

# Collaborate & Listen

## Collaborative Planning: Empowering Clients to Make Good Financial Decisions

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When it comes to money and making good financial decisions, there's a lot more going on inside our clients' brains than we might realize. Unfortunately, from a genetic perspective and according to UCLA developmental biologist Jay Phelan and co-author of "Mean Genes: From Sex to Money to Food—Taming Our Primal Instincts," humans are not hardwired to make good, long-term financial decisions. And research from the fields of neuroeconomics and behavioral finance has shown that most financial decisions are based on emotions, not intellectual reasoning.

As CPA financial planners, we have to contend with this emotional side of our client's brains to successfully empower and move clients forward into good decisions. While the reflective and analytical aspects of mental reasoning eventually kick in to work on financial decisions, this type of thinking is not the first responder. If we can't get past or around our client's reactive brain, or if we can't work with the emotions surrounding money, then we may not get an audience with reason.

If our clients cannot clearly hear the important analytical information we provide as trusted advisers, then we can't empower them to make good financial decisions. As observed by Jason Zweig in "Your Money & Your Brain," "To maximize your wealth, you have to optimize your brain."

### Sharing Ownership

So if typical CPA analytical work and glossy financial planning presentations are only half of the story to helping clients make good financial decisions, how do we speak to this other, very important side of our clients' brains? The answer may be in collaborative planning techniques, which are being used by some of the most successful financial planners.

Shifting focus from presentation of a financial plan to collaboration on the financial plan engages clients, deepens relationships and—most

important—keeps ownership of the plan where it belongs: with the client.

These techniques do not replace any of the analytical skills that make CPA financial planners the best choice for a financial adviser, but enhance our ability to be truly valuable to your clients.

### What Skills and Tools Facilitate Collaborative Financial Planning?

CPAs have traditionally thought of these as soft skills, but techniques such as engaged listening, appreciative inquiry, applied empathy, coaching and facilitating move client conversations in deep and important directions. You may think of these as innate abilities; you're either a people person or you're not. But these are learned skills and available to all CPAs willing to improve or expand their abilities.

Numerous examples of applied appreciative inquiry are shared by KPMG alum Edward Jacobson in his book, "Appreciative Moments." One simple appreciative inquiry technique is to ask your clients variations of the question "Is there anything else you would like to add?" or, "Is there anything else that I haven't asked you that you would like to say?" You continue to ask until your client says they have nothing more to add. If your desire to hear more is sincere, and you practice engaged listening, the flow of foundational financial information from your client may start as a trickle then grow to a river. This is a good sign you've successfully engaged both sides of your client's brain.

Here's another example from Jacobson about a different collaborative technique as shared by a planner. At a point of extreme frustration with a client, this planner pulled out a blank piece of paper and wrote in the center "I'm completely successful." He asked his client to draw spokes from the center and write what his life looks like now that he is completely successful. This quickly elicited a response not previously shared in their planning conversations. The planner had spent the previous year nudging and prodding this client with no success.



Using a simple technique of appreciative inquiry allowed the client to connect with the part of his brain that was creating barriers, and he finally moved forward adjusting his spendthrift ways and progressing toward his goal.

This type of information unearthed through skills in your new toolbox is the foundation of the successful collaborative relationship and financial plan that the client will embrace and implement.

As for the tools to assist the collaborative planning style, financial planning software that easily can be used in an interactive way with clients is key. Any software with which you are comfortable can be used, but some, such as Money Tree Silver or Money Guide Pro, are meant to be used collaboratively. Revising planning assumptions on the fly and reviewing results immediately is extremely engaging for clients as they are involved in the input and it becomes and remains their plan.

Another software tool to consider is mind mapping. For clients (and planners) that think visually, this software is so much more fun to use. Irwin Rothenberg, CPA/PFS and member of the CalCPA Personal Financial Planning Committee, has been successfully using this type of software with his clients for years to capture a snapshot of their life. And this snapshot is the starting point for all future client update meetings. Changes in the client's life that might have been overlooked and not shared quickly pop up through this quick visual overview.


Don't overlook time-tested tools such as pictures, reflective exercises and worksheets. Any tool that facilitates the sharing of information between you and your client is worth trying. Just remember: most clients can't focus on spreadsheets and detailed analysis unless their emotional brain has been involved in the conversation.

And, finally, the most important tool is your own commitment to the collaborative approach, which at first may seem cumbersome as


you experiment with unfamiliar or rusty skills and delve into the new disciplines of neuroeconomics and behavioral finance.

Collaboration is a commitment to meet clients at their level. For some clients, this will require slowing your pace and providing more financial education. You may have prepared hundreds or thousands of financial plans and can see patterns, problems and solutions quickly. But from the client's perspective, the financial planning process is new, unique, invasive and, for some, intimidating.

Financial planning can feel like eating your spinach; you know it's good for you, but you'd rather be out playing tennis. Clients that would rather delegate all of the responsibility to you, their trusted adviser, must remain engaged in the process. You demand their attention with your commitment to collaboration. It's their life and their financial plan. By collaborating you are building greater trust and stronger desire by your client to do the necessary work.

Research has shown that clients with financial plans are more confident about their financial future and have a greater sense of peace. When markets or life throws a curve ball, clients committed to their plan know the course of action you have worked out together in the financial plan. A reasonable argument can be made that applying the collaborative approach is exercising fiduciary responsibility. You've taken the time to put your client's needs first by utilizing all tools at your disposal, analytical and inter-personal, to help them beat their genes and optimize their brain to maximize their wealth through good financial decisions. 

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