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Giving financial advice and managing change in times of crisis

Simone Arnold, Co-Head of Sales, in conversation with Marie-Laure Humbert, Business Strategy, Goldman Sachs Asset Management, at the Ninety One IP Advisor Forum 2020

Simone Arnold (SA): The COVID-19 crisis has been very testing for many people. But a crisis does yield new knowledge and uncovers fresh opportunities. Your interactions with business leaders from around the world have focused on managing crisis situations. You identified three phases to crisis and change management. How can we best leverage these in the current environment?

Marie-Laure Humbert (MLH): Business leaders who are aware of these three phases are better prepared to manage expectations and emotions. So, what are they? Firstly, it is key to assess your current situation. The people in your organisation are your greatest asset – how has the crisis affected them? You can assess the potential for innovation – crises often spark innovations – the COVID-19 vaccines are one such example. How are your stakeholders, your professional network, and your clients managing the situation? Levels of engagement have varied considerably during the crisis.

The second phase is your response. If you have a very good assessment phase, your response is going to be much more refined, targeted and agile when it comes to interacting with the people in your business and your clients. The third part is recovery. Even though there are three distinct phases, you have to start thinking about recovery while you're assessing and responding, so agility is very important. Ask yourself: How are your people doing? Are they onboard with your vision? Ongoing communication with stakeholders is important and even more so during a crisis. So, it is a very dynamic process that enables you to be nimble. Business leaders who have applied these tools tend to manage crises much better than those who don't.

Assessing and responding belong to the tactical space, but recovery brings you to the strategic arena. If you use this model constantly, you will maintain a natural balance between tactical and strategic thinking, which is key.

SA: Now that you've shared some valuable tools for effective crisis and change management, let's take a closer look at client engagement. Before you even interact with a client, you need to do some self-reflection, no matter how hard it is. We have to understand how we are feeling emotionally because only when we know that, can we advise our clients in the best way possible. This is particularly important during crisis times when managing emotions can be challenging. What tips can you give us to take stock of our own emotional state, given that our own experiences can have an impact on how our clients make decisions?

MLH: You are touching on my favorite topic, which is emotional intelligence. A key part of emotional intelligence is the ability to recognise and manage our own emotions. It starts with us. If we are not self-aware, nothing happens. A quick way to raise your self-awareness is to ask yourself three questions: What am I thinking? What am I doing? What am I feeling?

SA: Let's say you have asked yourself these questions and find you are overwhelmed by negative thoughts and emotions. What can you do when you have to phone a client in a few minutes' time?

MLH: Before you do anything, you need to employ the "STOP formula", which is the brainchild of well-known author, Deepak Chopra. "S" stands for stop. "T" stands for take three deep breaths. Make a point of smiling. "O" stands for observe. For example, you may observe that you've become calm; your heart rate has slowed down, and your hands have stopped sweating. "P" stands for proceed with compassion and awareness. This powerful tool equips you to self-regulate your emotions, which in turn helps you to be at your best when you interact with clients and colleagues.

SA: The pandemic has meant that online client consultations and virtual selling have become the norm. We've all had to embrace this way of working and for many it's been a steep learning curve. While the online environment makes it harder to spot non-verbal clues like you would in a face-to-face meeting, there are some positives. Clients may feel more comfortable in their own environment; there is greater flexibility and no traffic to cause stress. Many advisors have even said to me that some of their relationships with their existing clients have become much stronger during this crisis. They've had more time to have shorter, quicker meetings, which have also speeded up the client decision-making process. But how do you build trust and successfully onboard new clients in this virtual world?

MLH: A virtual setting is very different from having a face-to-face interaction with a new client. Your mindset is important; you need to manage your energy levels so that you come across as engaging and natural. Find something to help you connect, for example, complimenting your client on a piece of art you see on their wall during a virtual meeting. Be open, candid and humble. But many of the same rules apply as before, such as putting the client at the centre of everything, asking the right questions and offering solutions at the appropriate time. Allow yourself enough time with a prospective client. You may need a few online calls with a new client in which you get to know each other, and for you to understand their personal circumstances and financial needs. Virtual engagement with a new client is going to take longer than a face-to-face interaction.

SA: What insights can you share in terms of the client decision-making process?

MLH: You need to see your interaction with a new client as paving the way for a long-term relationship, as opposed to adopting a transactional, short-term approach. It's important to adopt a consultative mindset from the outset. In many instances, investment decisions centre on long-term assets, and you don't want a client to call you back the next day because they have changed their mind about an investment. You need to be sensitive to any signals that your client may be sending out. For example, are they hesitant about an investment or are they comfortable to make a decision?

There are a few initiatives you can take to keep your client fully engaged. Share an agenda of an upcoming meeting ahead of time. This gives your client the opportunity to introduce other talking points or help steer the conversation in ways you may not have considered. Focus on "asking rather than telling". Posing lots of questions and listening carefully to responses will not only help you build a rapport with a client, you will understand their needs, concerns and behavioural biases better. A useful technique after listening to a response is to summarise the answer, so that your client feels they have been heard. This also helps to ensure that you are both on the same page.

Another powerful way to connect with your client is what I call "style match". Some people are very detailed-oriented, while others are big-picture thinkers. Some clients like to listen while others like to talk a lot. Know whether your client enjoys some "small talk" or whether they prefer to dive straight into a business discussion. Be sensitive to their needs and try and match their communication style. The more flexible and adaptable you are, the greater the opportunity you have to build long-standing relationships with clients that are mutually beneficial.

SA: What ideas can you share on remaining connected with existing clients? We all know Zoom fatigue is a real issue at the moment.

MLH: Zoom can be taxing on our brains, especially the gallery view. There can be too many things on which to focus during a Zoom call. Consider sometimes using your phone to make a voice call to a client (no screen). Sit on your sofa and have a nice chat, like we used to do. You can also leverage social media, such as WhatsApp, LinkedIn and Facebook, to stay connected to clients. Of course, you need to know which communication tools will resonate with your clients. You could consider having a coffee or going for a walk with a client while practicing social distancing.

This is an edited, summarised version of the Ninety One Investment Platform (IP) Advisor Forum session "Giving financial advice in times of crisis". To access the video recording of the full conversation, as well as the other sessions, go to go to [Ninety One IP Advisor Forum 2020](#).

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