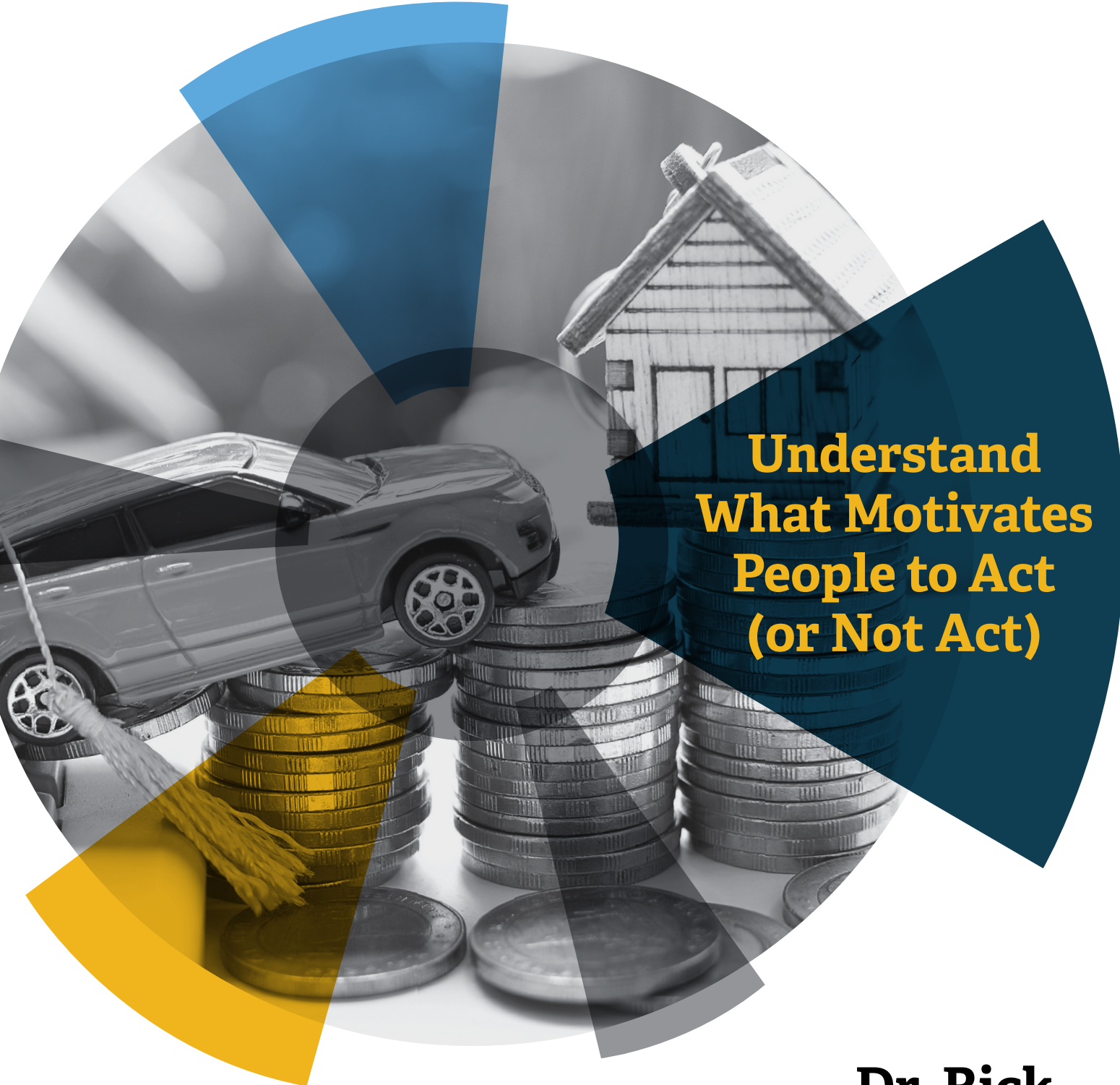


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# RELATIONSHIP DEVELOPMENT

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**Understand  
What Motivates  
People to Act  
(or Not Act)**

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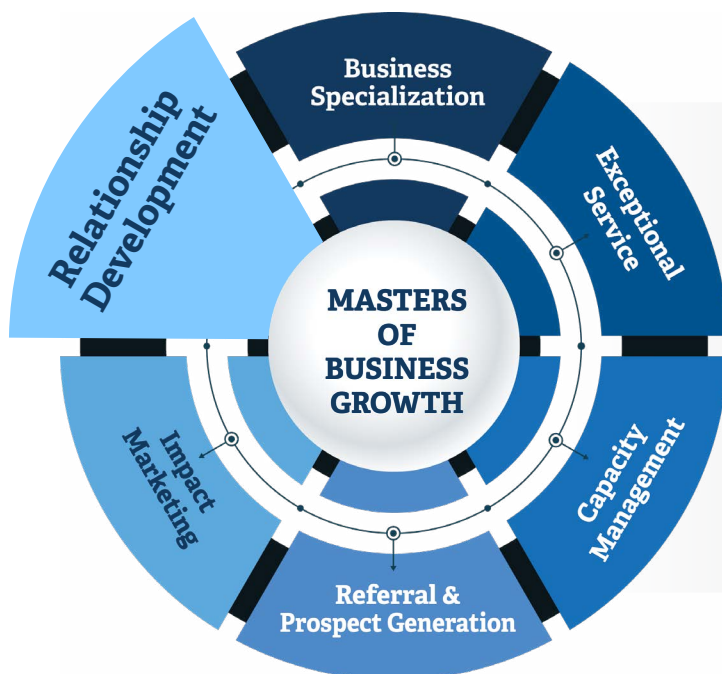
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- Transition to advisory – it's about more than the money
- Understand what motivates people to act (or not act)
- Develop your interpersonal skills
- Spend your time developing A-level relationships

## WHY MOTIVATES PEOPLE TO ACT?

Providing clients with financial advice is one thing; motivating them to act upon your advice is another. Understanding what drives people's behavior is essential to delivering advice that clients can and will act upon.

**Motivation** – the reason(s) one has for acting; the desire to do something.

Rather than striving to motivate others, we must recognize that others have their own defined and unique motives. Understanding and aligning with peoples' motives is essential. In general, people are motivated to do two things:

1. alleviate their negative states or circumstances
2. maximize their chances of obtaining a valued reward



## BE TRUSTWORTHY

Relationships are built upon a foundation of trust. The more trustworthy you are in the eyes of your clients, the more likely they are to act upon your advice.

**Trust** – the firm belief in the reliability, truth, ability, or strength of someone or something.

When it comes to seeking financial advice, is there any question that people should consider your “reliability, truth, and ability” as they place their financial well-being in your hands? Take a moment and complete the Pillars of Trust self-assessment on the following page.



## Pillars of trust self-assessment

For each item below, rate yourself in considering ... how descriptive each statement is of you:

- 1 Not at All
2 Not Very
3 Neutral
4 Somewhat
5 Very

1	I always act in my clients' best interest.	14	I serve my clients in a predictable, consistent manner.
2	I regularly pursue professional development to improve my work.	15	I believe honesty is the best policy.
3	I've obtained and marketed my advanced credentials.	16	I strive to help clients wherever I can.
4	I deliver on my promises.	17	I've consulted a peer, coach, manager, or expert to see how I can be better.
5	I tell clients the truth, not what they want to hear.	18	I have a respectable reputation in the community.
6	I put my clients' needs before those of my own.	19	My clients view me as extremely dependable.
7	I (& my team) have the knowledge, skills, and expertise to serve our clients.	20	I strive to be authentic in my relationships with clients.
8	I have established myself as an expert in my field.	21	I welcome serving as a fiduciary on behalf of my clients.
9	I consistently meet client expectations.	22	Compared to the competition, I am more capable at meeting my clients' needs.
10	I act ethically by always doing the right thing.	23	My knowledge and experience far exceed others serving the same clientele.
11	My clients view me as an empathic and understanding professional.	24	I am responsive to all my clients' concerns.
12	I am extremely good at what I do.	25	I sincerely care about my clients.
13	I am highly qualified to serve my clients' unique needs.		

## Pillars of Trust Self Assessment Scoring

Use the scoring template below to total your responses for each of the 5 Pillars of Trust.

1 _____	2 _____	3 _____	4 _____	5 _____
6 _____	7 _____	8 _____	9 _____	10 _____
11 _____	12 _____	13 _____	14 _____	15 _____
16 _____	17 _____	18 _____	19 _____	20 _____
21 _____	22 _____	23 _____	24 _____	25 _____

TOTAL \_\_\_\_\_



## The 5 pillars of trust

If your self-assessment revealed areas for improvement, use the overview below in designing your plan for increasing your level of trustworthiness.

### Client's Best-Interest

Looking out for another's best interest is a critical element underlying the formation of trust. When clients understand that you are free of conflict of interest and are looking out for their best interest, then your clients can set aside any ambivalence, and focus their attention on your specific advice. To earn the trust of clients, you must put the clients' needs ahead of your own.



### Competence

Your ability to serve your clients well is directly tied to your level of competence. The more competent you are, the more satisfied and trusting your clients will be over time. Your competence as a financial advisor, investment manager, planner, problem solver – and all the other hats you currently wear – is a consequence of the sum total of your professional education and experience.

### Credibility

People are more likely to trust professionals who have established credibility. Thus, you must ask “What have I done to obtain and promote my credibility among my clients and within my community?” Essential to building trust is your perceived credibility – which consists of your “established” credibility combined with your “promoted” credibility. Being knowledgeable, experienced, and qualified alone is not enough – you must make sure that others know it!

### Reliability

Trusting relationships are formed over time through multiple encounters. Others use these experiences to determine if you are reliable, predictable, and trustworthy. Do you deliver on your promises to clients by consistently meeting their expectations? Reliability is a key to building trust, and it reflects how well your behavior matches your value proposition.

### Integrity

Integrity is defined as “the quality of being honest and having strong moral principles.” Clients are looking for an advisor who is authentic, ethical, and truthful. Presenting clients with advice that they need to hear but may not want to hear demonstrates your integrity. When seeking a trusting relationship with your clients, honesty is the best policy!

## BE UNDERSTANDING

As you develop your relationships with clients and prospects, it is essential to understand: 1) their financial tendencies and biases, and 2) their personal and professional needs. Understanding others' perspectives allows you to present advice in a manner that will motivate people to act.

### Understand people's financial tendencies and biases

Behavioral finance draws upon the fields of psychology and finance to better understand investor behavior. Research has demonstrated that investors often make irrational and emotional financial decisions based on existing tendencies and biases.

## 10 Common Tendencies and Biases

Tendency / Bias	Definition	Example
<b>Mental accounting</b>	Valuing money differently based on origin or intended use	Treating an inheritance differently than earned money
<b>Herding behavior</b>	Following the actions of the majority	Investing as others do (Dotcom bubble)
<b>Overconfidence</b>	Overestimating one's knowledge and abilities	Frequent trading without sufficient research capabilities
<b>Loss aversion</b>	Experiencing losses more strongly than equivalent gains	Investing conservatively to avoid the pain of short-term losses
<b>Endowment effect</b>	Overvaluing something one owns	Unwillingness to sell a house for less than one paid for it
<b>Anchoring</b>	Using irrelevant information as a reference point for an asset	Valuing the worth of a stock based on its original purchase price
<b>Confirmation bias</b>	Favoring information that supports one's beliefs	Attending to news reporting that confirms existing beliefs
<b>Status quo bias</b>	Preferring that things stay the same	Holding on to existing investments despite better opportunities
<b>Recency bias</b>	Giving more importance to recent events over historic ones	Fear of market exposure based on recent market downturn
<b>Present bias</b>	Favoring an immediate reward over a larger one in the future	Purchasing a new car today rather than saving for retirement

## Understand people's personal and professional needs

People go to great lengths to meet their evolving personal and professional needs. You can systematically uncover these needs by asking inquisitive discovery questions within the categories below.

### Sample client needs...

- Estate & tax planning
- Philanthropy
- Wealth transfer

### Advisor seeks understanding of individual's...

*Values & purpose*

**What will be your impact?  
(Legacy)**

- Business succession
- Retirement planning
- Financial planning

*Personal & professional goals*

**What are you striving to achieve?  
(Goals)**

- Education planning
- Generational wealth
- Long-term care

*Family, partners, & friends*

**Who do you care for?  
(Relationships)**

- Income planning
- Financing & credit
- Cash flow

*Immediate financial needs*

**What keeps you up at night?  
(Security)**

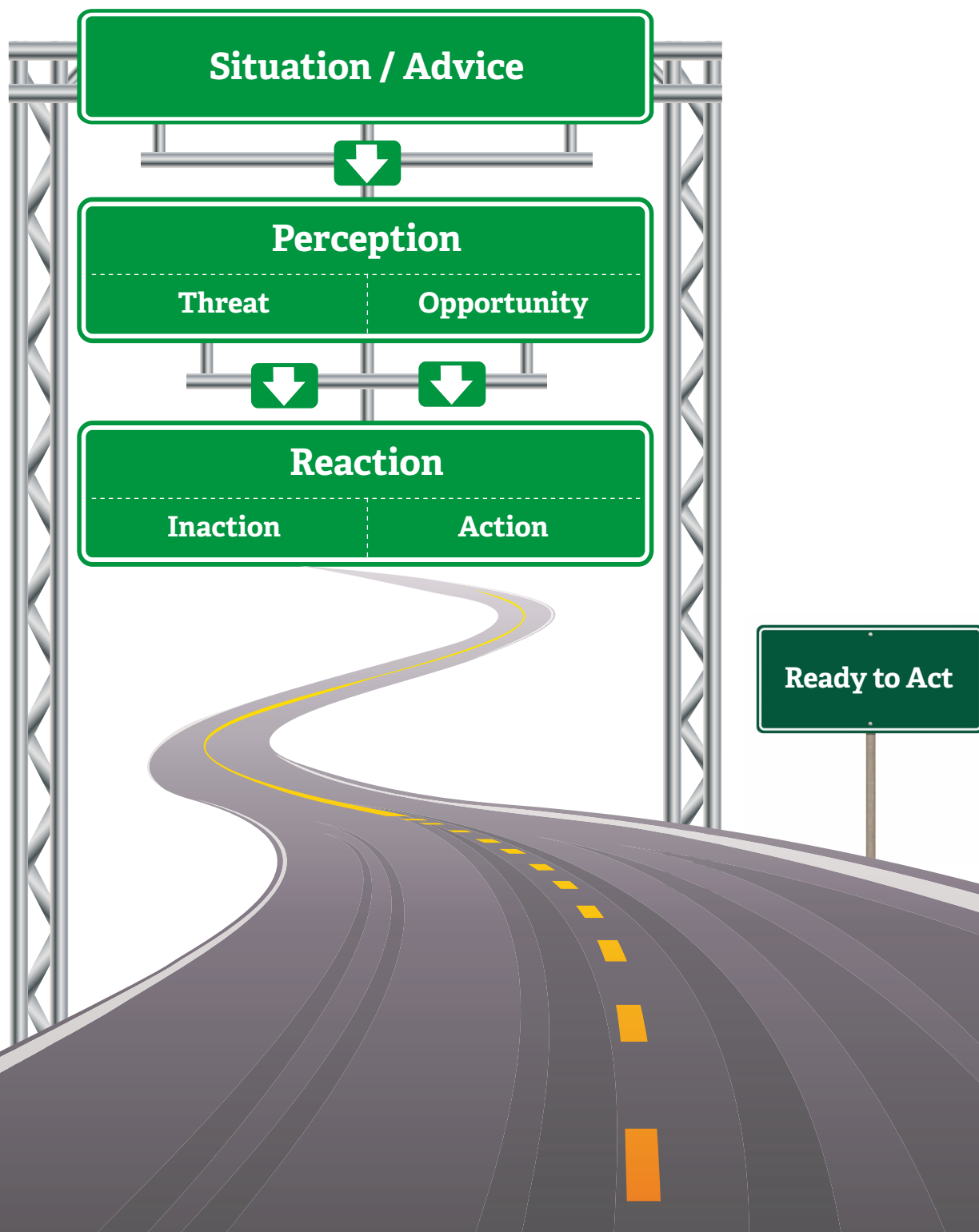
## Discovery Hierarchy





## THE ROAD TO REACTION

Your advice is only as good as that which is acted upon by clients. Clients who view your advice through a lens of threat will understandably resist, whereas those who see opportunity will more readily act. Let the Road to Reaction diagram below be a reminder of the importance of shifting clients' perceptions from threat to opportunity.



## The E2 Approach – Educate and Empower

Prior to delivering specific recommendations to a client, take proactive efforts to Educate and Empower clients to see opportunity. Incorporate the strategies below to increase your clients' readiness to act upon your advice.

### Educate Your Clients

- Facilitate discussions that help clients understand the impact of financial tendencies and biases.
- Provide clients with educational materials that outline the benefits of your investment advice (long-term perspective, goals-based investing, diversification, comprehensive planning, managing downside risk, etc.).
- Engage clients in analyses of the pros and cons of past financial decisions.
- Provide historical data, context, and trends that uncover investment opportunities.
- Share case studies to increase clients' vicarious exposure to situational decision-making.
- Broaden clients' perspectives by involving them in discussions with others who view things differently.

### Empower Your Clients

- Rather than assume a "trust me, I'll take care of it" approach with clients, engage your clients in discussions, education, and training that will empower them to make informed decisions.
- Go beyond discussing what you are recommending, and explain why.
- Work with clients to establish processes and rules for how and when they will invest.
- Create "if-then scenarios" with clients to encourage them to consider and plan for future circumstances.



## MY PLAN TO MOTIVATE OTHERS TO ACT

What actions can I take across the 5 pillars of trust to become more trustworthy in the eyes of my clients?

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How can I increase clients' awareness of the common tendencies and biases that could negatively impact their investment decisions?

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How can I sufficiently uncover and align with clients' personal and professional needs in advance of delivering specific recommendations?

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What educational efforts, methods, and materials can I create and deliver to clients that will increase their readiness to act upon my advice?

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How will I empower my clients to see opportunity and be prepared to act in their best interest?

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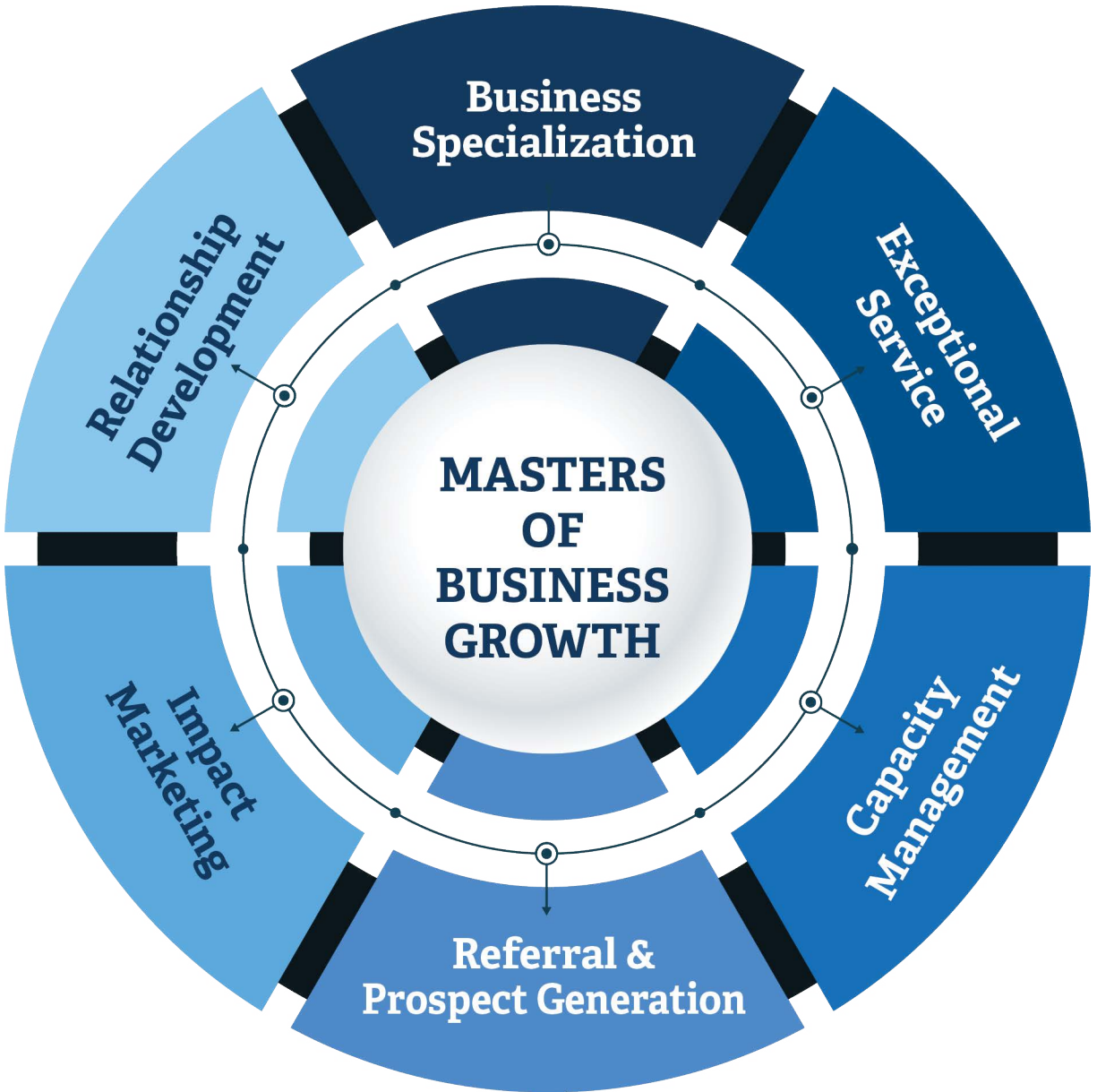


## About Dr. Rick Jensen

Rick Jensen, Ph.D., is a renowned performance coach and author specializing in financial services and professional golf. Dr. Jensen is the author of *Drive to the Top of Financial Services: 5 Timeless Business Lessons Learned from Golf's Greatest Champions*. In financial services, Dr. Jensen has coached top producers for two decades across firms including Merrill Lynch, Morgan Stanley, Wells Fargo Advisors, UBS, Raymond James, LPL, and Ameriprise. Additionally, Dr. Jensen works extensively with financial professionals within RIAs and banks providing them with proven business growth strategies.

In golf, Dr. Jensen's PGA and LPGA Tour clients have combined to win more than *200 Tour victories and 33 major championships*. Dr. Jensen also trains tennis champions including winners of all four Grand Slam championships. He has been featured on ABC, ESPN, CNN, and Golf Channel, and he is a contributing writer for Golf Digest and GOLF Magazine.

For more information, contact Dr. Jensen at **954-752-3333**,  
email: [rick@drrickjensen.com](mailto:rick@drrickjensen.com), or go to [www.drrickjensen.com](http://www.drrickjensen.com).



**Dr. Rick  
Jensen's**  
PERFORMANCE CENTER

For more information, contact Dr. Jensen at **954-752-3333**  
email: [rick@drrickjensen.com](mailto:rick@drrickjensen.com), or go to [www.drrickjensen.com](http://www.drrickjensen.com)