EVER GET THE FEELING that your clients say what they mean but don't mean what they say? Brooke Perkins, a broker with Raymond James Financial Services, knows that rap.

Case in point: One client, also a good friend kept telling Perkins he wanted to invest more aggressively but every time one of his stocks dropped, the man would plunge into remorse.

So Perkins, a broker for 13 years, asked his client to take a money personality test, which is emerging as an increasingly popular tool among forward-thinking financial advisers. In this case, the quick, 10-minute test has had huge - and potentially long-lasting - consequences. Most importantly, the 60 year old Perkins now knows what his client, who tested as a "safety player" uncomfortable with even calculated risk-taking, really wants and needs from an adviser. The icing on the cake? The client ended up entrusting all of his assets to Perkins, increasing the account four-fold.

With "behavioral finance" as the industry's new buzzword, there has been an explosion of money personality quizzes, books Web sites. "It all boils down to this: You've got to know whom you're talking to," says Dr. Kathleen Gurney, whose Sonoma, Calif.-based Financial Psychology Corporation markets the Moneymax Profiling System, which is the test that Perkins uses. "You can't rely on how a client looks, how much money they have or even what they say. Because money is all about emotions."

Sound like Left Coast guff? Consider: 5,000 financial advisers now use Moneymax, a figure that will more than double this month when American Express Financial Advisors introduces the system to its consultants nationwide. Other clients include the venerable Deloitte & Touche and the securities division of Raymond James Financial Services. And there seems to be power behind the numbers. The great majority of Moneymax users report a dramatic increase in closing rates; the Annapolis, Md.-based Brooke Perkins is one of them. A full 70 percent of client prospects he has tested with Moneymax have opened accounts with Perkins since he began using the system at the first of this year.

"I've gotten to the point where I've learned to keep the profile designation of each client right in front of me whenever I'm talking to them. It helps me know what their buttons are and what they need from an advisor," says Perkins. "There's no such thing as a bad profile. Clients just have to be comfortable with who they are."

PROFILING BOOSTS CLOSE RATE

When American Express Financial Advisors introduced Moneymax last year, 1,000 advisers signed up for the pilot program. The profiling system, which features 28 questions about investment and money attitudes, will be rolled out to the company's full network of 9,300 advisers this month.

"It's been hugely popular," says Ora Kaine, vice president for financial planning and advice services at the firm's headquarters in Minneapolis. "It has really provided our advisers with a way of establishing and cementing the relationship with the client. Any time you start dealing with individuals and their financial situations, it gets to be emotional. Moneymax gives them a common language."
Mike Enright, director of marketing for financial planning and advice services, credits Moneymax in large part with the acquisition of 2,000 new clients during the last six months of last year. And he said the close rate of Moneymax users jumped to 66 percent, up from a range of 37 percent to 45 percent. [The close rate measures the number of new clients who entered a fee-based financial planning relationship.]

"Now, we have a lot of advisers going back to existing clients and introducing this into the relationship to find out why maybe they weren’t able to connect with them as well as they should have,” notes Enright. “As for new clients, it’s a wonderful tool because we get to know you before we start making any recommendations.”

... At least one firm, Raymond James, gives it away to its highest producers. This month, Financial Psychology Corp. introduces a seminar kit for brokers and it is in the process of enhancing its new Web site, www.financialpsychology.com for its licensees. Coming up: a series of how-to essays on successful strategies from Kathleen Gurney and a monthly cyber-conference with the financial psychology pioneer.

“The broker is going to be put in a more vulnerable position when we see a true market correction and you’re having to deal with a lot of emotional behavior from clients. What are you going to do? How are you going to educate them? You can be proactive,” says Gurney, whose research on tens of thousands of people resulted in her book, “Your Money Personality: What It Is and How You Can Profit From It.” “We want to engender the ability to sustain what you’ve done as an adviser. This is very effective because now the client understands, emotionally and rationally, why they’ve done what they’ve done. They have a context and they understand the consequences.”

Drew Bottaro, a director with Deloitte & Touche in Boston, uses Moneymax as one of several diagnostic tools in his investment advisory practice. First and foremost, he asks new clients direct questions: How much could you stomach losing in one year? Do you describe yourself as a risk-taker? The personality test, he says, has helped reveal blind spots. “It helps us crystallize something we may have perceived about a client but not made concrete,” he notes.

One client, for instance, kept moving too quickly between mutual funds, and while he thought he had done well, Bottaro pointed out that his funds had actually underperformed and that he’d bought himself negative tax consequences as well. The client, defined by Moneymax as an optimist, believed that fate and luck had a lot to do with his investing success.

“We talked to him about it and now he doesn’t move his money around,” says Bottaro. “We were able to help him. His behavior changed.”

In another case, a man identified by the test as a high roller, and his even more aggressive wife refused to sell company stock Bottaro had wanted them to unload. The man wanted to wait until the stock hit $33. It is trading at $12 a share now, and has plunged as low as $7. “They could have diversified and lowered their risk, but their personality types led them in that direction and we weren’t able to overcome it,” says Bottaro. “They exhibited the behavior and we pointed out the consequences. We want to make sure the client knows the potential consequences – positive and negative – of their deviation from a more standard approach. In this case, they know it’s their fault, not ours. That’s a concept not to be pooh-poohed.”

A BLESSING AND A CURSE

So what kind of money personality do you have? If you’re a broker, according to Gurney, chances are you are an entrepreneur. More than 70 percent of brokers who have taken the test fit into that profile.

“It makes sense, but it’s a blessing and a curse,” says Gurney. “We have this tremendous drive to excel, but we never give ourselves a rest. We’re self-starters, workaholics, overachievers. Brokers want to do it all. They want to see every client that comes in the door. I know the challenge. I’m an entrepreneur myself.”