

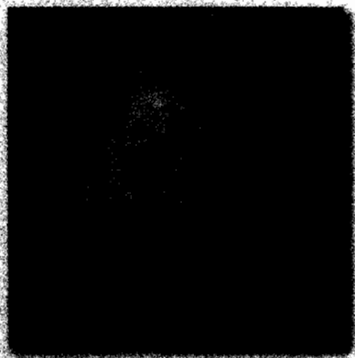
# 10 Questions

WITH NOTEWORTHY PEOPLE



## Dave Strege on the Real Mission of CFP Board, Misperceptions, and Facts

by Shelley A. Lee



**Who:** Dave Strege, CFP®, CFA

**What:** Chair, board of directors, Certified Financial Planner Board of Standards Inc.

**What's on his mind:** "In my mind, CFP Board is about establishing what is required for people to be financial planning professionals.

FPA's role is to help people grow in the profession. CFP Board will always experience the tension of being the referee on the field. As a referee, the best we can hope to attain is respect, but that's a highly worthy goal."

**W**e spoke with Dave Strege amid the controversy surrounding the recent resignations of five senior members of CFP Board's Disciplinary and Ethics Commission over the January 2008 Board's resolutions that resulted in changes in the appointment and composition of the DEC. It was a significant bone of contention—the five DEC members who resigned viewed the authority assigned to the CEO in the selection of DEC volunteers, members and chair as an affront to their independence, whereas CFP Board viewed the changes as strengthening its governance structure and accountability. Ultimately, it may prove to be a tempest in a teapot, but it follows several years of criticism of CFP Board by CFP certificants, some lack of clarity on CFP Board's mission, a move to Washington, D.C., from its Denver home of two decades, and three executive leaders in seven years. We recently caught up with Dave Strege and talked with him about what it all means and where CFP Board goes from here.

**1** *Let's start with an overview of CFP certificants—57,000 in the United States and 55,000 outside the country. Is the rate of growth acceptable to you?*

We still need to understand and define what segments of the public can benefit from working with a CFP practitioner. While there have been some studies on various segments such as high net worth consumers, we don't have empirical data on how much of the public can

benefit. CFP Board is launching an analysis of the need for financial planning among the public and the identification of those segments that can benefit from the services of CFP certificants. Once we know the scope of the demand for financial planning and the segmentation and size of the market, we will be in a better position to estimate how many certificants are needed to adequately serve our market. I do think there's much potential still to be uncovered in the United States, but it wouldn't surprise me to see the number of CFP certificants outside the U.S. soon surpass those here.

**2** *What's the most important issue you believe CFP Board should be focusing on?*

We're not on the radar screen, at least not yet, to be recognized as a profession. That's very different from being regulated by a certifying body. Everybody jumps into a discussion about regulation, but we still have to focus very hard on public recognition that we provide a valuable benefit to society—worldwide. All of the other professions—medicine, law, accounting—have been through this validation process. We have not.

**3** *Will you clearly state the mission of CFP Board? There is much discussion that people, even within the profession, think it's to "protect" the public.*

No, that's not our mission and it's not in our mission statement. Our mission is to benefit

the public by upholding the CFP certification as the standard of excellence for personal financial planning. In our work to



## Talking Point: Opening the Lines

CFP Board Chair Dave Strege says it plainly: they want to know what you want to hear from them and how you want it delivered.

- Does the mission of CFP Board need better clarity?
- How can communications from CFP Board to you be improved? What is the common ground for a strong relationship between CFP Board and FPA? Is each group clear on its purpose?

Discuss it with your colleagues online. We'll ask both Dave Strege and Marv Tuttle, executive director and CEO of FPA, to join the conversation. Visit [www.journalfp.net](http://www.journalfp.net) and go to the July Talking Point in the Community Forum.

benefit the public, one of our core objectives is to make sure the public has confidence in the professionals who display the CFP marks through our enforcement of ethical standards. That work also protects the value of the marks, which has direct benefits for everyone who has dedicated the immense amount of time, thought, and energy it takes to obtain CFP certification. To state it plainly, CFP Board believes the public benefits from working with CFP professionals.

**4** *How would you describe the current relationship between CFP Board and the Financial Planning Association? It seems to have been strained the last several years.*

It's improving and that also is part of my mission. When CFP Board came out with a draft of revisions on the ethical standards for CFP certificants, FPA came out with a position on it before we released the exposure draft for comments. Obviously, from that example, it's critical that we have good lines of communication. We have to clearly define and understand our roles. I describe CFP Board's role as one of preparing people for the profession—the education, the experience, the understanding of ethics—and FPA's role as helping people grow in the profession. I am pleased to report that whatever strains there were over the past few years are fast disappearing and that CFP Board and FPA are looking forward to a cordial working relationship.

**5** *How do you characterize what some see as "tension" about CFP Board's role?*

I'm going to use a sports analogy here. CFP Board has a right to oversee who attains and retains the CFP mark. We're the referee of mark holders. Whenever you're in that role, there will be natural tension. If you, a certificant, violate the rules and the public is harmed, we have the right to take away the CFP mark. On the football field, both the players and the referees are working for the good of the fans—the consuming public.

Both want the public to be well served and to have an enjoyable experience. But in terms of the players on the field, only about 10 percent of them have this little emblem that says "CFP." The CFP Board only officiates those 10 percent. As a referee, all we can hope to attain is respect. We will never be cheered. We want to come off the field, so to speak, and hear, "I didn't quite agree with all of your calls, but they were fair and evenly applied."

**6** *There also has been criticism of CFP Board over the years for not communicating well enough with CFP certificants.*

This issue of communication is probably my biggest frustration. It certainly relates to the much-discussed resignation of five members of the Disciplinary and Ethics Commission. I'm going to accept the responsibility for not ensuring that the rationale for our changes to the Commission was fully understood by the Commission co-chairs and members. A critical part of our governance structure is to make sure the Commission has clarity on whom they're accountable to. The disciplinary process must be viable and fair to all certificants. We changed the lines of authority to go through the CEO to the board. I firmly maintain that Commission members retain the independence to make decisions on cases that come before them and that this change represents a governance "best practice," but I can now understand the reaction. We did not involve them in every step of the discussions that led to the resolution, and it appears that we may not have communicated the rationale for the decision clearly enough.

**7** *So how are you planning to improve the process?*

For starters, at the FPA Retreat, I held a discussion about the change in our disciplinary review process. For certain, there is some pent-up frustration. A pledge I'm making for the future is to determine how best to institutionalize better communication with CFP

Board. What do certificant want to know and how do they want it delivered? We can pump out tons of paperwork, but that may not be what they want. I'm working now on a major communications piece—purpose, parameters, and policies of CFP Board, everything from what our objectives are, to how we select volunteers, to our relationship with FPA. There are a lot of so-called "facts" out there that are incorrect. This communications piece will be our common starting point for clarity and understanding. I'm not a debater and I don't argue well. I'm a listener; I try to find common ground. I want to make sure we can define that common ground.

**8** So you expect this "debate" over the DEC resignations to die off sooner rather than later?

I hope so. But people still bring up the "CFP lite" situation—and that was nearly 10 years ago.

**9** Do you think the RAND study was helpful?

The only clear message I got from it was that consumers seem to be saying, "I trust my advisor." The public, at large, currently does not appear to differentiate between CFP professionals and other financial advisors. Thus, our work is cut out for us. The public still is not taking the time to do the research, but asking only, "Who can I trust?" We plan to educate the public on the value of working with CFP certificants and the high standards of education and ethics the certification represents. (Editor's note: The RAND Corporation conducted a study for the Securities and Exchange Commission on investment adviser and broker/dealer practices. The report was released in January 2008.)

**10** This is your opportunity to have some fun and do a little crystal ball gazing—what do you see?

I hope that crystal ball holds the empirical data we need—and that it will prove that individuals who use a CFP certificant are happier, enjoy a richer life, and know how to use money for the individual and greater good. The United States can once again be a leader in demonstrating that money is worthless unless you turn it into something of lasting value. And CFP certificants can lead that effort.



*Shelley Lee is a writer and senior communications executive with AIG Advisor Group in Atlanta. She has written the "10 Questions" feature for the Journal of Financial Planning since its inception in 2001 and has been involved in financial services for more than 20 years.*

