

Planner as Counsellor

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With all the scrutiny on financial planners as part of FOFA, the complex, challenging and critical role that advisers play in their clients' lives has been all too easily overlooked.

As a financial planner, we often find ourselves wearing many hats –strategist, translator, educator, coach, counsellor, therapist, mediator and mathematician, to name a few.

As someone who has jumped out of plane at 14,000 feet and trekked to Everest Base Camp – nothing really tested my mettle more than sitting across the table from clients during 2008/09 who had (on paper) lost half their retirement savings and were in tears. I had advised through difficult conditions previously, but nothing with the severity of the GFC.

Twelve months later, as the markets climbed back up again, the same clients thanked me profusely for convincing them to stick with their strategy and not switch to cash at what would have been the worst possible moment in time to move out of the market. I remember feeling that the worst was over and that markets were on the way back up again.

Déjà vu? Fast forward to November 2011 and those same clients are now going through all the nervousness and anxiety they thought had been left behind a year or two ago. As planners, it is exhausting to be having those same conversations again, as the uncertainty enveloping world markets continues.

It is during times such as these that your skills as a counsellor are most required. How you interact with your clients for these very difficult and stressful conversations will be a critical factor in the nature of your long term relationship.

Prepare yourself to feel bad. Your clients have trusted you with their life savings. It is only natural you feel some degree of responsibility for their current financial situation. As professionals, we sell our services based on our strategic advice, not investment performance (something that is clearly out of our control). That doesn't mean that we don't care and feel bad when our clients are financially impacted by volatile markets.

Set the context. In your client meetings, be really clear from the outset what has been happening in markets and how that has impacted investment returns. Ensure you are well-read and can explain the current environment in laypersons' terms. Even if they've read every article on the topic and listened to Kochie on Sunrise every morning, they still need to hear it from you.

Be clear and concise in your communication. Articulate clearly what the worst case scenario is and be careful not to promise or give false hope in respect of short term investment performance.

Stop. Resist the temptation to ramble on. Take a moment to pause and enable your clients to digest what you have just said.

Ask for questions. After you've given your clients time to absorb the current situation, ask them if they have any questions for you.

Express your commitment. Remind your clients that you are there to support them during this difficult time and that you will work with them to get through this difficult, volatile period – you are there for the long haul.

Make a plan. Talk through with your clients what their options are (including doing nothing – which may be the best plan of all) and be clear on what the strategy for their personal situation is going forward. They may desire more frequent contact over the coming months – seek their input into how often they would like to hear from you (and then stick to it!).

Follow up. A personal telephone call to your clients one or two days after a difficult appointment to 'pulse check' how they're feeling after your meeting, not only shows that you care, but is also smart business practice (and really good manners!).

STAY FOCUSED

I recently attended a presentation by a well-regarded multi-manager regarding the current market volatility, where they brought out all the old favourites from the 'volatility tool box': "Time in the market, not timing" and "Prolonged declines typically end in sharp recoveries and if you don't stay invested, you could miss out"

These are all good, valid messages, but they haven't changed in over 20 years. It can be a challenge for clients to 'keep the faith' when they've been invested for 5+ years with very little to show for it.

Your role as a counsellor and how you keep them focused on their strategy will be far more valuable to your clients than sprouting hackneyed old clichés from 'Financial Planning 101'.

