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Listen Up: Improving Client Relationship Skills Gaining Priority For Wealth Managers

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Four years ago, Abacus Planning Group, a 13-year old \$700 million wealth management firm in Columbia, S.C., was growing at a good clip, gaining both clients and assets. But Cheryl Holland, president and founder of the firm, and a 25-year industry veteran, wasn't satisfied.

"I felt there was a gap between our technical expertise and our emotional intelligence," Holland said. "I had experience working closely with clients but knew that younger members of our team didn't. I was looking for a way to help teach them skills that took me years to learn as quickly as possible."

After listening to a presentation by Dr. Jim Grubman, a psychologist who heads the Family Wealth Consulting practice in Turners Falls, Mass., Holland hired Grubman to help improve her advisors' client relationship skills.

Client meetings are now "completely different" than they were four years ago, according to Holland. For starters, Abacus redecorated some conference rooms to look like living rooms, complete with comfortable couches, easy chairs, flowers and other homey touches.

"Clients are literally more relaxed," Holland said. "It has allowed us to have the kind of candid, back-and-forth conversation that wouldn't have been possible in a traditional business setting." Abacus advisors have also learned to listen better, she said.

Slow Down

"We had a meeting recently with a client whose wife was just diagnosed with early onset Alzheimer's," Holland recounted. "He was understandably distraught and began to talk about his concerns. Four years ago, we would have jumped right into problem solving, going down the checklist of what needed to be done. But instead, we slowed things down, asked him to start at the beginning and just listened as he told his story. The meeting ended up being an hour and a half, but it actually saved us time in the long run, because we found out what was really on his

mind, and we could do a better job as a result.”

Improving client relationship skills is becoming a high priority at many other wealth management firms as well. The trend is being driven by demographics, fall-out from the financial crisis and the bottom line, say specialists in the field.

Older principals, like Holland, have developed an effective bedside manner with clients over the years, but many are growing concerned that their successors are lacking those inter-personal skills. A number of firms also realized they hadn't been able to effectively deal with panic-stricken clients during the financial crisis. Others wanted to make sure they didn't lose clients: “There's an old saying that performance gets people in the door, but relationships keep them there,” Grubman said.

Verbal Cues, Emotional Empathy

While financial advisors tend to be good problem solvers, they need to improve their listening skills, interviewing techniques, self-awareness, emotional empathy and intelligence, experts say.

“Listening for other than bottom-line concerns is critical,” said Szifra Birke, a Chelmsford-based family wealth consultant and licensed marriage and family therapist. “Advisors need to slow down and watch for verbal cues clients might give to see what they really want to talk about.”

Many advisors also feel intimidated by wealthy clients, according to Birke, who is on retainer at Lexington Wealth Management. “One of the tools I teach them is to be less threatened. They've been trained that their job is about numbers and if something that's important but non-financial comes up, they think ‘I should mind my own business.’ But that's a huge mistake. Just because a client has great wealth, doesn't mean they have great awareness.”

Indeed, if emotional problems in clients' lives are not fully addressed, said Gary Shunk, principal of Chicago-based Family Wealth Dynamics, they will invariably resurface. “And if the problems are never addressed and never resolved, trust between the advisor and the client erodes,” Shunk said.

A licensed clinical social worker, Shunk works with individual advisors on developing listening and empathy skills. “Empathy is about entering the emotional world of the client,” he explained. “I introduce a ‘right brain’ orientation that is non-rational, non-linear, and non-logical and deals with emotions. When empathy is achieved, then deeper dialogues and trust building can occur.” Interviewing techniques such as asking open-ended questions are also key to getting clients to open up, said Grubman.

Essay vs. Multiple Choice

“Advisors worry too much that asking reflective questions makes them sound too much like a psychotherapist, but they shouldn't,” he said. “It's the same technique that a good interviewer like Barbara Walters uses. Instead of asking a client how much money they will need for retirement, they can ask them to talk about how they picture their retirement. It's the difference between a multiple choice answer and an essay, and they'll get more useful information.”

Advisors also need to be more aware of their own attitudes about money to be more effective, Grubman said.

“A lot of advisors relate to some clients better than others,” Grubman said. “For example, they may admire entrepreneurs for their drive and ability to build a business, but may disdain inheritors of wealth as undeserving and spoiled, and those attitudes are going to come through.”

In addition to his work for Abacus and other wealth management firms, Grubman is on the faculty for IMCA's Certified Private Wealth Advisor Certificate. In November, he and Dr. Dennis Jaffe will conduct **a two day workshop** in Cedar Hill, Texas presented by Northwood University on client relationship skills for working with wealthy families. “As the complexity of the clients goes up, the level of skills need to work with them goes up accordingly,” he said. “When you're working with families, instead of talking with one or two people, you may be talking to five or more, and you have to be really good at it.”