



# Building Trust with Today's Investors

By Greg Heffington, RCC

An often-quoted statistic is that 87 percent of clients who leave an advisor do so because of a problem with the relationship, not a problem with investment performance. Accordingly, preserving your relationships with clients is critical to retaining clients and building your business. Many components contribute to great relationships with clients. In this article, I'm going to focus on one critical component of the relationship, trust.

Trust is built through an ongoing cyclical process. Trust is a result of creating alignment with your clients. Alignment facilitates a process to understand and appreciate the client's emotions and to build a relationship that will survive the tensions and disruptions that will occur over time. Alignment creates a working alliance, which in turn builds trust. Importantly, trust has to flow both ways.

What I am going to discuss is not new to you. My hope is that it presents a different way to look at issues of trust and client relationships. In some cases the information is straightforward common sense. Unfortunately, it is also either commonly disregarded or commonly unrecognized by financial professionals.

## Trust through Alignment

The attitudes and perceptions of virtually all clients will change over time. But as a result of the recent upheaval in the financial markets, most clients' attitudes and perceptions are changing at an even faster rate. Many of the changes to clients' attitudes and perceptions reflect a crisis of confidence in the financial system, which often manifests itself as a crisis of confidence in relationships with financial advisors. Unfortunately, many

professionals lack the training to effectively deal with this crisis.

As a financial professional, your success at building strong relationships with your clients will depend on your ability to build trust, communicate effectively, create a working environment of mutual respect between yourself and your clients, and create a working alliance with your clients through alignment.

To be clear, you need to become more aligned with your clients and prospective clients.

will help your clients engage in the work required to be successful.

To align yourself with your clients and/or prospects, you must create a trustworthy environment, demonstrate your care, be predictable, and demonstrate your competence. If you fail at any one of these requirements, the result for your clients is fear and anxiety about the unknown. And fear or anxiety creates an emotional response of fight or flight. To be clear, I'm not suggesting that people will physically get up and leave or pick a fight. But they will flee

**“ The idea that you need to actually work with them to formulate strategies and answers based on shared perspectives, ideas, and feedback is not new, but it is important. ”**

In general, the goal of alignment has been for you to understand your client's needs and deliver a way to meet those needs. The idea that you need to actually work with them to formulate strategies and answers based on shared perspectives, ideas, and feedback is not new, but it is important.

To become more aligned with your clients will require some work on your part, and it won't be easy. If you commit to the work, the rewards will be well worth it. It will result in a higher level of trust between you and your clients, which in turn will mean more effective and productive relationships. It will also require some work from your clients—work that might be difficult to get them to do. Your ability to lead the process and demonstrate that you care more about the client than the outcome

mentally, become combative, or push back. Your goal is to keep them operating in the cortex, away from the primitive brain. To flee mentally is to give what is required and not one bit more. Does that feel familiar?

Let's get back to the idea of connecting in a meaningful way with clients. Trust has been eroded and skepticism prevails. If left unchecked, your business and our industry will certainly suffer. What to do?

First, a little framing is in order.

## Four Generations of Motivation

The skills we possess as financial advisors are largely related to our ability to solve impersonal or technical problems. Indeed, our training has caused us to be efficient in dealing with technical problems. Our motivation has come



from doing right by the client, and it has been re-enforced by the firms we work for through incentives, direction, and structure.

To elicit the desired behaviors from all of us, organizations have progressively changed over the years. It started with the basic *carrot and stick*. Then organizations added *leadership strategy* to the carrot and stick to solidify goals and direction. The next generation designed a *methodology* to integrate leadership strategy with actual roles and required outputs. The last step has been to integrate the methodology into a software package or packages to bring about *systematic solutions*, i.e., contact management systems, planning software, regression analysis, Monte Carlo simulations, etc. These four generations of motivation have served organizations well. They have brought consistency and greater predictability to outcomes, especially on behalf of clients. They also have helped us identify a means to an end. In other words, they kept us on task to be productive and generate sales, and they have allowed us to earn the money we need to support ourselves. Oh, and yes, help clients solve their financial problems.

### Building Trust is an Adaptive Problem (Adding the Fifth Generation)

Okay, now the rub. Building trust with clients is an adaptive problem, not a technical problem. While solving the technical problems is still critical, if we can't first solve the personal or adaptive problems, solving technical problems won't matter. The idea of solving adaptive problems becomes a bigger challenge because it requires people to change in some way. We don't like change. Yet in today's environment we must get comfortable with it. Change is the new constant.

Creating alignment is one of the most efficient ways we can begin to solve adaptive problems.

To gain true alignment, we must consider relationships and intrinsic

motivation. We have to care about shared goals, understand the tasks for accomplishing those goals, and trust the client to work with us even when the work is tough. Trust is built by creating a working alliance with our clients—a sense of shared purpose and mission. And without true alignment, there can be little trust. Without trust we will struggle to keep our clients.

### Building Alignment with Clients

So the question now is how do you build alignment with clients and how do you know when you have alignment? It is not easy. In a process-driven organization with a process-driven approach, you have become a process-driven expert. So first, we must step away from the process.

### Interpersonal Engagement

You will need the process a little later, but on the front-end you will need interpersonal engagement (i.e., meaningful conversations). Those interpersonal engagements will allow you to get into your clients' heads. Being in their heads will help you understand them, how they think, what's important, how they process information, how they want to communicate, their comfort level with ideas, and their comfort level with you. Remember that you are the expert on providing strategies and ideas on solving their financial problems. They are the experts on themselves. You both must work together to make the relationship work. You must trust each other's competence, intentions, and toughness.

### Patience

Building alignment also requires patience. You have all spent a great deal of time learning, understanding, and delivering information you know will help your clients and prospects meet their needs or challenges.

Based on your training, the client situation, time constraints, what you know about the solution, and what others have done in similar situations, you

deliver the answer with such confidence you are certain the client will implement your recommendation. You are so ready to help that at the first sign of financial problems or need, you jump on a remedy. The picture is so clear to you and the answer so obvious, you can't understand why the client won't do what you're asking them to do—now. This in turn adds a significant level of frustration to the relationship. And the client comes with many ideas and motivations, not the least of which is his or her own solution. Beneath that lies a person with many emotionally laden goals as well as personal and financial pressures and dreams. It takes patience to find out what they are. Here's where the "miss" happens.

In an environment in which both sides enter the conversation with a hurry-up frame of mind, the opportunity to observe your clients' human, emotional side can be quickly lost. You are eager and prepared—both good things; unfortunately, you are too focused on the solution and sharing it as soon as possible. As the expert you breeze in, offer the solution, and miss the person on the other side of the conversation. What is worse, often your eagerness will turn into anxiety as you struggle with the pressure of being respectful of time while still finding enough time to share your strengths. Certainly, presenting your strengths is reassuring for your client, but only to a point. If it continues for too long it sounds like boasting. And, so, by rushing to share your solution you not only risk droning on about your strengths and losing your client's confidence, you also risk your client feeding off the anxiety you are creating.

Unfortunately, this often adds to the anxiety your client is already feeling. Certainly, clients need help—or they wouldn't come to see you. But often beneath the need for assistance is distress—too much is being demanded of the client. Anxiety and stress are natural and normal human responses to being



overwhelmed. As the professional, you need to be thoughtful about how to address this stress and anxiety. Saying too much too quickly can indicate that you haven't heard or don't understand. But perhaps even more tragically, in sharing your correct solution too quickly and with too much pride, you can appear arrogant and out of touch.

Tune-in to clients. If you as the advisor demonstrate more patience (even a little) and ask a few more questions, your clients will see you as trying to understand them. Join them on their side of the table. This will clarify the issue at hand, you will gain insight into how and why the client thinks, and you will get buy-in for the idea you are presenting because the client now knows you both are working together to understand exactly what the issue is and how to fix it.

### Listening

An important skill you will need to build alignment is listening. This is not a new concept, but it is hard for us to do. We are answer people, not question people. In fact, from a very early age we are rewarded for providing answers. Young children are naturally very curious: why? why? why? But by the time we get to school we are no longer incentivized to ask why. Instead, we are rewarded for providing answers.

Listening is an unfamiliar act by the time we become adults, especially when we're being asked to employ our expertise. Here are some critical factors that will improve your listening skills.

- Ask questions.
- Learn to listen and not talk.
- Resist directing the conversation.
- Do not give advice (yet).
- Learn to endure the anxiety and frustration of just listening.
- Become more introvert-like.
- Be curious.

### Treat the Client as an Individual

Treating each client as an individual is an absolute necessity if you want to create alignment and, in turn, a healthy

working alliance. A working alliance is much more about the relationship than problem-solving. (The concepts of alignment and working alliance are important enough to be a separate discussion, but trust is the foundation of both concepts.) Your goal should be for the client to say, "You get me and understand my goals." Many of you already are engaging in this effort. How consistently you apply the effort is something to think about. Having the patience to explore client needs, wants, desires, and frames of reference will serve you well in helping to show clients that you are allied with them so that trust can grow.

### Concluding Thoughts

In the future, the most successful advisors will be those who understand that building trust is eminently more important than applying technical know-how. The proliferation of easily accessible information has given nearly all clients access to guidance on how to effectively solve technical problems. Indeed, solving technical problems related to portfolio allocation, solving problems clients have with achieving financial security, or addressing similar technical applications will be a commodity (if it isn't already). Therefore, the advisor necessarily will be required to do more than just solve for these technical issues. The advisor of the future will be someone who clients can trust to understand their needs, assess their understanding of and tolerance for different solutions, and provide candid advice on how someone with their unique opportunities and challenges can most effectively meet their goals. The most effective way to build the trust that is the foundation of the strong advisor-client relationship is through alignment.

In the beginning you must communicate your desire to have an effective, open, and honest relationship. If you're working with an existing client, it may be necessary to re-establish or to emphasize your desire to strengthen the

relationship (which will depend upon your honest assessment of the strength of the current relationship). In either case, the path is simple.

- Your conversations need to be open and honest. (As the advisor you must demonstrate this or your clients will not model their behavior to match.)
- Both parties must commit to the idea of a strong relationship.
- You must take the time to understand clients, who they are, their concerns, and their ideas on how to fix their challenges. You can do this by continuously seeking more information—not in the interest of finding something to fix but in search of knowledge.

The challenge you have as a financial professional is to stay focused on the relationship. Your skills, knowledge, and experience are essential. Knowing your strengths and weaknesses is also important. Building trusting relationships where clients truly feel that you are aligned with them is likely the most important step you can take to attract and retain more clients.

If you ask questions and adjust to the changing needs and attitudes of your clients, they will feel heard and understood. If your clients feel heard and understood, they will believe they share a relationship with you that is safe. That in turn will allow the client to open up to new ideas. Now your advice will be heard and accepted.

That is the bottom line now isn't it?



*Greg Heffington, RCC, is founder of Heffington Consulting, LLC, and has more than 30 years of financial services industry experience. He also is a principal advisor to Applied Psychoanalytics, LLC, and a faculty member and founder of the Center of Success, LLC. He earned a BS/BA in accounting and taxation from Colorado State University. Contact him at [greg@heffingtonconsulting.com](mailto:greg@heffingtonconsulting.com).*

