

TAX AND WEALTH ADVISOR ALERT: BUILDING A GREAT PLAN...STEP TWO: EMPATHETIC HONESTY

My last blog post talked about the critical role vision plays in building an effective plan. Today's post focuses on the other end of the planning spectrum: if vision is where the plan is going, the plan must start with an objective, intelligent analysis of where we are. This part of the planning process is described in many ways, commonly as, "self-discovery" or "facing the facts." I describe it as "empathetic honesty."

No plan is built on a foundation of self-deceit. I do a fair amount of executive coaching, and I tell all of my clients that my role is two-fold: root out self-deceit and solve problems. Self-deceit is the insidious cancer that destroys all plans it touches. How many financial plans fail because an embarrassed client does not provide all of the critical financial facts and bad habits to the CFP? How many estate plans fail because parents are too ashamed to discuss the personal failings and weaknesses of their adult children? How many succession plans fail because the owner is unwilling to admit to the planner that the wrong talent is on the bus? How many strategic plans fail because the executives cannot face organizational missteps, mistakes, and weaknesses?

If self-deceit is the fatal flaw that brings down a plan, truth is the iron spine of a great plan. So it is critical that the planner helps the client understand the need to put ego aside, report all of the facts — good and bad — and start building for the future in the honesty of the here and now. For the plan to succeed, that honesty needs to be empathetic. I use the term "empathetic" mainly as an antonym to brutal. How many people do you know that pride themselves on being the messengers of "brutal honesty"? In my world, a lot of them (of course, it should be noted I work with lawyers). My take has always been that if you show me a room full of people that pride themselves on delivering brutal honesty, I will show you a room full of arrogant bullies. But, more important to this post, if the planner's gig is brutal honesty, for most clients, the plan will suffer from the shaded truth at best, or creative facts at worst. Simply put, no one wants to be brutalized.

Instead, a plan thrives when the planner is focused on empathetic honesty. Remember, empathy is not sympathy. It is not a fact gathering pity party where the planner offers platitudes, excuses, and assurances of false hope. Instead, empathy is focused on

understanding. In other words, great planners focus on not just gathering the facts but understanding why those are the facts. So the financial planner does not tell the client who has saved woefully little for retirement that (1) he or she has no chance to retire with anything other than a macaroni and cheese subsistence (brutal honesty), or that (2) everything will be alright (no honesty) but instead takes the time to understand why the person is in that situation, be it poor spending habits or bad luck. Either way, the planner can then build the best plan for the client to avoid a repeat of the choices that led to the current state. Or, if the client's current leadership team is not up to par, the succession planner does not (1) ask the client "why do you hire idiots?" (brutal honesty), or (2) tell the client that the team will get better (no honesty), but instead focuses on why these people were hired and how they were developed so that the succession plan can fix the client's talent acquisition process, talent development process or both.

Empathetic honesty is the foundation of a great plan: a focus of where the client is, how they got there, and what the client needs to start, stop, and continue doing to achieve the vision.