

Smart Money: Sexy gets the attention

Brad Brain
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Brad Brain: "Live within your means. Have your asset allocation consistent with your investment objectives. Refrain from trying to time the markets. Dollar-cost average your investments. Be diversified. Stay within your circle of competence. All of this is time-tested wisdom." | Getty Images



I just got back from two back-to-back conferences: my first in-person conferences since January 2019. It was really nice to see some old friends, make some new ones, share some good ideas, and just be normal again after the pandemic travel shutdowns.

The first conference was in Kananaskis. It was tightly focused on investing, with an audience of about 200 Canadian investment advisors. For three days we heard from a steady stream of investment managers from a dozen firms. These speakers were vying to get the attention of the financial advisors in the audience, hoping that their firms might end up on the recommended list once the advisors get back home and speak with their clients.

Many of the presentations were focused on what these investment managers are predicting in the days to come. If you were to think of the topics in isolation many people would probably consider them to be dreadfully boring. Are we heading into a recession? What are we going to see for interest rate changes? What are the prospects for commodities? How are Canadian investments positioned compared to the rest of the world?

But when you think of these topics as a potential window into the future, this becomes sexy stuff. After all, wouldn't you like to know expert opinion on which investments are positioned for growth before they go up? And wouldn't you like an advance warning before vulnerable investments go down?

Of course you would want that. This is sexy stuff in the world of financial planning, and sexy gets the attention.

The second conference was in Boston, with a much broader range of topics and about 5000 in attendance. People travel from all over the world to attend this one. This conference had some sexy topics too, and those sessions were well attended.

I was one of the speakers at the global conference. It is a quite an honour to be invited to share my thoughts at conferences like this, and it is something I enjoy doing.

I spoke on financial planning practice management, and I was quite pleased when I arrived at my session to find the room already overflowing! All the chairs were full. People were sitting on the floor, standing at the back, even spilling out into the corridor.

That was flattering, but also I was assigned the smallest room in the convention centre. It wasn't only me that was assigned the small room though. All of the practice management sessions were in the small room.

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And there is a simple reason for that. Practice management is boring. It doesn't draw the same attendance as the sexy sessions.

Now, here is the irony. Sexy gets the attention, but boring is what works.

What do I mean by "boring is what works"? Simple. If you do some basic things right, you are well on your way to financial success. Things like live within your means. Have your asset allocation consistent with your investment objectives. Refrain from trying to time the markets. Dollar-cost average your investments. Be diversified. Stay within your circle of competence. All of this is time-tested wisdom.

But there is not much of an audience for headlines like, "Spend Less Than You Make." So you get headlines like, "Expert Predicts Stock Market Crash".

The irony is that the boring stuff accounts for 90% of the results, yet it gets 10% of the attention, and the sexy stuff that accounts for only 10% of the results and gets 90% of the attention.

Focus on the fundamentals. If you do a great job on the boring stuff, you can make the sexy stuff irrelevant.

Sexy gets the attention, but boring is what works.

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