Trust is created in interactions

David Greenslade | Strategi | 11 March 2014

It is common knowledge that a trusted adviser has a far higher chance of selling products or services than one who is not trusted. However, what is meant by the word trust?

Too often, people use the word trust when they mean something else. In plain language, people talk about trusting – being willing to take a risk. People also talk about being trusted, or being trustworthy. When one person trusts and another is trustworthy, then there is trust.

Trust is personal – it is usually associated with people. Yes, you can trust a company but when you do, you are typically focusing on one part of trust, being dependability. It makes perfect sense to say a company is dependable or reliable. It does not make much sense to say that a corporate entity has your best interests at heart, is sensitive to your needs or is discreet. Those are things you would normally say about people. Even when it does make sense to say a company is credible or careful or focused on your interests, the reference is usually in relation to the people in it. At the end of the day, trust is personal and companies who promote trust as part of their marketing need to invest into training staff about trust and how it is manifested within the organisation.

However, you will not become a trusted adviser through great marketing programmes, great presentations, or even great blogs or tweets. Trust is created in your exchanges with others, especially one-on-one. According to Green and Howe in their wonderful book The Trusted Advisor Fieldbook 2012 "trust requires mastering the art of conversation, which you learn through the Trust Creation Process: Engage, Listen, Frame, Envision, and Commit". In days gone by, the financial advisory industry followed these principles using various sales techniques to make the client comfortable, then engaged in a wide ranging conversation about what the client wanted to achieve and how they could do it using specific products. This engagement included some form of data collection document, a few projections and then either the signing of product application forms, or the adviser went away to produce and subsequently present a wordy financial plan. Along the way, good advisers built a huge amount of trust with their client.

This process is the typical consultative advice method. The adviser is the expert and the client is seeking solutions from the perceived expert. It is tried and proven and has been around our entire careers – surely it works?

So why is it that financial advisers do not have hordes of New Zealanders rushing to see them?

In recent years, there has been a significant change in the way we interact with all professionals. No longer do we simply trust everything they say. We actually want to know a bit more and we often go online to do some research of our own. It is no mistake or fluke that websites promoting financial solutions have become increasingly interactive. Just imagine how many people would visit Sorted if it was organised like a financial text book. Today, tens of thousands visit the site each. They get enthused, they play with the calculators, they fill in forms and create their plans and they trust what they see and read. There is no "reputable and experienced expert" sitting there telling them what they need to do or what product they should buy.

Sorted and other similar websites have embraced the worldwide trend towards interactive advice. Interactive advice is based on gaming theory and scenario planning. Where financial advisers can take this one step further and develop a heightened level of trust is through embracing collaborative advice methodologies. This still involves following the six step advice process but it is a new way to better interact with the client, using simple software to build the ideal future life scenario for each client.

Collaborative advice does not require the adviser to become a techno-geek. The software used needs to be so simple and intuitive that the client can drive it in the consultation. Gone are the boring old data collection forms. The scenario the client and adviser build on the screen is the new data collection. The adviser becomes the facilitator of the conversation as opposed to being the font of all knowledge. Effectively, the adviser is helping the client discover things for themselves. The outcome is a far higher level of trust between adviser and client, a far more engaged client, and a product solution which is easier to prove is suitable for the needs of the client.

Collaborative advice is rapidly being adopted by the leading advisory firms and networks in the USA, Canada and Asia and they are reporting a massive increase in client satisfaction ratings and sales.

According to US-based Dr David Lazenby - a speaker at the Finology Conference last year, and at the upcoming 2014 Finology Conference - a reasonable level of skill is required to learn collaborative advising as you need to concurrently display knowledge, skills and ability to use simple technology. Lazenby reports that the hardest thing advisers find is getting used to jointly undertaking possibility planning, scenario building and analysis with clients and then seeking their immediate feedback. Gone is the comfort blanket of being able to retreat to the back office to undertake analysis and produce a Statement of Advice a week later.

Today, the big picture is worked out and agreed with the client right there and then and the only thing that is required to be delivered later is the summary of what has been decided and the product solution that is subsequently recommended. All this is wrapped up in a simple compliant process that is clear, concise and loved by the client - and that helps cement the adviser as a trusted professional.

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