

When Professional Becomes Personal

David J. Drucker | 08-08-00 | 

In my 20 years as a financial advisor, I've always been interested in the question of whether to share personal information with clients. I believe we all develop a unique style of relating to clients, and whether that includes divulging personal information says a lot about who we are and how comfortable we are with our lives in general.

But not everyone agrees with me. In fact, the question (like most of life's most important questions) appears to have no single answer.

Perhaps the most interesting response I got in an informal survey of advisors came from Doug MacDonald, of MacDonald, Shymko, and Company, in Vancouver. He doesn't recommend sharing, but he does it anyway. "The simple answer is no, never," he says. "But how boring life would be to isolate oneself totally in this way."

One popular view says that trading personal information is necessary to develop better client relations. "Some of our clients have become our closest friends," says Kathy Stepp, of Stepp and Rothwell, in Overland Park, Kan. More broadly, she argues that two-way disclosure is a simple courtesy that should be extended to clients. "I think it is unfair that I know all about their finances and they don't know about ours," she says. "For instance, we're building a house now and some of our friends/clients know how much we're spending, how we'll finance it, and even how much we make."

Donna Skeels Cygan, of Essential Financial Planning, in Albuquerque, N.M., offers a related argument. "I think it adds credibility to say the [investment] option my family chose and why," she says. "Speaking honestly with clients builds trust, which is the foundation for a good client-planner relationship." Margie Mullen, of Mullen Advisory, in Los Angeles, also tries to incorporate her life experiences into the planning process. "With parents-to-be, I frequently talk about the costs they will be facing because I faced it recently and tracked it to the penny on Quicken," she says.

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"I like to think that many of my clients are just like me. So why not share my personal information?"

Interestingly, advisors with counseling experience or backgrounds tend to be more cautious about personal disclosures. And they are more likely to conduct periodic self-examinations about their motives. As a former Methodist minister and pastoral counselor, David Otto, of Otto and Associates, in Katonah, N.Y., is more experienced than most advisors with the counseling and sharing side of the planning service. He tries to identify his personal motivations before he opens his mouth. "I try to quickly assess how talking about myself and my experience may be relevant to the client," he says. "I might, for instance, find that I want to a) brag about my success, b) evoke empathy about my failure, c) bond with the client that we have success, failure, experience in common, or d) give information that I think might be helpful. After identifying the motives, I go on to ask myself if this advances the client's goals in an efficient manner. It is easy for many of us to talk about ourselves, and that includes me. But that is not the primary information the client has come for."

This self-assessment process is also recommended by people who have been trained in psychological counseling. Before joining Austin Asset Management, in Austin, Texas, Michael Horowitz practiced as a licensed psychologist for 20 years. "Self-disclosure within therapy has been and continues to be a significant issue," he says. "Some psychologists eschew self-disclosure religiously, while others employ it successfully within the therapeutic relationship." In addition to personal style, Horowitz agrees with Otto that there be some sort of self-evaluation before personal information is shared. "I was extremely discreet about the use of self-disclosure of personal feelings, experiences, etc., with my psychotherapy clients" he says, "and I now am with my financial-planning clients. In therapy, there is the risk of the therapist using the relationship to get therapy for him or herself."

Gayle Buff, of Buff Capital Management, in Newton, Mass., sets her boundaries a bit differently. She thinks that the personal disclosure should not take place if it is designed to lead to any personal benefit for the advisor--a broad definition in which she includes even enhanced client-planner relations. "A rule of thumb I learned from my former career as a psychotherapist about sharing personal information is that it's okay to do if the reason is to illuminate or enhance the client's understanding of their own situation. But even if the purpose is to increase trust or

enhance the relationship, it is probably best not to divulge personal information."

Some planners draw the line at discussing itemized personal-financial information. "We chat about recent events like vacation spots, favorite wines, movies, etc.," says Ken Gross, of Strategic Financial, Thousand Oaks, Calif. "Personally, I like to be relaxed around my clients and find that they soon will be relaxed with me, too. But I never volunteer information about my personal finances." Edgar Hammershaimb, of Njord Financial Services, in Wilmington, Del., says he's willing to tell clients some of the generalities but not the specifics. "I eat my own cooking," he says. "I invest in the same stocks I advise you to invest in and I do not front-run." But that's as much as he's going to say. Larry West, of West Financial Consulting, in Huntsville, Ala., adds "I like investments where the management believes enough in their company to invest in it. Clients feel the same way about us. However, I don't give actual numbers or percentage results."

Is it possible to enjoy good client relationships without any sharing at all? The answer appears to be yes. In fact, some advisors think that the personal sharing process compromises their professionalism. "Can you imagine going to your doctor and saying, 'My back hurts,' and he says, 'Yeah, mine hurts, too,'" says Karen Altfest, of L.J. Altfest and Company, in New York. "How bewildering would that be? I think you can divulge too much. Your clients don't want a pal." Joel Ticknor, of Ticknor Financial, in Reston, Va., also defines his boundaries according to the medical analogy. "If I don't know the doctor in a nonprofessional capacity," he says. "I think getting too chummy with a client removes a veil of professionalism and authority." Mary Malgoire, of the Family Firm, in Bethesda, Md., agrees with this view. "I don't think it's relevant and don't think there is a need to share this kind of stuff," she says flatly. "Furthermore, I don't think clients care." Adds Denise Leish, of Money Plans, in Silver Spring, Md., "My clients are paying me to hear about them and to listen to their concerns. I suspect it's like going to a therapist. You really don't want to know how 'crazy' they really are! All in all," she adds, "I keep my end friendly and talk about the weather."

Sometimes, personal sharing can lead to less than optimal outcomes. Nancy Frank, of Frank Advisory Services, in New York, regrets the time she freely answered a personal question. "A potential client recently called to interview me; we spoke at length, and she seemed pleased with my experience and background," she says. "However, at the

end of the conversation, she asked me if I would answer a personal question, and I said yes. She asked whether I smoked, and when I said yes, she told me that she would never work with a smoker. In the future, I may hedge that question."

But sometimes our personal stories are just too poignant to keep to ourselves. Ann Fleming, of Pleasanton Financial Advisors, in Pleasanton, Calif., will share personal information with clients "to ease their tension or help them not feel 'stupid.'" For example, she might tell a client who got burned on an inappropriate investment that "when I was 18, my parents sent me to a broker who put the \$3,000 I had saved from 4-H into a limited partnership. Humility can be very soothing."

The discussion seems to have no obvious resolution; some planners believe in maintaining a professional distance, while others make friends with their clients. People with counseling experience or training advise us to look at why we are sharing personal details with our clients--which seems like a fair next step for the profession as a whole. Looking inward myself, I find that I now measure my success with a client in terms of how long it takes for him and his family to want to sit down with me and my family and share a meal. If the client's not the type to ever be invited to my house, I don't want to work with him. The successful merger of life and work is paramount for me. After a point, the money just isn't enough.

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