When Employees Get Too Friendly with Clients
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by Beverly Flaxington

Beverly Flaxington is a practice management consultant. She answers questions from advisors facing human resource issues. To submit yours, email us here.

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Dear Bev,

One of my employees has become overly friendly with one of our larger clients. They have gone on vacation together, out to dinner quite a bit and share hobbies and other activities. This concerns me because I know when people are friendly they can share too much information, or if the relationship turns sour we might lose the client – or the employee. I don’t feel I can tell my employee she “can’t be friends,” but I also feel this isn’t good business for the firm. I value this employee but if I let her go, the client could pull their $5 million account. What advice do you have?

Name withheld

Dear Financial Advisor,

I assume you don’t have any policies in place around fraternizing with the clients. Advisory firms look to build relationships and to know clients really well, but it sounds like this particular relationship has become concerning to you for a few reasons.

You didn’t say if this employee is actually the advisor working with this client, or if it is an employee elsewhere within the firm. The course of action might be a bit different depending on the nature of the relationship, but I’ll offer some general thoughts.

If you don’t have a policy in place, it’s hard to legislate human behavior and relationship after the fact. It might be that your employee and this client have a synergy together and genuinely enjoy one another. But, there are many potential downsides. The biggest problem is that there could be a perception that this client was given preferential treatment on something, or generally benefitted from the relationship.

Without a current policy to fall back on, the best course of action is to have a sit down and discuss your
concerns with your employee. Convey to them that you support their right to do whatever they want in their own time, but that this is an important client and you are concerned about the impact on the firm.

Explain that how the relationship is perceived creates a problem. And, if you examine your own feelings and find you feel a bit “left out” – i.e., that the employee knows more about this client than you do and this makes you uncomfortable – share that, too. Be as open and honest as possible with your thoughts and concerns. Your employee may not even realize the relationship worries you. If you share your perspective, your employee could become more cautious in their approach, in what they share with the client and in how they behave in the office about the relationship.

Put a policy in place, if you are worried about this happening in the future. State that relationships of a deeply personal nature with clients are discouraged. Carefully word this because often an advisor attends a retirement party for a client, or a funeral or even holds a family meeting to talk about issues. There are many times having a personal relationship makes sense and is beneficial, but this one crosses the line if it makes you uncomfortable. Consult with your HR staff or an outsourced HR firm on how best to write a policy that works for your firm. I know many firms have these policies for nepotism or dating a co-worker, so it is appropriate to have one for employee-client relationships, too.

Dear Bev,

One of our best support members is very unfriendly. She helps when asked, but would never go out of her way to ask if she can help others. When we do ask her to do something outside of her area of responsibility, she will do it but she walks away in a huff and frowns the rest of the day. It’s getting to where other advisors don’t even want to ask her for help. She is alienating them and making it very difficult to get things done. There is a bottleneck occurring. One of my advisors talked to her but she started to cry and ran out of his office. What do I do?

Seth, Washington

Dear Seth

This is a behavioral issue. Is this person also very quality-control oriented, and not that sociable and outgoing in general? She is probably more focused on compliance and being conscientious, rather than on being upbeat, motivated and optimistic. People on your team are very likely “reading” her wrong. There are individuals who are naturally less people-oriented. They are more skeptical; they like to be alone and they like to focus on the job at hand and do that job to perfection. They like working through whatever they have been assigned, and don’t particularly do well with “fire drills” or “curve balls” thrown their way. Does this sound like your staff member?

Unfortunately we often want others to behave as we do and we misread the cues they give us. If she is doing the work, is responsive, and ultimately takes care of what you need her to do, she isn’t the problem. The problem might be your advisors who are staying away from her!

Look at the quality and output of her work. Talk to her about specific behaviors if you like, but make
sure you are very precise. If you want her to smile more in certain circumstances, tell her that specifically. If you want her to enthusiastically respond when asked to do something, tell her specifically what that enthusiasm would look like. She may need to fake it a bit, because this doesn’t sound like who she is.

Figure out what you really want. What is the real problem? What’s the obstacle? Make sure you are solving a real problem and not responding to differences in style and personality.

Beverly Flaxington co-founded *The Collaborative*, a consulting firm devoted to business building for the financial services industry in 1995; in 2008 she co-founded Advisors Trusted Advisor to offer dedicated practice management resources to advisors, planners and wealth managers. She is currently an adjunct professor at Suffolk University teaching undergraduate students Leadership & Social Responsibility. Beverly is a Certified Professional Behavioral Analyst (CPBA) and Certified Professional Values Analyst (CPVA).

She has spent over 25 years in the investment industry and has been featured in *Selling Power Magazine* and quoted in hundreds of media outlets, including the *Wall Street Journal*, *MSNBC.com*, *Investment News* and *Solutions Magazine* for the FPA. She speaks frequently at investment industry conferences and is a speaker for the CFA Institute.