

Practice Development Series

Module 9: The Value of Advice / Activity 1 – Role Play – Courageous Conversations

Aligned with the PFA™ Designation Program

Activity 9.1 - Role Play - Courageous Conversations



Introduction

Role play is a tremendously valuable exercise used in the development of life's 'softer' skills because it provides us with the opportunities for working through real life scenarios. Role play exercises allow us to feel and practice the art of conversation with purpose. Practicing with colleagues, mentors, or your manager allows you to hone your skills instead of practicing on your clients. If you are apprehensive about role play, consider them to be practice sessions or opportunities to refine and perfect our abilities to discuss challenging topics with our clients. Our goal with these role-playing exercises is to transform the Behaviour Coaching content from Practice Development Module 10 into experience.

The role plays we include in Activity 9.1 (found on page 7 of this document) are taken from real life client situations commonly experienced by financial advisors. You may have experienced similar client situations as well. They are uncomfortable for both clients and financial advisors but these situations are opportunities for you to probe deeper, raise issues and provide financial planning leadership. These skills will help to distinguish you from other financial advisors. Many clients will provide only superficial answers to questions when initially probed about uncomfortable topics and many financial advisors when presented with superficial answers will cease their questioning and move on. It takes courage to dig into the topic a little more. The art and science behind a good discovery meeting relies on the use of open ended questions, paraphrasing, linking techniques and active listening skills. Refining and perfecting these skills will allow you to effectively explore your clients' dreams, desires and fears.

As Joey Davenport says "Courage is the willingness to take action despite what you fear" and it is a best practice to initiate and follow through on having courageous conversations with your clients. It is also your obligation as a financial advisor to do so. Role play, itself, is a courageous act. You are putting yourself in a position where you will make mistakes. It is a humbling experience but full of opportunities to learn and grow. Have fun with it!



How the role play works

Ideally, the role play will be performed with three roles:

1. Advisor
2. Client
3. Observer

For the purposes of this activity, the preference is to work with two other financial advisors or planners so that you have someone to fill each of the roles. You could ask two of your colleagues to work with you. When considering someone for the role of observer, choose someone who is a little more seasoned than you are, someone who could provide feedback or best practices based on their experience.

If it is not possible to find two individuals to work with, you can elect to work with just one other person. In this case, you would exclude the Observer role and share feedback between you and your partner.

How the roles work

Each member of the group takes a turn at the role of advisor, client and observer. It is important that everyone has the chance to practice each of the roles. It is important that the group review the scenario selected prior to starting the role play. Identify and understand the key objections presented in the scenario.

Advisor Role – here you are positioned as the financial advisor. You are engaged in conversation with your client. There are a number of scenarios to choose from and each presents an opportunity for a courageous conversation. It is the person playing the advisor role who is responsible for initiating that conversation with the intent of moving an issue forward.

Client Role – here you are positioned as the advisor's client. Review the scenario selected to understand the key client objections and echo them in your role play with the advisor.

Observer Role – here you are positioned to observe, take notes and be prepared to share feedback once the role play concludes. As observer, you can also stop the role play to prompt or gently re-direct if the advisor is faltering with a particularly challenging client.



Preparation

1. Before beginning the role play, all participants should read the five role play scenarios provided with this activity and select one scenario for your group. A description of the role plays begins on page 7 of this document.
2. Reflect on and identify additional questions you could ask your client to understand the consequences, effects, or implications of your client's situation. You want to use questions that will assist you in developing clarity and understanding of a client's situation and to transform a problem into a solution with the participation of your client / prospective client.
3. Revisit Practice Development Module 9 and the 'high gain' questions. You may also want to review the section on 'Questioning Techniques' from Practice Development Module 5 – Discovery.
4. Please also read the guidelines that follow for giving and receiving feedback after the role plays. While the exercise of acting through the roles is important, improvement is difficult if you don't receive constructive feedback. This is a critical role for the observer.

Guidelines for Giving and Receiving Feedback After Role Plays

Ground Rules for GIVING Feedback

- Offer praise before sharing constructive criticism
- Offer feedback using the first person—for example, "I think," "I saw," "I feel," "I noticed"
- Be brief in your comments
- Direct comments toward behaviors over which the person has control and can change
- Offer constructive criticism by offering ideas for improvement
- Criticize the performance not the performer
- Describe what you saw and heard, but avoid making judgments

Example of constructive feedback: "You were very thorough and included a number of effective open ended questions. I think you could have gotten closer to the core of the problem had you used additional techniques such as linking and paraphrasing. Perhaps you could memorize a few of the high gain questions so that you don't have to concentrate so hard thinking about what question to ask next."

Example of unconstructive feedback: “You failed to get to the core of the problem because you were too focused on what question to ask next. Also, your voice is too deep and intimidating.”

Ground Rules for RECEIVING Feedback

- Ask for specific and descriptive feedback
- Ask clarifying questions to understand the feedback
- Accept feedback. Do not defend or justify behavior
- Listen to the feedback and thank the observer and other the participants or facilitators for sharing their perspectives
- Reflect on the feedback and use relevant feedback as information to improve your performance



Activity

Reflection Exercise / Self Evaluation

After working through the role plays and receiving your feedback, complete the reflection exercise described below:

- How did you feel the role play went?
- What did you do well?
- What would you like to do differently?
- How did your `client` respond to your questioning?

Write your reflections below and then share them on the discussion forum.
When you're finished, respond to the reflections posted by two others.



Client scenarios

1. GIC refugee

Lloyd graduated from university in the late 80s with a software engineering degree. He was immediately hired into Zengary Inc., the telecommunications firm with which he completed an internship between his 3rd and 4th years. Lloyd was fortunate as he did not have a lot of student debt and was able to take advantage of Zengary's employee share purchase plan. The stock performed really well and contributed to his ability to quickly come up with a down payment on his first house. In the mid 90s, the performance of the stock stumbled and then the price fell precipitously. Lloyd, in his mid thirties, lost his entire life savings. Since then, he has invested his savings in nothing but GICs and bonds. He follows a passive reinvestment strategy, renewing each bond or GIC for 5 years. In the current low interest rate environment, it has become increasingly difficult to purchase GICs and bonds with interest rates above 3%. Lloyd's time horizon, income and liquidity can support more investment risk, but he is extremely resistant to considering anything other than "guaranteed" investments, such as bonds and GICs.

Now in his 40s, Lloyd risks not being able to retire at his desired age because the growth rate on his portfolio is insufficient. Your job is to address the gap between his desired state (retirement at the age of his choice) and the current state (inability to reach this goal with the current asset mix). Using the questioning techniques from Practice Development Modules 5 and 9, dig into what went wrong for Lloyd, how it impacted him, and convince him to add greater diversification to his portfolio so that he might achieve his desired retirement lifestyle when he wants to retire.

2. They'll get along, we're family

Salvatore and Maria are long time and loyal clients. Every review meeting, you ask them if they have had their wills and powers of attorney drawn up and every year they admit they have not yet managed to do so. Every year in response, you hand them your firm's referral list and Estate Planning booklet. Maria and Salvatore are both in their early 60s and quite healthy. They both plan to retire in four years. They have three adult children who have achieved varying degrees of success in their careers. Two of their children live in Canada, one on the east coast in Halifax and the other on the opposite side of the country in Vancouver. The third lives in Dallas, Texas. At this year's review, the question of wills and powers of attorney comes up again, and Maria's response is "We don't need to make things that formal. The kids have always gotten along. They know what we'd want."

It is doubtful that Salvatore and Maria have had a conversation about what they want to happen upon their deaths. Your job is to initiate that conversation using the questioning techniques from Practice Development Modules 5 and 9. Salvatore and Maria need to understand how difficult it is to settle an estate when the deceased lives in a different province from the heirs and what happens when someone dies intestate. Likely all three children have busy careers and families. Do each of the children have the skills and the desire to settle their parent's estate? Your job is to determine Salvatore and Maria's desired state (what do they want to happen upon their deaths) and then help them to understand how to achieve it.



3. I don't believe in life insurance

You met recently with new clients, John and Christiane. The couple was referred to you by a mutual friend. John and Christiane started their family in their late 30s and now have 3- year old twin girls. Both John and Christiane work for a local craft brewing company, with a combined family income of approximately \$100,000. They initiated the meeting with you so they could open up a family RESP for their daughters. Through the discovery process you learn that, while they own their own home, they also have a sizable mortgage, a line of credit, and car payments. However, of greater concern, you also learn that neither one of them has any life insurance. When you asked them what would happen should one of them die prematurely, they both felt strongly that the surviving partner and the children would stay in the family home and maintain their current lifestyle. Based on the information you've gathered, you know instinctively that this goal is not achievable without life insurance. When you mention life insurance, John interrupts you and says: "Life insurance is a money grab and he doesn't believe in it. Their families will help them out if needed."

Your job is to use the questioning techniques from Practice Development Module 5 and the 'high gain' questions from Practice Development Module 9 to explore John and Christiane's concerns with life insurance and assist them in understanding what would actually happen to the survivors should one of them die prematurely without life insurance.



4. We'll take care of each other

Chuck is one of your best clients. He owns several garden centres in some of the smaller cities in southern Ontario. You've been working with Chuck for several years and he has proven to be a great source of referrals. You've not yet met with his long time business partner, Larry, until today. Over the years, you've encouraged Chuck to discuss planning needs as they relate to the business. Today, both Chuck and Larry are in your office to begin those discussions. You learn that both Chuck and Larry bring to the business a unique set of skills and perform very different functions for the business. They are very keen to inform you in great detail how well balanced the business relationship is. You ask a critical question at the end of the discussion: What will happen to your families and the business should one of you become critically ill / injured or die prematurely? Both Chuck and Larry respond with force that they have been best friends since high school, their families have grown up together and that they will take care of the other's family should something happen.

As you know there are two critical issues with what you've learned so far about the business and the relationship: they do not have a buy / sell agreement nor do they have any funds set aside to take care of the other's family. In their statement, they did not address what would happen to the business. The scenario states that each of them brings a unique set of skills to the business. What is their desired state for the business should something happen to one of them?

Your job is to explore how the survivor would replace those skills. Explore how their families would actually execute the partners' belief that they would take care of each other should something happen to one of them. You could also probe whether Chuck and Larry's family members share in their belief that they will be able to take care of the other family. Using the questioning techniques from Practice Development Module 5 and the high gain questions from Practice Development Module 9 to dig into some of the issues behind their beliefs.

5. Look at my house and car!

As the area's top performing realtor for almost 20 years, Loni has quite a lifestyle. She lives in a very large house on the lake, drives very expensive cars and attends many social functions in the community. After a chance meeting at a local hospital fund raiser, you and Loni discover that you have a lot in common (both of you work hard and as entrepreneurs, are focused on business growth). You hold a follow up meeting to explore how the two of you might work together. The meeting turns into a discovery meeting and Loni asks you an important question: "How can I retire 10 years from today on my current lifestyle?" After agreeing to work together, you gather Loni's financial information and conduct your analysis. Your conclusion: Loni spends almost her entire considerable income on lifestyle expenses and the carrying costs associated with consumer debt. The only assets she owns are her home and a small TFSA.

Your job is to address the gap between Loni's desired state (retirement at the age of her choice) and the current state (inability to reach this goal with her current assets and savings rate). Using the questioning techniques from Practice Development Modules 5 and the high gain questions from Practice Development Module 9, dig into Loni's feelings about money. Loni has worked hard to achieve career success and likes to showcase this through a lavish lifestyle. Help Loni to understand how to find a balance between her desires for *current* spending and her *future* spending and her desired retirement lifestyle.

