

The 10 Investor Profiles – How to Manage your Clients and Prospects

*By Dr. Alden Cass, Dr. Brian Shaw, and Sydney LeBlanc
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*Dr. Cass, Dr. Shaw and Ms. LeBlanc are authors of the above two books. The book on the left, *Bullish Thinking*, is written for advisors, and the book on the right is written for branch managers and others in supervisory positions.*

There are ten investor profiles, each having distinct character traits. Learning and understanding them will allow to determine your clients' and prospects' attitudes toward risk, reward, money, education, family, politics, philanthropy, society, the world, and so many other things, including *you*, their advisor.

We gave them titles that matched their unique traits so we could more easily identify them during our sessions with advisors. We're sure you will recognize many of them as your clients.

If you are thinking, "But I already go through this exercise with my clients," you are probably right, but the battle is only half over.



You have an initial questionnaire that you discuss with your clients. Many of the questions on the form will relate to risk tolerance, lifestyle, investments, goals and such. This is your external “blueprint” to help them reach their goals (and some call it their Policy Statement). However, this document really does not give you the “inside” information about their personality, their mindset, their attitudes and behavior. Plus, it doesn’t really help you pinpoint *who* they are and *why* they think and behave the way they do. If you can understand the subtle nuances of their mindsets, then you have a better chance of retaining these clients for life. You can relate better, empathize, and connect on a higher level. This builds a layer of trust that ultimately cements the relationship and allows you to invest and manage their money with more confidence. You will capture more of their assets, get exceptional referrals from them, and build your business by leaps and bounds. Additionally, if you can identify the “type” of client in your first meeting, you can tailor your approach to be more appealing to them.

In working with your clients, you *are*, in fact, “selling” *yourself*. To do that in an honest and ethical way you need to find some common ground through the questioning process and demonstrate that you sincerely want to give your client the highest possible service and value.

We can’t deny that the foundation of this business was built on selling and servicing. The most successful advisors know how to do both, and do it in a way that is client-centered and not just to make a commission or a fee. Understanding your clients’ needs, fears and other personal aspects of their lives is not a manipulation to sell something. It is a very real method of getting to the core of their personality, so that what you *do* sell, recommend or advise, is a perfect fit and builds your relationship.

Knowing how to “read” people is very important. Sometimes it is innate; sometimes it is a learned skill that helps you in business, in social circles, with friends and family. It really helps you understand how people want to be treated, in ways that make them feel comfortable and willing to trust in your abilities. When dealing with clients’ money, these exercises are not a luxury, entertainment, or pop psychology; it’s a necessity.

Characteristics of the Ten Investor Profiles

- 1. The Grand Inquisitor.** This type of client is usually very naïve, may be a first-time investor, and asks numerous questions. This is due to the high anxiety they face in new or unfamiliar situations. They need a lot of hand-holding and require careful and in-depth clarification about all of the investment products including the pros and cons of each. Since they are very risk-averse, be careful about recommending large capital commitments to early in the relationship. This client will tend to call you



frequently, asking more questions and looking for re-assurance that they made the right decisions.

2. **Neurotic Ned.** An individual like Ned has an enormous amount of emotional baggage related to previous bad investments or bad experiences with unskilled advisors. Like the Grand Inquisitor, his underlying anxiety about investing is high and he is very risk averse, at least initially. Neurotic Ned will benefit from quick returns, albeit small, and then he will consider taking more risk. You might try “working your way up” with this type of client by making small, incremental investments early on in the relationship.
3. **The CEO type.** Be on your best behavior with this type of client. He has an explosive temper, expects competence, has no time for small talk or B.S., and will fire you in the blink of an eye if you are not accountable, responsive and highly skilled. He is very results-oriented so you must do thorough research on anything you recommend to him, as he will hold you to task on everything. He wants the top products and wants a proven track record before he invests. Highly competitive, he is also a risk-taker so you can discuss higher-level products and investment solutions with him such as hedge funds and private equity if he is qualified. Keep in mind that he will invest his money with other advisors.
4. **The Miser.** This individual is a conservative investor and tends to hoard money. He harbors serious issues of control, usually rooted in anxiety. He is not a flashy individual, is not impressed by those who are, and their own sense of fashion leaves much to be desired. The Miser is extremely anxious about loss, and is uptight about their investments. They have a strong need to feel in control of their accounts. They usually live far below their capabilities, and have issues with indulgence. Stereotypic interests and hobbies may include coin collecting and bird watching. This person may be the “millionaire next door” type because they are usually self-made individuals. Misers are skeptical, and slow decision makers, and can be very loyal, long-time clients. They don’t make rash decisions.
5. **The Politician.** Easy-going and energetic, this individual is a dreamer and likes to think “out-of-the-box.” This is good because he is not afraid of risk. He enjoys “flashy” presentations with PowerPoints, charts and visuals, but remember that he is averse to facts, figures, and details. As far as conversations go, he is the type that prefers the superficial “chummy” exchanges. He will be very impressed with your success and track record, especially if you have a large number of assets under management.



6. **The Micro-Manager.** The first thing to be aware of is that this client is a high risk for litigation. He is very obsessive, requires everything in writing (no handshakes for him), examines all documentation carefully, and enjoys the facts and figures of your presentations. His personality is conservative and he requires conservative investments, no flash and superficiality for him. This will turn him off immediately. He is a moderate risk-taker.
7. **The Risk-Taker/Thrill Seeker.** This is the kind of client you can really have fun with, if you are of like mindsets and he would be very impressed with your style. He enjoys the “rush” of investing in volatile markets, thinks risk-taking is an adventure, and has a strong stomach for loss. If you provide a great presentation on risk vs. reward, you will have a client ready to do business.
8. **Mr. And Mrs. “Look at Me.”** These individuals are superficial, materialistic and arrogant. They are your typical “celebrity” types. Impressed with the assets you have under management and how successful you are or appear to be. They are interested only in “top name” investments and product. They would be perfect for separately managed accounts and high-level products such as hedge funds and direct investment such as oil and gas or equipment leasing programs. They don’t want to be involved in the process and remain naïve about the world of investing. Like the CEO-type, they usually have their assets with multiple advisors.
9. **The Flake.** You may want to re-consider this type of client. The Flake usually is a one-time investor, i.e. “here today, gone tomorrow.” He has an impulsive personality, loses paperwork, misses appointments or re-schedules at the last minute, and does not return phone calls. If you really want to help this individual, you can try to impress upon him the importance of having consistency---not only in his life---but also in his investment outlook. If you’re lucky, he will appreciate the education and the advice. But, don’t count on it.
10. **Steady Mr. Goldfinger.** Even though he is slow to trust, this client will be loyal and attentive. You can build this trust by achieving “small gains” with certain products or investments. He will also benefit from facts and figures, and appreciates your explanation of them. In the beginning, he will show his conservative side, and then with investment success, he will develop a healthy appetite for risk. He is slow to get angry and he hides his emotional side, so be as tuned in to him as you can be. He expects you to be highly skilled, experienced, and polished.



If you are a manager and would like to obtain great managing tools and skills for managing the stressors inherent in your job, please check out our companion book, "The Bullish Thinking Guide for Managers: How to Save Your Advisors and Grow Your Bottom Line."

Dr. Alden Cass is a licensed clinical psychologist and performance enhancement coach in Manhattan, New York. He is the President of [Catalyst Strategies Group](#), a team of psychologists specializing in coaching financial services executives to become more productive and disciplined during market downturns, or other stressful times. He works with both individual advisors and teams to overcome their skill deficits and to hone their strengths. He has been used as a consultant for branch managers on Wall Street to help improve upon the performance and problematic behaviors of branches' top producers. Dr. Cass conducted the nation's first clinical investigations in 25 years on the mental health of Wall Street stockbrokers. His astonishing findings were presented at both international and national research conventions and have received a tremendous amount of attention from the business and financial trade media.

Dr. Cass teamed up with the Securities Industry Association after the World Trade Center disaster to create a symposium that targeted the coping skills of Wall Street executives. He presented his "Bullish Thinking" paradigm to executives to help them deal with depression, burnout, and grief. Later he developed "Bullish Thinking and Subtle Sales Training" workshops presented at the London Bullion Market Association Convention; the Wall Street Branch Managers Meeting held at the Federal Reserve Bank in New York; the Money Management Institute; and the Investment Management Consultants Association.

Currently, Dr. Cass's coaching and profiling services are being utilized by various mutual funds as a value-added service that is delivered to the top broker-dealers nationwide. He writes a regular column for TheStreet.com; a monthly internet column called, "The Mental Edge" for *Trader Daily.com*, and he is a bi-monthly columnist for "On Wall Street Magazine." You can visit his site at www.catsg.com

Dr. Brian F. Shaw is one of the originators of applied cognitive-behavioral psychology for clinical practice, the performance of elite athletes, creativity, health promotion, and coping with significant illness. He is the principal of BFS Consulting, a sports and entertainment consulting firm based in Toronto, Canada. As one of the developers of Cognitive-Behavior Therapy (CBT), a psychological treatment for the depression, anxiety, and substance abuse, Dr. Shaw adapted this technology to help people suffering from serious medical illness.



Dr. Shaw has developed a cognitive-behavioral approach to help individuals in the financial sector manage the demands of a career in their high stress industry. He has counseled brokers, securities litigators, traders and others on Wall Street for more than 20 years. He is also the sports psychologist for the Toronto Blue Jays. You can visit his site at <http://www.theclinicdupont.com/>.

Sydney LeBlanc is a 30-year financial services industry veteran, journalist, author, and publisher. She was the co-founder and editor-in-chief of *Registered Representative* magazine, the nation's first trade magazine for stockbrokers in 1976, and later, as editor in chief, led the development of *Securities Industry Management* magazine, the first publication for branch managers.

Sydney helped launch and promote the Institute for Certified Investment Management Consultants (now IMCA) in the mid-1980s. Writer for such industry organizations as the Money Management Institute, International Association of Advisors in Philanthropy, and Success Continuing Education, LLC, she is also a writing coach and marketing consultant for industry trainers, financial advisors, broker-dealers, and money managers.

Sydney is the editor in chief for Broker-Dealer Journal, and Co-director of Fisher LeBlanc Group, a financial publishing, marketing, and communications firm. She also is the managed accounts editor for *Financial Advisor* magazine and consulting editor for *Senior Consultant News Journal*. Sydney is an officer and board member of the Washington, DC-based Wealth Advisor Institute and is actively involved on the Marketing/Communications committee.

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