The Investment Consulting Process, Step-by-Step

A true consultative approach does not just happen by itself. It requires a systematic process on our part and patience on your part. The investment consulting process we implement is based on a series of five scheduled meetings with you. Each meeting is designed to foster trust and grow the relationship.

Our five-meeting consulting process

The first meeting: discovery
In the "old way" of doing business, advisors spend the bulk of their initial meeting with someone describing in great detail all their abilities and qualifications. In this situation, it is not to hard to understand that the person is barely given a chance to speak for the first half of the meeting or so!

The first meeting of our investment consulting process turns that model on its head!

Our mutual, primary goal at this discovery meeting is to build rapport and set expectations of our services. During the first half of the meeting, we try to uncover key values and concerns and decide if there will be a basis for us working together. Occasionally, we discover that prospective clients and our firm are not ideally compatible. It's much better to discover this in our first meeting, so you can obtain the appropriate level and type of services.

We hope that you will judge us by the quality of the questions we ask, and how we attentively listen to your answers.

We often begin with the simple question, "What is important about money to you?" Perhaps the response is "security." Then we discuss the concept of security, which can mean different things to different people. Some respond with, "Security is knowing that I can take care of my family."

And thus our conversation continues and we learn about your needs, concerns and values. And you will learn about us in turn. Hopefully, you will come to view us as a firm with investment knowledge, the ability to empathize and help you meet your financial goals and objectives.

The second half of our discovery includes a systematic, detailed interview process to define true financial needs, goals and current investment positions. It also provides us with the information to create a comprehensive investment plan. At the end of the meeting we decide, together, if there is a basis for a starting a advisor-client relationship.

The second meeting: the investment plan

In this meeting, we present the document that will be at the heart of our ongoing relationship: the investment plan. This plan demonstrates our financial expertise and serves as the roadmap for achieving milestones in your financial life.

We carefully explain and discuss the plan, find a consensus and ask you for a commitment to take the actions required to move ahead. However, we do not implement the plan at this point. Because we want to ensure that we have captured all the important issues, we ask that you take some time to study the plan. We understand this step may seem cosmic in nature, and we do not want you to feel overwhelmed or hurried. Each investment plan includes these five important areas of discussion:

1. **Assess long-term needs, objectives and values**. Long-term goals can consist of anything from early retirement to purchasing a new home to achieving financial independence. Because these goals are the bedrock upon which the portfolio will be built, we work with you to define them clearly and concisely.
2. **Determine the acceptable level of risk**. It is important for you to understand the amount of risk you're willing to tolerate during the investment period. In designing a portfolio, we determine the absolute loss you can sustain in any one-year period without terminating the investment program.
3. **Establish the expected time horizon for investments**. Each investor should determine the investment period in which capital will be placed. The minimum expected investment period should be at least five years for any portfolio containing equity securities.
4. **Ascertain the rate of return objective and asset classes**. This helps us Identify the specific return and risk profiles of your model portfolio (income, income and growth, aggressive growth, etc.), and use this as a framework to determine your return expectation and the various asset classes to use in a portfolio.
5. **A strategic implementation plan**. We then establish the means for making periodic adjustments to the portfolio as needed. The investment plan creates a benchmark to measure investment portfolio performance. If needs and objectives have been clearly defined, it becomes much easier to determine how the portfolio is performing relative to these objectives.

A well-defined investment plan will:

- Meet the fiduciary responsibilities between us (as the advisor) and you.
- Address prudent investor guidelines.
- Reinforce the educational process.

We hope that it provides you with the sense that we are making smart decisions about your money.

The third meeting: mutual commitment

At this meeting, you, will ideally have become a client! During the meeting, we again answer any questions or concerns about the investment plan, execute all documents needed to begin to implement the plan, and reinforce a set of reasonable investment expectations. With the level of trust hopefully very high at this meeting, you can, if satisfied thus far, expect us to ask for referrals of our services to other qualified investors.

The fourth meeting: 45-day follow-up

Since the amount of paperwork that you receive can be overwhelming, particularly if there are multiple accounts or a lot of money is being transferred, we use this meeting to organize and clarify exactly what has occurred. We show you how to read the various statements you've received, and provide a notebook to file them. We also take the opportunity to continue to reinforce the focus on long-term investment returns by de-emphasizing short-term results. We will also, once again ask you for referrals.

The fifth meeting: periodic assessment

These meetings are ideally held semi-annually. Each periodic meeting revisits the investment process and its effectiveness. It also reinforces the importance of staying on track and to avoid chasing performance. It also serves to uncover any life changes, which may require adjustments to the investment plan.