



Matters of trust

In the first of a two part series on “the trusted adviser”, **Ian Patterson** looks at the importance of developing genuinely trusting client relationships

I’ve just completed an exercise that involved me reviewing the CPD records of a number of advisers (all IFAs). What struck me about this exercise was that none of them recorded any skills-based CPD – it all focused on developing knowledge.

Through their professionalism and T&C regulation, clearly they had invested heavily in broadening and maintaining this. But what was equally clear was the apparent absence of any time spent on developing their skills as advisers.

Although there could be a number of reasons for this, I hope that taking skills for granted or thinking that you’re either born with them or not, are not on the list. With the pressures on business to perform, regulation and increasingly demanding clients, surely our skills and ability to build lasting relationships are more important now than ever before?

It’s difficult, but if I had to single out one particular area as being more important than any other, it would be how we develop trust with our clients. Let’s face it, financial services is not a profession that the public will automatically trust so, to be successful, advisers obviously

need to develop this one-to-one quality in their relationships with clients. It is also important to recognise that there are different levels of trust.

When a client accepts your advice, you know that some degree of trust must exist. But the relationship and depth of trust you have with a new client will be quite different to that with a long-established client. The difference is probably based on either the breadth of business issues addressed and/or the depth of the personal relationship that will have developed over time.

I’ll illustrate this by using a ladder to illustrate some of the key differences.

The important thing to take from this is there isn’t a right or wrong place to be. There is nothing inherently wrong with being a Commodity Broker and there will be times when being (or trying to be) a Trusted Adviser is inappropriate, not what the client wants or may be something you aspire to, but haven’t yet achieved.

What it can do is get us to think more closely about the level we operate at with our clients. If you assume that all of your clients would regard

Key Characteristics

Trusted Adviser	broad range of issues, high degree of client/adviser trust, deep personal relationship
Value Adder	more relationship-based, holistic, proactive and adviser recognised by the client as a problem-solver
Service Provider	solving a wider range of problems and offering a wider range of services based on a good understanding of the client’s needs
Commodity Broker	transactional advice, limited in scope, knowledge is king with limited personal relationship

you as being their Trusted Adviser, think about this carefully as this is unlikely to be the norm. And are you really that unusual?

Most advisers should be able to segment their client relationships into two or more levels. What level would you like to operate at (if different to where you are now?). If you are operating predominantly at a Service Provider level, what do you need to do or offer to move your clients to a higher level? What skills would you need to achieve this? What would be the implications of this?

Perhaps the CPD you undertake could reflect your position on the ladder. An emphasis on broad knowledge probably fits most closely with the lower two levels. A focus on a narrow but deep level of knowledge and really polished relationship-building skills would be more consistent with the upper two levels.

For some, this type of thought process will be even more relevant as the RDR takes shape. There are no hard and fast rules here but I suspect most clients who agree to pay directly for their advice will expect their adviser to

operate at the Value Adder level or higher.

The post-RDR world is likely to see an ongoing focus on individuals to demonstrate increased professionalism. Much of the current focus equates this to demonstrating technical excellence through achieving exams but surely this is only part of the equation.

One thing is for certain, trust is something that financial advisers, like all professional advisers, need to earn. We earn the right to provide financial advice. It is something that will inevitably take time but is also something that can be consciously managed.

So what is trust? We know it is important and most of us have some natural ability to build it. In their interesting book on this subject, Maister, Green and Galford 2002, explain that trustworthiness is formed of how you blend four elements that go into developing trust:

- Credibility (the words you use, expertise and presence)
- Reliability (the action you take)
- Intimacy (showing your personality, not being aloof and technical)
- Self-orientation (you put their needs first,

focus on the client, not self, ethical).

Some of these are actions and some are skills that can be developed and this will be explored in more depth in the next article. It is clear that trust doesn’t just happen.

As any adviser will say, this is a relationship business so our success depends, to a large part, on our skills in developing professional and effective relationships. But here’s a final thought. If business skills are so important, how much time do we actually invest in developing them through our CPD?

Perhaps it’s time that this key area got the attention it deserves. **rs**

Ian Patterson is a specialist in training for financial services firms: www.pstgroup.co.uk
The CII offers audio CDs for five of the seven Diploma exams. Each programme is between 3-5 hours and costs £35 per programme for CII members. For information or to order, visit www.cii.co.uk or call 020 8989 8464
Ian is also presenting a seminar on the Trust Adviser concept at PFS events. Visit www.thepfs.org for details