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## RESEARCH AGENDA

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## Introduction

At River Glen, we are committed to creating and sharing new knowledge within the financial planning community. We are working to blend both practice and theory by supporting research within our financial practice.

Our action research will be geared towards analyzing and solving the following challenges that we believe the new field of financial planning is currently facing:

1. **Clients:** Most people have few opportunities to receive high quality, comprehensive financial advice that is free from a sales-related bias and that is reasonably priced. This includes the following critical challenges:
  - 1.1. **Limited Access to Unbiased Advice:** Clients have difficulty hiring financial planners who put their clients' needs first. Instead, they often receive biased financial advice since their advisors' recommendations are affected by sales commissions or by incentives and regulations from the firms they work for.
  - 1.2. **Limited Access to Comprehensive Advice:** Many clients receive compartmentalized advice and have to go to multiple experts who provide recommendations in isolation. This is inconvenient to the client and may cause problems, since the experts may provide conflicting, one-sided solutions.
  - 1.3. **Limited Access to High Quality Advice:** People with moderate incomes have limited access to high quality financial planning advice, since most fee-based advisors (those who charge a percentage of assets under management and commissions) are targeting wealthier clients. A primary reason this occurs is that fees for financial advice are high for both commissions and AUM percentage fees.
2. **Financial Advisors:** Advisors are challenged by their ability to put their clients' needs first, by their ability to spend sufficient time with each client, and by their capacity to grow their businesses. Specific areas that are most challenging include:
  - 2.1. **Providing Unbiased Advice:** Most financial advisors have difficulty providing unbiased advice since their recommendations are affected by the commissions

... tied to the products they sell and by the requirements and regulations by the firms they work for.

**2.2. Productivity:** Most financial advisors are struggling with human resource issues including: hiring staff, capacity, time management, efficiency, and growth management (Tibergien and Pomeroy, 2005). This includes finding the right professional and administrative staff in order to provide high quality, comprehensive financial advice.

**3. Newcomers:** People choosing to enter the field of financial planning often have difficulty in getting non-sales oriented, experiential training, and have few career paths to follow. This includes the following challenges:

**3.1.1. Unbiased Training:** Since there are limited training opportunities, many newcomers accept company sponsored training programs that require the newcomers to sell their services before they have completed their training.

**3.1.2. Limited Career Options:** With limited career paths, most newcomers become advisors with responsibilities including marketing and sales, client relationship management, portfolio management, financial planning, and risk management. There is limited opportunity to specialize in a single area.

### Research Studies

During our initial research studies, we envision creating two different research initiatives relating to issues of bias in financial planning, and that of providing comprehensive, or holistic, financial planning services.

1. The first issue that we plan to investigate relates to the issue of bias in financial advice, as articulated in problem statements 1.1 and 2.1 above. We envision creating the following research study:

**Financial Advice Comparison Study:** To what extent is financial advice biased against the clients' best interest? Or, what factors affect the recommendations that financial advisors provide to their clients? To determine the variability of advice, we will present the same fictional case to different financial planners and then compare their recommendations. Several key variables include: geographic

location, national organization, and compensation structure. Based upon these variables, we envision the following different research studies:

- Comparing and contrasting advice from planners in the same organization across different geographical locations.
- Comparing and contrasting advice from planners in different organizations in the same geographical locations.
- Comparing and contrasting advice from financial planners with differing compensation structures (such as, commission only, fee-based, or flat fee only).

2. A secondary area that we wish to investigate relates to the issue of compartmentalized vs. comprehensive (or holistic) financial advice, as discussed in problem statement 1.2. We envision creating the following research study:

**Holistic Advice Study:** What are the advantages and disadvantages of holistic financial advice? This study will examine the holistic financial services offered at River Glen Wealth Counselors and determine both positive and negative impacts on the primary stakeholders (such as clients and financial planners). Several issues to consider include: client satisfaction, quality of financial services, time and labor, and issues of collaboration (among various financial planners).

### **Research Methods**

With the help of university faculty, we hope to complete these research studies and thereby create knowledge that can be disseminated both in the academic and public domains—through research articles, presentations, workshops, books, and the media. Our goal is to combine the rigor of academic research with the practical experiences of everyday life in order to bring about social change. We believe that the best approach to conduct our research activities will be through the use of action research with mixed data collection methods (both qualitative and quantitative). We adopt Stringer’s definition as follows: “Action research is a collaborative approach to inquiry or investigation that provides people with the means to take systematic

action to resolve specific problems” (Stringer, 2007, p.8) Action research is critical since it involves all stakeholders in the process of creating knowledge and taking action in order to promote social change (Greenwood and Levin, 2007; Stringer, 2007). This collaborative process uses three main phases:

- **Look:** gather data, define and describe the current situation or problem
- **Think:** analyze and theorize about this problem
- **Act:** plan, implement and evaluate initiatives to solve this problem (Stringer, 2007).

Throughout these phases, action research will be implemented with three critical elements: action, research and participation (Greenwood and Levin, 2007). That is, through data collection and analysis, stakeholders will come to understand a problem and design a solution; and ultimately, this solution will be implemented and evaluated (taking action). Most importantly, everyone affected by this problem and solution will participate equally in this process to ensure that a thorough understanding is developed.

This process will involve a variety of stakeholders (including financial planners, investment analysts, researchers, and clients) in analyzing problems, designing and implementing solutions, and evaluating the success of those efforts. Our ultimate goal is to develop new knowledge that can inform the field of financial planning, and thereby improve client service and the careers of financial planners. Through these efforts we strive to create a more democratic financial planning community that provides stakeholders with more control and freedom from the current bias and regulations that appear to dominate the industry.

### References

Greenwood D. J., and Levin, M. (2007). *Introduction to action research*, 2<sup>nd</sup> Edition. Thousand Oaks, CA: Sage Publications.

Stringer, E. T. (2007). *Action research*, Third Edition. Los Angeles, CA: Sage Publications.

Tibergien, M. C., & Pomeroy, R. (2005). *Practice made perfect: The discipline of business management for financial advisers*. New York: Bloomberg Press.