

Don't dodge the truth, even if it's ugly

How you break bad news to clients can have a huge bearing on your future relationships, says Martin Mulcare

Sometimes it seems that shooting the messenger is your only defence when you are in the unfortunate position of delivering bad news. And hasn't there been plenty of bad news to deliver in the past 18 months?

Whether it be messages for clients or messages for your team, I'm sure that there have been many examples of unpleasant interactions in recent memory. It's normal human behaviour to respond adversely and uncharacteristically when given a nasty surprise.

Let's explore what you can do to limit the damage when you have to communicate bad news. And in this column, I'll focus on delivering that news to clients.

There are two types of problems in this context when it comes to dealing with clients.

The first type is where the problem lies in the process – how you are working with your clients. Examples include running late with a deliverable; discovering errors in your advice; and announcing an increase in fees.

The second type is where the problem lies in the results or outcomes – what you are working on with them. Examples include informing clients of a reduction in the value of their portfolio; explaining that the underwriters want to apply a loading; or that the tax advice is not favourable.

You may find it slightly easier to communicate the second type rather than the first type, particularly if the process problem is your fault!

Irrespective of that, delivering bad news is unpleasant and undesirable. Here are some principles that may help to limit the pain involved:

1. Don't wait for the problem to get better or fix itself. It will probably only get worse so it is better to face up to the problem. Don't delay the communication, as this will only chew up more time and create more mental anguish for you. Your client may not thank you – but how much more aggrieved will they feel if they perceive that you have been sitting on the information?

2. Decide whether you want to behave like a master or a victim. Masters take responsibility and own the resolution. Victims shirk responsibility and blame others. (For example, compare, "I should have explained more clearly the underwriting process and the risks involved" with, "Those underwriters are a law unto themselves – I can't believe what they are doing to you".) Choose carefully.

3. Recognise that this is an emotional situation. It is normal to feel pain, especially if you have contributed to the problem. If you begin with an acknowledgement of your feelings (for example, "I am really embarrassed about this..." or "I feel very disappointed with myself...") you are behaving as a person and you will improve the chances (but not guarantee) that you will be treated as a person in return.

4. People prefer solutions over problems. Hence, without sugar-coating the issue, you should come prepared with a proposed resolution or next steps or at least some options to consider. For example, you wouldn't announce to a client that you will miss an important deadline without offering either a revised timeframe or an offer of partial delivery within the original deadline.

5. Remember to think about the other person's personality and perspective. Your clients are people too and the relationship with each of them is absolutely core to your business. You will probably know them well so please use that knowledge wisely.

There are lots of aspects to take into account under this latter principle. Consider their preferred communication medium.

How would your client like to receive the news? Consider how the message might be supported. For example, would a diagram be more helpful, for them, rather than a detailed explanation? Consider who else they might need to inform as a result of your information. How might you

help facilitate the next communication step for them, perhaps for their partner? You might also consider what is important to the other person. For you, for example, running late might represent a serious crime but for some of your clients a few days' delay is neither here nor there if you can assure them of a high quality result.

Remembering these principles is unlikely to make you feel any better before you announce the bad news – it is certainly not easy to "own up". However, application of these principles may make the communication more effective and the aftermath more palatable. After all, the quality of your future relationship may well depend on how you handle these difficult situations.

The four most commonly quoted elements of a great relationship are:

- + Understanding
- + Appreciation
- + Respect
- + Trust

They're easy to say, often difficult to develop – and can be quickly destroyed. Don't risk them by shirking your responsibility to inform your clients of the facts, even if they are ugly. ■

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