

Fact Finding or Discovery – Can Your Clients Tell the Difference?

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In an industry constantly in transition with professionals always searching for a tool, strategy or approach that differentiates them from everyone else, the thing that sets you apart might be right in front of you.

Reflect back on when you entered the business – you were trained to ask certain questions to gather facts. This concept is referred to as traditional fact finding and is designed, if done properly, for you to leave the interaction with enough information to make the necessary recommendations and close the sale. The sale may reflect three out of the five recommendations you made, but rarely if ever will you find traditional fact finding closing 100 percent of your recommendations. I speak in front of financial advisors around the country, and I have discovered that the traditional way is still very much the way for the majority in our industry.

You may have come across the term “discovery” in your travels and perhaps heard it defined in many different ways. My definition is quite simple – discovery is a process where advisors ask their clients enough of the right questions, so the clients achieve absolute clarity around their vision and goals, as well as a prioritization plan for reaching them. In my experience this will not only lead to bigger and better sales, but this process will also create what is often referred to as “sticky relationships.” If you’re in the business of engaging a client for a single purpose sale, traditional fact finding most likely suits your business model perfectly. However, if you are looking to build long-term, sustainable relationships, a proper discovery methodology might be just the answer to your questions.

Utilizing Discovery

Here’s an example of how an advisor in my program used discovery to open the door to a life-long relationship.

Chris Jacob, owner of the advisory firm Cadeau in St. Louis, helped a couple who came in asking for solutions to take a step back and achieve a true vision for their wealth. Jacob recalls:

Bob attended an estate planning seminar I delivered. He was in his early sixties and worth \$16 million. After the seminar he came forward to sign up for a free consultation. On the day of our first appointment, he happened to meet with his CPA just prior to coming to my office. When we sat down in the conference room, Bob explained that his CPA felt he needed \$4 million of second-to-die life insurance for an annual premium of \$40,000 year. Bob wanted to know my thoughts.

I explained to him that I had no idea if he needed insurance or if so, what kind or how much. We talked about the process my firm uses to help people first achieve clarity about their broader vision. Bob agreed to pay a \$5,000 planning fee, and we began the discovery process.

He and his wife, Ann, completed questionnaires about their attitudes and preferences surrounding wealth. We conducted a biographical interview and developed a written family financial

philosophy. Halfway through the discovery process, Ann asked, “When are you going to try to sell us something?” Bob and Ann came out of the discovery process with a completely different view of their wealth. They felt it extended far beyond their material assets and into the elements of their character and decision-making patterns that were documented in their written family financial philosophy. They saw the family financial philosophy as a clear statement of intent that could guide their sons to respect and appropriately utilize the family wealth.

When their vision was at a clear resting point, we began to shop for solutions. As it turned out, they purchased two substantial policies over the course of our 10-year relationship, with a total premium far beyond what they asked for at the first visit to my office. Since then, Bob passed away and Ann is still a great client. Sometimes over coffee she talks about those first meetings we had and our initial discovery process. She reminisces about how different it felt to have a planning conversation where the only thing on the table was trust.

Discovery Works

Why didn’t Chris jump at the sales opportunity when all the buying signals presented themselves in this first meeting? It’s actually pretty simple. He knew that the client didn’t have sufficient clarity as to whether the recommendation from the CPA was right, wrong or somewhere in the middle. If the client didn’t know, how could Chris possibly know without proper discovery?

The personal discoveries that your clients make, small and large – today, and at each moment forward – are the waypoints that not only help set their course...they reaffirm the clarity, relevance and confidence they feel for the direction ahead.

By using discovery everyday, you will be creating new value... value for your clients, value for you and value for your business.

About the Author



Todd Fithian has literally grown up in the financial services industry. As third generation of the family in the industry, Todd along with his late brother Scott C. Fithian formed The Legacy Companies over a decade ago, a consulting company for professional advisors to learn and implement the Fithian’s proprietary

“Discovery Process.” As co-developer of The Legacy Wealth Optimization System®, he has consulted with advisors, business owners, corporations and families in the U.S., Canada and Australia.

Fithian speaks Monday, January 14, at the 2008 Annual Meeting in Miami Beach.