

The Impact of Good Client Communication on Client Outcomes



EXECUTIVE SUMMARY

Breaking Money Silence® Improved Client Loyalty

Conversations around the “human side of finances”¹ have a positive impact on an advisor’s business overall. Such conversations translated to:

- **Improved client loyalty** (76%² of male respondents, 79% of female respondents)
- **An improved relationship with the client** (84% of male respondents, 82% of female respondents)
- **Increased conversations with clients—above and beyond regularly scheduled meetings** (75% of male respondents, 77% of female respondents)

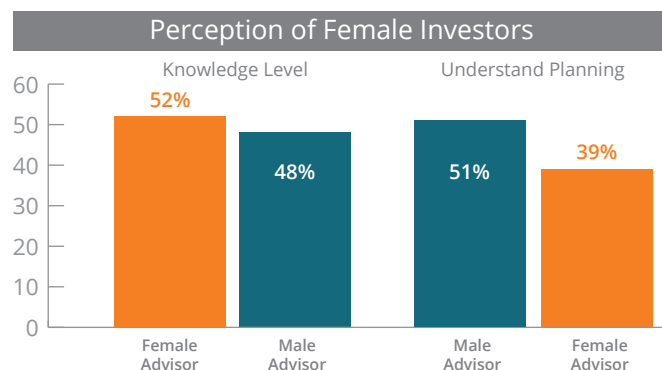
Key Findings

This positive impact occurred across both genders and generational segments. We saw the greatest impact among the younger generation of advisors, as conversations around the “human side of finances,” or more emotional conversations, come more intuitively to the younger generation than they do to older generations.

The most significant impact occurred when conversations occurred with clients worried about topics such as saving for a child’s education, saving for retirement, saving for a second/vacation home, buying a house, estate and legacy planning, health costs as they age, etc. (84% of male respondents, 89% of female respondents).

As it relates to genders, a more positive impact was realized from female respondents than from male respondents. This may be twofold—female respondents had a higher percentage of female clientele than their male counterparts, and females may be more comfortable having more emotional conversations than males.

- **52% of female respondents** perceived their female clients to be as knowledgeable as their male clients; **48% of male respondents** feel the same.
- **51% of male respondents** perceived that female clients understand planning, but not investing; while only **39% of female respondents** feel this way.



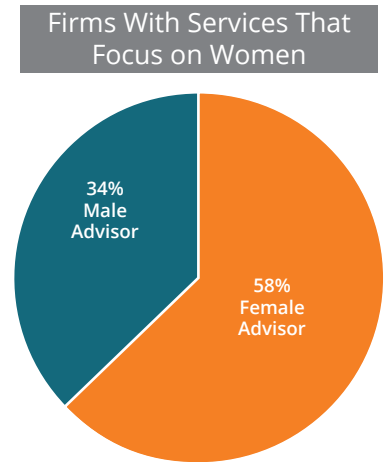
¹ The term “the human side of finances” was coined by Kathleen Burns Kingsbury. For the purposes of the survey conducted, this term was defined as, “the non-technical aspects of working with clients, including identifying, validating, and addressing the emotional and behavioral aspects of financial planning and investment management.”

² Percentages have been rounded up; actual percentages are available in the full study.

This larger gap in the second bullet is even more telling. This may be due to unconscious gender bias, as traditional gender roles historically tell us that men manage finances and women play a more passive role. As more of the younger generation of advisors—of both genders—advance in their careers, this gap may narrow given that the younger generation has grown up in a more inclusive environment.

58% of female respondents noted that they or their firm has services and programs with a focus on women, while only **34% of male respondents** have similar services and programs in place currently.

This gap may be explained by the likelihood that women advisors understand how the industry’s historical transaction approach to client services is not meeting the needs of female investors. The large percentage of women-focused programs developed, or in development, speaks to the significant and growing business opportunity to better serve women as their economic power and influence grow.



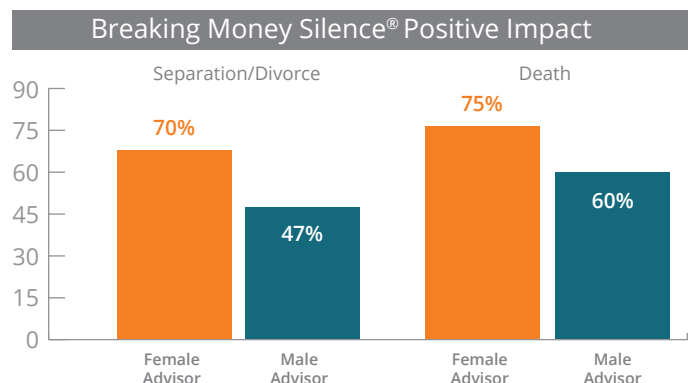
The survey also asked respondents their perceived impact on the relationship with their clients when a variety of specific topics were discussed. In all cases, a significant positive impact on the relationship was realized when topics of conversation focused on feelings around:

- finances when partners have different risk profiles
- finances when one partner is a “saver” and the other is not
- whether or not the client is prepared financially for retirement
- finances before, during, or after a separation or divorce
- finances after the death of a partner

The most significant positive impact realized—**84% male respondents; 89% female respondents**—was when conversations occurred with clients worried about topics such as saving for a child’s education, saving for retirement, saving for a second/vacation home, buying a house, estate and legacy planning, health costs as they age, etc. This may be due to the fact that these topics historically have been areas of focus for advisors and a place where they may feel more comfortable discussing the money and emotion connection.

We saw a larger positive impact gap between male and female respondents when conversations focused on:

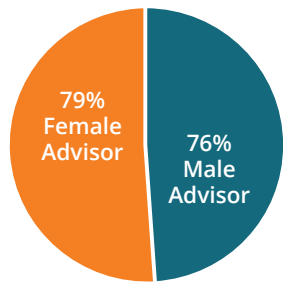
- feelings around finances before, during, or after a separation or divorce; **70% of female respondents** compared to **47% of male respondents** noted a positive impact
- feeling around finances after a death of a partner; **75% of female respondents** compared to **60% of male respondents** noted a positive impact



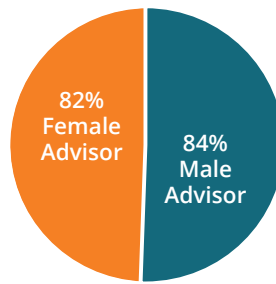
In order to dive further into these perceptions, we asked respondents how confident they were that conversations around the “human side of finances” had a positive impact on various specific areas of their business. The impacts examined included:

- improved client loyalty
- additional assets transferred for management
- client referrals
- improved relationship with the client
- conversations with clients above and beyond regularly scheduled meetings

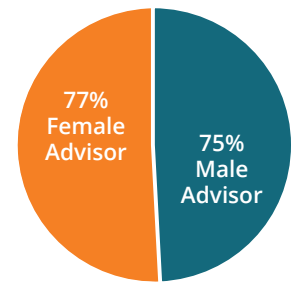
Confidence varied with the majority of respondents—both male and female feeling positive. Both male and female respondents were *most confident* that these conversations translated to:



improved client loyalty



improved relationship with the client



having conversations with clients above and beyond regularly scheduled meetings

Increased conversations with clients above and beyond regularly scheduled meetings is of value to advisors as it fosters stronger working relationships with clients and builds trust. This leads to a positive bottom line impact for the advisor from the current client and from the increased possibility that current clients will refer future clients to the advisor.

Overall, those advisors who focused on the “human side of finances” saw a positive impact on their business, with increased client loyalty and a stronger working relationship with their clients.

Implications for Advisor Training

The results of this survey point to the value of increasing conversations and focus on the “human side of finances” for advisors. Ensuring training with a focus on the “human side of finances” enables improved collaboration with and guidance to clients and a positive impact on the bottom line of the financial institution.

For those advisors already in the workplace, continuing education in critical skills such as communication, managing through conflict, negotiations, and emotional intelligence will enable increased comfort and skill in such conversations.

Building such critical skills training into both undergraduate and graduate programs for individuals pursuing a career in financial advising will be valuable for those entering the industry.

Methodology

KBK Wealth Connection partnered with **Abudi Consulting Group** to conduct an online survey of 194 financial advisors and wealth managers to understand the impact of good communication on client outcomes, with a focus on discussions around the “human side of finances.”

The majority of respondents to the survey (**75% of male advisors, 51% of female advisors**) have 16+ years of experience as an advisor. A variety of certifications were held by respondents, with 51% having a Certified Financial Planner certification and 29% holding their Registered Investment Advisor certification.

A variety of demographic questions asked enabled analyzing data gathered across a variety of key areas, including, but not limited to, generation affiliation, gender of respondent, certifications held, firm type, and region in which respondent works.

Questions asked focused on information about clients (e.g., percentage of clients who are females), client knowledge (e.g., characterizing investment knowledge of a typical female client), initiatives in place (e.g., those with a focus on women and wealth), impact on relationship with clients when particular conversations occur, and impact on a variety of areas of the respondent’s business attributed to the “human side of finance” conversations. More details on the survey respondents and their responses to the questions posed are available in the full report.

Further Research

Further research in this area will be focused on follow-up conversations with advisor respondents and others who are interested in contributing to conversation around the “human side of finances.” Advisors interested in participating in Phase Two of this research should contact **Kathleen Burns Kingsbury** at kbk@kbkwealthconnection.com. For more information about **KBK Wealth Connection**, visit www.kbkwealthconnection.com and www.breakingmoneysilence.com.

A special thank you to **Abudi Consulting** for their collaboration on this project. For more information about their services, visit www.abudiconsulting.com.

