worked hard to become Certified Financial Planners (CFPs). But there's a new term out there which shouldn't escape our notice: 'financial coach'.

Consider all the different ways you can describe what you do: Advisor, Representative (rep), Agent, Planner, Consultant, and now Coach. Before you continue telling people what you do using one of these terms, I encourage you to check the dictionary definition. You will find it quite enlightening and a key place to help focus and streamline your practice.

If we stop to consider in what ways many people working in the financial industry earn their income, the definitions become even more important. Traditionally, there were specific areas within finance where you would work: investments, insurance, lending, tax, legal, and banking. Today, these areas overlap at every step.

Now consider the income structure for these areas. With the exception of tax and legal services, the revenue from each of these areas is derived from the products. You might argue that if you work in banking, you earn a salary; however, the institution earns revenue from the products so the concept still holds.

I meet many people whose primary function is to manage and place investments; their income is derived from investing money for their clients. Many of these people describe themselves as financial planners. However, if the priority and focus is about recommending investments and other financial solutions to help build, grow and maintain assets by getting a good return on the money, isn't it better defined as *investment* planning? The focus is always the rate of return in accumulating and maintaining a large pool of money. Advisors will examine risk, asset allocation, diversification, and hopefully also consider the after-tax and after-inflation impact of their recommendations. Perhaps they will even consider the estate values of these investments after death and put into place some insurance strategies; however, investment planners are primarily advising on and planning investments in one way or another.

So what is a more broad definition of financial planning? It includes investment planning, but also includes, with more detail and more integration, the areas of cash flow, credit, insurance, tax, estates, business interests and the entire financial picture of the client – both present and future. It is a very creative, personal process whereby the solutions may or may not involve investment solutions, insurance, lending, banking, or other products. A comprehensive financial plan will break down into actionable segments the specific needs, desires and situations of a client's life.

Retirement planning could certainly be a function of investment planning because inevitably there are investments involved; however, the integration of this area with a comprehensive cash-flow analysis, credit review, pension projection and a business succession plan is the function of financial planning. The preparation of the plan could take several client meetings, many hours of revision, and upwards of a year or two to implement. Then the plan, like the investments, needs to be monitored and revised as necessary. It's a very dynamic process involving specialized knowledge in many technical areas and has a different focus for the key financial areas of investment, insurance, lending, tax, etc.

So how about the newest term: 'financial coaching'? Interestingly, the personal coaching industry was started by an ex-financial advisor who wanted to help his clients in a more proactive, motivating way than simply providing financial advice.

The coaching field has many variations: life coaches, family coaches, business coaches, executive coaches, retirement coaches, employment coaches, and on and on. So, what does a financial "coach" do? Everyone in the financial industry promotes better financial results; does a financial coach focus more on helping someone make real positive changes in their overall life situation, including finance? If so, then what special training, focuses, and tools does a financial coach use to facilitate this process? Does financial coaching need to come from a qualified and trained financial advisor, or can any type of personal coach provide financial coaching?

The financial industry is very regulated, covering many technical areas and requiring specialized training. While a life coach is trained in techniques and strategies to help people get better life results, and while many non-financial industry coaches will have some basic financial knowledge, their challenge lies in the understanding, the implementation, and the details that are part of the world of finance. What a coach doesn't know about financial planning could cause some damage. On the other hand, can financial professionals add a coaching component to their financial practices? This would require more training, more time, and likely be a diversion away from the core income-generating activities of financial advisors.

So what do you do? What do you call yourself? Are you a financial planner, investment planner, insurance advisor, investment and insurance consultant, lending advisor, financial coach, or a combination of these? When you know your area of expertise and your product focus, and can communicate that very clearly to your clients, you end up with a streamlined, focused and profitable practice. If you want more success start with your professional title and focus your activities to match your description.

Money expert Tracy Piercy is a Certified Financial Planner, author, and founder of the personal MoneyMinding Makeover System. To learn more about this step-by-step system and to get the **Free 12 Simple Steps** program visit [www.moneyminding.com](http://www.moneyminding.com).

This article can be reprinted freely online, as long as the entire article and this resource box are included.

*MoneyMinding® Inc. offers advisors a turn-key marketing and coaching program for advisors who want to deliver financial coaching to their clients for mutual profit.*