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Business Success Profile *Mike Davis: The Strong Silent Type*

Serving Financial Advisors Worldwide

Business Success Profile

Mike Davis: The Strong Silent Type



Mike Davis, MBA, MED, RFC®

Introduction: Hesh Reinfeld interviews Michael L. Davis MBA, MEd, RFC® Senior VP and Principal / Retirement Planning Consultant of DiNuzzo Investment Advisors, Inc., Beaver PA.

Hesh: Let's start with your resume, Mike I understand you are a retired U.S. Army, Lieutenant Colonel — that's very impressive.

Mike: Thank you. But I thought the purpose of this interview was to go beyond the headlines of my resume, not my old military record.

Mike, your boss asked me to emphasize your military career. He said it impresses prospective clients.

Perhaps — and I'm proud of my military career — but, let's talk about the future. That's what I do with my clients. I talk with them about their future. We should, too.

What do you want talk about?

Music.

Mike, this interview is for the Register, a very serious and highly respected financial planning magazine, not Rolling Stone.

As a new guitar student, I realize that learning a new skill and a new language

(music) take a lot of time. I get frustrated at times, but I enjoy it.

How does that help you in your professional life as a financial advisor?

I could have learned a few chords and pretended to play the guitar; fooled people into thinking I knew how to play the instrument. However, I seriously want to be a musician — an amateur, but a musician nonetheless. Similarly, a lot of people think that they can read a few books, or subscribe to a few investment magazines and become proficient money managers. That's not the case. Those folks may think they know what they're doing, but they really don't. Like the five or six chord guitar player, these investors know just enough to fool a few people, including themselves, into believing that they can manage investments.

What are you working on this week with your guitar instructor?

Playing dotted quarter notes. They drive me crazy. My ear knows what I am supposed to play. Unfortunately my fingers don't seem to want to follow orders. It's frustrating especially because my instructor, who is half my age, does it effortlessly.

Do you realize that your guitar lessons improve your listening skills? One of

your clients told me that she was very impressed with your patience and willingness to listen to her concerns.

Yes, I remember; she had just recovered from major facial surgery and she found it difficult to speak clearly.

You didn't try to put words in her mouth. You didn't try to end her sentences. You sat calmly as she struggled, at times, to articulate her concerns and her goals. She really appreciated that!

It's a skill I see in my guitar instructor. He listens calmly. I make a lot of mistakes, but he doesn't correct me on every note; he gives me confidence by letting me play an entire line of music.

Let's get off the music analogy. If you could give a client one piece of advice, what would it be?

Stop watching all of those finance news shows on cable TV. It's not helpful. The shows are all hype. Everyone is selling a "magic solution."

If you were on one of those shows, what would you say?

I'm a firm believer in the Efficient Market Theory. We live in the age of instant information; events that occur in the world today are immediately priced into the market. By the time you read about an individual stock or a hot, actively managed mutual fund in an investment publication or hear about it on TV, you've already missed the boat.

Market timing is a way to virtually guarantee poor portfolio performance. If you miss just the top ten trading days in any given year, it will negatively impact your portfolio's return.

Mike, I have to be honest. If you were a guest on a cable business show you would put the audience to sleep. That's important stuff you're saying, but it has no pizzazz. You're not saying anything that's exciting or worth repeating at a cocktail party.

Unfortunately, many investors "bet the farm" on stock picking and market timing.

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An indexed (diversified) portfolio might not make you the center of attention at the next cocktail party, but it will put the statistics of Portfolio Performance and Risk on your side. Diversify! You'll be glad you did!

Mike, you sound like my doctor. When I ask him how I can lose weight, he reminds me of the basic tools: eat less and exercise more. He may be right, but it's boring and involves a lot of hard work.

Hesh, you want a quick fix? Sorry, there are none.

If I spoke to some of your fellow officers from your days in the military, would they recount some extraordinary experience in which you saved an entire regiment and were nominated for the Congressional Medal of Honor?

Hesh, now you are sounding like a cable news reporter. Not everything in life can be a 30 second sound bite for TV. I like to let the facts speak for themselves. During my career, I led soldiers from the platoon through the battalion level. And, I did see action in Somalia.

However, my most rewarding assignments were as an instructor at the Armor School at Ft. Knox, KY and as an associate professor of military science at the Citadel in Charleston, SC. Those assignments enabled me to pass on some of my military experience and skills to another generation of soldiers, skills that might save their lives in combat or assist them in achieving a life-long professional goal. These goals are similar to the ones I'm interested in reaching with my clients today... teaching them how to survive the sometimes very dangerous world of investing and achieve their life-long financial goals.

Were you awarded any medals or decorations?

Yes, actually the ones I am most proud of are the Airborne and Air Assault Wings. To be awarded these badges, you are required to do something a little out of the ordinary... voluntarily enduring several weeks of intense physical training and jumping out of a completely good aircraft while in flight. I've always been a little adventurous in some aspects of my life, but "down to earth" when it comes to investing. Jumping out of an airplane in flight is completely sane compared to

some of the dangerous financial advice I see promoted on TV or in newsstand financial publications.

Sometimes I joke with my fellow retired military officers that it was safer on the streets of Mogadishu dodging bullets (and other projectiles) than trying to figure out a popular financial expert's next hair-brained investment idea on some financial news show.

Do I hear some hostility in your voice?

Yes. Most of my clients work hard, very hard, to save for their retirement. And I don't like it when some so-called expert insinuates that a quick buy of their favorite stock will bring them riches.

Give me a sense of your typical client.

Men and women who raised a family in difficult economic times in western Pennsylvania. They might have started out in the steel mill and had to change careers when that industry shrank. They didn't whine or complain that their new job paid less. No, they went to work and put in another 15 years for a new company. Plus, all along the way, they saved. They still live in the same house. It may not be a fancy neighborhood, and their kids remind them that they could afford a new home or condo.

But they say "no, thanks." I identify with these folks and I am proud to serve them. In many ways they are similar to the line soldiers that I served with in the Army. They are the backbone of the company they work for, doing their jobs under some tough conditions.

Hey Mike, I guess you can be passionate. You sound like you're defending one of the soldiers in your regiment. Any final message to the troops?

I'd like to say, "Be careful out there." The financial service industry has a tarnished image in some people's mind. You want to get away from the hype. I guess that's what I am really passionate about. Cut the hype. Help your clients; be a professional. That's what I am all about — and I think it applies to most RFC members.

Obviously.

Hey Hesh, thanks for helping me articulate what is really important to me.

My pleasure. 📧

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