

# Rebuilding Wall Street From Within and Bullish Thinking

*Competitive Streak Consulting, LLC.*

**DR. ALDEN CASS, PRESIDENT**

[www.competitive-streak.com](http://www.competitive-streak.com)

*646-202-9611*



# OVERVIEW

1. Objectives of Workshop
2. The Issues of Trust, Advisor Paralysis, Uncertainty, and Rebuilding Investor Confidence
3. Research on the Psychology of Advisors
4. “BULLISH THINKING” Strategies



# PROGRAM OBJECTIVES

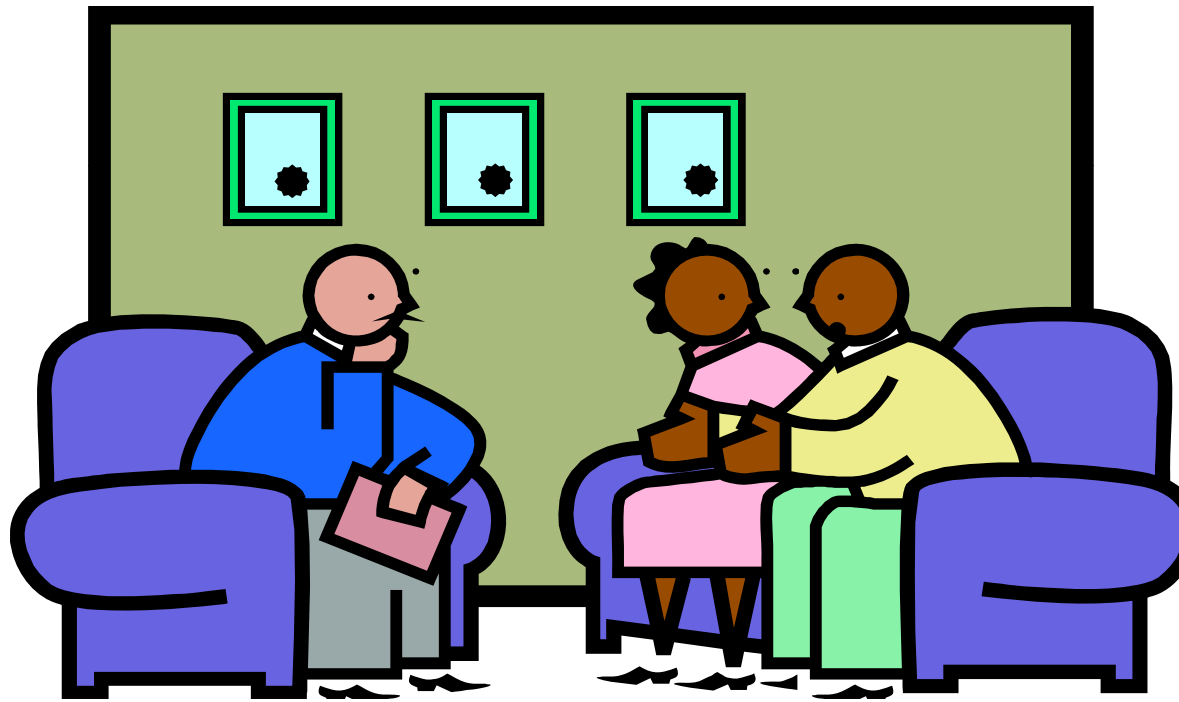
AT THE END OF THIS WORKSHOP,  
YOU WILL BE ABLE TO :

- Understand what it takes to jumpstart advisors and investors
- Understand the concept of trust and how to repair it
- Gain emotional discipline over uncertain, volatile, stagnant and/or stressful work environments
- Have the mental edge in motivating current and prospective clients
- Turn setbacks into perceived challenges
- Handle droughts with optimism

# THE CONCEPT OF TRUST

- “Trust, but verify.”  
- **Ronald Reagan**
- “Trust each other again and again. When the trust level gets high enough, people transcend apparent limits, discovering new and awesome abilities for which they were previously unaware.”  
- **David Armistead**

# TRUST AND RELATIONSHIPS



# STEPS FOR REBUILDING DAMAGED TRUST

- One must quickly take accountability for the breach of trust imposed on the relationship
- Identify with the victim's painful emotions
- Discuss openly if future violations of trust can occur and why
- Show that you are trying to understand the needs of the person or group

# STEPS FOR REBUILDING TRUST

- Offer a written plan to describe efforts taken or new standards that will be created to compensate for wrongs or to minimize a reoccurrence.
- Be consistent and communicative with updates about positive changes.
- Be patient with the healing process. Do not expect immediate change or trust.

# ISSUES ON YOUR DESK

- Lack of advisor faith in products
- Advisor reputation and self-confidence
- Uncertainty about the future of markets and economy
- Investors moving to cash
- Complexity of products
- Justification of fees- due to account losses
- Managing Investor fears and emotions

# MORE ISSUES TO CLEAN UP

- Redefining risk in current environment
- Rebuilding trust in industry with investors
- Educating advisors on how to engage clients
- Educating wholesalers on how to jumpstart advisors and talk to investors
- Motivating wholesalers
- Improving communication pipeline from top to bottom of the chain
- Negative media and investment scandals

# WHAT WE LEARNED FROM THE PAST

## PRIOR RESEARCH

- Stock brokers' annual salary correlated to emotional exhaustion, depersonalization, depression, anxiety and sleep
  - Caring for customers = more \$\$\$
  - Decreased sleep = more \$\$\$
- EE, anxiety, depression, and depersonalization = moderate-high levels
- 23% diagnosable with clinical major depression vs. 7% incidence in all males (NIMH)

# HERE ARE SOME "CATALYST" STATEMENTS

- O.G. Mandino: "Greatest Salesman in the World"

- "Action is the food & drink which will nourish my success."
- "To conquer fear I must always act without hesitation and the flutters in my heart will vanish."
- "Act now even though my actions may not bring happiness or success for it is better to act and fail than not to act and flounder."
- "Always let my reach exceed my grasp."
- "If I stumble I will rise and my falls will not concern me for all men must stumble often to reach the hearth."
- "Today is a new day and will be a new start for me."
- "My actions this morning will impact how I feel and how I produce later today."
- "I can control my thoughts and stick to a discipline to make better decisions about my life and work."
- "Don't aim, just throw the ball."

# STRATEGIES FOR CLEANING UP THE MESS



# MAKE SWEEPING CHANGES

- Be Transparent: offer full disclosure with an emphasis on increased communication
- Acknowledge the emotional impact of breach on the individual, corporation, or group
- List and publicly publish tangible steps that will be taken to heal the wounded.
- Focus on adding value:
  - Over Deliver and Under Promise
- Offer up best, most likely and worst case scenarios

# TAKING MORE ACTION

- Take action, don't throw away your entire success formula that failed
- Renegotiate relationships with clients
- Re-examine your marketing efforts and how to display your value in this market
- Be confident with a leveled playing field, new opportunities for smaller entities to shine and bigger ones to compete equally

# WHAT WE LEARNED FROM THE PAST

## SUCCESSFUL WALL STREET EXECUTIVES & CEOS:

- Were emotionally connected to their clients, colleagues, and families
- Believed in themselves and had a strong sense of self-worth
- Managed risk and uncertainty better than others
- Shrugged off minor setbacks
- Perceived setbacks as challenges
- Remained disciplined despite short-term career or life crises
- Engaged in recreational and competitive athletics

# TO DO LIST FOR 2009/2010

- Advisors must show clients that they understand their hopes, aspirations, and emphasize the role they can play in their lives-important chain
- Advisor's must regain their intellectual swagger- "We've got a product coming out that will help you meet your client's goals and address their needs."
- In your face time, not just face time with wholesaler's and clients-improve communication
- Emphasize your unique value to investors-Why is your investment strategy and firm the right one for this market?
- Advisors must make clients feel safe and cared for and reaffirm their new and more realistic goals

# TO DO LIST FOR 2009/2010

- Don't wait for change, grab success now. If you don't call new prospects or your clients, some one else will
- Realize that there are many “new fish” who cut loose their old relationships in the sea after this financial earthquake
- Less sizzle, more substance for new landscape



*"IT TAKES BUT ONE POSITIVE THOUGHT  
WHEN GIVEN A CHANCE TO SURVIVE AND THRIVE TO  
OVERPOWER AN ENTIRE ARMY OF NEGATIVE  
THOUGHTS."*

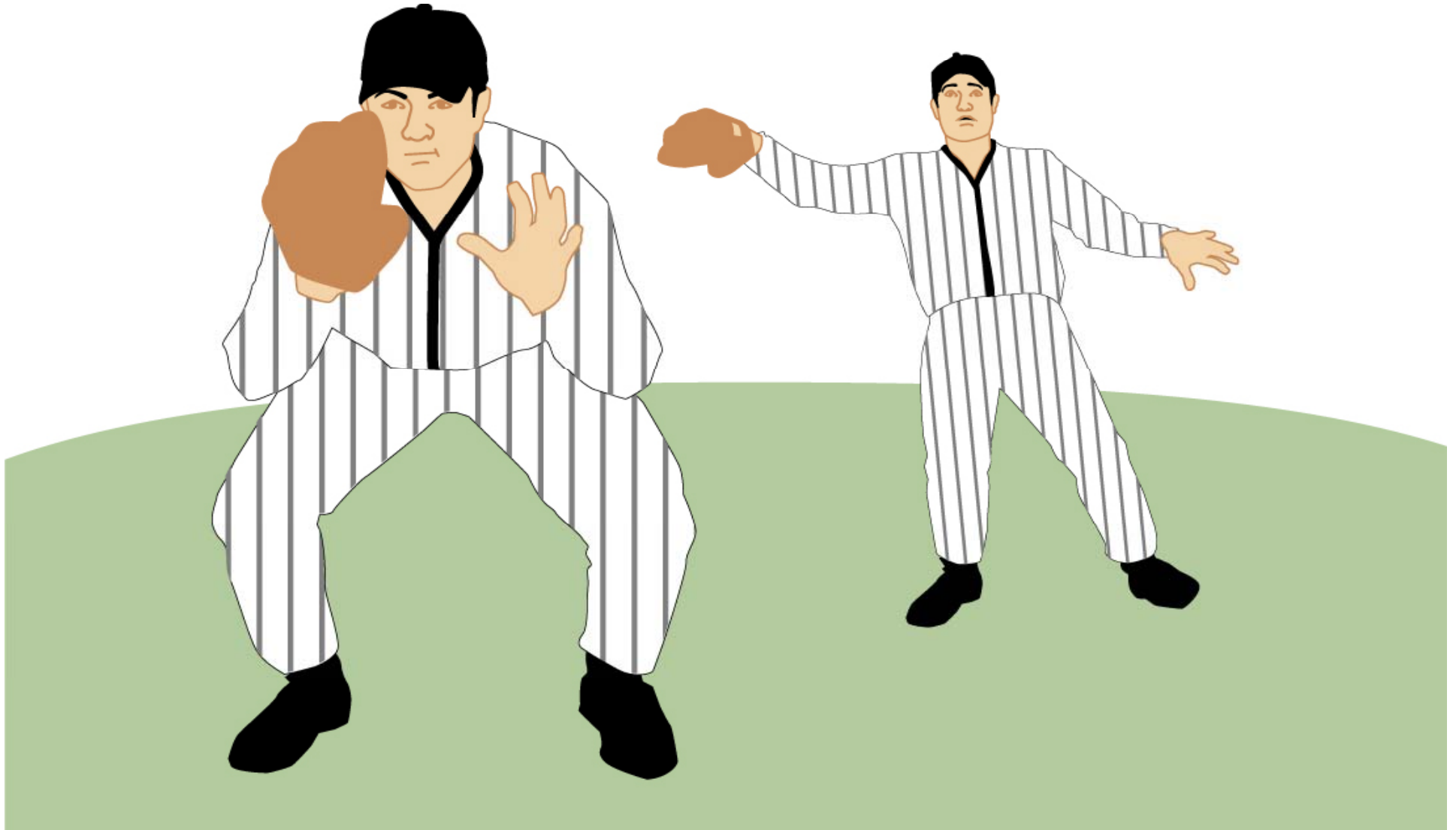
ROBERT H. SCHULLER

# WHAT IS "BULLISH THINKING"?

- Rooted in the principles of cognitive behavioral therapy
- Uses practical and palatable language to teach others that perception is everything
  - Bullish perceptions
  - Bearish perceptions



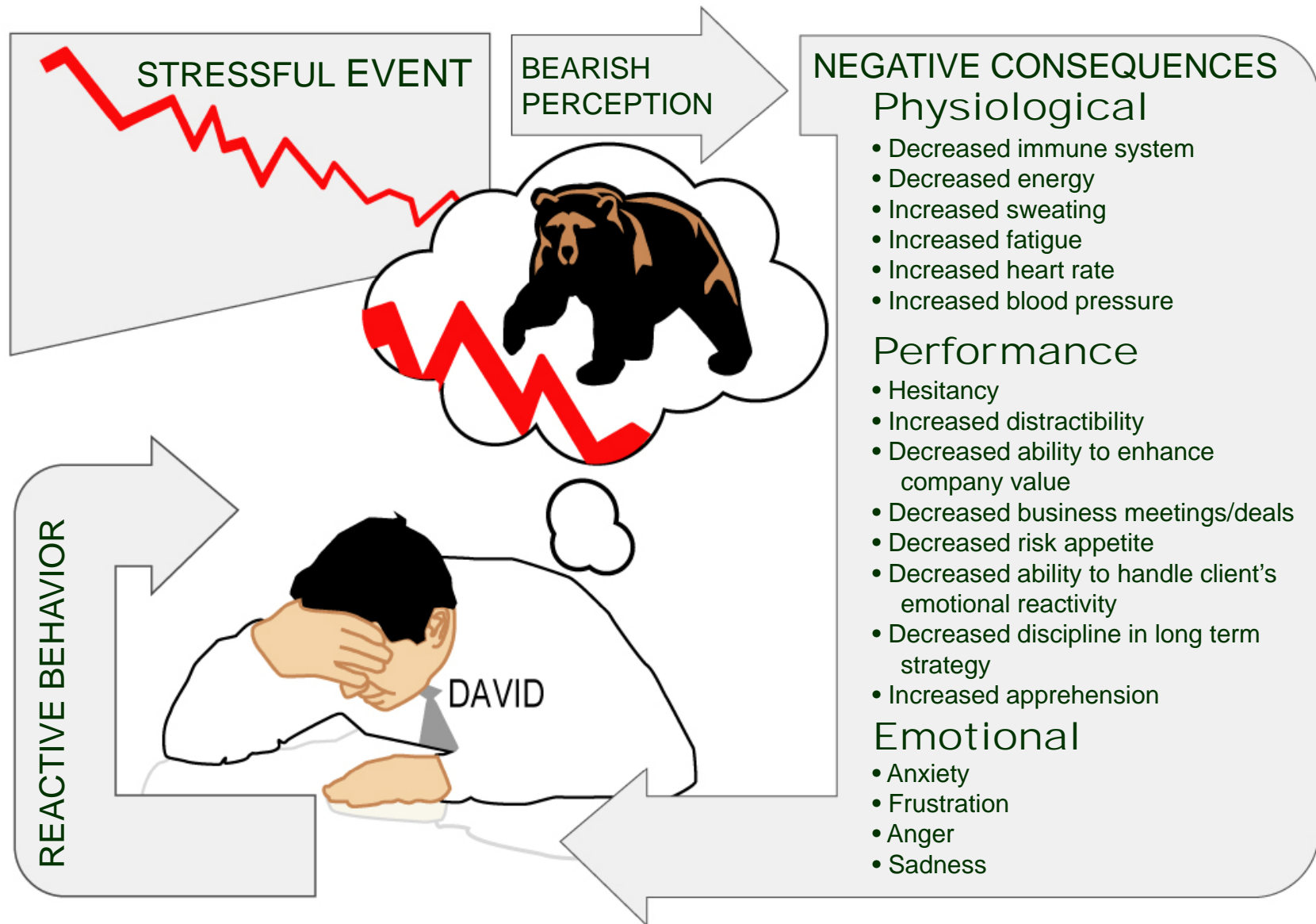
# ACTION VS. REACTION



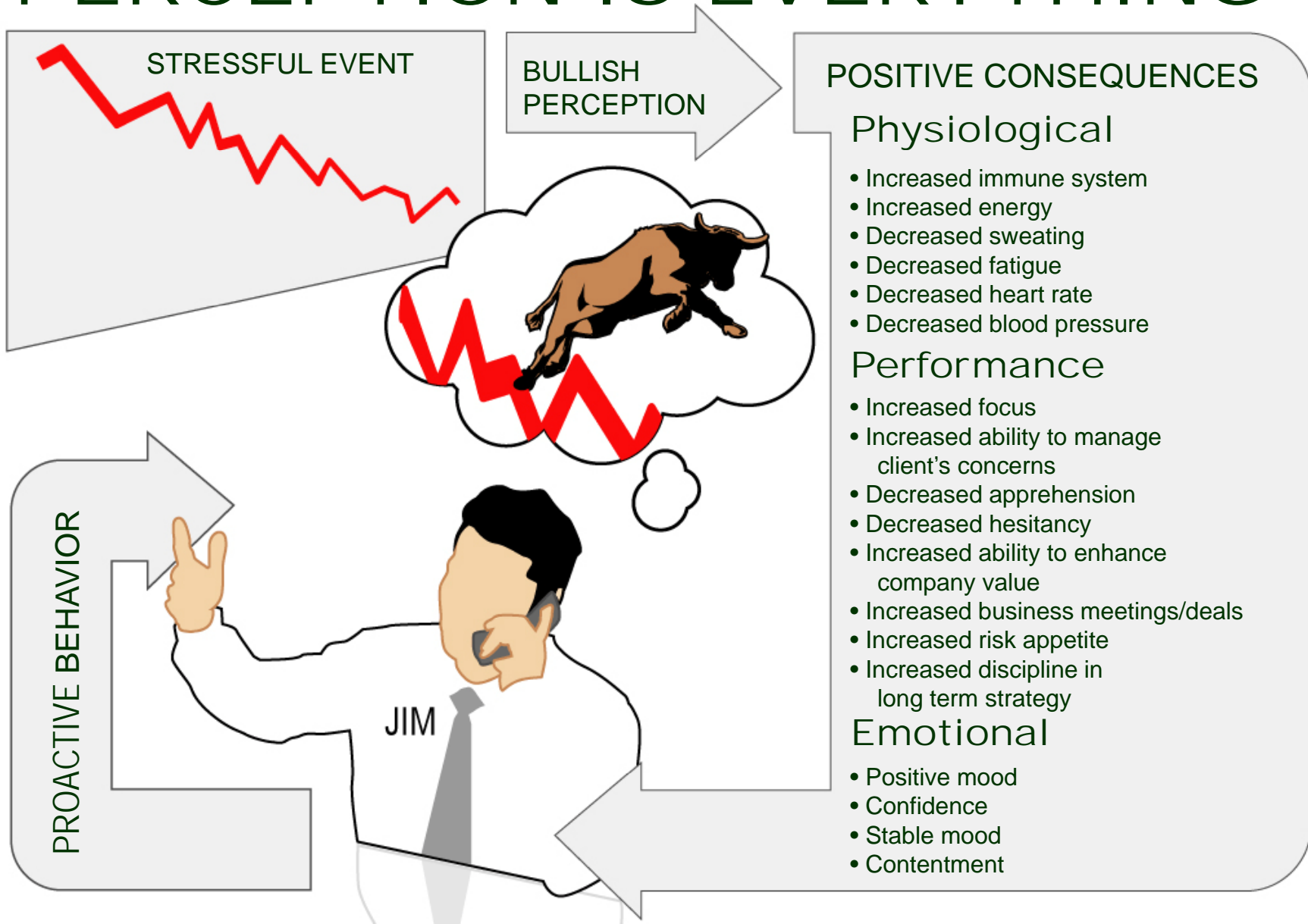
# PERCEPTION IS EVERYTHING



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# PERCEPTION IS EVERYTHING



# WORDS TO TAKE OUT OF MY VOCABULARY

1. I NEED TO
2. I MUST
3. I HAVE TO
4. I SHOULD
5. ALWAYS
6. NEVER
7. HAS TO
8. CAN'T
9. WON'T
10. IMPOSSIBLE
11. EVERYONE
12. EVERYTHING
13. HOPELESS
14. HELPLESS
15. DEFINITELY
16. TOTAL



# CREATE A LIST OF THE MOST COMMON STRESSORS OR NEGATIVE EVENTS YOU EXPERIENCE AT WORK OR IN YOUR LIFE IN ORDER OF SIGNIFICANCE

1. "I'm faced with a protracted market downturn. Many of my clients' portfolios are hurting. A new client calls at 9:00 am to tell me that I am incompetent because he has lost 40% of his account and his friend has done so much better because he cashed out last November."
2. " I'm reading the Wall Street Journal today and there is yet another story about a company going under!"

3.

4.

5.

6.

7.

8.



# BULLISH THINKING *MONITORING LOG*

**WORK EVENTS** Describe two situations, events, or interactions that lead to specific consequences.


1.

2.

**PERCEPTION OF EVENT** Stream of positive, rational thoughts, and/or self-statements.

**BULLISH THINKING**

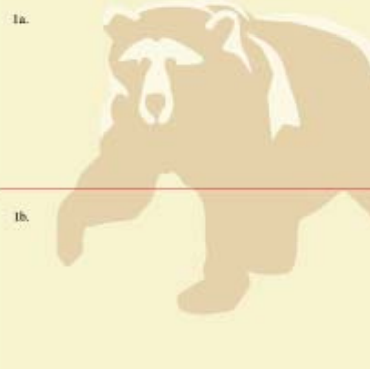
1a.



1b.

**BEARISH THINKING**


1a.



1b.

**BULLISH THINKING**

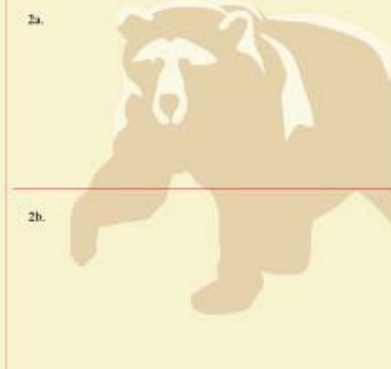
2a.



2b.

**BEARISH THINKING**

2a.



2b.

**CONSEQUENCES**

**BULLISH OUTCOMES**

Physiological

Performance

Emotional low-1 2 3 4 5 6 7 8 9 10-high

Sense of Control low-1 2 3 4 5 6 7 8 9 10-more

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# BULLISH THINKING MONITORING LOG

## WORK EVENTS Describe two situations, events, or interactions that lead to specific consequences.

### 1. David the Financial Advisor

"Joe the plumber" has called me for the 8th time today. He is weeping to my assistant that after thirty years of working he was ready to retire but now he can't because of the substantial losses to his portfolio. He told me I was negligent because I didn't see this coming and now we can't meet his goals".

### 2. Jim the Financial Advisor

"I'm facing a protracted market downturn. Many of my best clients' portfolios are hurting. A new client calls me at 9:00 am to tell me that I am negligent because he has been losing money and he just talked with his friend who cashed out in November and has done better with his investments".

## PERCEPTION OF EVENT Stream of positive, rational thoughts, and/or self-statements.

### BULLISH THINKING

1a. "I will talk Joe off the ledge! We have worked together for many years and I know how to calm him down. I will help him understand the new realities of investment and how to define his new risk tolerance. The markets will rebound, as they historically do and we have to be patient and ready for new buying opportunities. My clients will stay because they know what I have been capable of in the past. I will be proactive in calling them and let them know that it is time to make a shopping list for good individual companies that I believe could be the leaders to take us out of this mess. I will hold onto my firm this year and take my own vacation once the markets stabilize".

1b. "I have confidence in my due diligence team to find good new managers. I will keep the one's who have worked hard to help my business and make some other changes in my roster. The crown will rise to the top and I will work with the ones who can show me how they have adapted to the new financial landscape and those who can help me explain their value to my clients. It's the market conditions and not the managers in most cases. He's a sound manager with a team with low turnover. They will stick to their mandate and recover. Together with my ability, my new team of trusted experts will find success soon".

### BEARISH THINKING

1a. "I will lose this account and the revenue associated with it. I will lose an important relationship that I worked hard to develop over many years. Now I won't go to the sales excellence weekend trip this year because more of my clients will soon follow Joe".

1b. "I'm shocked at the performance of my money managers. This incompetence is absolutely unacceptable! One of them just sold me a product that had ten percent average returns over the past decade and now it has crashed thirty percent in the last three months! I will never climb out of this hole!"

### BULLISH THINKING

2a. "My strategy has been effective in the past. I will not second guess my decisions on the money managers that work for me. We will stick to our long term investing strategy. I will help my client to understand the new realities of investing and how to define their new risk tolerance. Everyone is in this boat and most of my clients understand that I did my best to protect them against the deflating market. I will make more house visits and communicate with my suffering clients now more than ever to support them. The markets will stabilize soon and recovery will begin. I have survived downturns before, therefore this will be no exception".

2b. "I will stay disciplined and focused on my investment strategy. I will not be swayed by short term market gyrations because the investor is bombarded by so much recent negative media and information. I will keep my clients grounded in reality and help them manage their reactions to short term loss. I will help them to meet their financial goals over the next 3-5 years".

### BEARISH THINKING

2a. "I must be doing something wrong with my investment strategy. My money managers are obviously not doing their job and I'm going to lose mine soon! This free fall will never end and my clients do not have the stomach to wait this out".

2b. "I should revamp my entire investment strategy and scrap my old one. I should fire all of my poorly performing money managers. If I don't act quickly I will lose this new client as well as others who are nervous about this downturn and their investment. I feel so guilty that I didn't tell him to get out sooner!"

## CONSEQUENCES

### BULLISH OUTCOMES

Physiological **increased** – energy, healthy sleeping  
**decreased** – heart rate, blood pressure, sweating, headaches

Performance **increased** – confidence, discipline in strategy focus, retention of clients, clients centered and managing their reactivity

Emotional low 1 2 3 4 5 6 7 8 9 10-high  
frustration, worry, anger

Sense of Control less 1 2 3 4 5 6 7 8 9 10-more

### BEARISH OUTCOMES

Physiological **increased** – heart rate, blood pressure, sweating, headaches, muscle tension, insomnia, fatigue

Performance **increased** – hesitancy, second-guessing distractibility, isolation, loss of clients  
**decreased** – discipline, client-centered services, ability to handle short-term losses & manage clients' emotions

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