

BARRON'S

SUCCESSFUL FINANCIAL ADVISORS SHARE 8 MISTAKES ROOKIES SHOULD AVOID



By: Cheryl Winokur Munk - May 6, 2025

Early in his career, Dave Lafferty didn't return a client's call for a few days. The advisor assumed it could wait because it wasn't a pressing matter. But when he heard the edge in the client's voice, he knew he would be mistaken.

"To me, it wasn't a big deal, but to the client it was important," says Lafferty, a partner and senior financial advisor at Wescott Financial Advisory Group in Philadelphia. The client stuck with him, but so did the lesson—to get back to clients quickly. "You want to be responsive, no matter what the question is," he says.

Here are seven more rookie mistakes to avoid:

Taking rejections personally or as permanent. As he was trying to build his practice, Matthew Sims often felt rejected when prospects didn't call him back right away or turned him down outright. But sometimes it was just a matter of being patient.

He gives the example of a family friend who didn't return his call for three weeks. Sims had given up hope, but it turns out the man was unusually busy because he was changing jobs. And, the timing was right because he needed advice on options for transferring his 401(k). The man became a client and a good referral source, says Sims, a founding partner in the Dallas office of Austin-based 49 Financial.

Not every prospect will become a client, and others won't become clients right away, but the important thing is to remain professional, Sims says. While it isn't advisable to annoy people who have turned down your services, he recommends asking prospects whether it's OK to follow up occasionally since circumstances can change. Some people who didn't need your services initially might reconsider. One such prospect became a client after the person's advisor was getting ready to retire. That client's been with Sims for about 10 years.

Overwhelming clients with jargon. Looking back, Sims says he spent too much time talking to clients about rates of return, distribution rates, standard deviation, and other technical terms. Those things matter, but what the client wants to know is: "Do I have enough money to be able to continue to live in retirement the way I want to live? Am I going to be OK?" he says.

He got the message after a widow bluntly asked him whether she had enough to live comfortably. It made him think about "the countless other meetings when I probably went off on various tangents," Sims says. "In the end, clients are really looking for us to give them the confidence that they are on the right path."

Not asking for help. Lafferty, who is now in his early 60s, used to avoid asking for help, sometimes out of pride and sometimes because he preferred to try things on his own first. Though self-sufficiency is important, there are times when an advisor should ask for help.

Lafferty offers the example of a client presentation he did on his own, without asking for input from another advisor at the firm who knew the client better. After Lafferty had finished, he showed the presentation to the other advisor, who made multiple changes. Had Lafferty asked this advisor's advice before starting the presentation, he says he would have ended up with a more refined product sooner and wasted less time.

"I would counsel all younger advisors to seek the advice of more seasoned ones," he says. "More than likely, whatever you're bringing up, they have already been through it." This is especially important when dealing with demanding clients, he adds.

Being inflexible. Lafferty would also have changed his approach with clients seeking to deviate slightly from the firm's prepared investment management advice. This isn't to say you should let a client make a terrible decision, but sometimes there are gray areas that, even if the client lost some money, wouldn't make a substantial dent in their assets or financial security.

Nick Bour is the founder and CEO of Inspire Wealth in Brighton, MI. Nick has been in the financial services industry for over twenty years. After working across several major companies throughout his career, Nick decided to build his own firm to fully realize his vision for a business model that would equip clients with the knowledge and tools to plan for their tomorrow.

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If a particular investment is that important to the client, and it's only a small investment as a percentage of their overall portfolio—and you've talked about the risks—being overly insistent about sticking to a pre-designed plan could impede the relationship-building process, he says.

Underestimating your worth. At a previous firm, Kelly Keydel charged below the industry standard of 1% of assets under management. At the time, she was afraid to raise her rates—even though she provided high levels of service—because she felt clients might balk. That went on for a decade. Eventually, after a thorough business analysis, she decided to raise fees to be more in line with the services she provided.

To her surprise, clients understood—she didn't lose a single one. "You have to have a sustainable practice, particularly if you're supporting a team of people," says Keydel, now a financial advisor in Wealthspire's Seattle office.

Being too insular. As a rookie advisor, Nick Bour says he relied too much on his employers to provide training, business development, and networking opportunities. Firms will train you the way they want to teach you, but it isn't always the fastest way to grow your business, says Bour, who worked at several wealth managers before founding Inspire Wealth in Brighton, Mich.

Networking earlier in his roughly two-decade career—by joining industry groups, attending conferences, and meeting people in other ways—would have been beneficial for business growth, he says. Your current firm should not be your only perspective, he adds.

Showing impatience. Many young advisors forget that it takes years of experience, along with many trials and errors, to build up a successful practice. Keydel tells young advisors to take it slow and not compare the successes they have built so far with what industry veterans have accomplished over many more years. "Your career is a marathon, not a sprint."