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Core Techniques for Effective Client Interviewing and Communication

by Dennis T. Jaffe, Ph.D., and James Grubman, Ph.D.

Dennis T. Jaffe, Ph.D., (www.dennisjaffe.com) is professor of organizational systems and psychology at Saybrook University in San Francisco and an adviser to families about family business, governance, wealth, and philanthropy. He is author of Stewardship in Your Family Enterprise: Developing Responsible Family Leadership Across Generations*,* Working with the Ones You Love: Building a Successful Family Business*, and other books and articles on family business, family wealth, management, and psychology. In 2005 he was awarded the Beckhard Award for service to the field from the Family Firm Institute.*

James Grubman, Ph.D., (www.jamesgrubman.com) is a psychologist and consultant to families of wealth, their advisers, and other resources in the financial services industry. He has earned the Family Business Advising certificate of the Family Firm Institute, is a member of the Society of Trust and Estate Practitioners, and has presented at the Heckerling Institute of the University of Miami Law School.He is the author of many articles and publications about financial advising and wealth. His practice, FamilyWealth Consulting, is based in western Massachusetts.

Executive Summary

Effective communication between client and adviser is fundamental to the financial advising process. Good communication skills are assumed to be employed by advisers, but in practice these skills have seldom been defined explicitly and are often absent in advisers' repertoire of client relationship techniques. This article presents an overview of five key skills for learning about clients and opening up sensitive areas safely and productively: discovery-focused interviewing, communicating clearly about the process of advising, speaking the client's language, listening actively and passively, and managing yourself. These skills are premised on the belief that relationships with clients must delve not only into financial areas but also the emotional perspectives of clients and their families.

In the movie *Pulp Fiction*, a young woman named Mia-played by Uma Thurman-is getting to know Vincent, a hit man played by John Travolta. At one point Mia asks Vincent a very astute question: "When other people talk, do you listen, or do you wait to talk?" Vincent thinks for only a moment before admitting honestly, "I wait to talk."

He's not alone.

Many financial planners and advisers approach conversations with clients only as opportunities to get their point across, to persuade the client to buy a product or a service, or to engage in a social activity that supports the relationship but doesn't really help the client. The goal is to get things done rather than understand the client. Yet, clients' lives contain complex, nuanced emotional elements that are often difficult to share but important to know. Bringing these elements to the surface and basing advice on them make a great deal of difference in the relevance and applicability of the ultimate financial plan or strategy. Drawing relevant factual and emotional information from the client and knowing how to handle it adeptly requires good communication skills in every interaction.

The most effective and successful advisers in the industry are ones who can truly listen, build trust, interview effectively, make the client feel understood, and manage the delicate issues money can evoke. To be most effective, financial planners and advisers need to learn a fundamental set of communication skills. When these skills are finely tuned and consistently utilized, research indicates the client relationship is deepened and client satisfaction soars.[1] Though excellent interviewing and empathic communication are an art, their component skills can be learned like any other.

Good Communication Builds Client Trust

The CFP Board encourages the development of a comprehensive set of client relationship skills in its addendum to the *Subject Topics Accepted for CE Credit.*[2] The addendum-now often summarized as tapping client trust and communication-emphasizes communication and interviewing skills that cut across all aspects of the advising relationship. In a prior article about comprehensive wealth management we described these as generalist skills that should be core competencies for all frontline financial advisers.[3]

Marrying the concepts of client *trust* and client *communication* is neither accidental nor arbitrary. You, the financial adviser, must build and maintain trust in every encounter, because trust does not necessarily develop immediately or without reservations on the part of the client. Rather, trust is the *outcome* of a good communication process. A deeper level of trust is needed in a financial advisory relationship than many professionals have assumed. It is seldom the case that the required level of trust is only about sharing financial information and perhaps some personal goals. To offer effective financial planning, you must know the client and his or her family at a deeper level. How do you gain the confidence of the client, determine the right depth of communication, and get to the core issues that matter?

As a credentialed professional, you start off with a certain level of credibility. Most clients will enter your office hoping you will prove trustworthy. But before confiding personal matters, clients need to feel that you can be trusted ethically and that you are really listening and available as a helper.[4] At the outset of the relationship, clients may not be quite certain whether to share what is on their minds. They are likely to be tentative, probing to see if you are open and able to listen. You have to help clients make the decision to trust, which will lead them to share deeper levels of themselves. Your behavior will persuade each client whether to trust you and confide in you. If the answer is no, the relationship will be in trouble ... if it ever happens at all. The problem is that if clients don't feel connected to you and understood by you, they will not necessarily share that distrust with you. They will be polite, keep the relationship superficial, or perhaps end the relationship and not call back. Advisers who don't attend to the cues will never know what went wrong.

Good communication skills help foster the client's trust in you and in the advising relationship. Like the foundation of a house, trust must be built carefully and solidly, monitored for breaches that develop from neglect or damage, and repaired quickly for those who depend upon its security. What you do, what you hear, what you say, and how you say it all contribute to the impression of trust or erode it. The following is a description of fundamental communication skills to help you examine your own abilities and fine-tune those areas you seek to improve.

The Components of Good Communication

Skills of effective communication are needed whether you are talking with a new client about goals or with an established client about significant issues in his or her life. Check for a moment to see if you have instead used one or more of the following communication patterns, which, despite their ubiquity, interfere with good client relationships:

- Only talking about information, especially using lots of technical jargon.
- Making assumptions about your client's motivations or past history rather than checking with your client.
- Defining your role as only a problem-solver.
- Steering away from any potential conflict or stress in the relationship.
- Taking conflicts or disagreements personally and getting defensive.

These common actions can hurt the client relationship, short-circuit it before it starts, or lead you in unproductive directions. By only dealing with the technical side of problems, you may leave deeper personal concerns of the client's untouched or even worsened. You also risk concluding an interview without going where the client wants or needs to go, ending up without essential information that could focus your advising.

In contrast, good communication involves the following approaches, which deepen and enhance the client relationship:

- Keeping in mind the paramount need to build, maintain, and occasionally repair trust in the relationship.
- Taking more time to listen than to talk.
- Checking and clarifying important assumptions.
- Taking time to make empathetic comments about the client's reactions, showing understanding for what they are going through.
- Keeping in mind that the client's issues come first.

This article describes five key generalist skills that form the foundation for good interviewing and communication:

1. Interviewing Effectively

A wealth management principal once said to one of the coauthors here, "You know the old line about how lawyers never ask a question they don't already know an answer to? You *only* ask questions you don't know the answer to!" Meetings with new or established clients are a constant process of interviewing and learning about the client. Even when presenting a plan or describing solutions, there are points along the way where the conversation must still be interactive. In good interviewing, your conversations with clients are a process of discovery, with surprises and layers of experience to learn about. It requires a certain level of bravery and self-confidence to ask questions that are truly open-ended, without knowing what the response may be. Since many advisers are unskilled and lack confidence in the emotional realm, they simply don't ask questions that would lead to unknown but useful answers. As advisers become more adept and experienced at the communication skills that follow, they often find their bravery goes up and their avoidance goes down.

To learn about a client you have to ask questions well and know what to do with the information you get. Here are three ways to pose questions that solicit deeper and more complete information:

Door openers are very broad questions about a particular topic that facilitate the client's opening up and talking about an area the adviser wants to learn about. You choose the area, but you phrase the inquiry very generally. Examples include: "Tell me about the early days of your business," or "Can you talk about what you picture when you think about retirement?" Door-openers cast a wide net in order to gather a great deal of both factual and emotional information you can glean from the client's perspective.

Open-ended questions also cast a wide net, but elicit information in a more generic way. Examples include: "Can you tell me more about that?" or "I'd like to hear more about that," and "Can you go into more detail about that?" They are in contrast to *closed-end questions* that are either multiple choice, true/false, or yes/no. Questions such as "How much do you think you'll need in retirement?" or even emotionally-oriented questions such as "Were you angry about that?" can be answered with one-word responses that can shut down conversation instead of opening it up. Closed-end questions are sometimes necessary, but they tend to lead to problem-solving and narrow a conversation rather than broaden it or keep it going. Unfortunately most advisers are excellent at closed-end questions but struggle with open-ended questions. Both door-openers and open-ended questions allow you to go wide and deep in gathering information. They are also your fallback when you are not sure what to ask next or when you feel unsure about what the client is feeling or thinking about something. Perhaps the most useful, yet least used, open-ended question is "What else?" It's amazing how often checking whether there is anything else uncovers more information that would have been lost if not for pursuing this conversational form of due diligence.

Clarifying questions help flesh out a particular area but without an attempt to problem-solve or use the information in any way. They are part of good interviewing because their main focus is for you to learn more and fully understand an issue or topic; they help you go deep into an area. Examples include: "What is it about the previous financial plan that you didn't like?" or "What did you most like about your previous adviser that you would want me to do in a similar way?" One caution when using clarifying questions is that you must resist the temptation to pursue each bit of information you get in response. Good clarifying draws out a lot of information before proceeding to solutions. In contrast, premature jumping to problem-solving means important information lies unanswered or undeveloped, which can undercut the success of your work.

2. Communicating Clearly About the Process of Advising

You are probably so familiar with the process of financial advising you may forget your clients may not know what is involved, what the sequence of steps may be, or how deep and wide the conversation may go. There is a good chance your idea of what can or may happen in meetings and what the client thinks will happen may be very different. You and the client can be on such different pages as meetings proceed that the result can be comic or tragic. The only way to overcome this is for you to take the lead in explaining and getting agreement with the client about what will be done, when, and how.

This is particularly true when a client wants to talk about personal issues that bear on his or her financial dealings but feels anxious about doing so. On a practical level, one of your responsibilities is to clarify the guidelines about confidentiality, especially what will be shared with other family members of your primary client. Clients may be reticent if they don't know with whom you will share the information. Particularly when working with couples or next-generation family members of clients, you should be clear whether, how much, and what type of information you may share if at all. Unless confidentiality is understood, you will get less candid information than you desire. Most often, however, clients will pause at the threshold of disclosing private information simply because the information is emotionally loaded. They may not be sure whether or how to tell you about it themselves. They need to get comfortable with you before they can begin to share.

You may have your own anxieties or judgments about delving into the emotional realm. Many advisers assume that, if something is very personal, they should not ask about it and the client will not want to talk about it. Yet good financial planning naturally brings up deep issues that must be dealt with.[5] Some advisers recognize the utility of finding out personal information, but they never ask the client's permission to get into these matters so it feels disrespectful, impulsive, or intrusive. If you as the adviser do not take the necessary steps to move forward into sensitive topics productively yet diplomatically, by mutual agreement you and the client both will retreat into safe territory. This may lead you to avoid or mishandle the real concerns that motivate the client, limiting the effectiveness of problem-solving as well as the relationship.

Advisers must therefore practice a certain kind of assertiveness, a communication style that blends *inquiry* (comfort with delving into the client's concerns and emotions) with *advocacy* (sharing your expertise with the client in appropriate ways). There are a number of books on assertiveness skills that describe techniques to enhance communication.[6] Relevant competencies include the ability to speak directly and honestly, to listen well in situations of stress or conflict, and to handle those crucial conversations that need to occur. The goal is not to become aggressive, domineering, or blunt; none of those is truly assertive. The goal is to approach issues directly and know how to handle them.

When clients show natural hesitation as you start to delve into personal issues or periodically along the way, "talking about talking" can clear the air, handle any hidden or lingering concerns, and pave the way into new areas or deeper levels of the client's life, which deepens your relationship with the client. There are two skills that go hand-in-hand in a multitude of situations: explaining the process of financial advising and then asking the client if he or she feels okay with proceeding:

Explaining the process involves providing a description about what you either would like to do in the interview or are about to do. This gives a heads-up to the client about what can come next, rather than surprising the client. It also can reflect your desire to draw an area to a close and move on. Examples include: "Now that we've talked about your current investments, I'd like to spend some time hearing about your family situation so I can know who the important people are in your life and for planning," or, "You said one of your major concerns is about your son's overspending. I'd like to ask you in more depth about that so I can understand how we may deal with that in your estate and financial planning." If the area you would like to pursue feels like it may be personal or private for the client, you can add recognition of this aspect by saying "I realize this may feel somewhat private to talk about."

When explaining the process, you need to add a companion skill that is so fundamental and obvious yet so often neglected that damage can be done when it is omitted. This is the skill of asking permission of the client to go into private areas before you plunge in. Rather than making an independent decision to move into a delicate or personal area, you stop and say, "Would that be okay with you?" or "Would you be comfortable with that?" This gives clients a genuine opportunity to grant permission to proceed to the next area of the interview or to decline if they so wish. It demonstrates respect-for the clients' privacy, for their decision-making, and for their participation as equal and collaborative partners in the relationship with you. Although the situation may certainly call for the area of inquiry, you show respect by asking permission from the person being interviewed. And we all like to feel respected, especially when it comes to our privacy.

Explaining the process and asking permission forewarn the client about what you would like to do and provide opportunities either to open the door or to say no. Even if the client declines, you have demonstrated you will not intrude on the client inappropriately or unilaterally. It also shows you are mindful that some of what you are doing is personal.

When clients know you will give advance notice about difficult areas of conversation and they will have a chance to accept or decline, the relationship feels safe yet has mechanisms for going deeper. And remember, just because the client declines to go into an area once doesn't mean you never broach it again. In twenty minutes or two years, the issues may be appropriate to raise again and, with greater trust or a change in heart for the client, he or she may now be more willing to go there with you. Timing can be everything.

3. Speaking the Client's Language

Certain adviser behaviors can disrupt the development of trust. One of the most common involves speaking excessively in professional jargon. Using jargon is often mistakenly assumed to enhance trust by demonstrating intelligence or experience, when in reality inappropriate use of jargon can undermine it. "Impressing the client with professional knowledge" does not necessarily build trust.

Many advisers launch into technical explanations before getting to know the client or as a substitute for listening to or educating the client. Overreliance on jargon sends a message to the client: "This is about me, the adviser-my expertise, my understanding of the markets, my ability to look good." Being able to explain things well in understandable English so the client is educated and included sends the opposite message: "This is about you, the client-your involvement, your understanding, and your comfort."

You have to be judicious about how much jargon to use with a client, based on his or her level of financial sophistication, experience, and knowledge. Studies have shown that clients like and trust advisers who are great at explaining things in natural language rather than with extensive jargon.[7] With the wrong client, going into great depth about Monte Carlo simulations, alpha versus beta, or complicated basis-point calculations risks the client's feeling stupid, discounted, or patronized. Like spice, a little jargon goes a long way and a lot is distasteful. Being clear is not only an art; it is a connection. It draws people closer and makes the client feel more like a partner than a bystander in the advising relationship.

A useful method of approaching client communication is to think not in terms of *levels* of jargon (from a level chock-full of terms used on CNBC, Bloomberg, and *Financial Times* to the basic level of *Today Show* interviews with financial experts), but rather to various *languages or fluencies* of different types of clients. Some clients are fluent in your professional jargon just as if they were advisers themselves. But many if not most clients are much more fluent in the everyday language of life, family, and money, not your world of finance. Just as French is simply different than English or Spanish, the language of CNBC and Bloomberg is different than the language of the *Today Show*. If you can "speak fluent Client," you will be seen as literally speaking your client's language clearly and effectively.

To speak fluently in your client's language, try using the following skills:

- Work hard to explain complex terms in everyday language using no more than a mid-high-school level of vocabulary. Before you assume that level is too basic, remember that the *Wall Street Journal* aims for approximately a tenth-grade reading level. If you can convey information as well as the *Wall Street Journal*, you will do well.
- Use metaphors, analogies, and examples to convey your point in ways to which clients can relate and can grasp easily. Comparing volatility to stormy seas, for example, will get your point across to the client's satisfaction.
- Use graphs, diagrams, charts, and pictures to convey ideas. Written or oral verbal language is not the only way to describe things. Remember, dictionaries often include pictures, not just words.
- Encourage clients to ask questions and speak up whenever they don't understand something. You have to get them over the natural embarrassment of saying, "I don't understand what you just described" so that they see any lack of comprehension on their part only as a lack of clarity on yours.

You will find that speaking fluent Client is much harder than speaking your own language of finance, which is natural and easy to you. Yet, when clients see you genuinely care about their education and their understanding about their money situation, they may decide to trust you with other sensitive issues they may feel embarrassed or concerned about.

4. Listening Well, Actively and Passively

Active listening is often labeled empathic or reflective listening because it points out and reflects back to clients some aspect of their emotional state. Much has been written about the importance of active listening in interviewing and counseling clients who are under stress or even cognitively impaired[8] but many advisers find it hard to implement without specific guidance.[9]

Active listening is necessary when some emotional content is heard in a client's questions or statements. The adviser distills this underlying but unexpressed feeling and reflects it back to the client in a short question or sentence. Good active listening must be tentative, not declarative. It is a hypothesis. You are *guessing* about the underlying emotional issue, so you must reflect it back through your tone with some element of softness, as in "I get the sense that you're worried about your husband's debt problems and their impact on your financial security." Compare that to the declarative sentence, "You're worried about your husband's debt problems," which can sound commanding and may invite pushback even if accurate. Your empathic offering doesn't necessarily have to be framed outright as a question but needs a softer tone that shows you could be wrong. Why? Because you could be wrong! You may have misinterpreted the emotional content or mislabeled it when reflecting back to the client. Don't be afraid of that. By keeping your impression tentative and being willing to alter it if the client corrects you by saying, "No, I was actually more angry and frustrated with his debt problems," you preserve the relationship and show your main interest is understanding rather than having to be right.

Other tips include keeping your active listening phrase short rather than rambling on, and, most importantly, truly listening to what the client says immediately after you offer your guess. Why? Because active listening is an experiment. In making a hypothesis about what the client is feeling, you must wait to hear what the client says-the data-in order to find out whether you were correct. If the client *confirms* your interpretation by saying, "Yes, that's right," or the even clearer "Absolutely," you have not only shown you understand accurately but that you have been truly listening from the heart. If the client clarifies some aspect you didn't quite get, you still show you have been listening and trying to understand. Either way, you build trust and connection. Many advisers make the mistake of offering an empathic statement and then just keep going without ever finding out whether the client confirms what they said or offers something different. This feels disrespectful and undermines trust rather than building it.

Passive listening occurs when you simply take in what the client is talking about, receiving the client's words and feelings with the eyes and ears of a great listener. When engaged in passive listening (in contrast to active listening, to which you are responding) you need to indicate clearly that you are paying attention using mostly nonverbal behaviors. By leaning forward, maintaining eye contact, nodding sympathetically, and perhaps mirroring the client's body language, you show you're truly and deeply paying attention. The power of good passive listening cannot be overestimated. Although people often don't notice these behaviors when they're done well, they do notice their absence. Advisers violate these principles through such breaches of nonverbal behavior as glancing away to what's on a desktop computer screen, looking out the window, avoiding eye contact, and not saying or doing anything in response to what the client is sharing emotionally. Bad listening conveys volumes about you and your relationship with the client. Great listening-like great interviewing-is rare and therefore highly valued.

5. Managing Yourself

Finally, managing your own emotional reactions to the client may be one of the most important, yet least discussed, skills in communication. Although advisers naturally focus on the client's turmoil or stress in the relationship, in reality it may be your own emotional reaction or stress that will require skill for you to handle. When nervous, angry, confused, or under attack, great advisers are aware of their strong feelings, but are able to appear calm despite the emotional background. They possess the skill to monitor themselves as these reactions emerge and then not to let their feelings influence what they do.

Strong emotional content is a part of the best adviser/client relationships, but only when it is handled appropriately and focused on the client's needs. This requires emotional intelligence skills, one of which is a reasonably good and accurate level of self-awareness. Self-awareness is partly a general skill that allows professionals to monitor their reactions in stressful situations and maintain self-control and self-restraint. Many a potentially deep conversation has been derailed because the adviser was too nervous about the topic, even though the client was ready to discuss the issue.

Self-awareness in financial advising also calls upon advisers to explore their own feelings about issues such as money, wealth, entitlement, spending values, and family relations. You need to be aware when a topic hits close to home or you feel on shaky ground discussing it. You may, for example, have far less wealth than some or most of your clients. Are you upset or angry when you see clients make wasteful or impulsive spending choices or give large amounts of money to their children? Does an affluent client who disparages philanthropy clash with your values about charity? In these and other areas, you may have your own vulnerabilities in relation to money. Yet you have to put these feelings aside as you work with clients to make their own choices.

This does not mean always keeping your feelings hidden. Sometimes advisers can carefully share some details about their own lives, perhaps choices they made about their children or how they learned about managing money better themselves. Although this should be done judiciously, personal sharing can sometimes build trust. You must always, however, preserve the focus on the client and return to listening and helping.

Managing yourself in client meetings means you must maintain perspective on how you look and act, including the type and level of turmoil you may experience at various points. You may be agitated inside, but if you show good attending behaviors, nod and speak empathically, listen well, and draw out the client so he or she feels understood, the client will only perceive how helpful you were. Remember: It's not what you feel, it's what you do about what you feel. Measure interactions not by whether you felt good throughout but by whether you did well. Over time, your skill in managing your inner turmoil will increase and you will be able to use all your other communication skills for the benefit of the client.

Summary

An effective financial planner or adviser is one who puts great communication skills to work in *all* client activities, not just in special cases. Great interviewing, respectful management of the client interaction, easily understood communication, skillful listening, and control over one's inner turmoil all represent the generalist skills that foster client trust and deepen communication in service of the advising relationship. Research has shown that superior communication enhances client satisfaction, adviser effectiveness, and client loyalty as well as the adviser's own sense of satisfaction and self-confidence. We encourage all advisers to take to heart the importance not only of learning these skills but of practicing them daily. Your clients will thank you for it.

Endnotes

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9 A detailed description of the principles, utility, and procedures of active listening can be found in practice development materials at www.spdru.com. Also see materials there by James Grubman, such as *The Five Steps to Active Listening Success* and *The Financial Advisor's Guide to Active Listening*.

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