Executive Summary

This article is collaboration between a retired financial services executive and two psychologists with diverse backgrounds. In this article we articulate what we have learned to be the 3 foundational aspects of success as a financial services advisor. The underpinning of success is good practice management and we provide hard earned tips to grow in that arena. Then we suggest that at the heart of successful practice management is the cultivation of emotional competence. We help define emotional competence and review some of the studies that attest to its power. Finally we review a series of projects conducted with a major financial services firms advisors that demonstrate the power of the coaching of emotional competence on bottom line business success. For example of the eighty or so advisors who went through the Maximizing Your Talent(MYT) program on average their sales improved 23% from the beginning of their training to the end. The training period was either 6 months or 1 year. During the equivalent time periods the market groups other advisors saw sales growth of 10%. This almost 250% sales differential from MYT was matched by a 20+% decrease in stress and a 20+% increase in emotional well being. MYT provides further data in the quest to enlighten people in the financial services industry of the value of enhancing emotional as well as intellectual and sales abilities.

Maximizing Your Talent

Art DeLorenzo, CFP, CLU, ChFC, MSFS, MSED, Frederic Luskin, Ph.D., Shani Robins, PhD

The first author after participating in the financial services field for 40 years asserts that what he has learned can be summarized in three simple statements. **First** practice management, especially fundamental leadership skills, is a critical ingredient to a successful practice. **Second** emotional competence drives practice management because as one develops emotional competence one simply out performs their peer group. **Third** that emotional competence using forgiveness and stress management training are essential in maneuvering through one's personal and work life and can be taught to financial advisors with stunning positive results.

PRACTICE MANAGEMENT & LEADERSHIP SKILLS

Practice management & leadership skills go hand in hand. Everyone understands that as one matures, lessons are learned often through trial and error and we refer to this growth process as experience. Unfortunately it is an expensive process often costing us staff, prospects, and clients we should have kept or acquired as we learn the lessons we need. Here are a set of guiding principles that can minimize the time and effort involved in developing good practice management.

First take yourself away from the office. Go someplace quiet, preferably in a nature setting and create a vision for what you want your practice to look like in five years. This vision you develop should be a "perfect picture" of what you want. Perfect pictures are those thoughts that the mind creates every day about the future that show us life at its best. These pictures help keep us excited and enthusiastic about where we are headed. And, when distractions occur they soothe us and help us cope with the difficulty. Remember that "perfect pictures" never happen as we think that they will. But they are necessary to point out where we want to go.

Then write your vision in the future tense as if it has happened. Here is an example. "I have a practice whereby I only work 40 hours a week, I am exercising regularly 3 times a week, and my staff completes 100% of all non-selling work freeing me up to lead and sell. My staff feels a strong sense of commitment to the financial planning process and they serve our clients in a noble manner. I have attended my company's national conference for the 3rd year in a row and I have completed my CFP designation. I have a financial plan for myself and my family. Lastly, I am involved in my community demonstrating that I want to give back as well as take." It is important to share this vision monthly with your staff.

Next develop a "team" oriented Mission Statement that includes and values the thoughts of all the stakeholders in your organization. Ask each member of the group to give you a few words that make a difference to them as consumers. You will hear words such as loyalty, follow through, quality, best in class, etc. Now word smith these into a short paragraph and ask the group if they think your clients would feel a sense of pride as they read it. If they say yes, and your compliance folks approve it, hang in on your office wall or at the receptionist's desk where all can see it. If no, keep editing until it is ready.

Then hold a private meeting with each staff person at the end of each year. The purpose of this meeting is for you to determine what their business, personal, and self-development goals are for the next year. Meeting like this allows you to get to know them better and to understand what is important to them. This way, as the opportunity arises, you can support them and thus build a tight team oriented practice. Keep your notes handy and in their 1 w 1 folder so that you can regularly help them stay aligned with their goals.

Annually, develop task specific position descriptions for each staff person. These descriptions, when properly executed, should support your vision and mission statements. Remember these are not sacred and should be reviewed each year to be sure that they remain valid. Make the point that from time to time you reserve the right to alter these to meet the changing needs of the practice. Consider instituting a "win-win" bonus pool for everyone to share. By establishing a simple grid that ranks the performance appraisal part on the left and the business results part on top, the staff person can see their bonus potential.

Hold weekly 1 w 1 meetings with your direct reports and give them written feedback that covers their "to do's" from last week, their issues, concerns, & opportunities they see for the practice, your issues, concerns, & opportunities, and any "to do's" that evolve from this meeting for you or the staff person. Your direct reports should be conducting the same meetings with their direct reports. Give monthly feedback as to how they are doing in relation to their position descriptions so that there are no surprises when mid-year and annual performance appraisals are done.

You will need to hold weekly staff meetings with a set agenda. An example of a good agenda might be:

- Recognition. Ask the staff if they would like to acknowledge someone's extra effort to help a colleague or if they saw an extraordinary outreach to a client. Save your comments to last and then share what you observed. A word of caution; do not praise for the sake of praising. Do it because it was meaningful and the staff will follow your example.
- Review business results. How did last week go and how are you doing YTD vs. last year.
- Marketing. Review current and future marketing initiatives to keep them on track.
- Time for staff development. Here is where training in emotional competence can be begun and maintained.
- Suggestions. Ask them for their ideas & thoughts on how to be more efficient & cost effective.
- Market Volatility. Be sure to share information from your firm's leaders as to current events, your firm's economists thoughts, or your firm's investment philosophy on market conditions.
- Inspiration. Close the meeting with some message that keeps the staff excited about the work that they do to support client.

Finally, hold annual and semi-annual "off site" meetings with all of your staff. January works best for the annual event while July seems to work best for the semi-annual event. The annual meeting should be your explanation of what business results you business plan for the following year. It is made up of position description changes for the staff, significant modifications in policies & procedures, a review of your performance appraisal process & next year bonuses, your marketing focus to bring in new clients, and any new client service initiatives you want to implement. It is suggested that you always close the meeting with a motivational message. Doing all of this preparatory work for the meeting can be taxing. Consider asking your administrative assistant, your branch manager or franchise consultant to help you brain storm for the meeting. Or you may reach out to a colleague within your own firm or who is a member of your local CFP chapter for the same help. The semi-annual event is more of a "business plan review" session to keep your team in alignment.

DEVELOPING EMOTIONAL COMPETENCE:

Besides excellent practice management systems, determining what factors account for the success of executives and employees is the 64 million dollar question in the financial planning and corporate worlds. In the last two decades, people with well developed emotional competencies were found to be bring greater profits to organizations when compared to the financial performance of those ranked as average on specific emotional competencies. It has been estimated that over 60% of success in business comes from the use of Emotional Competence (E.C.). In addition losses of over $10 billion per year nation-wide are estimated to result from the lack of E.C. How many times have each of us seen a business deal blown or a relationship severed by people being unable to control themselves or acting in an unprofessional manner?

What is Emotinal.Competence.

Howard Gardner coined the term Multiple Intelligences in 1983 and Robert Sternberg coined the term Practical Intelligence in 1985. In these and other models there was the awareness that intellectual abilities alone, such as reasoning, memory, and problem solving skills did not account for enough of people's success. The researchers saw that missing in the formula to success were skills such as awareness of one's emotions, effective communication to others in the workplace, and facilitating empathy in positive relationships.

Mayer & Salovey are often credited for defining emotional competence in 1989 as the ability to monitor one's own and others' emotions, to discriminate among them, and to use this information to guide one's thinking and actions. Daniel Goleman catapulted Emotional Competence. into the mainstream with his 1995 popular book called *Emotional Intelligence.* Dr Goleman then trigged an exponential rise in interest in applying E.C. to the workplace with his 1998 book *Working With Emotional Intelligence*.

Goleman's model includes a "Self-Awareness" cluster which is comprised of Emotional Awareness, Accurate Self-Assessment, and Self-Confidence; a Self-Management cluster which includes Self-Control, Trustworthiness, Conscientiousness, Adaptability; Achievement

Orientation (initiative); a Social Awareness Cluster which includes Empathy, Organizational Awareness and Service Orientation; and a Social Skills cluster which included Leadership, Communication, Influence, Change Catalyst, Conflict Management, Building Bonds, Teamwork Collaboration, and Developing Others. Each of these skills is central to the performance of a financial service advisor and leader and we need to develop greater respect for these skills contributions to sales.

In 1997, Reuven Bar-On defined the EQ (Emotional Quotient) as "an array of non-cognitive capabilities, competencies and skills that influence one's ability to succeed in coping with environmental demands and pressures" (Bar-On , 1997, p. 14). This conceptualization led to his developing a self report measure, the Emotional Quotient Inventory (EQ-i) that is currently among the most widely used tools for measuring E.C. The EQ-i identifies both internal competencies such as one's awareness of their emotions and self esteem, as well as interpersonal competencies such as relationships, social responsibility, and empathy to others. The other scales include one's general mood, ability to be flexible, adapt and solve problems, and manage stress. We use the EQI in our work with Maximizing Our Talent described below.

Implications of E.C. to the Workplace

In a recent study, performance bonuses paid to top executives were highly correlated with the superior rather than the average range of E.C. It turns out that executives with better self regulation and emotional awareness skills demonstrated better leadership of their teams and these teams made more money. These results are shown both by objective measures such as performance and absenteeism and/or subjective measures such as self awareness and 360 degree behavior ratings. In addition lack of EC which shows up as anger and stress are primary contributors to hypertension and cardiovascular disease as well as terrible for for the corporate bottom line. The company L'Oreal, in their hiring interview for new sales people, asked applicants to generate several positive and negative situations that they were then asked to resolve. Their responses were analyzed for EC competencies and applicants scoring highest on those were hired. These emotional competency based employees have been estimated to have generated a total of $2,558,360 more revenue annually than their counterparts who were selected by the traditional criterion of assessed cognitive skill and technical knowledge.

These and many similar outcomes help explain why over $1 billion a year is spent nationwide on E.C. training and why MBA programs have begun to provide training for social and emotional competencies as part of their curriculum. E.C. trainings reliably result in an increase in objective and subjective corporate performance that is estimated to be between 19 percent and 48 percent of economic value added in non-sales jobs and results in a 48 to 120 percent increase in productivity in sales jobs (Cherniss & Goleman, 2001, p. 48).

MAXIMIZING YOUR TALENT:

Using volunteers from a Fortune 100 financial services firm's East Coast market groups, 74 financial services advisors, eight vice presidents and six administrative assistants completed one of seven pilot projects designed to measure the effect of emotional competence through forgiveness and stress management training on sales and quality of life. The training for this project, which was called Maximize Your Talent (MYT), began with a one day workshop attended by the participants at each site. The morning session defined emotional competence, taught the importance of aligning thoughts, emotions and behaviors and helped participants examine areas of weakness. The afternoon session focused on techniques for forgiveness and the importance and training of reducing stress. Subsequent to this workshop an individual development plan (IDP) was created for each advisor which was shared and implemented through five follow up conference calls over either a six month or year long period.

The results showed gross dealer concession (sales) increased for the first group of advisors an average of 18%, for the second group of advisors an average increase of 24%, for the third group an average of 24%, for the fourth group of advisors an average of 46%, for the fifth group an average of 25% for the sixth group an average increase of 14% and for the seventh group 30%. The results on a whole were stunning. The average MYT participant showed an increase in productivity of 24% which was contrasted with a 10% increase in sales earned by the other advisors in each market group. In addition to the sales increase the stress levels of the 87 participants who completed the training decreased 23% over the length of the project while their reported positive emotional states increased 20% over the duration of the project. Quality of life, anger and physical vitality measures also demonstrated at least 10% improvement from beginning to end.

MYT is the first project of its kind to bring emotional competence training to the front lines of financial services. It is also the first project to accurately assess changes in both productivity and quality of life and have enough data for the results to be meaningful. We know we are still at the beginning of the use of emotional competence training to increase sales, leadership ability and quality of life in the financial services industry. MYT is a model for how this training can be done in an powerful and cost effective manner. The bottom line is whether executives or employees are trained to increase their Emotional Competence. or whether E.C. competencies are used to improve hiring practices, one thing is certain. Whether measured by the bottom line of sales performance or improvements in quality of life, it literally and figuratively pays to be emotionally intelligent in the the workplace.