

RICH THROUGH HABITS

Industry insider Danielle Park blows the whistle on sales-based “advisors” in her new myth-busting book “Juggling Dynamite”.

By Michele Lawson, for The Business Times

“Don’t be reckless. Don’t try to make yourself rich by your investments, do it by your habits.”

Danielle Park

Although the advice has the power to change lives for the better, it’s not a sexy message. Rather, it’s like an anti-call to action.

In a world of conspicuous consumption, mass marketing, and the non-stop influx of competing stimuli assaulting every sense 24/7/365 urging consumer buy-in to the fast-food life even while condemning it, financial expert and author Danielle Park says STOP.

Apparently Mom and Shakespeare were right.

“Neither a borrower nor a lender be,” suggests Polonius in “Hamlet” or there’ll be unpleasant consequences.

Instead, build up the savings account.

Mom wasn’t particularly original on this score either. According to James Rogers, author of “The Dictionary of Clichés”, a reference is made circa 1580 in “The Bugbears” that asks: “Wold he haue me kepe nothing against a raynye day?”

Despite Mom’s plagiarism, Park herself returns to this commonsense approach to money management.

“Don’t be reckless,” she advises. “Don’t try to make yourself rich by your investments, do it by your habits.”

In her new book “Juggling Dynamite”, Park, who manages portfolios with values in excess of a million dollars on a daily basis, says this approach works for everyone regardless of their financial status.

“No matter how wealthy we may be, we can never afford to become cocky or blasé. Witness Conrad Black in the news of late,” she cites. “Lord Black is one of the wealthiest guys in Canada (or at least used to be). Incredible fortunes have a nasty habit of reversing once common sense, humility, and self-scrutiny are lost.”

Wealth acquisition and retention are possible, she promises, but there’s a cause and effect relationship to the equation that doesn’t appeal to humanity’s baser impulses.

“Here is the trick to staying fit and healthy: eat less and exercise more. Here is the trick to retiring with money: spend less, save more. Both require living with self-discipline,” she writes.

Park is a chartered financial analyst and lawyer with more than 16 years of professional consulting experience. Her independent investment counsel firm does not rely on investment sales as a revenue line item. In fact, it gets paid a flat fee only. As a fiduciary, Park is honour-bound to treat her clients’ money as she would her own.

Her chosen business model was a result of a desire to maintain and grow her clients’ wealth with a minimum of risk. Through her financial career, which started in a

sales-based position, she learned who always benefits from the relationship when the advisor is working on a sales-commission basis.

“Wall Street rakes in billions of dollars and they don’t make that by buying their own investments, they make it selling stuff,” she says. “They sell the myth. But it’s most beneficial to the people who market and package it.

“Wall Street gets its money up front,” she adds. “It’s irrelevant how the investment works out.”

In her book, she examines this apparent conflict of interest and lack of accountability.

“One of the classic examples of what is wrong with the industry is when ‘advisors’ advertise their various sales awards. It looks impressive when you real estate agent is acknowledged as being excellent in sales – that’s a good hire for selling your house,” she writes. “But why anyone would want to work with financial advisors renowned for their sales abilities is beyond comprehension. Weren’t you looking for unbiased advice?”

When investing, you have to have rules, she says. You have to acknowledge there are established and predictable trends.

“You have to be an adult and leave the party – the cops are coming,” she says.

“The most constant impediment to our financial success is human nature. We are impulsive animals by origin and nature. We can be enormously influenced by emotional swings and faulty logic,” she writes. She quotes Harvard PhD Terry Burnham who calls this side of human nature our “lizard brain.”

“...our lizard brains are pattern-seeking, backward-looking systems that allowed us to forage for food, and repeat successful behaviours. This system helped our ancestors survive and reproduce, but financial markets punish such backward-looking decisions,” he contends. “Consequently, our lizard brains tend to make us buy at market tops and sell at market bottoms.”

“I wanted to educate people who don’t get access to people like me,” Park explains. “You have to look after yourself and develop your own shark repellent.”

Don’t buy into sales pitches, she warns. Be patient. Don’t invest in something just because there’s been a period of inactivity. Learn before you act – nothing works all the time.

Dollar-cost averaging works over time, for example but it doesn’t always work with lump sums – what if you invest it all at once and the market is bottoming out, she asks. “It’ll take years to recoup the losses – and life is lumpy,” she adds.

Park realizes people are looking for quick fixes and her message isn’t necessarily the easiest to hear, but she believes it has to be said regardless.

“How many exercise books would they sell if they said: eat less, exercise more?” she ponders. “They think that can’t be right, ‘cause it sounds like work.”

But she wants to stop what she sees as a trend toward deep individual debt.

“Everyone’s treating borrowed money like it’s real,” she says. “After 9/11, Bush’s call to action was to encourage shopping. To what end?”

She points to the popular television reality show “Til Debt Do Us Part” that tries to rescue families from self-destruction due to unhealthy spending habits. Rather than showing exceptions for purely entertainment purposes, the show highlights increasingly typical families and becomes more of a self-help program.

“I’m trying to empower regular people,” Parks concludes.

She isn’t going for the popularity vote. Readers may roll their eyes as Mom’s voice echoes in the pages, even while acknowledging the wisdom therein. Industry insiders may feel betrayed by one of their own, despite the veracity.

But she is determined to be useful and help the world make sense in some way. She has written the book in a simple manner without resorting to jargon that requires a supplementary de-coding glossary.

Mom may have employed tough love from time to time, but it was often for our own good – if we’d bothered to listen. Now that “Juggling Dynamite” is available, it’s time to pay attention.

For more information, visit www.jugglingdynamite.com.

Published by Toronto-based Insomniac Press, Juggling Dynamite is available from major retailers and will be released in the U.S. this month.