## Solving the Puzzle: Use of Coaching Skills in Plan Development Course Requirement

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## Issues

- How will this requirement advance the profession?
- Where can we teach the Addendum topics?
  - Client and planner attitudes, values, biases and behavioral characteristics
  - Principles of communication and counseling
- What can we learn from what others are doing? What other resources are available?
- What are our next steps?

## Agenda

- Background on Addendum topics
- Evolution of Values-Based Financial Planning
- CFP Board Practice Standards, FPSB Practice Standards, and Selected Programs
- DEVELOP© model and ICF Competencies applied to planning
- Discussion

## Background on Addendum Topics

- Interest in values-based, integrated holistic approach to financial planning was ignited in 1996 (Kinder, Wagner)
- Job surveys supported addition of client and planner values, biases and behavior characteristics, communication/ counseling skills to Topic List
- In 2005, the CFP Board funded study, ***Survey of the Elements of Communication that Affect Trust and Commitment in the Financial Planning Process*** to address measurement issue

## Evolution of Values-Based Financial Planning

- 70s-mid 90s: emphasis on complex knowledge of many financial vehicles, "black box" calculations
- Mid 90s: emphasis on more comprehensive approach to planning, using life goals as a context for planning
- 2012 ?????

## CFP Board Practice Standards

| Financial Planning Process | Related Practice Standard |
|---|---|
| **1. Establishing and defining the relationship with a client** | **100-1 Defining the Scope of the Engagement** |
| **2. Gathering client data** | **200-1 Determining a Client's Personal and Financial Goals, Needs and Priorities** |
| | **200-2 Obtaining Quantitative Information and Documents** |
| **3. Analyzing and evaluating the client's financial status** | **300-1 Analyzing and Evaluating the Client's Information** |

## CFP Board Practice Standards

| Financial Planning Process | Related Practice Standard |
| --- | --- |
| 4. Developing and presenting financial planning recommendations | 400-1 Identifying and Evaluating Financial Planning Alternative(s) |
| | 400-2 Developing the Financial Planning Recommendation(s) |
| | 400-3 Presenting the Financial Planning Recommendation(s) |
| 5. Implementing the financial planning recommendations | 500-1 Agreeing on Implementation Responsibilities |
| | 500-2 Selecting Products and Services for Implementation |
| 6. Monitoring | 600-1 Defining Monitoring Responsibilities |

## CFP Board Practice Standards

- **100-1: Defining the Scope of the Engagement**
  - *The financial planning practitioner and the client shall mutually define the scope of the engagement before any financial planning service is provided.*

## CFP Board Practice Standards

- **100-1:** *Explanation:*

  This process is accomplished in financial planning engagements by:
  - Identifying the service(s) to be provided;
  - Disclosing the practitioner's material conflict(s) of interest;
  - Disclosing the practitioner's compensation arrangement(s);
  - Determining the client's and the practitioner's responsibilities;
  - Establishing the duration of the engagement; and
  - Providing any additional information necessary to define or limit the scope.

## CFP® Practice Standards

- **200-1: Determining a Client's Personal and Financial Goals, Needs and Priorities**
  – *The financial planning practitioner and the client shall mutually define the client's personal and financial goals, needs and priorities that are relevant to the scope of the engagement before any recommendation is made and/or implemented.*

## CFP Board Practice Standards

- **200-1:** *Explanation*

…the financial planning practitioner and the client shall mutually define the client's personal and financial goals, needs and priorities. In order to arrive at such a definition, the ***practitioner will need to explore the client's values, attitudes, expectations, and time horizons*** as they affect the client's goals, needs and priorities. … ***Accordingly, these goals and objectives must be consistent with the client's values and attitudes in order for the client to make the commitment necessary to accomplish them.***

## FPSB

- Practice standards aligned with six-step planning process
- Financial Planner Competency Profile
- Financial Planner Competency Standards
- Organic movement to a model that includes examination, review of plan, conduct standards

## FPSB Practice Standards

- **1-1 Inform the Client about Financial Planning and the Financial Planning Professional's Competencies**
  - *The financial planning professional informs the client about the financial planning process, the services the financial planning professional offers, and the financial planning professional's competencies and experience.*

## FPSB Financial Planner Abilities Framework

- Three functions:
  - Collection
  - Analysis
  - Synthesis
- Core Competencies, Collection Function
  - Collects the quantitative information required to develop a financial plan
  - Collects the qualitative information required to develop a financial plan

## FPSB Competency Standards

- Provide financial planning accurately and in the best interest of clients;
- Advise clients and present recommendations across a broad range of financial disciplines;
- Make sound judgments in ambiguous or complex situations; and
- Function effectively as a professional with clients, potential clients, peers and others.

## Demonstration of FPSB Competency

- Meet FPSB requirements to competently provide a client with financial planning recommendations as a result of using the financial planning process.
- Possess general characteristics innate to all professionals practicing a particular discipline, along with specific characteristics required for the competent practice of financial planning.
- Complete appropriate education requirements in FPSB's body of knowledge for financial planning.
- Complete appropriate examination requirements in FPSB's body of knowledge for financial planning.
- Complete appropriate work experience requirements in the financial planning process.

## Other Considerations

- Selected Programs
  - Employ a capstone plan development course
  - Incorporate communication or counseling skills
  - Use case studies
  - May require team or individual presentation
  - Use instructor and peer evaluation of communication skills
- FPA has 4.5 hour Program-in-a-Box for Communication Skills

## Results of Trust/Commitment Survey

- Tasks that contribute to trust
  - Understand a client's values and priorities
  - Help identify meaningful goals and objectives
- Skills that contribute to trust
  - Easy to engage in conversation
  - Asking the right questions
  - Skill in handling client emotions
  - Giving client full attention

## Missing Piece

- Where do we teach these topics?
- How do we teach effective values-based coaching/communication/ counseling skills?
- How to we measure competence?
- How to we prepare faculty for teaching these courses?
- What resources are available?

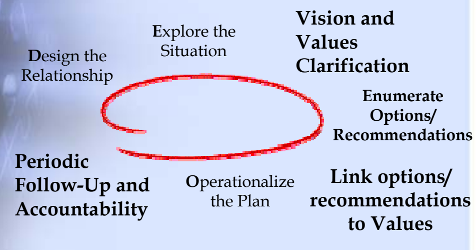
## Goals

- Go beyond “asks good questions,” “speaks at a good pace,” “makes good eye contact”
- Go beyond a “good plan” to a plan is tied to client goals, to an “effective plan” that is tied to a client’s vision and values
- Provide the training to prepare planners to balance their technical expertise with their ability to prepare and deliver meaningful plans that get implemented

## What is needed to incorporate Addendum topics?

- Deciding where:
  - Personal Financial Planning course
  - Plan Development course
  - In any course
  - Other?
- A communication model
- Core competencies
- Measurement approach
- Instructor training
- Curriculum

# DEVELOP© Model




# International Coach Federation (ICF) Competencies

**A. Setting The Foundation**
1. Meeting Ethical Guidelines And Professional Standards
2. Establishing The Coaching Agreement

**B. Co-creating The Relationship**
3. Establishing Trust And Intimacy With The Client
4. Coaching Presence

**C. Communicating Effectively**
5. Active Listening
6. Powerful Questioning
7. Direct Communication

**D. Facilitating Learning And Results**
8. Creating Awareness
9. Designing Actions
10. Planning And Goal Setting
11. Managing Progress And Accountability

# ICF Core Competencies

**2. Establishing the Coaching Agreement** -

- Ability to understand what is required in the specific coaching interaction and to come to agreement with the prospective and new client about the coaching process and relationship
- Understands and effectively discusses with the client the guidelines and specific parameters of the coaching relationship (e.g., logistics, fees, scheduling, inclusion of others if appropriate),
- Reaches agreement about what is appropriate in the relationship and what is not, what is and is not being offered, and about the client's and coach's responsibilities,
- Determines whether there is an effective match between his/her coaching method and the needs of the prospective client.

## Proposed Financial Planner Competency

**100-1: Defining the Scope of the Engagement**

- Ability to understand what is required in the financial planning engagement and to come to agreement with the client about the planning process and relationship
- Understands and effectively discusses with the client the guidelines and specific parameters of the coaching relationship (e.g., logistics, fees, scheduling, inclusion of others if appropriate),
- Reaches agreement about what is appropriate in the relationship and what is not, what is and is not being offered, and about the client's and planner's responsibilities,
- Determines whether there is an effective match between his/her planning approach and services and the needs of the client.

## Skills to be Taught and Evaluated

**Basic Skills**

- Designed alliance
- Listening
- Self-management
- Holding the client's agenda
- Vision /values
- Goal setting
- Holding the focus
- Powerful questions
- Accountability

**Additional Skills**

- Acknowledgement
- Bottom-lining
- Clarifying
- Clearing
- Dealing with what shows up
- Making distinctions
- Perspectives
- Structures

## Teaching Considerations

- Part teaching (knowledge), part training (skill development)
- Will want to examine design the relationship and discovery portions of conversation as this is fodder for effective presentation
- Communication skills are integrated with entire presentation, not just the oral delivery component
- YOU CAN DO THIS!!!

## Evaluation Methodology

- Includes demonstration of identified skills, the ability to determine vision/values and link recommendations back to vision/values
- Presentation must be interactive with the client, i.e. written is not enough
- Best done when “client” brings some/all of their own situation, values into the conversation, “real” not “role playing”
- Ultimately the client response and their implementation of the proposed plan is the ultimate judge of quality

## Revisiting Issues

- How will this requirement advance the profession?
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## Thank you!

If you would like to continue the conversation, please contact me!!

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