

INVESTOR'S BUSINESS DAILY

FINANCIAL ADVISOR BRIEFING

Opening Up To Clients Can Strengthen Your Bond



Advisors who divulge their own thoughts and feelings in planning their finances – or the finances of their loved ones – can show how much they understand what the clients think and feel. (iStock)

MOREY STETTNER 2/26/2016

Reprints

The best financial advisors demonstrate keen listening skills. As a result, they sometimes learn intimate details of their clients' lives.

But learning about clients raises a delicate question: If clients open up about their personal lives, should advisors do the same?

There's no easy answer. Some advisors volunteer their experience as it relates to a particular financial issue tied to, say, surviving a serious disease or navigating a divorce. Other advisors don't like to get too personal with clients.

While it's understandable that advisors may prefer to safeguard their privacy, it's also true that their painful dealings with life's hard knocks can help clients struggling with similar challenges. Establishing a shared bond in battling hardship can strengthen their professional relationship and enable clients to derive added value from it.

"I can't tell someone what's right and wrong," said Leah Miller, founder and chief executive of Red Anchor Wealth Management in Charleston, S.C. "But I can share what it's like to experience something firsthand. For me, it's about building a relationship with my clients. If everything's a one-way street, it's difficult to do that."

If clients face elder-care crises, for instance, Miller might discuss her efforts to help her grandmother with Alzheimer's disease. But she opens up only if she feels that her experience can prove instructive.

Before divulging personal information, Miller likes to preface her remarks by saying: "I'm telling you this not to influence your decision. But as you look at all sides, let me tell you how this issue has worked out in my life." This way, clients know to place her comments in the proper context.

Check For Cues

While confiding in clients can solidify the relationship, it can backfire if you reveal too much, too soon — especially if what you reveal doesn't fit the client.

"What you say needs to be true and relevant to a client's situation," Miller said. "If you come up with a story that's not relevant, it will just bore them. People don't care about the details of someone else's life unless it matches the color of their own painting."

Like many advisors, Miller does not get too personal in her first meeting with a client. Once they get to know each other, however, she's apt to open up if the time is right.

Even after years of getting accustomed to a client's personality, there's no guarantee that volunteering your experience will prove beneficial. Some people just don't want to engage in such intimate conversations with their advisor.

"You look for cues," said Lee Stoerzinger, a certified financial planner in Oakdale, Minn. "Some clients are here for my business knowledge, and that's it. So when I'm asking them about their family, they've said, 'This isn't my thing.' And that's OK. I try to read people as best I can."

On the other hand, Stoerzinger has learned over his 23-year career as an advisor that his stories tend to carry weight with certain individuals. Assuming that he has established a high level of trust with a client, he might offer lessons that he learned in managing personal challenges such as elder-care issues.

"Trust unfolds over time," he said. "I think if you ask good questions and get a sense of who they are, eventually you can build deeper client relationships and look for opportunities to open up to them."

The Right Setting

As a rule, advisors tend to withhold personal anecdotes until after clients start discussing an issue that troubles them. Telling harrowing stories about your domestic or health problems can drive away clients who don't want or need to know about your private demons.

Edward Sota, an advisor at Safeguard Investment Advisory Group in Roseville, Calif., says that he brings up “a life challenge” only after the client raises the issue first. He also makes sure that if he decides to open up, he “speaks from the heart.”

Many of Sota’s clients are retirees. He says that the setting in which they meet can affect his willingness to share something personal.

When a 71-year-old client’s husband was diagnosed with Parkinson’s disease, Sota went to her home to chat with her. As she fretted about caregiving, Sota shared his experience addressing his father’s serious health issues.

“My feeling is if clients feel comfortable enough to share their personal information and life experiences with me, I will reciprocate if the opportunity arises,” he said.

But he knows not to interrupt. He listens raptly and talks about his life only after they’ve finished speaking.

“You never want to jump in,” he said. “It’s not like you want your story to trump their story.”

