How an “Abundance Mentality” Drives Top Advisors

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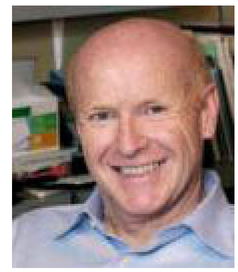
by Dan Richards



Hard work, talent and luck drive top advisors. But research from Adam Grant, Wharton’s top-rated faculty member, shows there’s another quality high on the list – an “abundance mentality” and a generous mindset. Grant’s work, summarized in the book *Give and Take,* demonstrates that the most successful and productive people in organizations are “givers” rather than “takers,” provided that they operate within some clearly defined limits.

Abundance thinking versus a scarcity mindset

Many advisors have worked with older clients raised during the Depression. Scarred by that experience, many of those clients had a scarcity mindset for the rest of their lives. Pinching pennies and frugal to a fault, they were suspicious and anxious that someone would take their hard-earned savings. Many clients maintained this scarcity mindset even when they became very wealthy. Talking to clients with a scarcity outlook about charitable giving was typically a tough sell. And these clients often had a win-lose mindset in negotiations; the more someone they were dealing with received, the less was left for them. (That could lead to acrimonious conversations on things like commissions and fees.)

Clients with an abundance mindset take a very different view. Rather than squabbling over how to cut up a pie, their goal is to work collaboratively to create a bigger pie. They want the people they do business with to do well, taking the view that if their partners do well, they’ll do better also. And as a general rule people with an abundance mindset have a more optimistic view of other people’s motivations and of life in general.

This division between a scarcity and abundance mindset extends to financial advisors. Even some very successful advisors take a scarcity approach, instinctively putting every request through the filter of “What’s in it for me?” These advisors are reluctant to participate in panels at conferences in which they share their best ideas (after all, other advisors might steal them) and will sit down with younger advisors looking for advice only under duress. They often experience higher turnover in staff, as they pay the bare minimum required to keep people from leaving. And these advisors are the least likely to take leadership roles in local charities unless they see this as leading directly to more business.

Advisors with an abundance mindset operate very differently. While their focus is still on building a profitable business, they are more generous with their ideas, their time and their compensation for their team; their staff retention rates are higher as a result. These advisors are also more likely to get involved with community activity, even if there's nothing in it for them in the short term.

When abundance-mindset advisors sit down with existing and prospective clients, their first focus is on solving problems, even if that solution doesn't lead to short-term income. Often these clients develop reputations as "connectors," where they will refer clients to resources in the community that can help them if they've run into challenges, even if those challenges are outside the financial realm.

Bill Gates and Angelina Jolie

The impact of a generosity mindset also extends to how you're perceived by clients. A global survey asked respondents to identify the people they admired most, producing a list of the 10 most admired men and 10 most admired women around the world. Of the 20 names, the list was dominated by political leaders (seven names), entertainment and sports figures (five names) and people loosely associated with philanthropy and good works (five names). Something that provides food for thought is that the only businessperson on the list was Jack Ma of Alibaba.

What's striking was who's at the very top of the most admired list. The most admired man was Bill Gates and the most admired woman Angelina Jolie. Both of them made their reputations in other occupations but today are best known for their charitable pursuits. Also on the list were Malala Yousafzai (number two among women), Pope Francis and the Dalai Lama. (For those who think that it was Jolie's movies that ranked her number one, note that Brad Pitt was not on the list.)

When investors are selecting an advisor, the first priority is someone who is capable and professional and who they are confident will help them achieve their goals. But if they've identified two or three advisors who fit the bill, often an advisor's reputation as someone who is generous and gives back to the community can tip the balance in his or her favor.

Takers, givers and matchers

Adam Grant's research divides people into three categories: givers, takers and matchers, whose goal is to "match" the benefits for them and the people with whom they work. Matchers are the largest group and can change their behavior significantly based on whether they perceive the person they're dealing with to be a giver or a taker.

Grant showed that top-producing engineers and salespeople in companies are givers, but very often the least effective engineers and salespeople are givers as well. In a presentation to Google employees, Grant made the point that the key for "givers" is to manage their generosity so as not to be taken advantage of by "takers."

One of the strategies that Grant suggested is to manage availability, setting aside windows of time to help other people and limiting access in the process.

- In an interview with *Harvard Business Review*, Grant talked about a consultant with Deloitte Consulting who developed a reputation for generosity in mentoring younger staff and partly as a result made partner in record time. The key was that he limited his availability, only meeting with people looking for his help on Fridays so that he could focus the rest of his week on getting work done and serving clients.
- In my work teaching in the MBA program at the University of Toronto, I am often asked by students to help facilitate information meetings with potential employers. I recently asked a friend who works in private equity (one of the most competitive areas in which to get jobs) to talk to a top student interested in pursuing the field. His response was that he would be happy to schedule a 15-minute phone call, but the student needed to send him three questions he'd like to talk about in advance of the call.
- Grant also talked about some successful professionals who set limits on who they will help. If someone has a reputation as a taker or makes repeated requests for time without any indication that they are reciprocating, that person gets cut off.

There's another reason that advisors with a generosity mindset succeed. Today, it can take a long period of steady low-key contact to develop relationships with affluent prospects or centers-of-influence. Takers who have a short-term view on what they will get out of meetings and conversations typically lose patience and move on. By contrast, givers are not focused on an immediate return but rather in how they can help the people they're dealing with. It's that orientation that positions advisors for success in dealing with these prospects and referral sources.

For more on Adam Grant's research on giving and taking, read this *New York Times* article.

Dan Richards conducts programs to help advisors gain and retain clients and is an award winning faculty member in the MBA program at the University of Toronto. To see more of his written commentaries, go to www.danrichards.com.