Human-Centric Investing Podcast

Episode 27: Communicating to Connect, Part 1

April 2, 2019 (37:52)

Host: John Diehl, Sr. Vice President, Strategic Markets, Hartford Funds

Featured Guest: Ryan Sullivan, Managing Director, Strategic Markets, Hartford Funds

Intro: This is the Human-Centric Investing Podcast with John Diehl where we look at the world of investing through the eyes of our clients. Take it away, John.

John Diehl: Hello, financial advisers. This is John Diehl, Senior Vice President of Strategic Markets at Hartford Funds. Welcome to episode 27 of the Human-Centric Investing Podcast. Joining me today is Ryan Sullivan, Managing Director of Strategic Markets here at Hartford Funds. Welcome Ryan, it's great to have you here.

Ryan Sullivan: Thanks, John. My pleasure.

John Diehl: I don't think there's any adviser who's listening to this podcast that needs to be convinced that connection is the key when cementing client relationships. And I've asked Ryan on the podcast today because he's going to talk about a concept that we call communicating to connect and how we connect with clients, and really anyone, more effectively and more quickly.

Ryan has rich experience in this area, which you'll hear about during our conversation. And just a warning up front, this is likely going to be more than just the one episode podcast, so if you like the first podcast, you may want to listen in to the subsequent podcast that's coming next.

So Ryan, let's talk about this topic of communicating to connect. Every adviser, obviously, wants to connect with their clients and prospects, but why is that so challenging to do these days?

Ryan Sullivan: Thanks, John. And that's something where we could easily do a whole episode just on those challenges. We know it's a process. Obviously, folks need to communicate before they can connect, from connection advisers, obviously, hoping for or working towards commitment.

So, communication being the first part there in starting that process, and yet, there can be challenges right from the get-go, everything when you think of the various ways folks can communicate these days and all the ways that can block communication. So, everything from span filters, voicemail boxes that are full, semantic barriers.

So, I've seen where advisers, in addressing groups of all women, started off by saying, hello you guys, and immediately creating barriers to that communication and connection.

Another one, the fact that we typically speak about 150 words per minute, a little fast in some areas of the country, a little slower where I am in Charlotte, North Carolina, but people can listen at up to 400 words per minute, or in short bursts. In the study at the University of Missouri, at up to 1,000 words per minute, so you think about the fact that people have more brain processing power.

As you're speaking as an adviser to a client, the fact that their mind can wonder, and let me be clear up front, I'm not suggesting that people talk faster. It's kind of like eating food, that we all could eat faster than we do, but that really wouldn't help much with digestion. So, we'll talk about some ways that advisers can help use that additional brain power that clients have to help further that connection.

The last one, relative to the problems with communication, the physiological barriers. One important one, especially for older clients is hearing loss. So, according to AARP, up to 80 percent of the people in the U.S. who would benefit from having hearing aids, don't have them. Thirty percent of folks who do have them don't wear them.

Very often this is men, there is a bit of vanity as we age, John, if you'd agree, where we don't want to be seen wearing things that make us appear or feel old. And that's something we've heard backed up by the MIT AgeLab. I'm sure a lot of folks on the call are familiar with the AgeLab research and our relationship with them, but why does that matter?

I'd be surprised if many folks have heard about a study at Johns Hopkins that shows that if our clients have hearing issues that aren't addressed, they have up to three times the likelihood of a fall and up to 40 percent faster cognitive decline.

So, think about that advisor trying to communicate with a client, and I'm going to guess every adviser out there has noticed that male, if it's a couple, they see with the husband that they're not fully tuned in, maybe they're faking that they're listening, they're not responding as one would if they didn't have hearing issues.

I challenge those advisers, encourage those clients to get their hearing checked, it's more than just that ability to communicate, that ability to help clients from having cognitive decline later in life, certainly, a focus for advisers.

So, that's the initiation or I'd say the first level of problems. The other one and this does tie to some of the AgeLab research, the trouble getting on someone's personal agenda. And again, with for folks familiar with the AgeLab research, they've probably heard about this concept of the challenges with the volume, velocity and complexity of what everyday clients have to focus on. That it's tough for them to focus on the next 30 years of life when they're really more focused on the next 30 minutes and they have trouble getting around that.

So, this volume, the fact, I think folks might be surprised to find out on our planet there are 15 million text messages sent per minute, 45 million WhatsApp messages, that's not even including things like Facebook Messenger. So, more volume in how we're connected with the ways that folks try to communicate with us, the velocity of information and the expectations around that.

John, I don't know if you've had any formal etiquette training?

John Diehl: Oh, of course.

Ryan Sullivan: Of course. Well, I'm guessing maybe folks on the call probably have not, but what we can guess together. John, what would you guess, if you went back to 1860 and the appropriate amount of time for someone to respond to a letter that they received via the Pony Express?

John Diehl: I'm going to say two weeks.

Ryan Sullivan: Two weeks. All right, so 14 days. Can we agree that these days we have, if it's friends, family members, clients, they call us or text us, if we don't respond in 14, maybe minutes, sometimes if feels like 14 seconds that they're then pinging us using another mechanism. They're calling, leaving voicemails, sending texts. So, I've heard advisers say they feel like they're playing a consistent game of whack-a-mole. If you'veseen that at the carnivals where you've got the mallet, you're just bopping things as they pop up at you, the last one, the complexity of what folks are dealing with these days.

So one example certainly from a financial perspective that clients can get information on the internet and certainly from other sources that may run counter to what advisors recommend or the things they typically talk about.

So certainly bitcoin is a decent example of that. I'm guessing many advisors fielded questions about whether clients should be putting all their money in bitcoin. John, I'll tell you, I know you know that my wife's an infectious disease doctor.

She tells me every week stories about patients that she sees who are convinced based on something they've seen online that they have Ebola. And she has to talk them down from that. So the complexity information, the—I'd say the easy accessibility of information and things that run counter to what advisors would recommend.

Sum that all up, Herbert Simon, so someone who won both a Nobel Prize for economics and a Turing Award, essentially the Nobel Prize for computing in the '70s, he said that a wealth of information creates a poverty of attention.

A wealth of information creates a poverty of attention. I think everyone on the call can agree with that, we're all overwhelmed as are our clients with the amount of information out there, all of that makes it more difficult for clients to be communicated with and with that, connected with.

John Diehl: So Ryan, given those challenges, what are the risks for advisors if their communicating but not connecting, or in other words not communicating effectively?

Ryan Sullivan: Well I'd say first to look at some of the indicators, I'd say indications that that's happening, for one advisors who get the sense that they're having trouble connecting where they're communicating with prospects who never become clients or that they lose existing clients.

And when you look at the reasons that clients admit they've left an advisor, moved onto someone else is often they don't feel that they've heard. They don't feel they're truly being listened to.

John, I'm sure you've seen some of the studies out there that show the interaction or relationship between doctors and malpractice suits. So if you'd think about it, imagine these folks who are sued more often for malpractice, they're deemed by these studies to be the worst what?

I'll suggest that it's not the worst doctors.

John Diehl: The worst listeners.

Ryan Sullivan: Exactly right. And so opportunities there, we'll talk about some ways that advisors can improve at that. And the last indicator, the increased potential for misunderstandings where clients, advisors having conversations but walk away with different ideas of what they've agreed upon.

I'm sure many folks have heard if not by name of George Bernard Shaw, the great Irish playwright, wrote "Pygmalion" which was adapted into "My Fair Lady." To me a quote that sums this up very well, he said the biggest problem in communication is the illusion that it's taken place.

The biggest problem in communication's the illusion it's taken place. So again, advisor talks to a client, thinks they've come to agreement but each walks away with a different idea of what that is. To me, no better reminder of that, I'm guessing many folks on the call are fans of the movie "Caddyshack."

And John, if you remember the scene where Bill Murray's character is talking to the club manager who happens to be from Scotland, and Bill Murray's having trouble understanding whether he's supposed to kill all the gophers or the golfers.

Right, obviously big difference there, so I'd sum it up by saying the biggest risk is that if advisors aren't connecting, then someone else will. Either the client's—oh go ahead, please.

John Diehl: Yes, Ryan, it's interesting because I think communication skills are something that each of us individually thinks we're pretty good at, right, because—and it's not just advisor to client, it can—if you're married, between spouses.

If you have children between—parent and child. And one person hears one thing, one person hears another, one person says but I told you, so on and so forth. So in my 31 years with Hartford, one thing I think people think is that communication skills are almost—they almost come naturally.

And what I found over time is that everyone can improve their communication skills, whether it's in verbal speech or whether it's in listening skills. So I guess part of the result of this podcast, Ryan, might be—or the goal of the podcast is maybe first we kind of take an inventory to see maybe how we actually are doing from an objective standpoint, rather than just telling ourselves we're pretty good at this.

And then thinking about what we could do to improve. So along those lines, Ryan, when you think about this, what can advisors do? How can they almost audit themselves or what can they do to better connect?

Not to say they're not connecting today, but what can they do to be even more efficient, more effective in their communication with clients and prospects?

Ryan Sullivan: Great question and I would suggest for advisors to create what we'll call REAL connections and REAL, R-E-A-L is an acronym that advisors can use and easily remember the different ways in which they can and arguably should seek to connect with clients and prospects.

As we talk through these, the importance of creating these connections won't be groundbreaking, but as we know, there's a big difference between common knowledge and common practice.

So the nice thing is we go through each one, advisors can rate themselves, I'd encourage them to do that, in each of the categories relative to how they connect with each client to get a sense of if and where there's room for improvement.

And as we'll talk about the first advisor to get to the letter L, and we'll talk about what that means, wins, for reasons that we'll talk through. But I'll just mention we'll get through the first two letters in all probability today, there's a lot of meat.

So if we don't get to all four today, we'll certainly do that in the next episode, kind of a cliff hanger for folks listening to the call.

John Diehl: So Ryan, let's jump in, what does the R stand for in your REAL acronym?

Ryan Sullivan: R stands for rational and that's probably the easiest for most advisors. The focus here is on facts and figures. I've had some male advisors admit that it's easier for them to connect often with male clients at this level and really the three big goals relative to rational connections. This is the stage at which it's important for advisors to establish credibility both in their firm, their investment process.

If clients can't get on board with that aspect, it's difficult to move on from there. But there's a lot of risks at this level of connection as well. Things like ego as we're talking and trying to build up our own credibility. There's a point at which we can overdo that. Certainly using too much industry jargon, being overly complex and if we can agree financial services, one of those unique topics where clients can feel both intimidated and bored at the same time, that's saying something.

So that's important but really hear where advisors can differentiate themselves. You've heard this term, "the sea of sameness, the ocean of ordinary" that here trying to provide insight versus information. If we agreed earlier that information is cheap and easy to come by these days; insight is not. And where advisors at this level can share perspective, John if you wouldn't mind, let's do a quick experiment. Now I'm going to give a safety warning for advisors listening to this. If you're driving don't try this right now but I'd encourage you to try it later on.

So John if you wouldn't mind, just raise your hand up, just above your head, directly above it. Take your index finger, stick that out—your pointer finger and start moving that in a clockwise fashion. All right, so I'll let you do that for a moment. You're moving your hand in a clockwise fashion.

John Diehl: Got it.

Ryan Sullivan: And then move your hands slowly down so now you're looking at the top of your finger as you keep making that same motion and let me know what you observe.

John Diehl: So I'm focused on my finger, I'm losing sight of anything in the background.

Ryan Sullivan: Well for one, certainly. But I think if you look at your finger, the motion of it, you may notice that it now appears to be moving in a counter-clockwise motion.

John Diehl: Got it.

Ryan Sullivan: And then move your hands slowly down so now you're looking at the top of your finger as you keep making that same motion and let me know what you observe.

John Diehl: So I'm focused on my finger, I'm losing sight of anything in the background.

Ryan Sullivan: Well for one, certainly. But I think if you look at your finger, the motion of it, you may notice that it now appears to be moving in a counter-clockwise motion.

John Diehl: Well that's true, yes.

Ryan Sullivan: So now if you move your hand back up over your head you'll see that once again it's moving in a clockwise fashion. So think about for advisors I get this with newer advisors that as the market has been more volatile as of late, this feeling like things are going the wrong direction. Where while it's above our head, markets moving in a clockwise fashion, literally moving like clockwork, as markets go down the feeling that everything is going backward and yet we know that the motion hasn't changed, so the motions of the market are the same. It's really just our perspective relative to that.

So here where advisors can use materials with clients that show historical context, things that will put into perspective some of the concerns that clients have. So that to me is kind of the summation there on the rational connections, more focused on the facts and figures and that probably is the easiest one for advisors.

John Diehl: And examples of REAL—or rational connections Ryan would be for example trying to establish the credibility in terms of why a client or prospect should be working with me, right? It could be the number of years in the industry. It could be some kind of examples or ideas of what we're able to do for people in our—in our practice. Kind of almost what is expected to be heard but on a very clear basis, right? Is that an example of what a rational— what a rational communication would be or a rational connection would be about?

Ryan Sullivan: Absolutely. And you think about it, that's kind of a baseline where if we can't get clients onboard with that aspect, it's very tough for them to move on from there.

John Diehl: Exactly. Well that makes sense. Well let's move on from the rational since rational, I think at least when I interact with advisors, they'll say that's one of the areas they think they're strongest in. That's our story. That's almost our belief in ourselves but how well we're communicating that to our clients is key. But what does the E stand for in the REAL acronym?

Ryan Sullivan: So that stands for emotional—creating emotional connections and we'll hunker down here for a bit that this one is very important for advisors to get right, a lot of opportunity in my experience as I travel the country. I think John, you'd agree. So for one, I talked about a concept I'll call "getting clients in the water."

So maybe you're a fan as I am of "Shark Week" on TV and I can tell you as I'm sitting safely on my couch watching this on TV, I'm not overly afraid of sharks. I find them fascinating but really no sense of fear versus if I were in the ocean, we've all had that experience, you've waded out into the ocean, you're about waist deep and you feel something brush your leg; all of the sudden, the fear, the panic.

So my point here isn't that we should go out of our way to make clients fear or feel fearful; probably just the opposite. We've seen some (age lap), research that shows that that can actually turn clients off but here connecting with the feelings that clients have. How do we get them more connected? So I'll give you some examples. Certainly our advisors will agree that some of their male clients tend to overestimate their risk tolerance that they kind of forget that great recession now 10 years ago and they've put that out of their mind. They feel like they're able and willing to take on more risk than they may be able to.

So instead of here just focusing on the facts and figures, it's getting into the other aspects that are important to clients. So certainly, we've talked through the (H Lab) research about what they call the jobs of longevity and this isn't job as in occupation but really preoccupations: what people have in their mind that keeps them from focusing on doing other things.

So their concerns about their own future, certainly that of their parents, their kids, so getting into some of these other things that are top of mind that have more emotional impact for those clients, for advisors doing financial planning, certainly the ability there to get deeper into conversations on things that really matter. I've heard the generalization, as I'm sure you have, John, that it's easier to connect with men on facts with women on feelings. If the guys want to know the facts, the women want to know the impact of those things on their family.

To me, somewhat of a myth. I think there's room for balance. Both men and women can be connected with in both ways, but I'll give you some concrete examples here.

So as I travel the country, I find that a lot of advisors are trying to connect with their clients on things that clients are angry about. If we can agree, certainly politics is one of those issues these days. Depending on where you fall on the scale, everyone seems at least a little mad about something.

So I'll encourage folks to think back. You've heard about these five stages of grief. So Dr. Elisabeth Kübler-Ross back in 1969 wrote about these five stages, and people think about that relative to the loss of a loved one.

Well, that same process, those five stages of grief can be had relative to other losses—to loss of a job, financial losses, or the loss of a feeling of security, which is how a lot of folks would describe their feeling relative to the political landscape today.

But let's go quickly, John, through this example of the five stages and let's point out where advisors may have an opportunity to improve how they connect. So here's my quick example.

Imagine that I go out to my car, I go to start it and my car won't start. What's the first thing most people would do? They turn the key once, the car doesn't start. What do you think they do next?

John Diehl: Turn it again.

Ryan Sullivan: Turn it again, right? So that's denial. I turn the key, it didn't work, so I'm going to pretend it didn't. Going to turn the key again, that first stage of grief: the denial

The next one if you're like ost folks, maybe you share a few choice words, bang on the steering wheel. Now we've reached the anger stage. The next stage where we plead. I don't know about you, John. I always name my cars. Mine's named Norin. So here's where I'd be begging Norin, "Come on, Norin. I need you today. Don't let me down." We're bargaining. That's the third stage of grief.

The next where we start thinking through all the problems that are going to be caused by our car not working. For me it's most often I'm heading to the airport, so now I'm going to miss a flight which may cause challenges in getting to a particular speaking engagement, so the depression sets in. Now this is horrible. Everyone's going to be mad. I'm messing everything up. It's the end of the world.

The last stage is acceptance where I say, "all right, I guess I'll call triple A. I'll contact the advisor consultant I was going to be travelling with, start working through plan B." Now, think about those five stages. At which of those five stages does something productive actually happen?

John Diehl: I'm going to guess at acceptance.

Ryan Sullivan: Exactly right. And so, here as I find this advisors speaking to their clients about what's happening with politics, they happen to know what angers that client and they almost connect at that level, but as we just showed, nothing productive happens at that stage. It's not till we get to the acceptance stage that anything productive can happen.

So the encouragement there and connecting with clients, moving them as best you can to that acceptance, so that's the state of things right now. What do we do about it? Let's talk about how that impacts our investments, our long-term planning, and move from there. Another example...

John Diehl: So Ryan, would you say…

Ryan Sullivan: Please.

John Diehl: Would you say that that's where most advisors get it wrong is that they try to jump in on a negative emotion on and emotion at the wrong point of actually where action will happen?

Ryan Sullivan: Well, I'm not sure if that's wrong. There is a sort of connection you can make at that point, but advisors' goal is certainly to be productive and helping clients move forward, then I'd say there's move for improvement if we instead of connecting at that anger stage can move clients as quickly as possible to that acceptance stage, certainly more productive for the advisor and the client.

John Diehl: That makes sense. And I'm sorry I interrupted you. What were—you were going to add another example I believe?

Ryan Sullivan: Oh, you bet. And especially relative to emotion, there's a lot of information out there now about the importance of empathy. If we can agree on that, seems everywhere you go the importance of empathy is out there and I'm not going to minimize that, but let's do a quick scientific test, John, if you're open to it. I can encourage our listeners to do the same. gain, if you're not driving—don't do this if you're driving for reasons that will become immediately apparent.

So I'll share this and then we'll explain why it matters and, John, if you're open to it, you and I can do a quick exercise to improve at this. But what I'm going to ask, John, is that you close your eyes. I'll ask the listeners to do the same, again, if you are not driving. Then what I'm going to ask you to do, John, is to snap your fingers using your dominant hand five times, and then I'll tell you all at once—oh, you're moving ahead.

John Diehl: I jumped the gun.

Ryan Sullivan: You jumped the gun, so let me explain it…

John Diehl: OK.

Ryan Sullivan: … then we'll have you do it and the listeners do it. So you're going to be closing your eyes, snapping your fingers five times, and then with your pointer finger, just your pointer finger, trace a capital letter E on your forehead. Just your finger. I barely stopped an advisor from using a pen to do this.

So I'll repeat it then let you do that. So again, we're going to close our eyes, snap your fingers five times, and then trace the capital letter E on your forehead. When you're ready, please, go ahead.

John Diehl: OK.

Ryan Sullivan: So John, you drew that E as I'm hoping our listeners did. Now, when you think about how you drew that letter, there's two ways to do that. One is looking at that from your perspective. So imagine how you drew that E. If that was a foot in front of you, you're looking at it, if you drew it so that it's correct, how it would look in the English language from your perspective, that's one way to draw it.

The other way to draw it is so that it would be readable, it would look correct to someone facing you. So it would backwards to you, John, but it would look correct to them.

No, I'm not going to ask you which one that you drew, but I'm going to encourage our listeners who tried that out to think about that; which way did you draw it and here's why it matters. So this is from social psychologist, Adam Galinsky, again, a social psychologist at Columbia. He did this in studies in conjunction with the Kellogg School of Management. If it is that the listeners drew that letter E so it's correct from their perspective, this research would how that you may value your perspective more than others.

If it is that you drew it so it would correct to someone looking at you, but backwards to how you'd view it yourself, then you value other's perspective more. Here's how this plays out. The reason in this research that folks draw it a particular way is if they feel they're in a position of power relative to the people they interact with on a regular basis. So think about advisors with their expertise, experience, access the information, do you think, John, that typically that a client would believe that that advisor has more power than the client does?

John Diehl: Sure.

Ryan Sullivan: Well, the reason that matters, that same study shows that if the person has the feeling of power draws the letter so its correct from their perspective, that that same person is less able to correctly perceive other people's emotions. Just as you said advisors ad maybe everyone thinks they're a natural communicator, everyone thinks they're naturally able to perceive other's emotions, but if it is that we have this perspective, we value our own perspective more, we're less able to perceive other's emotions correctly, but we can improve upon that. John, are you open to doing a quick exercise that can help with that?

John Diehl: Sure.

Ryan Sullivan: All right. So what the research shows is we put a whole lot more energy into getting other people to understand our perspective, than we put in trying to understand theirs. Would you agree with that?

John Diehl: Yes, I think that's right.

Ryan Sullivan: All right, so this exercise, John, you and I are going to work to literally meet in the middle. So what we're going to do, this is going to seem kind of like the countdown to paying rock, paper, scissors, but what we're going to do, is we're going to count down from the number three to one, and then we're going to say literally any word in the English language. Most people have a vocabulary anywhere from 20,000 to 30,000 words that they use actively in the language. You and I are going to see how quickly we can come to the same word. So I'll explain as we go, but let's countdown from three, and just… we'll say a word and we'll go from there. So, three…

John Diehl: Three.

Ryan Sullivan: Two.

John Diehl: Two.

Ryan Sullivan: One.

John Diehl: One.

Ryan Sullivan: Chicken.

John Diehl: Dog.

Ryan Sullivan: All right. So, chicken and dog. Now let's think about what those two things have in common; any word in the English language that may be a common connector to those two. So we'll countdown again from three and we'll say that word, see if we come up with the same word. Three…

John Diehl: Three.

Ryan Sullivan: Two.

John Diehl: Two.

Ryan Sullivan: One.

John Diehl: One.

Ryan Sullivan: Animals.

John Diehl: Animals.

Ryan Sullivan: So we're right there. There's a slight delay in the call, I'd encourage for folks who were doing this on their own, you're doing it live when you countdown from three, you're saying the word at the same time. Now, John and I have worked together for years, so maybe a bit of an unfair advantage in getting to the same word more quickly. But to do this exercise with your friends, your family, you can improve at it. We've had folks once they do this, can get to the word—same word, the first time. Often, the point to all of that is how quickly we can come to a common agreement we seek out that ability to connect and agree. Does that make sense?

John Diehl: It does. Ryan, we probably—given the time— looking at the time of our podcast episode here, we probably need to start winding it down. Is that OK with you, or there something we need to close with before we leave this emotional part?

Ryan Sullivan: Well, let me just add one quick thing, and we can revisit in more depth on another call, but the fact that when we're talking about emotions, that how people interpret our emotions, there's room for misinterpretation. So you folks have all heard research that says an in-person communications, 92 percent of how we perceive others is nonverbal.

And that may be an oversimplification of the research that that comes from, but my point here is when we're making those emotional connections, there's a word that, to me, is kind of the underpinning of this, and that word in congruence. So a little scientific, but the fact where our body language, what we say, the words we use, when those agree, that makes for a much stronger emotional connection. And something I'll just mention that we can be more intentional about -- again, something we can revisit in another call.

John Diehl: Well great. Ryan, I appreciate it, and I would—we—on today's podcast, we covered the R for rational connecting, we talked a little about forming emotional connections, but I would as our listeners, please join us for our next episode so that we can round out this discussion on emotional connections and really talk about the other two letters, right? The A and the L. So from all of us from Hartford Funds, we want to thank you for listening today. And we'll talk to youagain soon on out next episode of the Human-Centric Investing Podcast.

Operator: This podcast is intended for use by financial professionals or in conjunction with the advice of a financial professional. It is intended to be educational in nature and should not be construed as individual investment advice or a recommendation or a solicitation to buy, sell or hold any security or to adapt any investment strategy. It does not constitute legal or tax advice or fiduciary advice pursuant to ERISA rules.

END