



Values Exercise: Week 1

Your framework for making smart decisions

"Find me a big enough "why" and the "how" will look after itself." Anonymous

The talking heads on TV make lots of recommendations. The guest expert on the radio says something different to your well-meaning brother-in-law. 'Experts' are everywhere but their advice seems to conflict. What do you do?

People believe, wrongly, that there is a right and a wrong financial move to make in any given financial situation. That it is black or white. Buy versus sell. Fixed versus variable. Shares versus property. Super versus home loan.

Here's the truth ... there is no right or wrong. There's only what is right for your plan.

Achieving YOUR goals means making smart decisions consistently. Making smart decisions about your money comes down to having a framework for evaluating what actually constitutes a smart decision ... for you.

Your first task, therefore, is to understand what is truly important to you.

"When your values are clear, your decisions are easy." Roy Disney

When it comes to planning, the tendency is for many people to quickly establish some targets and off they go – forward, madly, trying to achieve something they think they want. These 'plans' generally bring results that are disappointing. It's the experience of someone who, having achieved a hastily identified target, discovers they didn't want what they thought they wanted.

What they lack is a clear 'why'.

What are the qualities that you value most in life? Clarity around your values gives you direction and drive, purpose and passion. Working towards your goals becomes a joy because they have meaning and achieving them is fulfilling.

Lacking this understanding of what's important to you drains the joy out of working towards your goals. Without clarity about what you truly value, the experience of achieving a goal is not a feeling of lasting satisfaction, but rather a brief sensation of euphoria followed by a deep and abiding sense of emptiness.

Knowing what you want and why makes all the difference.

Furthermore not only will it will make your financial decisions a much simpler job, but it will anchor your efforts when the going gets tough, reminding you why you're doing all this stuff.

Ready for a quantum leap towards your goals?

Gaining clarity

You're about to undertake an exercise I do with all my clients regardless of which financial decision they're struggling with. You're going to establish a connection between your values and your financial future¹ to help you discern what constitutes a good decision **for you**.

This isn't a goal setting exercise. That's later. The purpose of this exercise is to discovery what really motivates you at a deep level. The first step is to get very clear on what's **important** to you.

If you can't set yourself aside 20 minutes right now for this first exercise, then schedule it in your diary instead for a time when you can give it your full attention. Throw yourself into it wholeheartedly because it has the potential to be one of your most enlightening experiences.

This is best done as a facilitated exercise rather than on your own, and the more times your facilitator has done this, obviously the better the experience will be for you. So if you can, grab a partner. If you're flying solo, though, that's okay for now. I'm going to give you directions on how to conduct the exercise with a partner but you can role-play if you are alone. You're going to help someone 'get to the top of their Value Chain' and when it's your turn, you're going to discover what's at the top of your own Value Chain.

Let's get started ...

Your 'Value Chain'

Your values are those principles or ideals we all hold which subconsciously guide our decisions about where we live, what we do for a living, who we partner with, how we spend our time, how we spend our money. Fun, security, spontaneity, freedom, connection ... these are all distinct concepts we place some sort of value on, some more than others. Your highest values are those that inspire and motivate you at a deep level.

Below you can see a diagram of a series of interlinked circles, a 'value chain', if you like. Download and print out a copy of the Value Chain Worksheet at our website, www.brocktons.com.au and place it in front of you.



Figure 1 Your Value Chain

First, write their name underneath and, on the first step immediately above their name, write the word “money”. Now put the pen down, turn the page around so they can see it, pause, and ask you the following question:

“(Name), what’s important about money ... to you?”

Now shut up. Just wait until they’re finished, and I mean completely finished. Don’t touch that pen! Leave it there and wait until they’re done. Keep a ‘neutral’ disposition about yourself – you’re not here to judge or rate their answers, you’re here to listen while their internal dialogue processes the question. Sure, you can give a few nods while they’re speaking but don’t interject or agree/disagree or add your own comments. Just wait to make sure they’ve answered the question as fully as they know how.

If you’re doing this exercise solo then you need to stick to the rules to get the most from it. Ask yourself the question aloud, and work at it until you have fully explored the question.

This question is likely to draw anything from blank looks to a verbal ‘stream of consciousness’ that lasts minutes. What’s really happening is they are reflecting on what is, after all, a question that we assume has a simple answer. It doesn’t. It has an answer that is deceptively deep; continuing to consider it can yield profound discoveries that will genuinely help set you on the path to smart decisions that are smart ***for you***.

So as they answer the question, whether there are long pauses or non-stop monologue, don’t prompt them and, as tempting as it is, don’t attempt to finish their sentences. Don’t fill in any uncomfortable silences with banter or make your own observations. Be genuinely neutral and just be 100% attentive, listening intently to their response. Don’t pick up that pen till it’s clear they’re absolutely finished.

Your task now, having listened intently to every single word they said, is to pick out a word or phrase they said which sums up their 'stream of consciousness'. Don't paraphrase, don't add words that weren't said. It's important to capture the essence of what's important about money to them using words that were actually said and are therefore meaningful to them. At the same time you don't want to transcribe every word that was uttered. There's likely to be a phrase or a few words they used which effectively sum up the whole monologue – ***that's*** what you write down.

Confirm that the words you write capture the essence of what they said, being careful not to use words they didn't utter. Remember, their words have meaning for them, not you. Now, putting the pen down, turn the page around again to face them, and, looking them in the eye, ask your second tough question of the day:

"(Name), what's important about (your last answer) ... to you?"

Again, you're likely to get anything from more blank stares ... to War and Peace. Don't be put off by the blank stares. They're actually not staring at you, they're thinking. They probably can't even see you, such is their internal dialogue.

Whatever their reply, resist the temptation to help them. They can do this without help if given a little space for thought. Your job is to listen and really, really hear them.

Humans have a deep and abiding need to be really heard. Turning off your internal dialogue, being 100% involved and present, and genuinely, truly listening to what someone is saying is a priceless skill. Developing it into a habit will do more to deepen your understanding of the human condition than any other single thing. It'll also make you the most popular person in the room at any party.

Once they've finished their answer, turn the page around, pick up the pen and write the new answer, as before, on the step above their last response. Confirm with them that you got it right. Then, with the pen down, turn the value chain around so they can see your response, and go again.

As they continue to explore this territory they're likely to have a few 'ah ha' moments. Although what we each get from this exercise is different, there does tend to be a pattern when it is executed properly ...

Their first answer is likely to be about basic things that money delivers. Words you might hear are often things like "security", "freedom", "time", or "independence". These are generally basic needs we all have, intangibles that money needs to do for us. Whatever was said is what works for them.

As you work with the exercise, if you have been listening with keen, non-judgmental interest, it's likely your partner's responses will move from the basic needs that money fulfils for them, and head towards an even bigger picture – the things that are important to them at a deeper level.

Now that money is out of the way, they are free to consider other, higher values. Generally this is something beyond their own needs. They begin to look outwards, usually at something to do with others.

This type of answer sounds like this: "helping the kids have great experiences", "giving back to the community", "securing a better future for the planet". You might hear talk about the environment, charitable causes, their children, the community.

They are on their way to "purpose" stuff, "why I'm here" stuff. They are beginning to define their "why".

Repeat the question “What’s important about (your last answer) ... to you?”. Stay ‘in the moment’ and non-judgemental – neither approving or disapproving. Simply listen.

Their responses might have filled up the Value Chain, they might not. Once they progress through these ‘external/for others’ type answers, they may start to talk in terms of how it will feel for them to have fulfilled those values. You might hear this summed up as “because that’s what life’s all about, isn’t it?” or “that’s why I’m here”. Other things that might come up are terms like ‘fulfillment’, ‘a sense of satisfaction’, ‘peace’, ‘ultimate achievement’ or ‘self actualisation’. There might be long pauses. There might even be a few tears.

Wherever it goes is fine. There’s no right or wrong answer. There’s no goal or target point to achieve in order to say you’ve done it right. Wherever it goes is fine.

You’ll know when they’ve got to the end of their Value Chain, though, when they run out of answers.

What you have now is a Value Chain that is complete: a list of those things that are most important to you after the money issue is taken care of. These are their reasons, and when you take your turn, your answers will be your reasons.

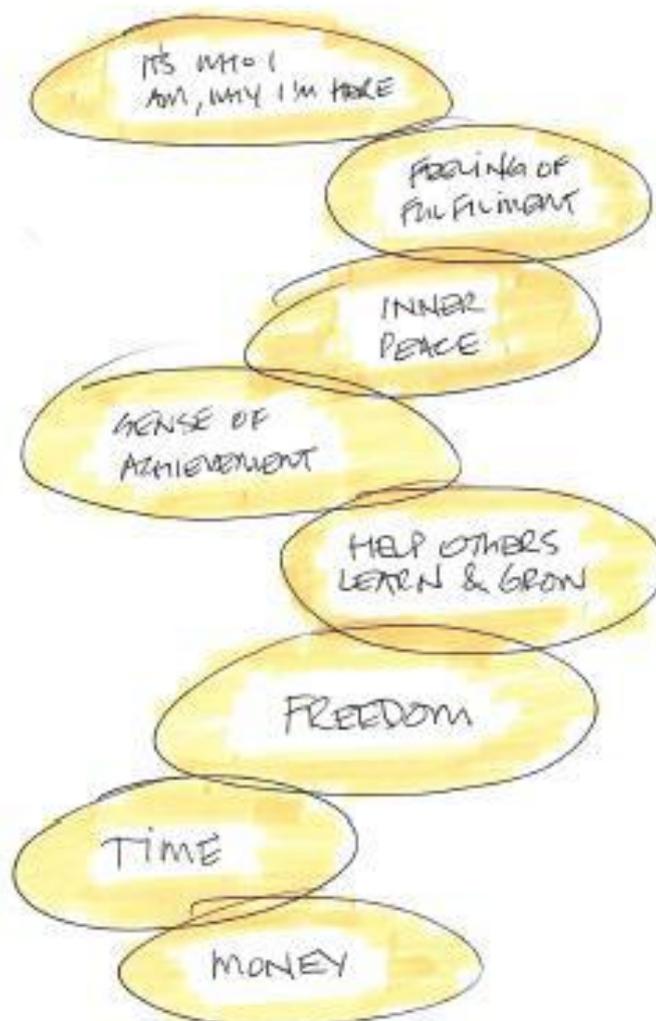


Figure 2 A completed value chain

This is the juice of life which brings meaning to your goals. It's your framework for evaluating whether a financial decision is right for you. From this day forward you can ignore what the talking heads on TV say or what the brother-in-law and all the other experts say is the right thing to do.

From now when considering a financial decision, refer back to your staircase. Will it move you closer to experiencing your values?

How and why this works

Touchy feely? Sure.

A waste of time? Nup.

Trust me: In 20 years of helping folks deal with their money and plan for their future, I've found that putting some context to your decisions – actually taking a moment to work out what makes you tick before you wind the clock – is a whole lot more effective to plan your future equipped with that perspective than to simply race forward like a bull at a gate.

Some of us prefer not to get into this fluffy stuff and others ache for it. We're all different.

However the truth is this: we've all got blood pumping through our veins. That's why this works. I've chosen not to get bogged down in the science of why this stuff works. Yes, the science behind it is well researchedⁱⁱ, but even knowing the science back to front doesn't help you as much as just doing the exercise.

Moving on ...

Armed with a clear perspective about what's important to you, you're in much better shape to explore what you want your future to look like ...

ⁱ I'm not able to claim ownership of this process – it would seem no one is. There are many authors who have influenced me on the how and why of gaining clarity about your own values. I am deeply indebted to the father of "Values Based Financial Planning", Bill Bachrach, for his experience and skill in this area. Russ Harris wrote a wonderful book called "The Happiness Trap" which explores the same subject. The remarkable Doug Carter wrote a brilliant book, "Clients Forever" which explains the process beautifully. And of course the great Tony Robbins has also written prolifically on this exercise.

ⁱⁱ Google Maslow's hierarchy of needs. He wrote it in 1954 and he wasn't the first.