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How RBC and Others Try to Help FAs Serve Clients' True Desires

By Thomas Coyle June 25, 2018

Inspired by research from the **Economist Intelligence Unit**, RBC Wealth Management hopes in turn to inspire its 4,800 advisors, trust officers and private bankers to change how they talk to clients – especially clients under 40, who tend to see money as more integrated with their lives and values than older clients.

But moving to instill such change comes with significant short-term risk to companies as FAs resist shifting from what's tried and true to what may involve considerable emotional exposure, according to expert change agents.

Based on a global poll of just over 1,000 high-net-worth individuals — 365 of them Americans — the EIU says the view of what constitutes a legacy in terms of wealth management has shifted from a store of value among older wealth holders to an expression of values among younger HNWIs.

"When asked which of several factors was most important in defining their legacy, more than two-thirds (68%) of American HNWIs named relationships with family, exceeding the global average (62%)," RBC says in a press release summarizing the EIU report, which it sponsored. "Less than half (42%) cited what they are able to do for their families financially."

"The best advisors are like racehorses with blinders on; they run toward a goal, and it's what makes them successful. Asking them to do something else opens them up to the risk of failure."
Peter Bregman
Bregman Partners

One obvious byproduct of the change flagged by the EIU is the rise of impact investing. Among millennials and Gen-Xers, now aged between 19 and 52, 70% "have already made an impact investment," according to a Fidelity **Charitable** report released this month. In this development, "advisors play a key role in helping clients understand the different approaches available to them," says **Krystal Kiley**, the Boston-based public charity's practice management chief.

Another offshoot of people's changing perspectives on money is less in evidence, according to **Angie O'Leary**, head of planning for Canadian RBC's U.S. wealth unit.

"Advisors need to change how they talk to consumers," says O'Leary, who is based in Minneapolis. "We need to change how we talk about investing — and look at what we're doing for clients from an impact perspective."

That makes sense to **Beth Norman**, an RBC advisor in Madison, Wis.

A 30-something herself, Norman says her team members represent every decade of adulthood up to the seventh, making engagement with age peers that much easier.

It also helps that her younger clients are "definitely more open" about discussing their money and its uses than their elders, says Norman.

Norman says being open herself with clients about her own life and planning puts them at ease and encourages them to share insights that can add depth and texture to their financial plans.

And Norman says this approach has reversed the traditional referral chain. Instead of relying almost exclusively on referrals to younger clients from their older relatives and family friends, her team receives referrals to older prospects from younger clients.

"It's the opposite of what usually happens," says Norman. "But the feeling seems to be, 'You've done a good job for us, maybe you can take a look and do something for them.'"

RBC isn't alone in identifying a need for advisors to change how they relate to clients. **Hartford Funds** says FAs should engage clients less on how much they need for retirement and more on what specifically they're saving for.

With help from the **Age Lab** at the **Massachusetts Institute of Technology**, Hartford Funds' wholesale consultants are telling advisors their clients are more likely to save and participate in planning if they're working to tackle real and tangible problems.

"The ultimate goal is to get investors to start thinking about what the money is going to do for them," says **Mike Lynch**, Hartford Funds' strategic markets chief.

To that end, the fund distributor encourages advisors to get their clients to ask concrete, thought-provoking questions like "Who will change my lightbulb?" to help them focus on accommodation and home upkeep, "How will I get an ice cream cone?" to bring transportation options and costs to the fore, and "Who will I have lunch with?" to get them thinking about the care and maintenance of their social networks.

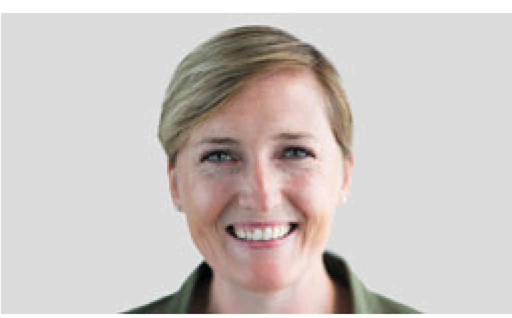
"The point isn't to have all the answers," says Lynch. "It's to have the conversation."

Adds Lynch: "In this day and age investment returns are just the table stakes." To stay relevant and fight commoditization, advisors have to go deeper — and stay responsive by being ready to act as "educators and facilitators" to connect clients with the resources they need to thrive.

But that's easier said than done, according to leadership expert **Peter Bregman**, whose firm **Bregman Partners** frequently works with financial service companies.

Getting people to change how they communicate with others is hard, more so across large organizations — and more so for financial advisors, says Bregman.

"The best advisors are like racehorses with blinders on; they run toward a goal and it's what makes them successful, " says Bregman. "Asking them to do something else opens them up to the risk of failure – or even of just not doing as well. And it scares them."



Beth Norman

It's harder still when the specific change in view hinges on altering how advisors communicate with their clients and the kind of communication in play calls for the advisor to be vulnerable, empathetic and humble.

"It's not that advisors aren't humble," says Bregman, author of an upcoming book called "Leading with Emotional Courage." "But they may be used to projecting certainty with clients, when what they need to understand their clients is a willingness to listen and be wrong in their assumptions."

Higher-ups can foster the right attitude among advisors by providing the resources needed to make the change — and by not glossing over what's being asked of them, says Bregman.

And while such change can't occur overnight, Bregman says the timespan can be shortened if the whole project is handled "strategically, intentionally and thoughtfully."

Meanwhile, Betterment's behavioral finance head **Dan Egan** says all the heartfelt conversations in the world won't do any good if a firm's technology and reporting interfaces don't reinforce these discussions.

Getting to the heart of what clients want from their money calls for "a big shift from most reporting, which tends to focus on the past," says Egan. What's required is reporting that "reorients our focus on things we can change or work toward, which is very empowering for everyone involved."

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