Personal Finance Society
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Good Practice Guide

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A practical guide to confident, constructive and challenging conversations

About the author
Melissa Kidd helps those in the finance sector communicate more effectively. She runs training programmes for paraplanners, advisers and support staff. You can find more information here: www.motem.co.uk

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This paper is in response to members' requests to provide a summary of good practice within one source document and is based upon the the Personal Finance Society's understanding of the regulators rules and current stance. Whilst a summary, it is not intended to be exhaustive and should not be relied upon at the exclusion of other sources of information.

Introduction

Challenging conversations are usually with important people over things that matter.

And because of their nature, they have the potential to strengthen or weaken a relationship.

This means they need to be handled with skill and care.

In this guide, you'll find:

- Three elements of a useful mindset
- Numerous ways to build your relationships because it's much easier to have a challenging conversation when our relationships are strong
- Some phrases that could be useful in situations such as challenging incomplete files, where a lot of the information is in the adviser's head, or when you want to challenge the objectives and recommendations.

Before we go any further, let's step back and look at what we're trying to achieve. Generally, when we engage in a difficult conversation, it's because something needs to change.

For example, you want complete and compliant files and you're in need of a tweak to the process. Or else you'd like your adviser to increase their range of questions, or perhaps you need to challenge the way the objective has been written.

However, for people to take action – they have to hear what you're saying. Not just listen, but take it on board. No one likes to hear that they've done something wrong. Nobody likes having their buttons pressed. When we're on the receiving end, we get defensive and shut down, which makes it harder for us to hear what someone is trying to tell us.

Our ability to hear the message rests on how safe we feel.

This means it's up to us, as communicators, to create psychological safety. There are two ways we can do this. The first is to demonstrate your respect and the second is to communicate that you've got their best interests at heart. You'll find some examples of how to do this when we cover what to say.

But first let's look at some important preparatory steps.

Three elements of a useful mindset

1. Your mindset

Pay attention to the attitude you're bringing to the conversation. When we adopt a useful one – our tone and body language aligns more easily with the message we want to deliver. And this gives us the best chance of it landing in the way we want and mean.

There are two opposing approaches to challenging conversations: a learning conversation and a battle of messages*.

A learning conversation is where you have some information to share and some questions to ask. This is the more useful approach. A battle of messages is where you have a point to prove, people to blame. We think they are the problem and they think we are the problem.

If you're prone to launching into a battle of messages, it can sometimes to be helpful to say to yourself, 'I could be wrong'. You might find that it loosens up your fixed position.

Not only that, it can help to dial up the warmth and humility that's sometimes needed in this situation. Whether you're challenging an incomplete file – or questioning some advice, aim to see it as learning conversation.

So that's one of the mindset ingredients, the next one is to focus on your similarities.

2. What do we both want?

Ask yourself, What's the big picture? Where are we both trying to get to?

When we're preparing or having a difficult conversation, we can often fixate on our differences but instead, identify what's the same.

For example – you both want **what's best** for the client but you just might have different ways of **achieving it**. You both want an **efficient way of working** – but you might have different views on the **best process**. You both want a smooth working relationship but you might have different priorities and pressures.

Being clear on what you both want can help when you're setting up the conversation. For example, if you're going to invite someone to a meeting to discuss this issue you might say: 'Please could we discuss this process so that we're working efficiently as possible' (what you both want).

After all, 'a good beginning is half the work' so goes the Irish Proverb.

If the conversation gets heated or stuck, you can circle back and re-build safety and remind them, 'look we both want what's best for the client' – which helps to rebuild common ground. This way you're both pulling in the same, not opposite direction. And this is linked to the next step.

3. Same team, same goal

Sometimes there can be a perception that paraplanners perceive themselves as slightly lower in the pecking order than advisers or planners.

Remember if a file isn't complete or compliant then you're both responsible.

So that was a look a mindset. Let's move onto how you can strengthen your relationships as it's much harder to challenge a colleague when your connection is weak.

Build your relationship

You may be familiar with Stephen Covey's (author of The Speed of Trust) metaphor of a relationship being like a trust account. Every time we come into contact with someone, we have an opportunity to make a deposit or make a withdrawal.

Deposits could be doing something when you say you're going to do it. Being on time, paying someone a genuine compliment, being positive and backing someone up. Withdrawals could be the opposite – handing in work with typos, inaccuracies and not doing what you say you will.

And, of course, having a challenging conversation can go two ways depending on how skilfully they're carried out.

Some tips for strengthening relationships include:

- Observe your colleague's pace and how they like to work and communicate
- Respect their time: be organised – make a list of things to talk through, respect their expertise and experience
- Aim to avoid surprises and manage expectations
- Come up with solutions e.g for incomplete files could the meeting be recorded; would the adviser be interested in using a Dictaphone and relay the meeting on their drive home. Would you be able to attend some meetings? How about providing prompts for questions so they're less reliant on memory. Finally encourage your advisers to call you before their client meetings so they can make a list of things they need to ask the client.

*References: *Difficult Conversations – how to discuss what matters most, Stone Pattern Hean*

Useful phrases to help you challenge and achieve better outcomes

So that was a look at some of the ground work. As communication is so context dependent, you'll find three common situations in which you might find yourself and some phrases you can use in each.

When you're working with advisers or planners – where a lot of the information is in their head and not on the file....

'You probably know the answer, (safety) although it's not in the file yet – let's get it out of your head and in the file so that it's complete and compliant.'

'I'm afraid I can't move any further forward with the case without this information...'

This shows the impact of the adviser not giving you the information you need.

Sometimes I know advisers and planners don't really understand why they need to give you this information. In that situation you might want to say something like:

'If you ever needed to defend a complaint and you can't because your file isn't complete, how annoyed would you be, when you know that this advice is right for the client?'.

When you want to challenge their advice...

This can be tricky and needs to be handled delicately. What I recommend is that you ask permission so that you get their buy in. It's like you're paving the way before you send your message and hopefully will be received by ears that are more open than if you hadn't got permission.

Phrases could include:

'I'm concerned that xyz', Just thinking about xxx case where' (insert similar situation), ***'It's my understanding that...'***

'Could you please clarify xyz', Can you help me understand this?' (This needs to be in a curious tone. When the adviser explains it, they may realise it's not the best approach. We all know generally that if we come up with an idea – we're more likely to do it.)

Imagine you're working with an adviser whose client is stripping out 7 or 8% of the investment. It makes sense for them to buy an annuity but the adviser says: ***'The client doesn't want an annuity as wants he wants to leave something for his kids.'***

You can clearly see that there won't be anything left for his children if this continues. So you could handle it in the following way:

You: ***'You mentioned that the client's priority is to leave something for his kids?'***

Adviser: ***'Yes'***

You: ***'If he's stripping out 8% each year, how might that work/likely is he going to be able to do this?'***

'How do you feel about using part of the pension pot to secure the minimum income the client needs each month, leaving the rest to access flexibly?'

Challenging objectives that aren't really objectives...

Let's imagine you're presented with this in the notes: Allocate resources in a tax efficient manner.

You could respond with: ***'Could you please clarify what they will do with their money once it's allocated in a tax efficient manner?'***

Or perhaps you can see from the file what the client's real 'end' objective is. You could respond with:

'Would it be ok if I updated the file to reflect an objective based more about the "why?"'

We've covered what to say but let's turn our attention to things we want to avoid saying because it can be easy to inflame a heated situation by saying one thing but meaning another. And there is one particular word that does it more than any other.

And that word is but.

For example, ***'I see what you're saying but it's not a SMART objective.'***

Or: ***'I accept your point but the fact remains we are still no further forward.'***

Can you see that when we use BUT we have just undermined what we've just said. We're saying we accept their point but we don't really mean it. It's a subtle way of shutting the other person down.

So, what's better than but?

And.

Here's how that simple swap sounds:

'I see what you're saying and we still need to ensure this is a SMART objective. I accept your point and we are still no further forward.'

In summary, getting into right mindset is crucial. This means we want to approach our conversations as a learning conversation where we have some information to share and some questions to ask. Not a battle of messages where we have a point to prove or a finger to point. We want to focus on what we both want and remember that we're both responsible for a complete and compliant file.

When your relationship is strong it's easier to test it – so build up those trust deposits by respecting their time, being organised with a list of things you want to discuss, manage their expectations and come up with solutions where possible.

When it comes to phrases to use when challenging incomplete files – build psychological safety so that they are more likely to hear you and less likely to get defensive. You do this by demonstrating you have their best interests at heart, giving them the benefit of the doubt. Also, asking for permission before you challenge can be a good strategy to get them onside.

Try them and I hope you'll find you're better at rocking the boat without falling out!

Putting all of this into practice

The purpose of this guide is to give you the confidence to hold constructive and challenging conversations with clients. We hope you now understand the three elements of a useful mindset, better understand how to build your client relationships and are equipped with some phrases which will be useful in certain situations.

For further information on how the Personal Finance Society is supporting paraplanners, visit **thepfs.org/about-us/initiatives/paraplanning-panel**