STOLZ COMMUNICATIONS

Work Sample

More than a niche

Successful relationships with women investors are essential and achievable – but not inevitable

By Richard F. Stolz

You've heard the statistics: Women manage a substantial and growing proportion of privately held financial assets – yet only a minority of them trust financial advisors.[1] Married women stand to gain control of family wealth if they outlive their husbands – as most do. Yet an estimated 70 percent of widowed women change their financial advisor within a year of their husband's death.[2]

"One of the biggest risk factors facing a lot of advisors is you're going to need to know how to work with a widow," says Jason Hiley, VP of Investments for Karstens Investment Counsel in Omaha. "If you haven't developed a relationship with that woman," he warns, "you're vulnerable."

Managing risk while tapping opportunity

Whether this is viewed as a risk to be managed or an opportunity to build one's business, or both, for many advisors, there is much work to be done to building successful relationships with women.

That isn't just the case for male advisors; female advisors can get into trouble if they take female clients for granted. "If you are a female advisor and think you have it in the bag, you'd better think again," warns Eileen O'Connor, VP of Wealth Management for McLean Asset Management in McLean, Va. O'Connor is co-author, with Heather M. Ettinger, of "Women of Wealth: Why Does the Financial Services Industry Still Not Hear Them," a study published by the Family Wealth Advisors Council. To read this study, visit the Knowledge Library at www.maximizemyriabusiness.com.

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[1] State Farm Insurance study, (www.statefarm.com/…pressreleases/2008/women_rather_see_dentist_than_talk_money.asp) cited in Women of Wealth by Heather R. Ettinger and Eileen M. O'Connor, issued by the Family Wealth Advisory Council

[2] Allianz Life Insurance Co. of North America, "Women, Money and Power," available at www.alianzlife.com/womenmoneypower/main3_5.html , cited in Women of Wealth by Heather R. Ettinger and Eileen M. O'Connor, issued by the Family Wealth Advisory Council

Janet Acheatel, co-founder Wealth by Design for Women, a practice focused on women at HoyleCohen in San Diego, concurs. When she and co-founder Elisabeth Cullington launched the practice early in 2011, they believed the “of women, for women” marketing theme would resonate with prospective clients. They subsequently downplayed that theme, choosing instead to emphasize all of the resources of HoyleCohen available to female clients. “It’s not about men versus women,” she says.

Few Women Show Bias Toward Women Investors

Indeed, according to the “Women of Wealth” study, among married and single women, less than 10% consider the advisor’s gender by itself to be an important criterion in advisor selection. However, among divorcees and widows, a higher percentage – approximately one in four – reported advisor gender did matter, with the implication that they would favor working with other women.

Regardless, common female gender-associated traits can play a significant role in the success or failure of the client-advisor relationship. In short, “on a broad level, gender matters” -- and advisors must act accordingly, says consultant and author Kathleen Burns Kingsbury. “Our brains are 99 percent the same as men’s, but that one percent affects how we communicate and see the world.”

The founder of KBK Wealth Connection in Easton, Mass., Burns is a wealth psychology expert and behavioral change specialist who helps financial advisors work more effectively with clients, including gender-based issues. (See “How (many) women think”.)

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SIDEBAR I

How (many) women think

Given a history of discrimination based on stereotypes, women may be understandably cautious about hearing or making generalizations about their gender. But Kathleen Burns Kingsbury of KBK Wealth Connection has academic (including studies in neurobiology) and professional credentials to support her observations. [3]

According to Kingsbury, many, if not most women:

- Place a premium on socialization, suggesting the need to allow plenty of time to develop a basic personal relationship as a foundation for a professional one
- Communicate as much to be heard and to validate concerns, as to seek immediate solutions to problems

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[3] Kingsbury recently published a new book, “How to Give Financial Advice to Women: Attracting and Retaining High Net-Worth Female Clients.”

- Think about wealth in terms of the extent to which it will provide for security and support for the next generation, and not as a badge of status or success
- Are less interested in investment performance relative to benchmarks, than how performance relates to the achievement of broader financial goals related to her family, personal and professional vision

Adding it all up, Kingsbury observes that advisors “who are very successful with women, tend to be incredibly patient, and enjoy this kind of relationship.”

A recent survey of more than 4,500 households by Hearts & Wallets,[4] a research partnership based in Hingham, Mass., adds some insight on more detailed views on financial services. Their top three desires are that the advisor:

- “Does not pressure me to buy products”
- “Is open and honest about fees and compensation”
- “Is responsive”

The first two might automatically play to the advantage of RIAs versus commission-based advisors. The third is up to the advisor.

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The good news is advisors seeking to build or maintain successful relationships with women investors rarely need to overhaul their businesses from the ground up. Rather, the most important task is to ensure that one’s attitudes and approach to client interaction are appropriate. That begins with taking a fresh look in the mirror to for potential trouble spots.

Advisors who like to control every situation and have a condescending attitude towards women can throw in the towel before you even start, says Acheatel. Serving women “is more about empowerment than power,” she says. Often, however, advisors won’t recognize such tendencies (especially when they aren’t extreme) without some structured exercises.

Identifying Your Blind Spots

That’s the bailiwick of Kingsbury, who points out that advisors can become perfectly competent as money managers without ever having any training in “how to identify your blind spots” – unconscious perspectives that can torpedo a relationship. In training sessions and stand-alone workbooks she has produced, Kingsbury walks advisors through a set of exercises, including one in which they think about their own attitudes towards money and how it might impact their client interactions (see Probing Your Own Money Psychology).

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[4] The 2012 online study was based on responses from more than 4,500 households.

Probing Your Own Money Psychology

In working with women "it is imperative that you know and understand their definition of wealth and also realize how your definition may differ," according to Kathleen Burns Kingsbury of KBK Wealth Connection. In a coaching exercise, she asks advisors to imagine that they miraculously wake up one morning to find that they have become a "wealthy person."

They are then asked to think about how they would feel about their new status, how they would respond emotionally, what would change in their lives, and ultimately to define wealth in their own terms.

They are next led through a set of questions intended to probe how their personal definition might be either be helpful – or a hindrance – in working with women. To ensure that any insights derived from the exercise are applied to real-life client interactions, Kingsbury asks advisors to identify an action they will "take today to incorporate what I learned… into how I approach and work with my female clients," and an "accountability partner" to make sure it really happens.

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She also has devised a set of 20 true-or-false questions that, when scored, yields a "female-friendly quotient" (FFQ) rating. Questions include:

- When I meet with a prospect I need to know if they are going to sign up for my services within the first two appointments, otherwise I am wasting my time.
- When I communicate with female clients, I find it important to stress my expertise so she feels comfortable working with me.
- I avoid talking about emotional issues related to money with all my clients.

Any of the above answered as "true" would lower the advisor's FFQ.

Achieving a perfect score on such an assessment does not necessarily suggest it would be wise to target the entire female gender, as if represented a market "niche."

"Your niche cannot be 'women,'" says Hiley. Instead, he has turned his focus to widows both because he has identified a market opportunity, and because he has a natural empathy and compatibility with such women. His own mother became a widow when he was seven, and he grew up observing her struggles.

Finding One's Comfort Zone

O'Connor, on the other hand, finds herself most comfortable working with successful executive women, and has made them her specialty. But even with a narrower female demographic, "one size does not fit all," she warns. Her observation might be a "no-brainer" for male advisors when applied to male executives, but perhaps not quite so obvious as it pertains to women executives.

Success, O'Connor says, "all comes down to having a good discovery process."

Many advisors, she says begin the conversation with prospective clients (of either gender) by describing their firm and its capabilities. She used to do so herself, but several years ago concluded that such information "is irrelevant" until she has determined that she can help a given prospect. This is particularly important with many women, O'Connor says, because "they want to be heard" before being bombarded with facts.

One way HoyleCohen's Acheatel "hears" from women (after they have signed an engagement letter) is through formal behavioral assessments, such as the Kolbe Index. The results (for example, whether a woman is a "fact-finder" or a "quick start") enable Acheatel and her colleagues to better understand how their clients will act instinctively therefore communicate most effectively with clients, she says. Acheatel shares the Kolbe Index assessment with clients.

Maintaining a Balanced Conversation

Knowing a woman's communication styles also is essential in a client relationship involving a married couple, in which the spouses' communication styles differ. When both spouses are in a meeting advisors often need to make a special effort to avoid inadvertently ignoring the woman, if the man is participating more actively in the discussion. Ensuring that both spouses are engaged in the discussion is what Kingsbury calls "balancing the triangle."

Kingsbury created an exercise for advisors to test their success in doing so, asking them to assess their use of eye contact, body language and certain conversational techniques to ensure that the woman leaves the meeting feeling satisfied with the interaction – and that the advisor came away with a clear understanding of the female's "needs from me during the next quarter."

While it is generally considered essential to have both members of a couple attend review meetings with clients, a follow-up session with the female may sometimes be helpful if the advisor senses that the woman did not fully benefit from the original encounter.

"A woman wants you to understand it's not just about her money, but who she is – all about her life," Kingsbury says. "You need to listen, and not to sell. Women have great radar. If you don't care," she warns, "you can't fake it."

The rewards of meeting women's financial advisory needs, beyond the inherent satisfaction a job well done, may have an empirical benefits as well. According to survey data Kingsbury has seen, women "make 26 referrals in a lifetime to a financial advisor they like, versus 11 for men."[5]

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[5] Passi, D., *Winning the Toughest Customer: The Essential Guide to Selling to Women*, Chicago: Kaplan Publishing, 2006