

Human-Centric Investing Podcast

Episode 29: Accidental Sabotage, Part 1

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Featured Guest: Jill Slomski, President Niche Team, LLC.

- 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 advisors. This is John Diehl, Senior Vice President of Strategic Markets at Hartford Funds. Welcome to episode 29 of the Human Centric Investing Podcast. Joining me today is Jill Slomski, President of Niche Team. Welcome back to the podcast, Jill.
- Jill Slomski: Well, thanks, John. It's great to be here.
- John Diehl: Every time we have Jill on the podcast, we always come away with lots of actionable ideas. And so, I'm very excited about our topic today, Jill, because today we're going to be talking about things that advisors do most of the time unknowingly that tend to damage their relationships with women investors.
- And so, all of you listening know, we will have a worksheet. Jill's provided us a worksheet that you can get to in our show notes from today's episode. So with that, Jill, let's get started.
- The title of the content that you've helped Hartford Funds create in this area about building bitter – building bitter – building better relationships with female investors is call accidental sabotage. It's a provocative title, and kind of share with us, if you will, kind of where the title came from and what the thinking is behind it.
- Jill Slomski: Well, as we were developing the information, we were coming up with all kinds of wonderful ways that financial advisors can develop relationships with their female clients knowing that they're a great target market, and – but they behave differently than male investors do.
- And as we were going through testing material and talking with advisors, people were very confident that they were doing a great job in reaching out to women, and as we dug into the research we actually found that when grading themselves as to how well they serve their female investors, more than 87 percent of financial advisors thought that they were above average in serving female investors.
- And so, they think they're doing great, and – but the interesting thing was that 66 percent of women don't feel that they're being well-served by their advisor.
- So there's a huge disconnect in there, so we decided to dig deep and figure out what's going on, like where is this crazy disconnect where, hey, I think I'm doing a really good job and the women are like, "not at all. Like I have no relationship here. I don't have loyalty. I'm not being served."
- John Diehl: So Jill, what you're saying is men are overestimating their own abilities in terms of relationships and communication with their female clients?
- Jill Slomski: Crazy, but yes. John, they are.
- John Diehl: So why do you think that is? So you just shared with us some of the areas of disconnect in terms of – because look, it's no mystery that the majority of the financial services industry by in large, especially financial advisors, are of the male gender.
- And yet we know, especially coming from our research with the folks at the MITH Lab, that female consumers are really making up what they would consider the single biggest demographic shift because of the role that they play in the workplace now and they're educational attainment as well as what happens on the other end of life and the fact that 40 percent of women over age 70 are likely to be aging by themselves because of divorce, widowhood, and other aras.

So we know and most advisors, Jill, I think know that female consumers are – especially female clients are especially important to their practices moving forward, but why do you think the disconnect between what we think we're doing and how well we're actually doing with out female clients?

Jill Slomski: Well, I think there's a few things happening there. Many advisors have been in the business for quite some time, and it seems to be working. Their numbers are there. Also, women communicate differently.

And so, if there is a female client whether they are married or not, sitting into – sitting in the office and they're not stating their discontent, the assumption is that, "well, I must be doing really, really well."

But you figure that as these women are more educated than ever, they're continuing to make, as you mentioned, over 85 percent of the decisions in a home, and then the transfer of wealth, advisors have to understand that silence isn't necessarily acceptance and they're just changing their mind or that they're educated and they're betting you before they even get into the office.

So you're dealing with a very savvy investor whether or not they're articulating that in your presence or not. So what may have worked in the past isn't going to work moving forward.

John Diehl: So Jill, where we may be taking silence as affirmation that the client is onboard and we're kind of marching down the same path, you're saying that silence in terms of the female investor may be something quite different.

Jill Slomski: You know what, John? Just think about any female in your life. Has silence ever really meant acceptance? Think about it. If they're just looking back at you, that doesn't mean I've got this.

Women are pretty good at using a lot of words. So if someone says fine or nothing, that probably doesn't mean that they're fine or they have nothing to add. And so...

John Diehl: Well Jill, in my own experience, I take silence to mean I've usually done a pretty good job at least when I want to think that way, right?

Jill Slomski: Exactly, exactly.

John Diehl: Well, is it true then, Jill? What about – so one thing that's always kind of puzzled me, sometimes whenever we talk about male versus female investors, we say female investors prefer a female advisor or a male advisors.

At least knowing what I've looked at and even in my own experimentals, notional studies where I ask women investors, "hey, would you prefer a male or a female advisors," they usually come back to me with a very practical answer and they say, "I want the one that'll do the best job."

But in terms of how advisors are serving male investors, are they also unsatisfied? Do you see a parallel or does the data tell you something different?

Jill Slomski: 90 percent of them (or thrilled to deaths).

John Diehl: Wow.

Jill Slomski: Yes. And so – and the other interesting thing, John, when women were asked do you want a male or a female advisor, they don't care. You're exactly right. What you said is correct. They just want someone who will build a relationship with them and listen to them.

And so – and as a matter of fact, when I – when we started coaching and presenting to financial advisors, my own financial advisor said, "you may not want to mention that I'm a male because maybe they're think that there's something disingenuous."

And I said, "how dare you judge the relationship that we've had for 20 years. Like you chose to have a relationship and find out what was important to me and my family, so it doesn't matter if you're a male or a female. What matters is that my family matters to you."

- John Diehl: And I wonder if you'd agree with this, Jill. I mean, talking with my friend Dr. Joe Coughlin at the AgeLab, he talks about decision brackets and he – one of the things he talks about is that men are often times very either singular or very narrowly focused on the objective. If it's making money, then it's making money.
- But they say when – he says when it comes to financial decisions, the woman's decision bracket is much broader because she's concerned about how those decisions impact the extended family. It goes beyond just the spouse and maybe the children.
- It may go to friends or it may go to parents or it may go to grandchildren. Do you find that's true that in a woman's mind often times the decision making process is very burdensome because of the concern about the outcome on other parties?
- Jill Slomski: Burdensome is a great word. Burdensome is a great word, and you've hit one of the key tips on how to relate to women right on the head. Women think very differently.
- Men have – there's a great podcast, and it – it's actually a TED Talk. And it mentions that men have boxes of topics in their brain and women have this connectivity of this wiring in their brain.
- And so, as you have a female client sitting in your office and you're talking about retirement, the male in the room might say, "retirement, great." And they're thinking, OK, I'm going to retire and what not and it's going to happen on a certain date and retirement is the topic.
- Women think about, "oh my gosh, we're going to retire. Will we be OK? Will we stay in the house? Will we be able to see the kids? We're going to travel. Oh my gosh, the kids. I have to babysit on Saturday."
- "I think have to make dinner for the kids on Saturday. Ah-ha." So the female is silent in the office, but really her mind is rolling with connectivity. And so – and we can't help it, and one is not better than the other.
- And that's why taking a moment and understanding the way women differ but how they're such an incredibly wonderful target market for financial advisors, that's why going back to this accidental behavior that financial advisors may be having is so important to consider if you want to be successful.
- John Diehl: So Jill, by the fact that you call it accidental sabotage or accidental behaviors if you will, I take it that you're meaning – and I know that you meet with many, many, many, many different advisors of all stripes – I take it that you mean that many times advisors may not even realize what they're doing that may be damaging that relationship. Is that correct?
- Jill Slomski: That's absolutely correct. John, we were test driving this presentation to a group of financial advisors, and I mentioned that women are making most of the decisions.
- They are quiet in the office. You have to ask them the right types of questions to get to know them. And actually after the death or the divorce that 70 percent of women will leave their financial advisor.
- And in the front row a male financial advisor threw his hands up in the air and said very loudly, "what am I supposed to do if they won't talk to me and I can't get to know them and they're going to leave me. How – what am I supposed to do with all of these women?" And we rolled out the rest of the information and gave them – and by the end he said, "OK, I've got this."
- John Diehl: Well thinking about that, Jill, what are some of the things? Can you start us off with a couple of examples or...
- Jill Slomski: Absolutely.
- John Diehl: ... maybe your top hits of things that advisors that are doing without even realizing it that may damage these relationships that they may want to think about changing?
- Jill Slomski: Absolutely, John. So let's consider this. A female is sitting down in a financial advisor's office and the advisor is talking about telling about their credentials. Maybe they have their CFP, their AMS.

They talk about where they went to college. They talk about the performance and how well they do with all of their clients and they speak in all the acronyms that make them sound absolutely wonderful.

John Diehl: Yes, that sounds about right, right? We need to establish credibility, correct?

Jill Slomski: Well, actually no.

John Diehl: What?

Jill Slomski: Although, it sounds great, they've already vetted you more than – if they're sitting there – you got to think about it, if they're sitting there they've already looked at you on social media.

They've looked up your credentials. They've looked at the proximity of office that fits their lifestyle and their routine. And so, they already know what your credentials are.

Instead what they want to do is to find out why did you choose this? Like why are you a financial advisor? If you're an advisor, tell your clients why you love being a financial advisors or imagine what that's like.

Let's step back for just a second, John. Let's say that you and I are going to go buy a car. And we would step onto the car lot and we're looking at an SUV. And up walks the salesperson and they say, "hi, how are you. My name is John and I've been working here for 17 years and I have sold 14,252 cars and I am licensed in this many states." We don't care.

John Diehl: No. No. We care...

Jill Slomski: We want to look at the SUV.

John Diehl: We want to hear what the car will do for us.

Jill Slomski: That's exactly right. So instead what the financial advisor could do then is say, "it's really nice to meet you." And then introduce his business self and why he loves being an advisor.

Like I love working with my clients to find out what's important to them and getting to know them and their family and talking about why they love what they do.

There's nothing more attractive than working with someone who loves what they do. And then instead of talking about in acronyms, which can be so off putting, just start talking about somebody's personal goals. You'll get to all the investments later.

And then the last thing, John, and consider this, what it's like for someone. They walk into a financial advisor's office and the financial advisor says, "hi," and they talk about all of their credentials.

And then they say, "OK, let me get a little bit of facts – age, income, do you own a home? Do you own a car? How much debt are you in? How much savings do you have? How many dependents do you have?"

They haven't said – it's like being x-rayed. It's like a financial x-ray by someone who doesn't know you. So if a financial advisor wants to do well in that initial connection with the female investor, realize it's not about you, the F.A. selling anything.

It's all about her and you've got to find out about her, what's important to her, and talk about what's important to you and why you love your job. That's the best initial foundation for the relationship and then you can move forward.

John Diehl: Jill, would it help in engaging that client if you were to say right off the back before we launched into who we are and what we do, would it help to say, "tell me why you're here, what brought you here," so on, so forth?

Jill Slomski: Absolutely. What brought you here? And if they pause, you can offer them a few – a few suggestions just to get it rolling. When you think about how many people don't have financial advisors, this is a completely new experience to them.

They're feeling a little bit of angst regardless of how many assets they have. So get to know the person and then you'll get to know the purpose.

John Diehl: And I think male and female alike a lot of times if it's their first kind of interaction with a financial advisor, they're not even sure what answers or what questions they should even be asking, right?

Jill Slomski: No, not at all. Not at all.

John Diehl: It can very intimidating.

Jill Slomski: So it is so intimidating. John, whenever we speak we always say that four of the most intimidating job titles in the United States are doctor, dentist, attorney, and financial advisor.

And so, you have to put someone at ease and develop that relationship so that they can then open up to you, tell then what's important, and you can partner with them to help them to be more financial successful.

John Diehl: And I think, Jill, whenever we have these conversations, you and I have worked together for years now and we always hear some of the same practices, behaviors, so on, so forth.

So for instance, one of the things you'll always hear about is you have to make eye contact, right? How many times does a husband and wife come in and the female investor is kind of ignored even though she may be the primary decision maker? And I don't mean to play those things down, but I think most advisors have probably already heard that, right?

But what you're saying is it really goes beyond the physical behavior even though that's important and really getting into the psychology of making sure that that client – that female client especially feels listened to, right?

Are there – are there any suggestions you have or tips that you have for making sure that a client feels listened to or practices that the advisor might actually employ to demonstrate or to practice their listening skills?

Jill Slomski: Oh, absolutely, John. So in addition to asking those open ended questions, let's just set the stage. In the office if you could be sitting around a table where nobody has a power position, where the F.A. isn't in a powerful position kind of disseminating information in a classroom type setting, you want to be sure that the eye contact that you mentioned is so important.

And if you're struggling to draw eye contact, start asking open ended questions and don't be afraid to say how do you feel about that? I'm a grad school person from the 80s, and in business we never talked about how you feel.

Financial advisors should never be afraid to ask their clients how they feel. If you think about the type of monetary transactions that take place, they are motivated by feelings. You have to have feelings about retirement. You've never retired before.

What about selling that family home where you raised the children and have so many memories? What about the feelings of inheriting money? If you've inherited money, you've experienced a loss. Or if you're saving money for grandchildren or children's education, that's pride and investment in somebody's future.

So it's OK to say feelings. That doesn't make you weak and it doesn't downplay the value of what you do. And so, when you're – use eye contact, use positioning in the room.

Make sure that your setting doesn't scream, "I'm a very formal financial advisor." Make sure that there's pictures of your kids so you can refer to them while you're talking about their children or your hobbies or your trips, and be sure to give everyone ample time so that when someone's pausing it's that connectivity of thought that women have, and we can't help it.

Men can't help that they think by topics and women can't help the fact that everything is connected. It's just our DNA. It's how we're made, but if you can understand that and then apply it to the strategy of how to draw women in to the relationship, female investors may turn out to be your absolute favorite market segment.

John Diehl: It's interesting, Jill, I just attended a couple weeks ago a meeting of top advisors for a given firm, and we were talking about the changing nature of the financial services business.

And the one term that they used, and it reminded me of a TED Talk which you probably are familiar with by Brené Brown. And I don't know if we could post that in the show notes or not. We'll have to ask our folks, but the whole topic is around being vulnerable, right? And so, by being...

Jill Slomski: (Just listened to that)...

John Diehl: ... by being vulnerable, we open ourselves up. And Jill, look. Not everybody is comfortable with those kind of conversations, right?

If you think about – as this industry moves towards more understanding emotional needs and then applying the financial solutions as kind of in a secondary position – not that it's not crucially important, but finding those emotional needs first, what if – what if I'm not especially good at having those kind of conversations?

Would I perhaps look at someone else on my team if I'm in a team situation to have those introductory conversations? Or how would you handle that?

Jill Slomski: I hate to say this, but it's a matter of practice. Trust yourself. That person is there to get to know you as a person so you (inaudible) professional can help them with their needs.

So just find some of those open ended questions that you're comfortable with that don't feel intrusive or as though you're asking someone to expose something or if you were asked you would exposed.

And then read the person's body language and listen to their tone and feel the positivity when it comes back to you. People want to know that they matter, and they don't know how to sort all of this out.

And so, it is emotional. Just practice it a little bit. And just dip a toe. Just dip a toe and try a couple and wait until you see the results. They'll be extremely positive.

John Diehl: Well, and you already mentioned, Jill, right, maybe one of the spots that I think of if I'm not necessarily exactly comfortable.

And let's point out, nobody's totally comfortable if they haven't had these kind of conversations before, but maybe it's as simple as examining why did I get in this business and why do I get up every morning and look forward to coming in and doing what I do for my clients, right? Even that may connect us with some of the same reasons that may resonate with that client across the table, correct?

Jill Slomski: Absolutely. When we ask our advisors who's your favorite clients, and they'll say, "gosh, we have a lot of favorite clients." And I said, "without names, like what are some of the characteristics of clients that you really enjoy serving and having part of your family – your business family?"

And it's always people who communicate with me, people who listen to me, and people who value what I do. Now, flip that. That's exactly what clients want – people who listen to me, people who communicate with me, and people who value what it is that's important to me." The only way you're going to find out the answers to those key questions are by asking the questions and people will open up to you.

It's just you got to remember initial hesitancy from a new client may come from the fact that they simply don't know how to engage with a financial advisor because this experience is completely new to them.

John Diehl: So Jill, as we wrap up this episode, I am going to ask you back for a sequel episode if you will because I

still have some more questions on this topic. But I mentioned in the beginning that you've provided us a worksheet that we're going to get into the show notes.

Well, in that worksheet, does it give some of these examples or does it – how's the worksheet laid out in terms of what we just talked about like some of these things that we're doing wrong and may need to change?

Jill Slomski: There's information there on open ended questions. We have things in – things to consider. We have charts as to what you might be doing as an advisor and feeling completely well intended and things to consider instead. So it's kind of if this, then that.

And they're very gentle. No one's asking anyone to completely up end the way they're doing business, but these minor tweaks to how you're trying to develop relationships with these female investors can make a big difference. And so, we have a lot of very practical information for people to consider to have a big impact.

John Diehl: Well, that sounds great. Jill, I wanted to thank you again for joining me on today's podcast, and I'll look forward to talking to you again on our next episode. So thanks again for joining us today.

Jill Slomski: Well, thanks, John. Thanks, John. I appreciate it.

John Diehl: And from all of us at Hartford Funds, I just want to say thanks for listening, and we will talk to you again soon on our next episode of the Human Centric Investing Podcast.

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