



**On**track

## Tough conversations breed better advisers

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Marisa Broome • Managing director • wealthadvice



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Rob Craven • National business development manager • Affinity Aged Care  
Financial Services



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Chris Unwin • Corporate trainer and risk consultant

Knowledge areas and accreditation

Knowledge area: Skills (60 minutes/1.0 point). FPA CPD points: 1.0 Dimension: Capability (FPA 010485). AFA CPD points: 1.0 (AFA 01022009). CPA Australia CPD points: 1.0 (CPA 000669). TPB CPE: (60 minutes/1.0 point).

## Overview

Although technical skills are a crucial part of financial advice, they are not the only requirement.

Financial advisers also need well-honed soft skills to be able to effectively communicate with their clients.

In this article, industry professionals provide their recommendations on how to best manage difficult client conversations. They address topics such as redundancies, loss of family members, transitioning into aged care and coping with falling markets.



### Learning objectives

After reading this article you should be able to:

- › discuss various sensitive issues advisers may need to talk about with clients
- › explain how difficult conversations can be managed
- › describe methods for improving communication with clients.

## Managing difficult conversations

Wealthadvice's managing director and incoming chair of the Financial Planning Association of Australia, Marisa Broome, argued that it is essential to communicate well with your clients.

"One of the reasons a lot of people go into financial planning is because they've got technical skills, but they've [also] got an interest in making things better for people and actually genuinely changing people's lives," she said.

"Soft skills help you actually attract the clients that you're going to be able to work with well, and actually deliver that sort of advice to make that difference."

Broome added that soft skills also ensure a more successful business.

"I don't think you can actually be a financial adviser unless you've got some soft skills because if you can't demonstrate rapport with a client, if you can't actually understand why the client is coming to see you when they're actually a prospect, they're not going to become a client," she said.

"If you don't build a client base, you're not going to have a business. So, from a business perspective, you've got to do it."

But Affinity Aged Care Financial Services' national business development manager Rob Craven emphasised that there is usually only a limited amount of time to build rapport.

"You're there to talk about people's personal affairs. They don't know you, and you really need to build a relationship very, very quickly," he said.

"We have to relate to people. You get a few seconds where they [the client] will make an initial assessment as to whether or not they like you. Quite often, those soft skills is where it happens."

However, Craven added that it does not take much to establish a positive relationship.

"Just a genuine smile sometimes will break the barrier," he said.

## Challenging topics

Broome pointed out that advisers will undoubtedly encounter clients who are going through difficult circumstances — from terminal illnesses to redundancies, divorce or dementia. Moreover, advisers can help them by utilising effective communication.

Broome added that it can be easier to manage these issues with existing clients because rapport has already been built. However, there is nothing to stop this rapport from developing with new clients.

"It just takes a little bit longer to go through the process," she said.

Broome provided the following example of a new client recently widowed, to illustrate how such trust can be built.



### Example

“We [advisers] have a lot of compliance. We’ve got a lot of technical knowledge. We’ve got all sorts of things that we have to go through in terms of giving good advice,” she said.

“But in that situation, it was probably eight or nine months down the track before we actually gave any advice because it was all about gathering information and helping her understand how to gather information; information that I didn’t have access to, but I knew what questions to ask her and I could actually help her step-by-step through the process before any advice happened. That’s where the rapport built.”

### Keep it simple

Financial services soft skills consultant Chris Unwin told Ontrack that in the current financial environment with its ever-increasing compliance requirements, it is important that clients are not overwhelmed by information.

“I don’t think financial planning is exactly rocket science, but having said that, when you look at the information overload that a lot of clients suffer in this day and age, it’s no wonder that they can’t actually make a decision,” he said.

“When you look at the 80-page statements of advice that you get these days, you really wonder how any client can possibly absorb even a small percentage of it and make a decision to actually go ahead when it’s just so off-putting.”



### Tips

Unwin recommended replacing certain words which are part of the financial services vernacular with ones that are more user-friendly for clients in the advice process. For instance, Unwin suggested replacing ‘insurance’ with ‘protection’.

“I don’t think many people jump for joy when you mention insurance, so just try and avoid using terminology, words and phrases that put a negative perception in the client’s head,” he said.

### Aged care issues

Craven explained that Affinity Aged Care Financial Services focuses on a holistic approach in managing its elderly clients’ financial needs. This included understanding the health systems their clients are using, and working with the social workers in these facilities to better help clients transition into the latter stages of their lives.

“We deal with people in very traumatic circumstances. They’re putting parents or they’re putting spouses into an aged care facility. It’s frightening and quite often happens very quickly. [They will say], ‘Nan was fine two weeks ago. She had a fall and they’ve just rung me from hospital and said that she can’t go home. I promised her I’d never put her in a facility, but she can’t manage by herself and I can’t give up my job] — I’m working.’ So, the tears flow and they’re traumatised,” he said.

While managing a client’s finances is important, the relationship could be impaired if the team does not help them deal with the trauma they may experience as they transition their parents into aged care.

“To walk in and say, ‘Fine, now what we can do is you pay the RAD, which used to be called a bond [and is now called the refundable accommodation deposit], and then you’ll have other fees,’ [may not be effective]”, he said.

“No, that comes later, so it’s really the initial part [where we say], ‘Look, it’s fine. Mum is going to be really well looked after. Let’s try and get her the best possible room for affordability in a nice facility.’”

Craven elaborated that because Affinity Aged Care Financial Services works exclusively in this area, the business knows facility managers in most of the aged care facilities. This helps to provide this whole-of-systems service.

“Quite often, we’ll pick up the telephone while we’re there and ring, or offer to go and see the facility manager with the client as part of that process — and it’s the soft skills that make it work,” he said.

Craven added that his team runs training courses for social workers at aged care facilities to explain how the financial system works.

“Their primary job is to move the people through the system — so hospital, maybe to rehab or maybe directly some respite into an aged care facility. So, we move in and instead of saying, ‘They’re them, and we’re us’, we say, ‘We’re both in the same camp. We’re both here to try and get the best possible outcome for your mother or your spouse,’” he said.

However, Craven emphasised that soft skills play an important role, regardless of what business people may be in.

“Doing it gently, doing it nicely, doing it where you empathise with the client, whether it’s advising them on their retirement and fixing up their self-managed super fund, or whether we’re holding their hand and leading them through the system and helping their parents move into residential aged care; those skills go a long way to making a successful business,” he said.

### Falling markets

Unwin highlighted that another difficult conversation that advisers may have with their clients is around falling markets, and there are three elements to focus on in this situation.

“First, under promise and over deliver rather than the other way around,” he said.

Second, it is important to maintain regular contact with clients.

“This is across the board when building any relationships with clients, be it investment or be it protection or whatever. It’s so important to keep in regular contact especially, especially from an investment reader point of view, especially when markets are declining and are falling,” he said.

Unwin explained that regular contact helps build and maintain that relationship and trust.

“Certainly I know that during the GFC, a lot of advisers took the opportunity to establish points of differentiation and separate themselves from the pack simply by being in regular contact with their clients and allowing the clients to voice their fears, and being there at the end of the phone or face-to-face. That regular contact is really important in all aspects of developing a relationship,” he said.

The last aspect highlighted by Unwin is to dispel any myths that your client may have.

“In falling markets, you don’t always have to be losing because if you’re investing into something on a regular basis, then the concept of dollar-cost averaging is really important to share with the client,” he said.

“If you’re investing in your super or whatever other type of investment on a monthly basis, for example, when share prices go down or when markets fall, it just means you’re buying more units for your money. Then when they pick back up again, those units are worth more.”

“That’s a really important concept to share with clients as well, which I’m sure advisers do, but I just haven’t heard it mentioned for a long, long time.”

## Managing client complaints

Unwin suggested that the best way to deal with a client complaint, ideally, is to avoid receiving one in the first place. He recommended that practising clear and regular communication will go a long way to stopping complaints. Further, it will help to ameliorate situations where complaints do eventuate.

“Obviously, if you do have a complaint for whatever reason, then [practise] empathy. Try to get in front of the client, keep in regular contact with the client and don’t try to avoid the client. All of those things are obvious ways of minimising the damage that a complaint could cause,” he said.

## Recommendations for dealing with sensitive conversations

### Checklist

Broome suggested that if you’re not comfortable dealing with difficult issues and you do not know the client well, perhaps create a checklist of all the things you’d like to broach with them.

“I have a whole lot of questions I ask a client or a prospective [client] as they come in, to try and unravel what the real cause is,” she said.

“It’s really up to me [to get] to know what makes them tick about money. And because money isn’t something that their parents have spoken to them about, they haven’t learned about it in school; they may have a whole lot of hang-ups and feel guilty about either inheriting money or having some sort of windfall, or guilt about being unwell and the issues that that might leave their family; that you need some sort of prop around you.

“If you’re not comfortable in handling it [such situations] yourself and you’re not experienced in reading it, [then] you’ve got some tools to help you get through it all.”

Broome added that there is nothing wrong with an adviser saying to a client that they do not know the answer to everything, and that they can say, ‘Let’s just take down all the information and I can come back to you’.

“You don’t have to meet a client just once. Yes, there’s a time cost about meeting a client, but when the situation is tough, sometimes it’s better to actually break it down into smaller chunks and meet them over a number of occasions until you really get to the real issues that they want to address,” she said.

### **Invest in training**

Unwin emphasised that more than ever, it is absolutely crucial that advisers invest in themselves and their businesses.

Further, he encouraged advisers to seek out quality soft skills training, something that has unfortunately fallen by the wayside.

“The problem is, compared to certainly when I joined the business and for a long time into the ’90s when life companies and the like did a really good job in actually training their people with their soft skills, their engagement skills ... it’s simply not being done by licensees and life companies anymore,” he said.

“There’s so much more focus on compliance and keeping yourself safe and ticking all these compliance boxes.

“When you look at the potential return on investment that advisers would get, if they actually took the time, spent the time and the money on actually upskilling themselves in this area, it’s incredible the return on the investment.”

### **Conclusion**

Financial advisers can manage difficult conversations with their clients by being empathetic, and spending the time to build up rapport and trust. Dedicating the time to develop their soft skills by undertaking courses will further enhance these abilities.

Some of the techniques that advisers with good communication skills practice include, gathering as much information as possible about a client’s situation to manage it more effectively, using checklists for difficult issues and engaging in a holistic approach to meet a client’s complex needs.

## References

My Aged Care 2017, 'Paying for accommodation in an aged care home', webpage, 13 April, Commonwealth of Australia, viewed 8 October 2018 from <<https://www.myagedcare.gov.au/costs/aged-care-homes-costs-explained/paying-accommodation-aged-care-home>>.

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