A great ratio - one mouth:two ears

What is the most important skill for a financial adviser? Martin Mulcare says it's the ability to listen.

All advisers believe in the importance of quality relationships with their clients and seek to truly understand their clients. The ability to listen is so fundamental to achieving these objectives, and yet it is very rare to hear of professional development time being spent on improving listening skills. Perhaps it is similar to driving a car, where 90 per cent of people rate their driving ability as better than average. They can't all be right. In reality, the people with poor listening skills are least likely to hear that they need to work on this critical ability.

If you think that you are already a great listener - and if you are prepared to challenge that belief - here are some suggested methods for testing your abilities:

- Ask a member of your team to attend your next client meeting and ask for their feedback. One specific aspect that you should ask them to observe is the frequency of your interruptions compared with the frequency of periods of silence.
- When confirming your understanding of your client's needs, concerns or desires, see if you can play them back to your client using their exact words.
- Record your important client conversations and listen to them afterwards. As well as checking the previous points, you might measure the period of time that you are listening compared with the period of time you are speaking.

You have two ears and one mouth and that is a minimum ratio for your listening compared with your speaking. Our experience of the initial client meetings conducted by our own clients supports our claim that in a successful discovery meeting the adviser is listening for 85 per cent of the time.

To be fair, I don't think that any adviser enters a client meeting with the intention of not listening very well. However, that is often the sad outcome. After reading hundreds of transcripts of client meetings I suspect that the reason that the listening is often poor resides between the ears of the adviser. In short, the "mind talk" of the adviser outweighs the client's words. This stems from several, often related causes:

SOLUTION ORIENTATION

Advisers think that their role is to solve the financial problems of their clients. Whilst that may be true, the emphasis in the mind of the adviser is more often on coming up with solutions, especially solutions that they can charge for, rather than genuinely listening to the clients' underlying problems. This manifests itself in interruptions (because the adviser is keen to outline the answer) or superficial understanding of the problem (because the adviser doesn't bother to explore the core problem).

For example, if a client is listing their many disparate superannuation holdings, the adviser is in danger of thinking about how much could be saved in fees by rationalising their holdings. In their enthusiasm to provide this recommendation they miss the opportunity to explore the underlying causes of multiple holdings. (For example, the frequency with which they have changed employers or, alternatively, their lack of time or discipline to consolidate them.)

LACK OF CONFIDENCE

Despite the outward appearance, many advisers lack belief in the real value of their services and are nervous about "justifying" their fees. This is particularly evident in meetings where the client is deciding whether to commit (or re-commit) to the relationship. The lack of confidence manifests itself in speaking for too long about the adviser (or the adviser's firm) and stressing his or her wonderful track record/investment research/experience/independence/fee scales. Please remember that your clients would much rather talk about themselves than listen to you talk about yourself.

JUDGEMENT

This is often difficult to pinpoint but I think that most advisers are undertaking a mental assessment of their clients that gets in the way of their listening. It may range from judging whether or nor they are an ideal client ("nice job, good income, good prospect") to more traditional judgements ("fancy them sending their children to that school!"). Again, this mind talk (either positive or negative) will be a barrier to listening and, worse still, may lead to conclusions or assumptions that are not supported by facts. This is exacerbated when the client relationship is longstanding and your assumptions about the client are a barrier to listening to their existing situation and current beliefs.

How do you switch off, or at least reduce the volume, of these barriers? There are no easy answers because the source of the listening problem is in the head of the adviser and is often difficult to diagnose. It requires some self-awareness and honesty to identify the problem before identifying the solution.

In broad terms, however, if the prime barrier is solution thinking, then practising being no place else and retaining focus on the client may help. If the prime barrier is lack of confidence, then belief may be restored by reflecting on what you really deliver to your clients and seeking reassuring feedback from your best clients. If the prime barrier is leaping to judgement, then some practice in suspending judgement may be helpful.

If the quality of your client relationships really is important to you then I am sure that you will agree that the understanding and respect that can be gained from great listening skills are immensely valuable. ■

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