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smart financial decisions

## A Proper Apology

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NAPFA NC/SC Study Group

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Source: James Grubman, Ph.D and Roy C. Ballentine, CLU, CHFC, CFP



## Acknowledgements

- ▣ James Grubman, Ph.D.
- ▣ Roy C. Ballentine, CLU, ChFC, CFP®



## Learning Objectives

- ☐ How to repair mistakes with clients
- ☐ How to deliver an effective apology
- ☐ How to stay in control when you are churning inside



## Your Client Just Told You You Made a Big Mistake...

- ❑ Stay composed, control your anxiety – this is the hardest step!
- ❑ Draw out the client, listen, show you are receptive
- ❑ Two biggest mistakes are **defending** and **jumping to problem-solving too soon**
- ❑ Express apology for the error or misunderstanding:
  - ❑ “Wow, we made a mistake. I apologize sincerely for it, and we’re going to find out what went wrong.”
- ❑ Repeat back the client’s objections to make sure you understand correctly and to show you understand correctly – the client **must** know you have heard him/her:
  - ❑ “If I understand you correctly, you felt disappointed when...”
  - ❑ “I completely understand that reaction. I agree what happened is not good...”



## Your Client Just Told You, You Made a Big Mistake...

- ❑ Ask clarifying questions only – Do not attempt to explain. You can tentatively insert some guesses about what might have happened but this must be very low-key.
- ❑ Do this repeatedly until you have gotten all information and all reactions
- ❑ **Only** after you have heard the client fully, shown you are not defensive, and demonstrated you understand accurately, you then have options:
  - ❑ Nothing more may be needed – client may be satisfied and situation defused
  - ❑ Solutions may be obvious and you are agreeable with proposed actions
  - ❑ You can develop a plan for repairing a problem, then have time to implement it
  - ❑ You can clear up a misunderstanding
  - ❑ You can engage in respectful disagreement that will not appear defensive
- ❑ Afterward, periodically check status and ask about how client is doing – most clients dislike conflict as much as you do and want to re-establish a good relationship

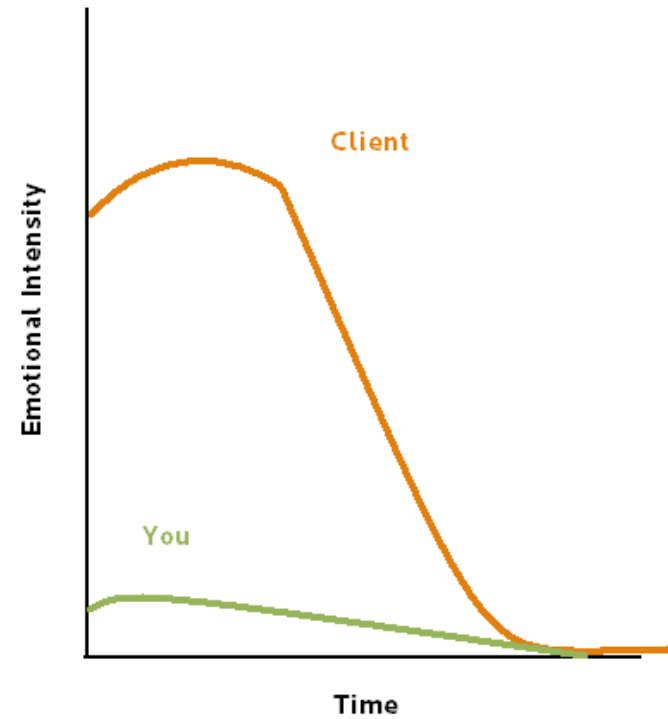
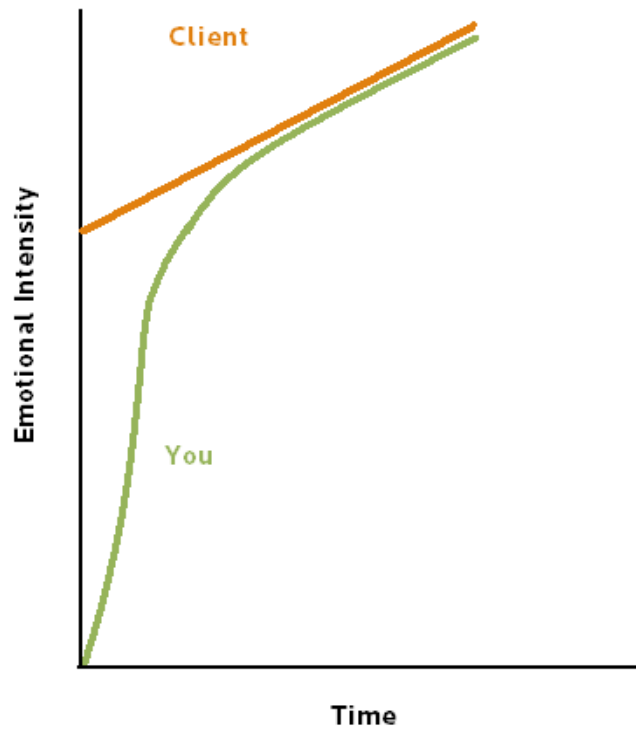


# Role Play

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# Managing Your Emotions



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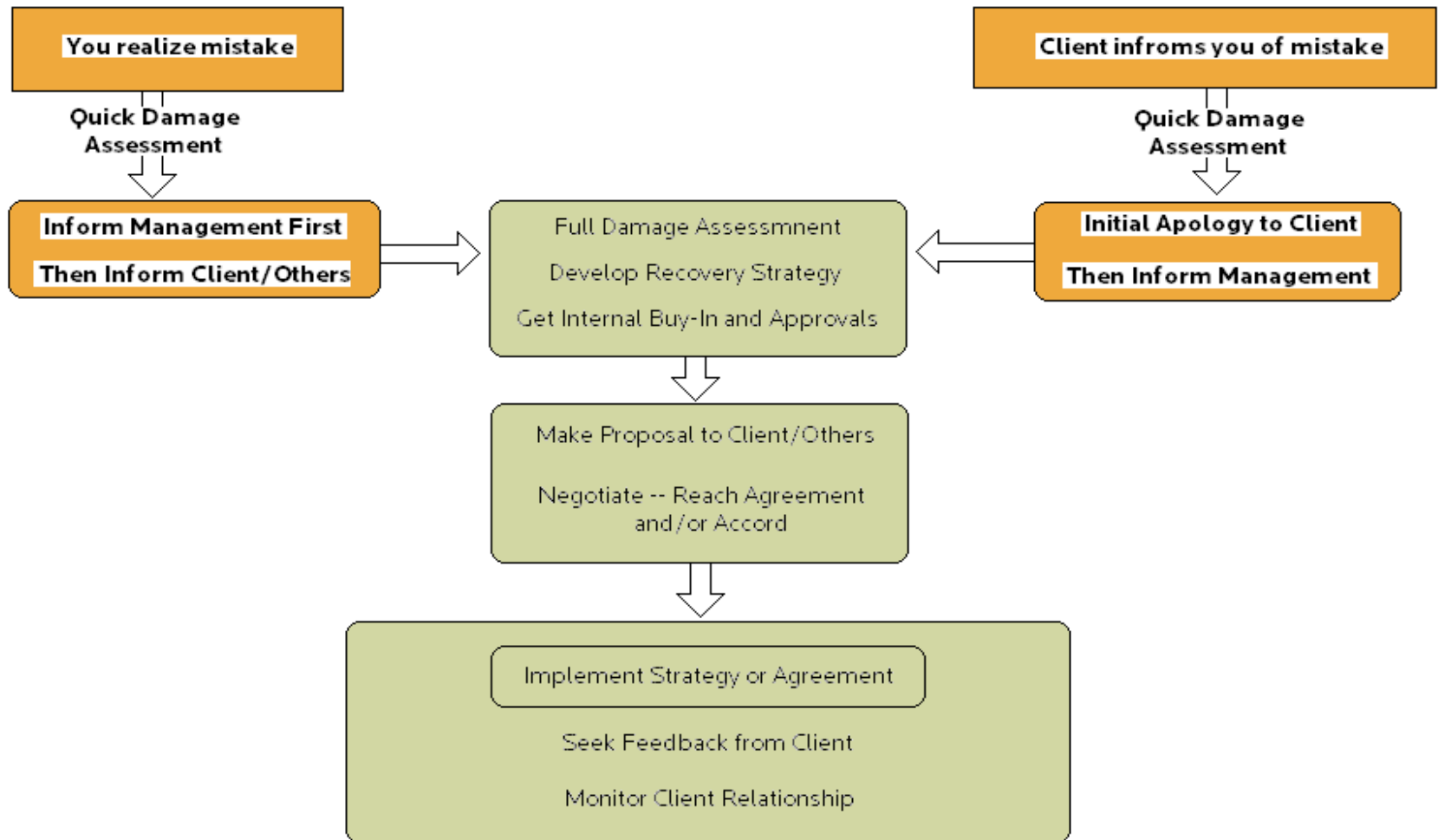
## What actually happens during client contact

- ❑ Strong emotional reactions
  - ❑ Embarrassment
  - ❑ Shame
  - ❑ Fear – loss of client relationship; loss of job
- ❑ Defensive reactions kick in
  - ❑ Denial
  - ❑ Blame others
- ❑ You must learn to counter all of this with
  - ❑ Focusing on listening to what the client is saying
  - ❑ Understanding what the client wants





## How to handle mistakes





## Planning Your Response to Client

- ☐ If problem is severe, you may need to...
  - ☐ Seek legal advice
  - ☐ Notify E&O carrier
- ☐ Beware
  - ☐ Advice of most risk management professionals is at odds with client's real needs
  - ☐ Following attorney's advice may **increase** risk of litigation



## Small Group Practice

- ☐ Break into groups of three: advisor, client, observer
- ☐ Observer and client may read the scenario, but the advisor cannot.