The Ultimate Sophistication

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“Simplicity is the ultimate sophistication.” - Leonardo da Vinci

No one will ever accuse the business of providing financial advice as being too simplistic. It is a difficult pursuit to distill the complexities of the financial markets into an actionable solution that meets the needs of an individual or family. Some of this complication is an organic function: financial products have evolved to solve for innumerable variables of risk and return, technology has made access to information both infinite and instantaneous, and evolution theory itself stipulates that systems tend to grow more intricate over time or, they cease to be. However, as financial professionals we tend to layer even more complexity into the client experience which, stated bluntly, does not need to exist. This article will focus on three core elements of simplicity in building a remarkable client experience: communication, education, and access to information that supports a client’s wealth needs. While we cannot remove complexity from the delivery of financial services, we can control the degree to which our clients sense that complexity.

Prior to delving into the topic of creating simplicity, it is necessary to define the term regarding its relation to client experience. Too often we conflate the concepts of ease and simplicity. Ease is a degree of effort, simplicity a degree of understandability.

Simple Communication

Over the past 8 years, our firm has been afforded the privilege of speaking with thousands of financial professionals. There is a remarkably consistent attribute present amongst those at the top of their field; extraordinary communication skills. These ladies and gentlemen distill the most intricate of topics to their clients in a way that makes them understandable, actionable, and relevant. So what do they do differently that sets them apart?

First, they keep it simple. In their bestselling book “Made to Stick”, Chip and Dan Heath deliver a wealth of recommendations on why some ideas stay with people. Their initial advice on communicating ideas is, “Be simple. Not simple in terms of “dumbing down” or “sound bites”... What we mean by “simple” is finding the core of the idea.” The authors go on to discuss that once we’ve established the most important priority with a client, all our communication and action is in service of that priority. There cannot be “five most important goals.”

In our observance, the best financial professionals ask questions that pair down an abundant list of priorities until they uncover the main client goal. This process generally progresses as follows:

1 Made to Stick, Chip and Dan Heath
Describe to me the outcomes you want your financial plan to achieve...
How would you rank the outcomes you have shared in order of importance?
What tradeoffs would you be willing to make to ensure your main priority is accomplished?
Now that we have established what is most important can we agree that our work together must always be focused on achieving the main goal?

Once we have established our main goal, the next communication skill that supports simplicity is presenting a limited number of actionable solutions that achieve the goal. In his book “The Paradox of Choice”, author Barry Schwartz shares many examples of how simple decisions become complicated due to what he terms the culture of abundance. Schwartz discusses choices we make every day from buying a pair of jeans, or a brand of cookies as simple things made complex by the sheer volume of options available to us. Many financial professionals have a due diligence process in place to limit the amount of products and investment choices available to their clients, but in what other areas can limiting options serve your client experience?

- Limiting the number of services you offer, specializing in an area of expertise.
- Working only with clients who have priorities that match your expertise.
- Creating a consistent pricing model that is a true reflection of your value.
- Limiting the amount of circumstantial exceptions you allow that steal focus from the main priority, aka learning to say no to your clients.

Another key attribute of client communication is consistency of message. Simply stated, being brilliant on a clear, organized and compelling message is vital to the experience. The best way to achieve this process of communication consistency for yourself and your teammates is scripting. Organizations spend a tremendous amount of time and energy scripting vision statements, mission statements, and value propositions that become little more than placards in the lobby. Successful organizations connect their vision, mission, and value to the client experience through consistent language and action. Accomplishing such consistency takes a great deal of effort, debate, and discussion. The outcome of this hard work for your client experience will be: a higher degree of clarity, brevity, and intention in all forms of communication.

The best business communication distills the value of a concept in as few words as possible. For example, TripAdvisor’s mission is to “help people around the world plan and have the perfect trip.” Google aspires to “organize the world’s information and make it universally accessible and useable.” Walmart wants to “save people money so they can live better.” It is imperative to continuously take time to improve the communication of your value. Building time into the agenda of your team meetings to consistently refine your most challenging client conversations into concise language is an exercise that will pay great dividends.

**Simple Education**

In a recent study conducted by Scorpio Partnership and CFA Institute, wealthy individuals were asked to what extent they believe their wealth advisor has improved their personal wealth management. The most popular responses all suggest the importance of

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2 The Paradox of Choice, Dr. Barry Schwartz
educational insight in the process of wealth planning and advice delivery (see chart). 3

- 54%: Reduce the time and effort I spend managing my wealth.
- 50%: Given me more confidence I can meet my goals.
- 47%: Brought clarity to my financial decision making process.
- 46%: Enhanced my personal knowledge of wealth and investments.

Helping clients better understand wealth and investments for the purpose of clear decision making, more confident connection to goals, with less time and effort. How can you achieve this level of educational insight in your client experience? As an experienced financial professional you need to provide credible, relevant, and timely sources of education to your clients, and you have many ways to accomplish this:

- Self-learning: Creating a content library for your clients: A listing of books, articles, studies, and websites that you have pre-approved by topic for clients.
- A digital marketing strategy that matches with your client’s main priority (for example, education on social security options for clients nearing the age of eligibility).
- Educational events for clients and prospects focusing on a key wealth issue.
- Placing time on the agenda in each face to face client interaction for education.

Recently, an inventive financial professional shared a terrific example of how he is utilizing educational events to enhance his client relationship. This advisor started a series to educate clients on using their smart devices for: social media usage, online privacy protection, and most importantly, on available resources to view and better understand their total wealth picture.

A final thought about simplifying education is being hyper-aware of communicating in plain language. The financial services industry can rival the healthcare industry in the use of professional jargon. Think back to your early days as a financial professional: if it felt like conversations amongst your colleagues were being conducted in a foreign language it is because they were. You have learned the language over time, but your clients are not inundated with financial speak on a daily basis. The quality of your ability to educate can only by expressed as a function of the comprehension of your audience. Speak plainly.

**Simple Accessibility**

Technology has vastly improved our access to our personal financial information at any given point in time. Your clients can instantaneously monitor financial transactions, account balances, and real time market data 24 hours a day with a few mouse clicks. This makes both your online and mobile resources a critical component of your overall client experience. As we discussed, having information is important, but turning information into insight and action is the role of the successful financial professional.

A recent study by Jim Marous of the Digital Banking Report shows that “a positive customer experience is channel sensitive, with customers placing a higher weight on digital customer experiences more than physical or call center channels.” 4 This is not to suggest that your clients want to replace you with technology. What is suggests is that clients want instant access to accurate information and efficient transactions. Another growing trend cited by the

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3 Scorpio Partnership and CFA Institute study
4 Digital Banking Report
Digital Banking Report is a growing client demand for integration of financial activities across multiple channels. Clients want to be able to see their total financial picture on one screen.

This need for integration has led to an increased usage in data aggregation software. The real value provided by the financial professional becomes turning this information into insight and action. Creating a data aggregation for your clients begins with communicating what information is important for them to provide. The key reason for data aggregation is to avoid availability bias. As Daniel Kahneman discusses in his work “Thinking Fast, Thinking Slow”, availability bias leads us to make decisions based upon the immediacy of information recall. If we cannot readily bring to mind a detail, it must not be important.\(^5\) Data aggregation helps alleviate the need for an availability heuristic in our financial decision making process.

Aggregation then leads to simplification of the discovery process. An April 2011 article in Financial Planning sites a Huthwaite study about the importance of minimizing the time spend in what they categorize as situational questioning, aka fact-finding. Clients view financial professionals with less trust when they are asking questions that only benefit the professional. The sooner you can move into deeper discovery, what Huthwaite terms: problem, implication, and needs payoff questioning, the sooner you will establish trust with your clients.\(^6\) Data aggregation software affords you the ability to guide your clients on uploading this information rather than drawing it out of them through interrogation.

**Simple Execution**

Ideas are meaningless in the absence of execution. To achieve simplicity we must create an intentional and repeatable process of communication, education, and access. By this we mean: constantly focusing on an established main priority, limiting the amount of options and exceptions we make available, and scripting concise messaging for all teammates. When educating, we mean: providing reputable sources of information and speaking plainly. When providing access we mean: minimizing the effects of availability bias and quickly establishing trust through more efficient fact finding.

Frequently taking inventory of your client experience is a business development tactic that separates the good from the great. We strongly urge you to consider the following exercise during your next business development session:

- Map out or review your complete end to end client relationship strategy. Examine all the factors in onboarding, relationship management, and client interaction.
- Identify the areas that are the most frequent source of frustration for both your team members and clients.
- Answer the following questions about these steps in the process: Is the issue with the step in question one of communication, education, or access? What is the simplest resolution to create a better client outcome?
- Delegate the new process accountability and timetable for implementation.

As you continue to master the craft of delivering a remarkable client experience it is worth noting that your clients are not only comparing you to the financial professional down the street. They are comparing you to Amazon, Ritz-Carlton, Disney and all other brands that exemplify customer service satisfaction. This paper is the first in a series discussing how to

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\(^5\) Daniel Kahneman- Thinking Fast, Thinking Slow  
\(^6\) Financial Planning, April 2011
build a client experience that transcends the average. These ideas may be new to you, or a reminder of what you already know. The importance is in the execution. To quote renown author and business expert Stephen Covey, “to know and not to do is really not to know.”

Coming Soon: Creating a Predictable Client Experience

References