

From FAMILY WEALTH REPORT

Action items: Staying "up" when the market's down

Beverly Flaxington & Mike Slemmer - 17 March 2008

Beverly Flaxington and **Mike Slemmer** are principals of **The Collaborative**, a Medfield, Mass.-based business consultancy to financial-service firms and software companies.

The market is a mess and it looks like we're in a recession. No wonder the mood on Wall Street is bleak. Wealth managers may be steeped in the notion that a long-term focus and asset diversification are the best antidotes to market fluctuations, but it's still tough on advisors and clients alike when things go so badly awry.

Fighting the thousand-mile stare

Understandably advisors are busy communicating with clients and rebalancing portfolios with a view to ensuring that clients are finding the best opportunities available to them in this market. But advisors are strongly advised to take steps to bolster their own spirits and keep stress at bay.

From data going back to 1945, we know that recessions tend to last about 10 months. So if history repeats itself, we should be looking at a very different picture by this time next year.

As long as things are looking so decidedly "down" though, we offer four tips for battered advisors looking for ways to stay positive and energized.



- *Emphasize client communication.* We know: we talk about communicating with clients a lot. But it's especially crucial to keep the lines open in times like these. You think *you're* scared? Clients are seeing their hard-won holdings diminish by the day. Let them know you're in charge and being proactive with their accounts. And don't just *say* you're on their side, *show* them you are.
- *Practice stress management or get exercise.* Or do both; different things work for different people. Just know what you need to do to re-charge the batteries. For some, it's hitting the gym every day. For others, it's being able to unwind by watching **Discovery Channel** for an hour or two each night. In any event, do something that takes you away from work worries, and generally be good to yourself. (And, tempting as it may be, this is no time to over-indulge in food or drink.)
- *Talk to other advisors.* This market is having an impact on everyone. It can be helpful to reach out to others in the same business and see what they're doing to cope. You could even brainstorm on various ways you can make down markets work to your advantage. It's also nice just to have someone to commiserate with -- as long as it doesn't get too negative for too long. The main point: it's helpful to discover you're not alone.
- *Keep it all in perspective.* Markets go up and markets go down, and they've done so for as long as they've existed. This downturn won't last, and when it

begins to turn, you'll have an opportunity to find undervalued companies.
Focus on what's coming and know this is a temporary condition.

If such steps aren't taken, advisors may be hard pressed to communicate optimism and take the steps they need to in order to work most effectively.

Though it may seem like a good idea to hunker down and wait until it's over -- and we see many advisors who seem to favor this approach -- this blind-eye strategy could end up being more harmful than the downturn itself. -FWR

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