

## Manage the investor not the investment

*In the spirit of World Financial Planning Day on 2 October and Financial Planning Week, which takes place from 7 to 11 October, is it time to review the way you engage with your clients?*

In a tech-obsessed world, where artificial intelligence threatens to eat your lunch, focusing on relationships and helping clients manage their behaviour could be the keys to success.

Gone are the days of analysis, reporting and modelling being the core competencies required to deliver sound financial advice. While, of course, these are still important, they are now in the company of softer skills that focus on the human aspects of investing. Sure, you need financial planning skills to build a plan, and investment management skills to pick funds to support it, but you also need empathy to learn what your clients need and behavioural coaching skills to help them stick to their plans so they can get the most out of them.

These were the main take-outs from the recent Humans Under Management (HUM) conference held in Cape Town.

### From number crunching to adopting a coaching way of being

Self-awareness is crucial. Understand that when clients discuss their financial situation and aspirations, they are opening up their hearts; this takes immense courage. It is important to take this into account and bring vulnerability, empathy and connection to your conversations. This is what renowned American author and research professor, Brené Brown, terms the "courage skillset". Local author and independent financial adviser, Kim Potgieter, who has trained under Brown, offered independent financial advisers (IFAs) who attended the HUM conference insight into this skillset which, if applied, can deepen your relationships with your clients.

### Vulnerability

We all experience vulnerability during times of uncertainty, and we tend to "put on armour" to protect ourselves from emotional overexposure. We prefer to hide behind a shield, rather than reveal what is really going on. This gets in the way of open conversations. It takes skill to get your clients to shrug off that shield and reveal their vulnerabilities. But if you can encourage them to do this, you will enjoy a much more real and transparent relationship with them and be able to advise them appropriately.

### Empathy

Empathy is essential if you want your clients to feel comfortable and able to reveal their vulnerabilities. Understand the difference between sympathy, "I am here to fix you", and empathy, "I am in it with you". Sharing your own vulnerabilities with your clients may help them feel less at sea – but guard against taking over the conversation with your stories or "silver-lining" things. Rather speak openly, recognise and embrace emotion and be mindful of your clients' circumstances.

### Connection

The energy that exists between people when they feel seen, heard and valued, when they can give and receive without judgement, and when they derive substance and strength from their relationships, builds great connections. Adopting a coaching way of being works well for connecting with clients: ask open-ended questions and actively listen to the answers. And then try to take things a level deeper: understand the individual; don't judge their dream of fulfilment.

### From financial planning to life planning

This approach may feel uncomfortable at first, given that we are generally encouraged to leave our emotions at the door when dealing with financial matters. But financial advice globally is moving in this direction and the shift may be the answer to thriving in the changing advice landscape. Mitch Anthony, a well-known author and proponent of this approach, sums it up well: He says the time has come for IFAs to change their central value proposition from "return on investment" to "return on life".

Anthony maintains that clients are looking for more than just a product picker; they are looking for an IFA who can demonstrate wisdom, experience and insights, and help them clarify their life transitions, priorities and goals. He suggests using a process of discovery, that uncovers and discusses:

- Client history
- Current and approaching life transitions
- The importance of making goals tangible
- The principles that guide clients' lives and money

To help your clients frame their priorities, you could consider using George Kinder's Three Questions. Kinder, recognised as the father of the life planning movement, believes this is the best way to get to the essence of what is important in a person's life:

#### 1. Design your life

Start by asking your client to imagine that they are financially secure, that they have enough money to take care of their needs, now and in the future. Then ask them: How would you live your life? What would you do with the money? Would you change anything? Let yourself go. Don't hold back your dreams. Describe a life that is complete, that is richly yours.

#### 2. You have less time

Next, ask your client to imagine they visit their doctor who tells them that they have five to 10 years left to live. The good news is that they won't ever feel sick. The bad news is that they will have no notice of the moment of their death. Then ask them: What will you do in the time you have remaining to live? Will you change your life, and how will you do it?

### 3. Today's the day

Finally, let your client pretend they have only one day left to live. Ask them to confront the feelings that arise as they face their very real mortality. Ask them: What dreams will be left unfulfilled? What do you wish you had finished or had been? What do you wish you had done?

Having gathered all the above information, you will be well positioned to craft a plan that resonates with your client and to help them stick to it. You can build on this conversation at each interaction and use these insights to help moderate your clients' behaviour – especially during times of uncertainty.

These questions should inspire a rich honesty that gives you real insight into what your clients value, rather than simply eliciting generic responses.

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