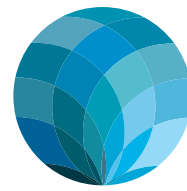


**AFA White Paper**  
May 2013



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Association of  
Financial Advisers

# The Trusted Adviser

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# About the Authors



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Rebecca is a psychologist with over 15 years' research and evidence-based consulting experience across a range of industries, most recently in

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## Dr Adam Tucker

As Director of the Beddoes Institute, Adam works with a highly energetic and innovative team undertaking market research design, data analysis, strategy

design and tactical implementation. He is highly sought after for market research, regulatory work, communication strategy, and BDM training. Underpinning The Institute's success is a proprietary web-based management system which converts market research data into actionable practice change programs using mobile technology. Adam is increasingly applying the lessons he learnt in the Pharmaceutical Industry to other sectors including finance and insurance. For the last 2 years Adam has been working on programs that implement corporate strategy to practitioners and consumers through mobile and social platforms.



## Richard Dunkerley

As Head of Marketing for Zurich Life and Investments, Richard and his team drive the marketing communications activities of the business, across brand,

PR and campaign based initiatives. Richard has been a driving force behind Zurich's adoption of new media and technology, and is a regular speaker and presenter in this area. Richard has more than 20 years experience in financial services, and has held a variety of senior roles spanning marketing, communication and product management with organisations including Comminsure, IAG, Westpac, and BUPA. For the last 2 years Richard has been a member of the Adviser of the Year Judging Panel.



## Brad Fox

Brad commenced as the CEO of the Association of Financial Advisers (AFA) in January 2013 after 5 years as an AFA Board Member including 2 years

as the AFA President. Prior to his appointment as the CEO, Brad was a practice owner and adviser. He has demonstrated his leadership skills consistently since winning the AFA Rising Star Award in 2008 and brings both passion and foresight to the advice landscape. Brad attended the Stanford Graduate School of Business Executive Education Strategic Leadership Program in 2012, holds the Adv. DFS(FP), FChFP and a B.Bus (Econ & Fin).

# Executive Summary

## Introduction

The AFA White Paper "Pathways to Excellence" released in October 2012 set out to identify those characteristics that set leading financial advisory practices apart from their peers. A mapping of the customer journey throughout the various stages of the advice process and adviser relationship was informed by deep consumer insights into the areas they most value in the relationship with their adviser. At the heart of the blueprint to becoming a leading advice practice – as articulated by that paper – was the building of capabilities in the four key areas that matter most to clients (presented in Table 1, below).

As an extension of the 'Pathways to Excellence' research, this white paper 'The Trusted Adviser', takes a deeper dive into the area that matters most to clients; the qualities of their individual adviser.

A central premise in the paper is that trust between an adviser and a client is vital. In the words of one client; "Trust is about caring, understanding, listening and explaining what is required". Importantly, trusted relationships grow rather than just appear. Trusted relationships involve both cognitive and emotional aspects and are two-way and personal.

Specifically, 'The Trusted Adviser' white paper profiles results from 13 financial advisers that were among the highest ranked candidates in the AFA Adviser of the Year Award in 2011 and 2012 to understand the attributes of a 'trusted adviser' and the associated benefits to an advisory practice once this trusted status is obtained and maintained.

Below we highlight some of the key findings and implications for the advisers.

## Leading Advisers are Trusted Advisers

Technical skills are a basic expectation that all clients have of their financial adviser; and this is certainly an area where leading advisers excel. These advisers are rated highly by their clients on their qualifications and experience, their technical ability and - importantly - on instilling trust, all of which are areas that are under constant evaluation by clients.

<b>1. Adviser Qualities</b>
The skills, confidence, capability and engagement of the adviser. Creating a trusted environment.
<b>2. Practice Service Proposition</b>
Ability of the practice to deliver the client experience.
<b>3. The Advice Process</b>
Ability to understand client needs, goals and dreams and then create a plan to achieve this.
<b>4. The Practice Charging Model</b>
Need for transparency and visibility of fees and charges. Need to deliver value for money.

Table 1: What are clients looking for from a financial advice practice?

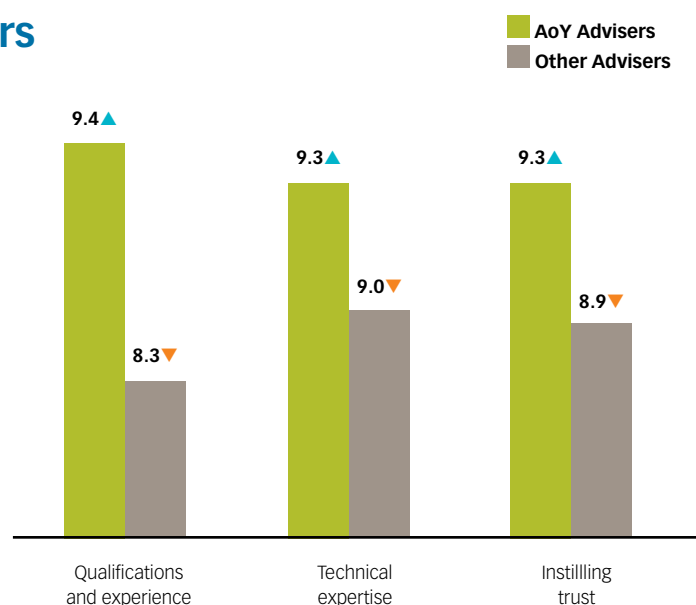
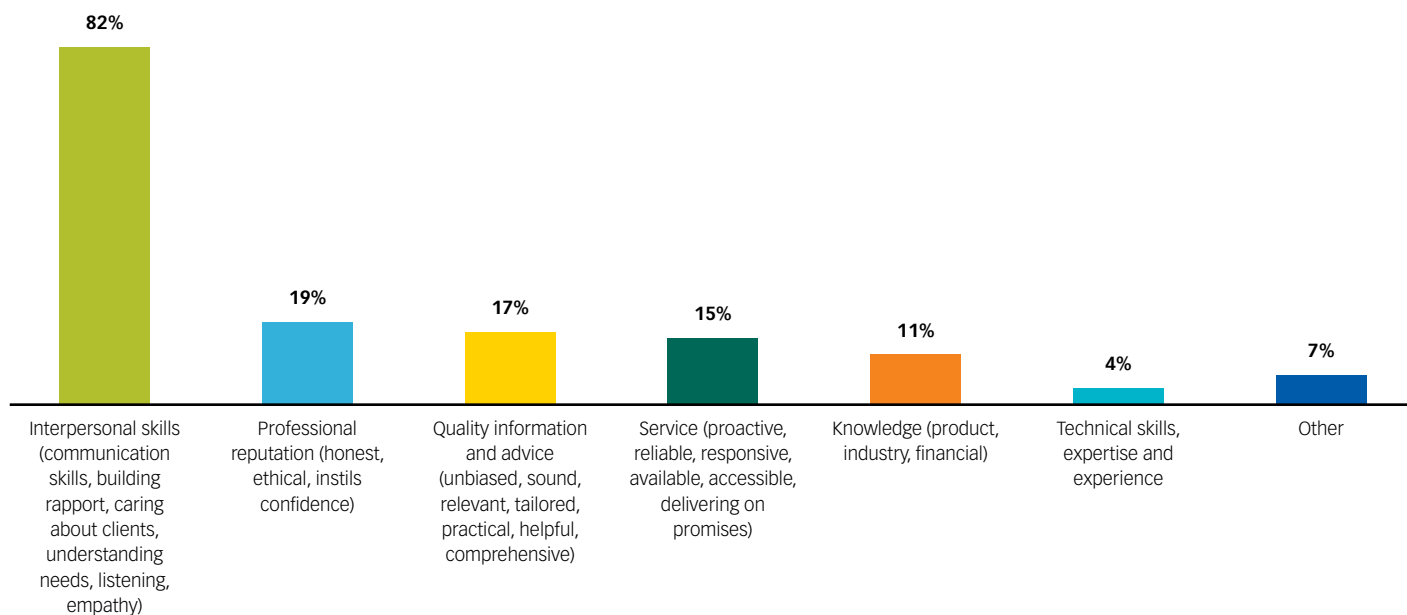


Figure 1: How would you rate your adviser in terms of their qualifications and experience, technical expertise and instilling trust?

# Executive Summary



**Figure 2:** What are the qualities of your adviser that are most important to you?

Technical competence, however, is clearly seen by most clients as a hygiene factor, and the attributes that differentiate leading advisers in the eyes of clients are actually the interpersonal skills and emotional intelligence that complement the adviser's technical skills.

Developing skills in this area provides a clear pathway to becoming a trusted adviser.

# Executive Summary

## The Benefits of Being a Trusted Adviser

Our research found that trusted advisers perform significantly better across key business metrics:

- High client advocacy;
- Better prospect conversion;
- More involvement in their client's personal and financial affairs;
- The delivery of improved financial outcomes and real value to their clients;
- Highly satisfied clients;
- Clients that are willing to pay fees;
- Practices that are substantially more profitable; and
- Strong and enduring relationships with their clients.

## The Pathway to Becoming a Trusted Adviser

Technical skills are typically easy to observe, quantify and measure and are the primary target of most training organisations. In contrast, interpersonal skills and emotional intelligence are harder to train but can also be effectively learned and developed with the appropriate training. Importantly, while some advisers are naturally gifted with good interpersonal skills and high levels of emotional intelligence, even the most trusted advisers have, at times, had to work hard to acquire new skills in this area that have not come naturally.

## Implications for the Financial Advice Industry

The findings in this paper have significant implications for the recruiting and training of financial advisers and client facing support staff within practices.

The clear establishment of the link between superior interpersonal skills, emotional intelligence and receiving a client's trust vindicates an approach to developing advisers and support staff on far more than technical skills.

The importance of emotional intelligence suggests that Licensee networks that consider this when recruiting advisers, and which subsequently provide training and development focussed on emotional intelligence, are likely to develop stronger networks with better performing advisers and practices. This can be extended further to the development of other client-facing staff within advice practices.

Finally, the research confirms that it is not interpersonal skills and emotional intelligence alone that is required to earn the title of 'The Trusted Adviser' – superior technical skill is also required. The implication here is that designations for financial advisers ought to represent to consumers that the adviser has reached a higher level of performance in each of the key areas required to earn their trust – both the technical and practical delivery of advice.



# Method

Over the last 10 years, several hundred of Australia's leading financial advisers have been involved in the AFA Adviser of the Year (AoY) Award. Those advisers who make it through to the finalist shortlist each year represent the very best of the best, leaders in their profession who exhibit exemplary standards of technical expertise and customer focus.

This white paper profiles 13 financial advisers that were among the highest ranked candidates in the AoY Award in 2011 and 2012 to understand the attributes of a 'trusted adviser' and the associated benefits to an advisory practice.

A Client Experience Survey was conducted on behalf of these AoY Advisers as part of Beddoes Institute's Leading Practices Program during 2012. This resulted in 512 surveys from the clients of those AoY Advisers. This data has been analysed and compared to client feedback from other advisers that were not involved in the Award process (a further 448 client surveys in total).

Data for the two groups of advisers was collected at the same time which ensured the integrity of the benchmarking. Further, while not involved in the AoY Award, these 'Other Advisers' represented a high performance benchmark as these individuals either worked in the same practice as the AoY Advisers or held leadership positions in the profession. Therefore, any area where the AoY Advisers significantly outperformed the 'Other Advisers' benchmark is evidence of the outstanding performance of trusted advisers.

In addition, a Practice Benchmarking Survey evaluating business performance was also conducted at the same time as part of the Leading Practices Program. Business metrics such as prospect conversion, revenue and profitability from financial advisory firms owned and run by AoY Advisers has been analysed to provide the link between being a trusted adviser and business outcomes.



# The 'What' and 'Why' of Trust

## What is Trust?

Trust between an adviser and a client is vital. A client's trust in an adviser develops through their experience of the adviser's skills and abilities and the results they produce, as well as the qualities and attributes related to the character of the individual.

How trust forms is complex and multifaceted. In the early stages, some clients make a critical and cognitive evaluation of an adviser's ability based on their qualifications and experience which leads to a sense of trust. For most, however, trust starts to develop in response to an adviser's interpersonal style and their ability to build rapport, and is fashioned by the emotional response and intuition of the client.

As the relationship matures, trust grows as a result of the technical competence of the adviser and his/her ability to deliver quality advice and positive outcomes for the client. In addition, the burgeoning trust that occurs over time with a trusted adviser is largely a result of the interpersonal skills and emotional intelligence of the adviser; their ability to communicate clearly, simply, and in language that the client understands; their ability to listen effectively and to understand and respond appropriately to the client's personal and financial needs in a way that shows empathy and demonstrates that they genuinely care about the client and have their best interests at heart.

In the words of one client; "Trust is about caring, understanding, listening and explaining what is required".

Importantly, trusted relationships grow rather than just appear. They involve both cognitive and emotional aspects and are two-way and personal.

## Why is Trust so Important?

The benefits of becoming a trusted adviser have now been clearly quantified in this white paper. The more clients trust an adviser:

- The more they will refer them to their colleagues, friends and family;
- The more information they will share with them thereby improving the quality of advice and services provided by the adviser;
- The more fully they will involve their adviser in their financial affairs and significant life events;
- The more they will follow through with advice and the more effective the advice will be in terms of improving their financial situation;
- The more they will value their adviser and the services he/she provides;
- The more satisfied they will be;
- The more likely they will be to pay advice fees willingly, on time and without question; and
- The stronger and more enduring the adviser-client relationships will be.

Trusted adviser-client relationships lead to greater enjoyment and self-fulfilment for the adviser, more engaged support staff and higher revenue and profits for a practice (Maister, Green and Galford, 2000).

From the client's perspective, entering an advice relationship brings with it many personal risks and anxieties related to entrusting their financial affairs and livelihood to someone they don't know, and requires a giant "leap of faith" (refer to 'The Search for the right adviser' in AFA's Pathways to Excellence, 2012). Forming a relationship with a trusted adviser takes away their worries and calms their fears, provides reassurance and inspires confidence.

A client in a Trusted Adviser relationship has peace of mind and also effectively receives value in the form of tangible financial returns. This is the ultimate outcome of a trusted adviser-client relationship in which clients open up completely and share all information required to improve and optimise the quality of advice and services provided by their adviser.



# The Profile of a Trusted Adviser

Using AoY Advisers as the frame of reference for a trusted adviser, this white paper has been able to profile trusted advisers in terms of the exceptional client experience they deliver as well as quantifying the benefits of trusted adviser-client relationships to a financial advisory firm.

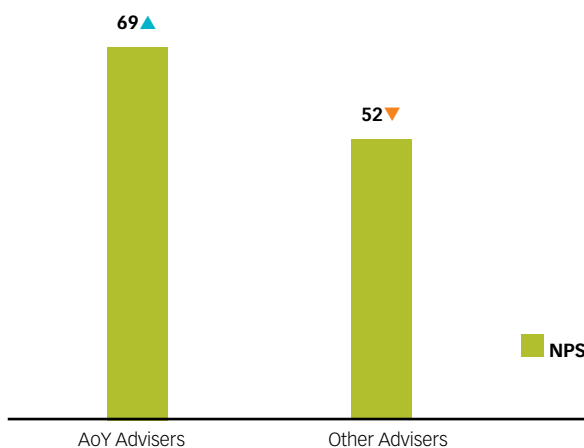
## High Client Advocacy

On a 0-10 scale where 0 is 'not at all likely' and 10 is 'extremely likely'; clients were asked about their likelihood to recommend both the practice and their main adviser. The results have been converted into a Net Promoter Score (NPSTM) and are presented in Figure 3 and Figure 4. Significant differences between AoY Advisers and Other Advisers are denoted by arrows.

The NPSTM for both the practice and adviser were significantly higher for AoY Advisers (69 and 75 respectively) compared to Other Advisers (52 and 59 respectively). Furthermore, the adviser NPSTM for both the AoY Advisers and Other Advisers was higher than the practice NPSTM indicating a stronger bond with the individual adviser than with the overall business. This trend is evident in most professional service firms where individuals within the firm tend to 'own' the client relationship.

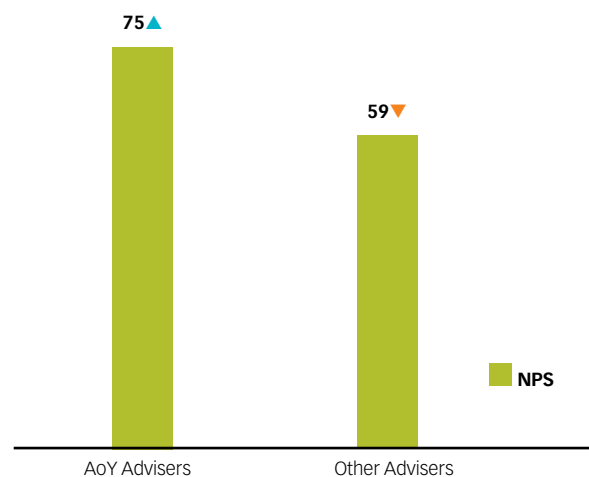
These findings are significant given the importance of referral and the NPSTM for financial advisory firms as demonstrated in the 2012 AFA White Paper, 'Pathways to Excellence'. The NPSTM has been used for many years as a key performance indicator of businesses. It has strong intuitive appeal because of its simplicity and because it has been linked to future business growth, especially in situations where the decision being made by the consumer is one of significance (Reichheld, 2006).

Practice NPS



**Figure 3:** Assuming you came into contact with a friend or colleague who was looking for a financial advice practice, how likely is it that you would recommend your practice for the services you currently use them for?

Main Adviser NPS



**Figure 4:** Assuming you came into contact with a friend or colleague who was looking for a financial adviser, how likely is it that you would recommend your financial adviser?

# The Profile of a Trusted Adviser

## Better Prospect Conversion

Successfully engaging new clients hinges on one's ability to earn their trust and confidence in the very first meetings. As such, new client conversion rates have been calculated as a measure of success of the early engagement strategy and approach of trusted advisers and are presented in Figure 5.

AoY Advisers typically have excellent client conversion rates ranging from 100% to 18% and an overall average of 60% highlighting their ability to establish trust in the very early stages of the relationship.

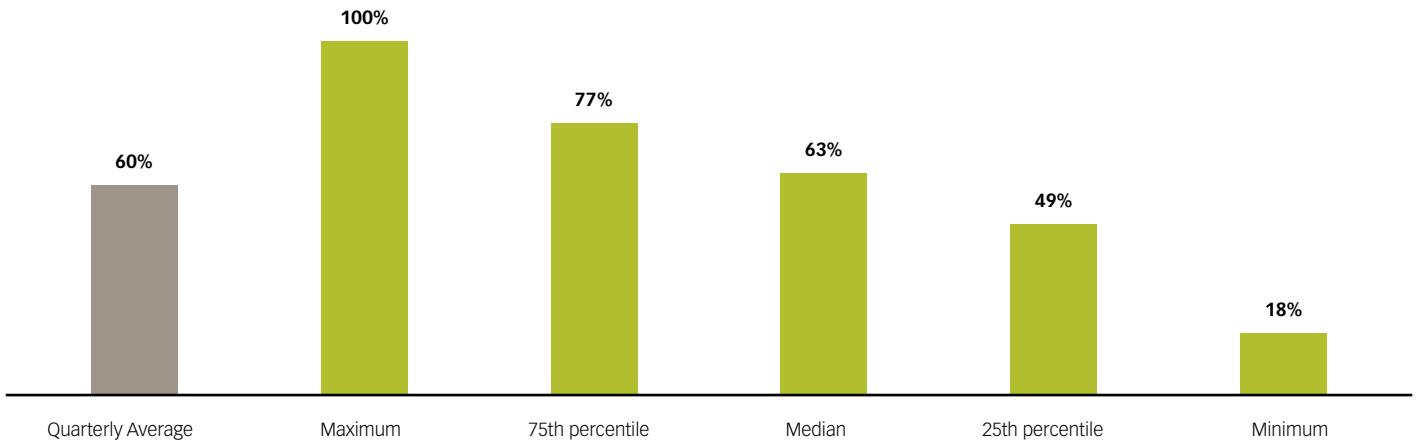


Figure 5: Prospect meeting to new client conversion

## Fuller Financial Involvement

The survey measured the extent to which clients involved their financial adviser in their financial affairs and the results are presented in Figure 6.

While the extent of involvement is high across both groups, significantly more AoY Adviser's clients reported that their financial advisers managed most or all of their financial affairs compared to other advisers (75% vs. 69%).

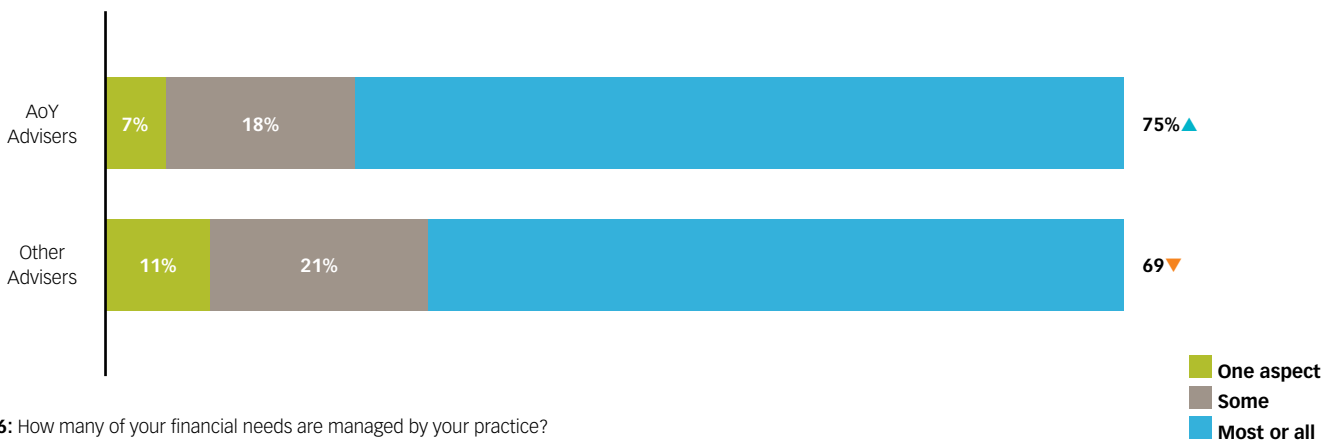


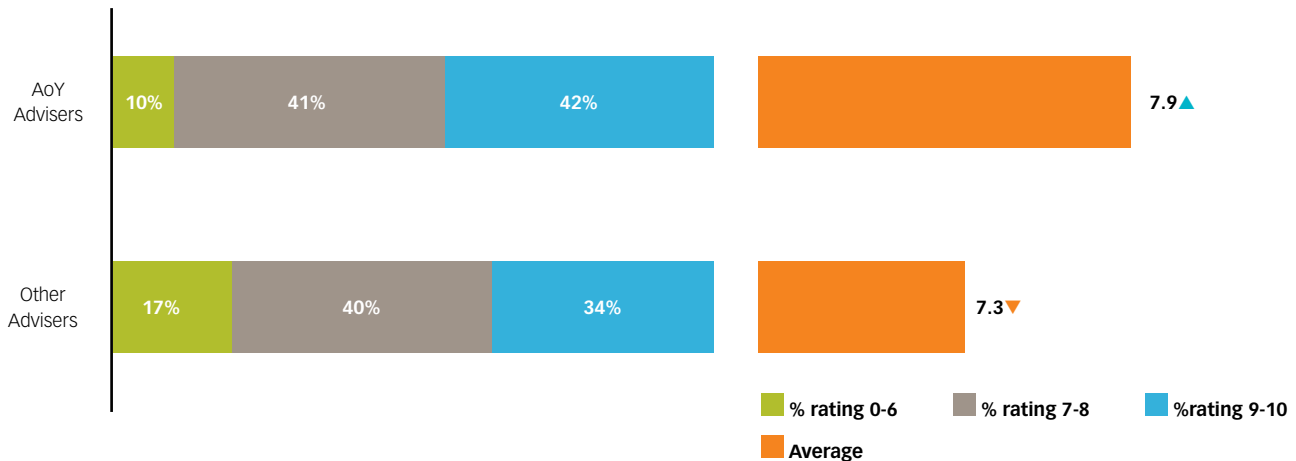
Figure 6: How many of your financial needs are managed by your practice?

# The Profile of a Trusted Adviser

## Delivering Improved Financial Outcomes and Value

Clients were asked the extent to which the practice had improved their financial situation. The results are presented in Figure 7.

AoY Advisers' clients reported significantly better financial outcomes compared to Other Advisers' clients (7.9 vs. 7.3 respectively), with 42% rating 9 or 10 out of 10.

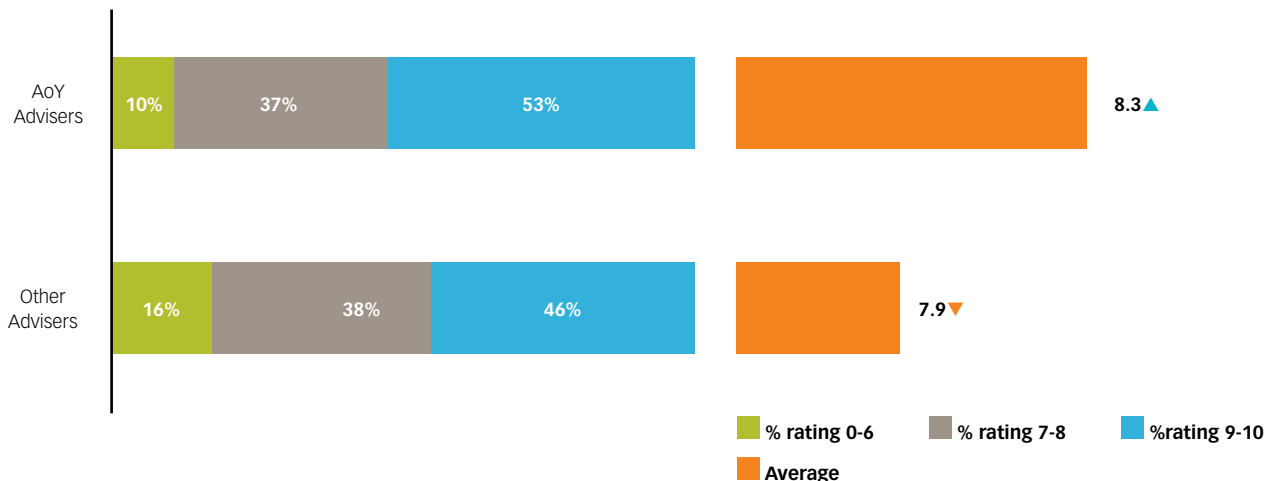


**Figure 7:** To what extent has your practice helped to improve your financial situation over the time you have been working with them?

In addition to measuring improved financial outcomes, perceptions of the value delivered by financial advisers were also measured. We know that the perceived value of professional services is largely a function of the performance of the firm relative to the fees paid by the client. Using this as the framework, the perceived value of financial advice services was measured by asking clients to rate the performance of their adviser and practice in the last 12 months across all services they had received, relative to the fees they had paid. The results are presented in Figure 8.

Perceptions of value were significantly higher among AoY Advisers' clients compared to Other Advisers' clients (8.3 vs. 7.9 respectively), with 53% of their clients rating them a 9 or 10 out of 10 on value.

These results show that trusted advisers are effectively deliver value to their clients in the form of tangible financial returns. This is the ultimate outcome of a trusted adviser-client relationship in which clients open up completely and share all information required to improve and optimise the quality of advice and services provided by their adviser.



**Figure 8:** In terms of overall performance across services provided relative to fees paid, how would you rate the value delivered by your practice over the last 12 months?

# The Profile of a Trusted Adviser

## Highly Satisfied Clients

Clients were asked to rate their overall satisfaction with their adviser taking all their experiences into account over the last 12 months. Ratings were given on a scale of 0-10 where 0 is 'not at all satisfied' and 10 is 'extremely satisfied'. The results are presented in Figure 9.

Average satisfaction with AoY Advisers was high at 9.1, significantly higher than with Other Advisers at 8.7, with 78% of clients rating their adviser a 9 or 10 out of 10.

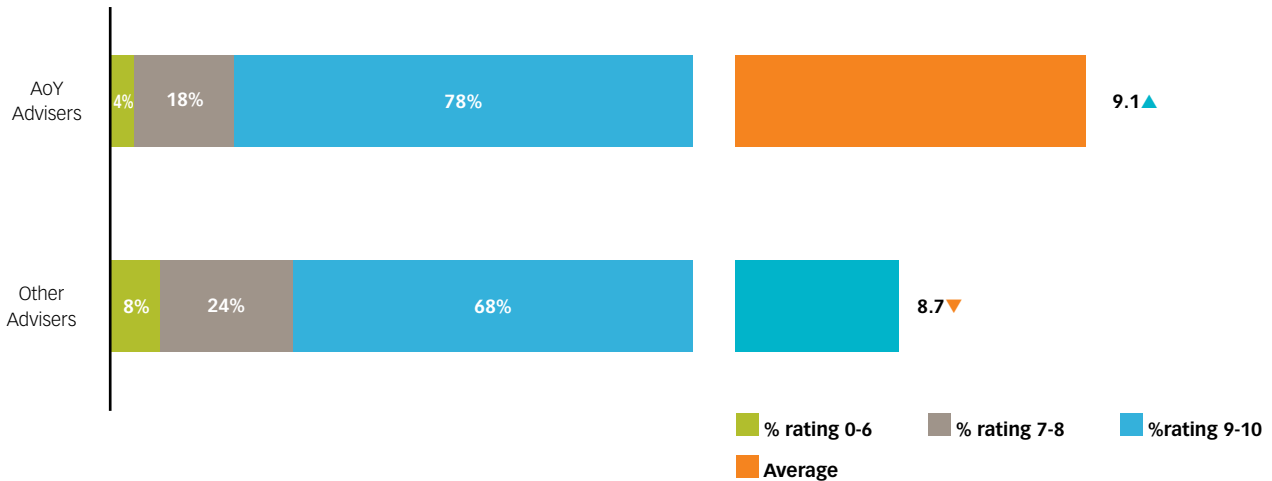


Figure 9: Taking all your experiences into account over the last 12 months, how satisfied are you overall with your financial adviser?

## Willingness to Pay

Clients were asked to rate their satisfaction with fees on a 0-10 scale where 0 is 'not at all satisfied' and 10 is 'extremely satisfied'. The results are presented in Figure 10.

The combination of high satisfaction with fee arrangements and high perceived value is likely to give trusted advisers greater discretion when setting their fees.

AoY Advisers' clients were significantly more satisfied with the fee arrangements compared to Other Adviser's clients (8.2 vs. 7.8 respectively), with 52% of their clients rating a 9 or 10 out of 10.

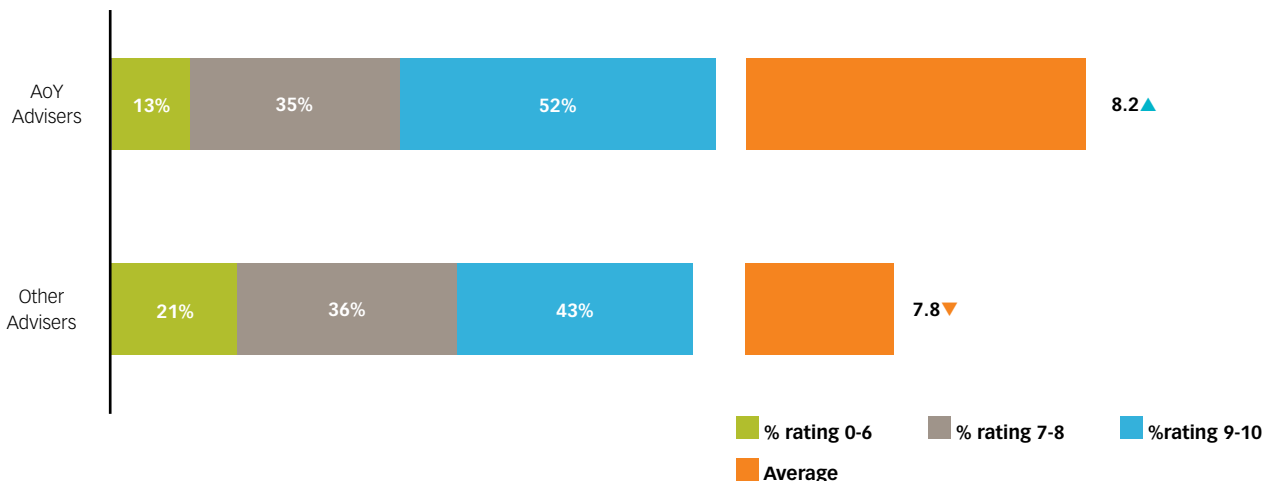


Figure 10: Taking all your experiences into account over the last 12 months, how satisfied are you overall with the fee arrangements at your practice?

# The Profile of a Trusted Adviser

## Profitable Practices

AoY Advisers were asked to provide their practice's EBIT figures as part of Beddoes Institutes' Practice Benchmarking Survey. A quarterly average over a 12-month period has been calculated to smooth out seasonality effects and is presented in Figure 11. Note that the 13 AoY Advisers comprised three risk insurance

specialists (i.e. greater than 80% risk insurance), three financial planning businesses (i.e. greater than 80% financial planning) and seven mixed businesses.

AoY Advisers were found to have highly profitable practices with an average EBIT of 43%, ranging from 68% to 21%.

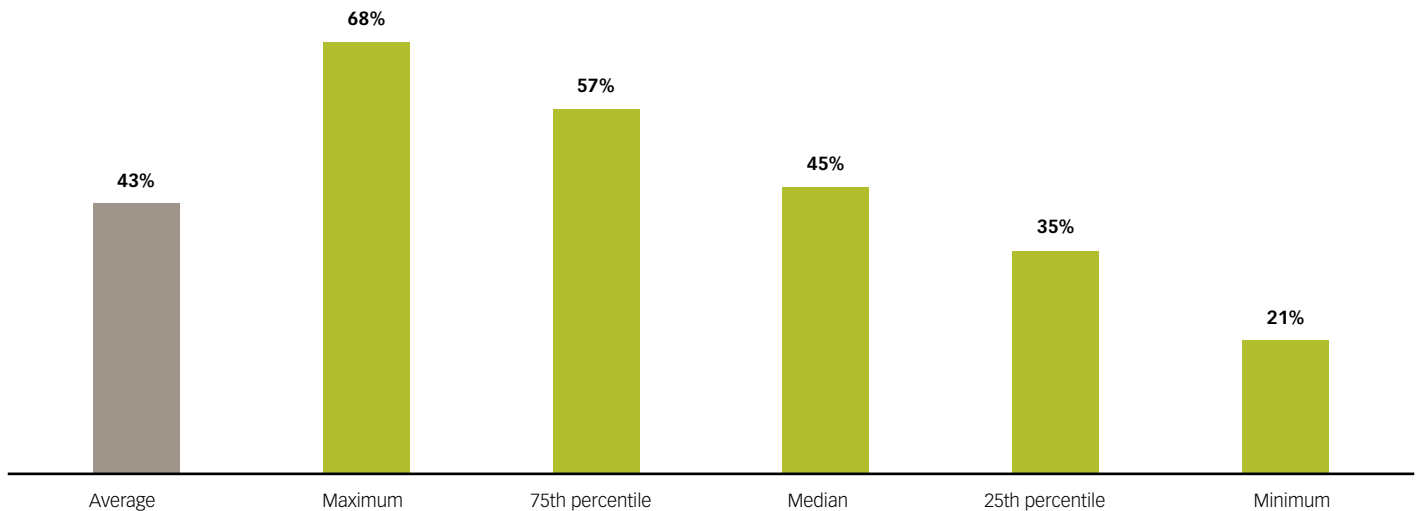


Figure 11: What was your practice's total EBIT (in dollars) during each of the previous four quarters?

Furthermore, revenue and profit per active client was also high as shown in Figure 12. Revenue per active client ranged from \$16,688 down to \$2,630, with an average of \$5,686. Profit per active client ranged from \$8,154 down to \$553 with an average of \$2,418.

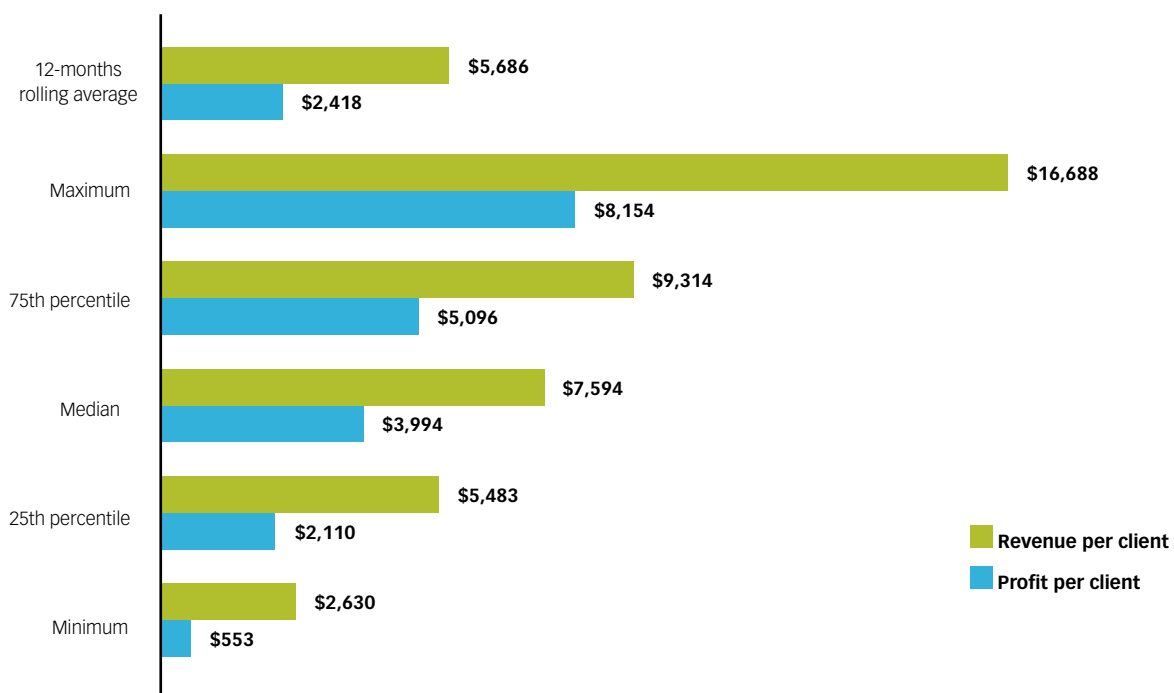


Figure 12: Revenue and Profit per Active Client

# The Profile of a Trusted Adviser

## Strong and Enduring Client Relationships

Clients were also asked to rate the strength of their relationship with the practice in which their adviser worked. Again, ratings were given on a scale of 0-10 where 0 is 'extremely weak' and 10 is 'extremely strong'. The results are presented in Figure 13.

The average strength of relationship score among AoY Advisers is high at 8.8 (significantly higher than Other Advisers at 8.3), with 64% of clients rating their adviser a 9 or 10 out of 10.

This indicates that trusted advisers are highly effective at building strong and enduring relationships with their clients. This translates into clients that are more likely to reach for, accept and act on advice recommendations and to utilise more services from a practice.

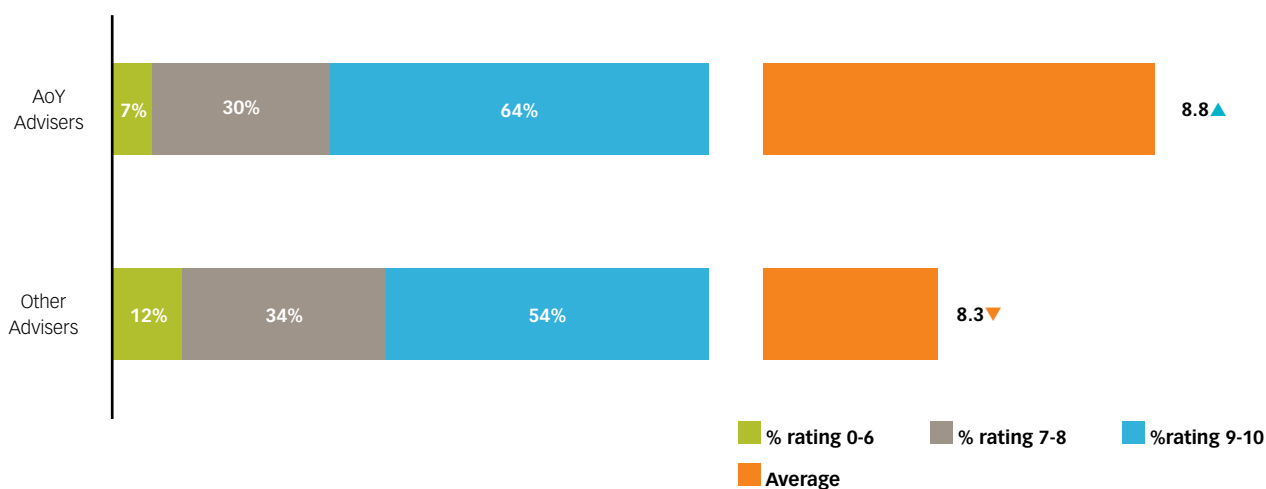


Figure 13: How would you rate the strength of your relationship with your practice?

## Summary

The benefits of being a trusted adviser are clear. Specifically, the data shows that trusted advisers have:

- High client advocacy;
- Better prospect conversion;
- Are more involved in their client's personal and financial affairs;
- Deliver improved financial outcomes and real value to their clients;
- Highly satisfied clients;
- Clients that are willing to pay fees;
- Profitable practices; and
- Strong and enduring relationships with their clients.

Having quantified the benefits of becoming a trusted adviser in the financial advice profession, the next step is to understand the qualities and attributes of trusted advisers that differentiate them from other advisers. Understanding these qualities creates a pathway to becoming a trusted adviser.

# The Qualities of Trusted Advisers

One of the most significant challenges along the client journey is successfully engaging new clients and building trusted client-adviser relationships. This is about technical skills and the ability to deliver quality outcomes for the client as well as the behaviours, characteristics and interpersonal style of the adviser. Combined, these two qualities engender trust and instil confidence.

The main reason consumers use a financial adviser is to tap into the knowledge, skills and expertise that they do not possess themselves. This is a basic expectation that consumers have of financial advisers; it is a 'must have' - or 'hygiene factor' - and is exemplified in trusted advisers.

While most understand that technical skills and experience are prerequisites in delivering quality advice, many underestimate the importance of interpersonal skills in the role of a financial adviser. Importantly, high emotional intelligence underpins effective interpersonal skills and is an area in which trusted advisers excel.

## Technical Skills and Expertise

Technical skills and expertise are fundamental to trusted client relationships. They are the reason why consumers seek out and pay for advice and are a basic expectation that consumers have of their financial adviser. Trusted advisers are rated highly by their clients on their qualifications and experience, their technical ability and on their ability to instil trust, all of which are areas that are under constant evaluation by clients.

### Why do Consumers Seek out Financial Advice?

As with all professional services, the main reason consumers see a financial adviser is to tap into the knowledge, skills and expertise that they do not possess themselves as shown in Figure 14. Technical skills and ability are therefore a basic expectation that consumers have of financial advisers and are the reason why they seek out and pay for advice.

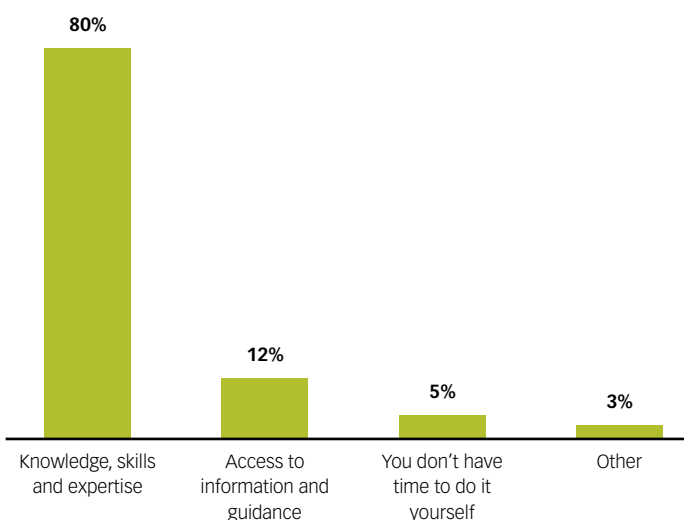


Figure 14: What is the main reason you use a financial adviser instead of managing your financial affairs yourself?

### Technical Skills are a Hygiene Factor

Clients were asked to rate their adviser on their qualifications and experience, their technical expertise and their ability to instil trust. Ratings were given on a scale of 0-10 where 0 is 'extremely weak' and 10 is 'extremely strong'. The results are presented in Figure 15.

AoY Advisers were rated significantly higher by their clients compared to Other Advisers on qualifications and experience (9.4 vs. 8.8), technical expertise (9.3 vs. 9.0) and instilling trust (9.3 vs. 8.9).

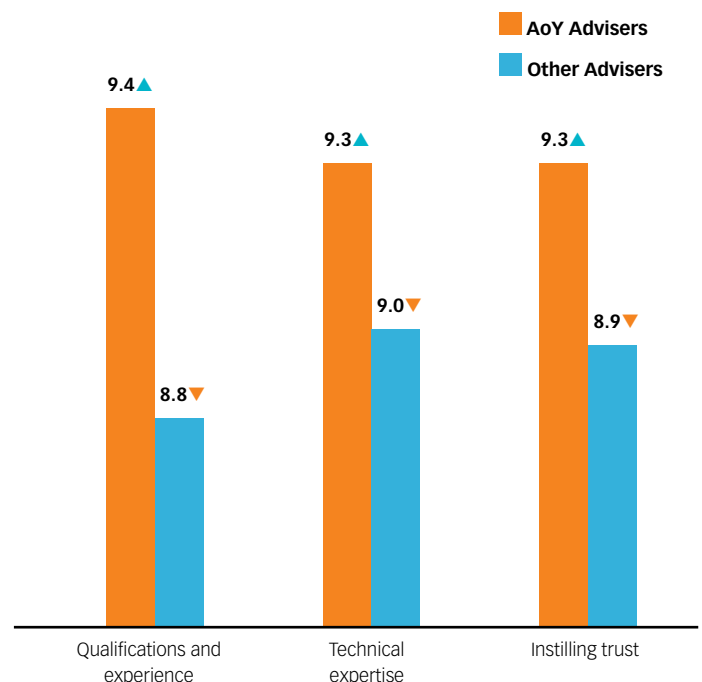


Figure 15: How would you rate your adviser in terms of their qualifications and experience, technical expertise and instilling trust?

# The Qualities of Trusted Advisers

## How do Consumers Measure Quality of Advice?

Not having the technical financial skills themselves makes it difficult for most consumers to rate the technical 'ability' of their financial adviser. However, data from 20 one-hour in-depth interviews with consumers of financial advice conducted by Beddoes Institute in 2012 suggests that most people still attempt to measure the quality of advice in some way.

Some clients are proactive and use other professionals such as accountants to provide a second opinion on the advice they receive, especially in relation to more significant matters;

*"I match his advice to my perceptions of a particular topic. It has to make sense. And if it is significant I run it by my accountant."*

*"Having two separate advisers means that I can keep an eye on things to make sure I'm not getting ripped off."*

Others assess the quality of the advice in terms of the outcomes delivered, whether the advice comes to fruition and the achievement of goals in their financial plan;

*"For me, its advice that comes to fruition, I can see it working, it makes me feel comfortable and confident."*

*Basically the market has taken a tumble and all the rest. My adviser keeps in contact with us. She keeps advising us with where she thinks the market trends are going. She has changed the portfolio a couple of times and each time it has been a positive result. She really has helped keep me on track during the tough times."*

Some rely on "gut feel" and intuition in terms of the advice "making sense" in light of what they know, read and hear from other people;

*"The only way I know is that when we do a deep dive it all makes sense."*

*"We've all got a bull-shit-o-metre. If I get any scripted prose I get wary. Deductive reasoning. Instinctive feeling that this sounds right. A lot of it is about intuition."*

Some admit that they don't know whether they are getting quality advice and rely on the trust they have with their adviser.

*"You don't know that you get quality advice. It gets back to how you work with them and trust."*

*I suppose the answer is you don't. It's really about the trust you have. What's the point in shopping around if you have this?"*





# The Qualities of Trusted Advisers

## Interpersonal Skills and Emotional Intelligence Differentiate the Best Advisers

As part of Beddoes Institute’s Client Experience Survey, clients were asked to provide detailed feedback on their adviser. The commentary collected on the AoY Adviser’s key strengths (512 client comments in total) was analysed and coded into themes to identify the outstanding attributes of these advisers. While all themes represent stand-out qualities of trusted advisers, the themes that were mentioned by more clients highlight the differentiating qualities of trusted advisers. These themes, and the frequency that each is mentioned by clients, are presented in Figure 16.

The key finding from this analysis is that the AoY Advisers are almost universally recognised by their clients for their outstanding interpersonal skills (mentioned by 82% of clients). These skills extend to advisers’ communication, ability to listen and understanding needs, and ability to show empathy and genuinely care about the client, all of which are underpinned by high emotional intelligence. These results show that high levels of emotional intelligence and well developed interpersonal skills are necessary complements to technical skills and abilities. Furthermore, emotional intelligence and interpersonal abilities are the qualities of trusted advisers that are the most recognised by clients and relate to the ‘character component’ of trust building.

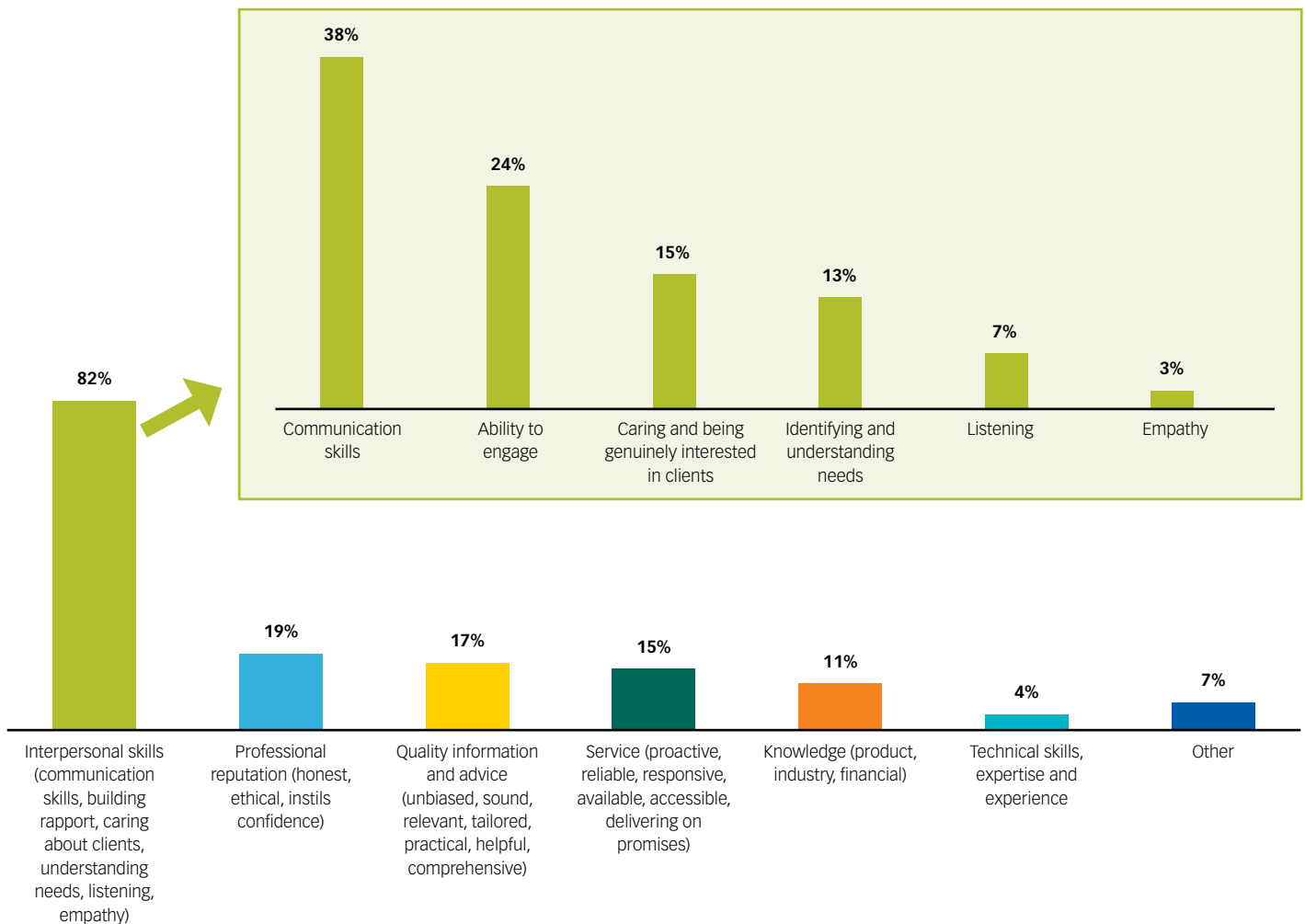


Figure 16: What are the qualities of your adviser that are most important to you?

# The Qualities of Trusted Advisers

## What is Emotional Intelligence?

Many different definitions of emotional intelligence exist. Emotional intelligence is defined as; “the capacity to reason about emotions, and of emotions to enhance thinking. It includes an ability to accurately perceive emotions, to access and generate emotions to assist with thought; to understand emotions and emotional knowledge, and to reflectively regulate emotions so as to promote emotional and intellectual growth” (Mayer & Salovey, 1997).

In more practical terms it has been described as the ability to effectively understanding oneself and others, relating well to people, and adapting to and coping with the immediate surroundings to be more successful in dealing with environmental demands (Bar-On, 1997).

Broadly speaking, emotional intelligence encompasses the traits and interpersonal skills that characterise a person’s relationships with other people and is the bedrock of trusted relationships.

Both emotional intelligence and cognitive intelligence (IQ) are considered to contribute to a person’s general intelligence, which then offers an indication of one’s potential to succeed

in life. However, while IQ is stable until the mid-adulthood or later after which it slowly declines (Kaufman & Alan, 2009), emotional intelligence can be learned and developed through training, programming, and therapy (Goleman, 1998).

## Emotional Intelligence, Interpersonal Skills and the Trusted Adviser

Emotional intelligence improves an individual’s interpersonal skills and social effectiveness. The higher an individual’s emotional intelligence, the better they are at establishing positive social relationships with others. This is particularly important in certain professions, including the financial advice profession, which are based on social interactions and relationships. In fact, emotional intelligence has been shown to predict job performance in jobs that require a high degree of emotional labour or the effective display of positive emotion in social interactions (Joseph & Newman, 2010).

Figure 17 contains a sample of client comments about the interpersonal skills of their AoY Adviser, providing insight into the high level of emotional intelligence of trusted advisers and how this translates into a positive client experience.



# The Qualities of Trusted Advisers



Communication, she comes across very well and is quite good at explaining things in a simple and clear way. She also uses diagrams to illustrate what she is trying to explain.	<b>COMMUNICATION</b>	Explaining things in easy to understand language, caring about whether I understand what is going on with my affairs and being happy to spend the time with me for me to get an understanding.
He is an excellent communicator - always explains things in an easy to understand manner so that during and after our conversations, I do not have the slightest worry about him and his team continuing to manage my finances.		For us it has been the fact that she communicates, in plain English, matters relating to Financial Planning and Superannuation in particular. After years of trying to find a Financial Planner who could explain these matters in simple layman talk and not look down on us because we were not as well off as they hoped we were, she is a breath of fresh air.
He is very good at adaptability. I believe he tailors himself to his clients so he can deliver an individual's needs. Like a chameleon. He also changes to fit the circumstances so every meeting is something new or an optional tangent.	<b>BUILDING RAPPORT</b>	She is very good at making you feel relaxed when dealing with her. She is someone that you believe will look after your best interests.
Approachable, easy going manner and calm confidence.		Putting clients at ease to establish a trusting relationship from the first encounter.
Treating my relatively small needs as important and instilling confidence in her management of my future.	<b>CARING AND BEING GENUINELY INTERESTED IN CLIENTS</b>	I think he is really good at what he does - making people like us feel confident that we can rely on him to be someone we can trust. He asks and knows about our families, he knows that there is another grandchild on the way, he is interested in our lives and we in his. We regard him as a friend, someone who we have let into our lives and would like him to stay.
Very professional and his personal qualities have the ability to make you feel important, like a family member.		
Getting to understand our personal situation and providing advice which was relevant to us.	<b>IDENTIFYING AND UNDERSTANDING NEEDS</b>	Understanding my situation, both personal and financial.
I think she has genuinely grasped what I wanted from her regarding my retirement plans.		Communication and very quickly understanding what we require on a personal and professional level.
She is very good at listening to what we are wanting to achieve and providing the most appropriate advice for our situation.	<b>LISTENING</b>	Listening to our needs and providing advice to satisfy these needs.
He is great at listening and understanding what is needed and where the best way is to go.		She listens to clients and has the ability to understand their concerns and factors this into the advice she gives.
Advising, explaining, encouraging, empathising and being interested in you as a person not just as a client.	<b>EMPATHY</b>	She is very good with people, friendly and empathetic. She is very easy to get on with and always available to assist.
Empathy, trust, moral & emotional support, industry knowledge and how it applies to my situation.		Personal skills of empathy and communication.

Figure 17: Client comments about the interpersonal skills of trusted advisers

# The Trusted Adviser 'Blueprint'

This white paper has profiled trusted advisers in terms of the exceptional client experience they deliver and has quantified the benefits of being a trusted adviser to a practice. Furthermore, it has identified technical abilities and interpersonal skills as the two qualities that engender trust and instil confidence, thereby providing a pathway to becoming a trusted adviser.

Technical skills are a basic expectation that clients have of their financial adviser. These skills are typically easy to observe, quantify and measure and are the primary target of most training organisations. In contrast, interpersonal skills are needed just as much in an advice relationship. These have to do with how people relate to each other and are about communicating, listening, understanding needs, empathy and showing care. While it is harder to train interpersonal skills (as the behaviour patterns of adults are already thoroughly ingrained), interpersonal skills can

still be effectively learned. Furthermore, while some advisers are naturally gifted with good interpersonal skills and high levels of emotional intelligence, even the most trusted advisers have, at times, had to work hard to acquire new skills in this area that have not come naturally.

For several decades, a growing body of evidence has pointed to the value of interpersonal skills in terms of better career success and better outcomes for a business. Despite this, many businesses continue to under-invest in soft skills training.

By analysing what clients valued most about their adviser and combining these with the author's professional training and experience working as a psychologist, the following suggestions have been made for developing interpersonal skills and building emotional intelligence (Figure 18 below).



# The Trusted Adviser 'Blueprint'

## Communication

- Explain the advice process upfront so there are no surprises.
- Keep clients informed of any changes every step of the way.
- Use simple and clear language, especially when communicating technical matters. Drop the jargon!
- Use diagrams and other visuals to illustrate what you are explaining.
- Be thorough in providing answers to questions and information.
- Give the reasoning and context, not just conclusions and recommendations.
- Don't avoid 'tough' conversations – tell the hard truth even if the client will not like it.
- Be patient with clients and spend as much time as necessary explaining things until you are confident the client understands.
- Ask the client to paraphrase what you have said to ensure they understand.

## Building rapport

- Be calm and relaxed!
- Show an interest in your clients' lives.
- Be adaptable; "He is very good at adaptability. I believe he tailors himself to his clients so he can deliver an individual's needs. Like a chameleon. He also changes to fit the circumstances so every meeting is something new or an optional tangent."
- Be friendly and approachable.
- Behave like a real person, not someone in a role.
- See your client as an equal in a joint journey.

## Caring about clients

- Like your clients.
- Be seen to remember everything your clients say.
- Focus on the client, not yourself.
- Put your clients first.
- Show an interest in all aspects of your clients' lives.

## Understanding needs

- Work hard at understanding your clients.
- If you don't agree with something the client has said, ask yourself the following questions; "Why does he believe this?" "Where is he coming from?" "What has happened to cause him to think this?"
- Ask open-ended questions or questions that require more than a yes or no response. These types of questions force you to not prejudge what you are hearing and to hear what the client has to say in their own words.
- Help your clients think and separate logic from emotion.
- Paraphrase what the client has said to make sure you have understood.
- Focus on both personal and financial aspects, including at reviews.
- Take as much time as necessary.
- Focus on defining the problem, not guessing the solution.
- Quote your clients in SoAs.

## Empathy

- Pay attention to what your client is saying and how they are acting. This is done by simply making a valid observation and speaking a few words from the heart. For example, "Steve, you look distracted today, has something happened?" or "Jane, that is great news. I am really happy for you".
- Pay attention to how you feel when you are with a client and comment on it; this is most likely a reflection of how the client is feeling. "I'm feeling very rushed today, do you have somewhere else you need to be?"
- Pay attention to how the client reacts to you and what you are saying. This is an indication of how engaged they are with you.
- Acknowledging the feelings of the client with respect.

Figure 18: A 'how to' guide to interpersonal skill development and emotional intelligence growth



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