A Day in the Life of an Investment Advisor

An investment advisor plays a decisive role in our journey of investing in the stock market. The advice they provide would determine the health of your financial well – being and promote an efficient market. Having taken to account the crucial role played by investment advisors it was decided to discuss practices that will be useful for them when building a successful career. It is a clear deviation from our article series that usually focus on investor empowerment. However, the discussion will enable investors to shape their expectations on the caliber of investment advisors they should work with.

Currently there are more than 600 certified investment advisors in the country. An individual requires a license to function as an investment advisor. The Securities and Exchange Commission of Sri Lanka (SEC) issues the license based on extensive academic and industry exposure. Further on, investment advisors are expected to renew the license annually by attending Continuous Professional Development Programmes.

What do investment advisors do?

The basic requirement is technical knowledge in the areas of finance in which they practice, but true professional competency requires much more. In fact, financial advisors must wear many hats to do their jobs effectively, and those considering this field as a career should study the day-to-day lives of advisors.

Anyone who works in the financial industry can tell you that the first step to becoming a successful investment advisor is to obtain a sound education in the mechanics of stock investing. This can be a bachelor’s or master’s degree along with the investment advisor license (which is mandatory).

A Day in the Life

The average financial advisor’s day usually begins early and often runs into evening hours, especially for those who are new in the industry. The daily schedule of a typical advisor usually will include the following:
Prospecting – The method and amount of this will depend largely upon the circumstances of the advisor. A newly minted professional with no book of business to draw from can expect to spend at least half of every day pounding the pavement in one way or another, either by developing a referral network or visiting clients. Those who start out with a warm market will be spending a fair amount of time interacting with people.

Servicing current clients – As advisors build up their book of business, their focus will gradually begin to shift from acquiring new business to servicing current customers. Many established advisors will begin their day by reviewing client portfolios, answering client inquiries and addressing outstanding issues before moving on to new business. Most established advisors will tell you that this approach is the best way to generate new business because clients who receive excellent service are happy clients (who will make referrals).

Administrative chores – Although this often can fall under the category of servicing clients, any prospective advisor should be prepared to spend a material segment of their work day dealing with bureaucratic tasks such as compliance reports, updating client records, and dealing with other recordkeeping procedures. It probably should be said here that the majority of successful advisors are able to retain a fairly large amount of detail in their heads on an ongoing basis.

Financial planning – While this may seem obvious, you will have to make time to deliver your core goods and services to your clientele — and this can be difficult to fit into your schedule at times.

Continuing education – This inescapable element of financial planning can go considerably beyond the mere satisfaction of industry or credential educational requirements. Continuing education helps investment advisors stay abreast of the latest changes in industry rules, regulations and provides instruction on new products and planning techniques. However, the majority of licensed or credentialed financial professionals have a negative reaction, when they are required to complete their continuing education coursework.

Create a natural network - Knowing what businesses your clients are in and what type of clients they work with can help you in building a referral network. Despite massive leaps in technology, many clients are still gained through word of mouth. People usually ask their friends and associates for advice on a good lawyer, insurance broker, real estate agent, and so on. By maintaining a high level of organization and contact with your
clients, you'll be a natural choice when their friends are seeking a referral. If you can return the favor someday, it will strengthen the relationship between you and your clients.

Keeping clients through good and bad times

The ability to maintain client relationships is one of the most important professional skills. In good times, business flows easily because the demand for services often outstrips the number of people able to supply that service. In hard times, however, the demand shrivels and clients become far more selective about who they take their business to. This process weeds out all the weaker providers. In this section, we'll look at some easy ways to keep clients happy in either good times or bad.

- **On time or early, never late**

Consistency tops the wish list for clients in almost every industry. Unfortunately, consistency with existing clients often slides when there is new business coming in. Advice on striking a balance between adding new businesses to the pipeline and keeping established customers happy fills volumes in bookstores. Yet, the essentials haven't really changed.

- **Create personalized updates**

In the days before internet, advisors and investment professionals would mail personalized updates to preferred clients. These weren't stock tips, as such, but commentary on the market and the state of the economy, which can now be done for all of your clients with just a few emails. Before you start mass emailing clients, try to give it a personal touch.

- **Be candid**

When markets are roaring and business is booming, there is no shortage of professionals ready to take personal credit for success. Oddly enough, economic conditions are usually blamed when the markets turn bearish. Shifting blame and making weak excuses is the specialty of pro-athletes caught doping, and the infiltration of this attitude into financial services is troubling. People with the integrity to take responsibility for their mistakes - whether truly market-induced by some black swan event or a personal mistake - may suffer initial client backlash, but most people will appreciate the honesty. The other option of
smoothing over any past mistakes requires deceiving all your clients. Similar to what the famous fraudster Bernard Madoff did.

- **Be organized**

It seems counterintuitive, but a person must standardize his or her approach to client maintenance in order to give personalized service. Getting organized frees up the time needed to tailor your services for each client's needs. Every profession has a natural cycle. Accountants, like dentists, generally see clients once a year, whereas a financial advisor or broker might be dealing with clients on a quarterly, monthly or even daily basis. It's important to commit a regular amount of face time/phone time to each client within every cycle - and to take notes on the meeting. Keeping a client file containing notes from previous meetings is an invaluable way to track how your client's concerns are changing over time. This, in turn, helps you to customize your approach and recognize patterns before they become larger issues.

There doesn't always have to be a purpose to a follow-up. Simply checking in on how your client is doing, wishing a happy birthday/holiday, or asking about a matter previously discussed might only be a five-minute conversation, but it has a cumulative effect over time. Setting a standard that you maintain for each client - a certain amount of follow-up, time commitment, etc - will help you figure out how much business you should be handling. Having lots of business is only good as long as you can process it all.

**The human element**

As you would expect, the other — and most important — element of any financial advisor’s job is building and managing client relationships. This begins with creating a professional impression during the prospecting phase, delivering what you promise during the planning phase and keeping in touch with them on an ongoing basis. Your ability to educate clients and convince them to do the right thing will substantially impact your overall success — and potential liability — in this business.
Clients aren’t the only people that you will need to keep on your side. You will have to learn how to talk to and negotiate with, compliance officers, regulatory officials and customer service representatives who may or may not be in the mood to help or work with you when you need it. Your ability to maintain their good will is expected to bridge the difference between major inconvenience, lost business and a smooth-running practice.

**How to prepare**

If you feel like you could use some help in preparing for some of the elements described above, you may want to consider taking a few additional courses or classes in behavioral finance or psychology, listening and communication skills, and public speaking. A good place to start is to talk to some advisors who take the same approach that you would like to and are succeeding at it. Ask them exactly about less tangible skills they use in their daily work and how they learned them.

**The bottom line**

Your job as a financial advisor is going to encompass a great deal more than managing investment portfolios or closing sales. Prospecting, marketing, customer service, compliance, administration and education also will be part of your daily routine. Your ability to effectively integrate these things into your schedule can ultimately determine your level of success in the business.

*Source: Investopedia*