Advice as Art

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October 20, 2009

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Art is the tree of life. Science is the tree of death. – William Blake

Giving advice to clients is a delicate art, like creating a beautiful symphony from a group of musical instruments. So how can advisors offer advice to clients that transcends mere projections or proposals, and becomes something more? What are some ways to transform our advisory relationships into greater than they currently are, thereby giving them new life?

Giving advice is both a privilege and a responsibility, and interpersonal dynamics have a significant effect on how a recommendation is given and received. Good relational dynamics between an advisor and client require three things – integrity, communication and trust.

Integrity

Integrity in a client-advisor relationship demands complete and undivided honesty, open exchange, and thorough and frank discussion of goals. The veracity of information exchanged between an advisor and client should be tested – by both of them – through on-going questioning. Integrity is both the seed and root system of a good advisory relationship.

Get to know your clients through a repeatable process. Follow a basic template that forces you to discover vital information by using the same series of questions for all clients. Ask and ask again – be sure to update information and responses annually. Discovery is an on-going process, so incorporate an annual review template that includes important questions.

Two connected, yet distinct, types of questions must be asked: quantitative, or numbers-based, questions and qualitative, or emotions-based, questions. Another way to remember this is to ask first “what,” then “why.”

Among the “what” questions are basic demographic information, a compilation of your client’s assets and liabilities, and questions about risk tolerance that can become part of an Investment Policy Statement (IPS). The “why” questions are those that go the “extra mile” that few are willing to walk. Helping a client understand and articulate their views and feelings about money and their relationship to it provides enormous value.

Ask open-ended questions: “What is an impressionable memory you have about money from childhood?” “Did your parents talk about money?” “What do you want your children to learn about money?” “What keeps you up thinking at night?” Be sure to ask for clarification or examples. When clients articulate their feelings more concretely because of your questioning, a fuller mutual understanding results.

I always restate what I hear the client say verbally and in a follow-up letter to give them the opportunity to set the record straight if I misunderstand them.

Inquire, too, about the client’s history of decision-making. With these questions you are really trying to discern why they make the decisions they do, so that you can create a plan that addresses their key considerations. “When the technology bubble burst and 9-11 occurred, what did you do with your portfolio? Did your lifestyle change?” “What three things have you given your time, money, and energy to, and why?” Building client relationships is about relating – going deeper into the mind, thoughts, emotions, and desires of the client.

Be purposeful in the way you manage your practice. Deliberate action requires discernment and means that you have assessed and know your skills, passions, abilities, as well as how to use them for client’s good. One of the keys to serving clients is to do things proactively. Identify the areas of your practice and profession that energize your interaction with clients. If estate planning is your passion, then maximize your continuing education credits on estate planning. Find outside structures that force you to practice using your knowledge by joining a study group or reviewing case studies from educational materials.

Being deliberate includes learning the boundaries in your life, skill set and practice. Many people view boundaries as inhibiting, rather than offering incredible opportunity and freedom. When we recognize that we cannot do or be everything to everyone, nor can we know it all, we can chose to limit ourselves. Proactively assess yourself with the help of others who know you, then set boundaries, and you’ll free yourself to do what you love and offer the best to those you serve. Though it may be counter-intuitive, we should limit the scope of our practice by exchanging a world of possibilities for a world of actualities. In the realm of actualities, we can deliver what we say we offer. This greater focus turns out to be great gain.

Over the last five years I have narrowed my focus on the areas I can best add value, but I do what I do better. As a result, my practice has grown and I am more satisfied by my work.

Disclose what you do not know. Be willing to share with clients what you do well and let them know if you don't have certain skills they need. This transparency and openness will promote good will and the opportunity to engage and work with other professionals you may recommend. Part of advising is guiding. In recommending another professional, you are serving as guide in the process of getting the client to their desired destination. I have realized that getting a client to their goal does not mean I must do all the tasks involved; it is all about what is best for the client.

Finally, in growing your integrity capital, you need to document, document, document. Create a system that you use in every interaction. For example, during an annual review meeting, use a standard annual review questionnaire. This will keep you focused on collecting the information you need every year. As you prepare for an annual review, simply read the prior year's notes from the questionnaire. Our memories need reminders about the details. Life, and the devil, is in the details. By documenting what was discussed, the tone it was discussed in, etc. your notes will transport you back that specific moment. Having the ability to recount what the client said, felt, or expressed in prior meetings builds confidence. It says that I am hearing what the client has expressed. All clients deserve to be heard, and the way to hear previous meetings is through documentation.

Send a follow-up letter or email after most interactions. A simple overview of the issues the client discussed, actions to be taken, and who is responsible for them keeps everyone on the same page.

Communication

Communication in an advisory relationship is the bridge between integrity and trust -- you cannot achieve trust with integrity or communication alone. Communication offers elements that define, inform, and enhance the health of the advisory relationship.

In communication, both form and substance are equally important. Appropriately matching form with substance will nurture integrity.

You can use two communication methods with clients: traditional and digital. Traditional communication methods include face-to-face meetings, snail mail, newsletters, phone calls, business cards and print advertisements. Digital methods include email, web sites, and social networking sites. Your ability to select and manage a few traditional and a few digital methods will benefit your client relationships.

Be direct and offer simple, focused content. For example, a newsletter should have a theme, with supporting articles and charts that discuss your theme. In all forms of communication, get to the point by filtering out extraneous information for clients.

Beyond simply filtering, you must also interpret the data you provide. Raw information, statistics, and information can be overwhelming without context. For example, you can help clients understand a short list of options and help them make informed decisions by using a pros/cons list.

The substance of a communication should dictate its form. Don't send an email if you need to communicate emotion. A traditional form of communication will serve you and the client better, so call them or meet them face-to-face.

Communication should never stagnate. Advisors should keep meaningful information flowing in various ways. Offering some communication that is predictable (e.g., a quarterly market letter) is helpful. My quarterly letters will often prompt a call from a client about the letter's topic, or even about something unrelated. These letters serve as reminders that say, "I am here when you need me."

All communication should have a certain cadence or steadiness, and it should always encourage feedback from clients. Relationships thrive when there are ongoing, meaningful exchanges of thoughts, ideas, emotions, and information. Communication is a dialogue back and forth. I always end my letters with a statement that expresses my desire to hear from the client if something is on their mind.

Trust

Trust is choice fruit of the advisory relationship – it's something that most advisors long to achieve. There can be no trust without the root system of integrity and the nurture of communication. Trust brings great rewards, but it is both a privilege that must be honored and a responsibility that requires constant vigilance to maintain.

Trust derives from valuing people and the personal and professional connections you have with them. It's not all about money; it is also about personal fulfillment and seeing that your advice can positively affect others. I recently counseled adult siblings whose parent is a client. The parent's health is failing and to be able to sympathize with the children at a difficult season in their parent's life is an enormous privilege.
Trust is earned through a process that can never be neglected. Make every effort to "walk in your clients' shoes" – treat them as you would want to be treated if the roles were reversed.

By gaining trust you gain a person who can advertise and advocate for you. When happy clients or strategic allies refer new relationships to me, I consider it one of the highest compliments I could receive. In addition to gaining the opportunity for new working relationships, I find great personal satisfaction in the implicit affirmation that I am truly helping others.

Art is often tangible, like a painting or a sculpture, but whatever form it takes it possesses a palpable power which does something to the admirer. Likewise, integrity, communication and trust are definable traits that advisors and clients can recognize. But they are also more. These traits produce a result that enhances, beautifies and solidifies a professional relationship. They create the kind of free-flowing exchange that cements a unique bond between client and adviser, one in which advice is not a commodity but rather a dynamic and organic relationship.

Integrity, communication, and trust are like separate instruments in an orchestra – when each plays their part of the musical score, a transcendent experience occurs. This experience is like that of an overtone, a higher musical tone that occurs when voices and instruments harmonize. Like musical harmony, a transformed advisory relationship results from harmony between integrity, communication, and trust.

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