



NEXT WAVE OF ADVICE

Understanding the “3 C’s” of Coaching

Learn why coaching is becoming a competitive advantage for advisors and what traits it takes to become an effective coach for your clients.

With the recent widespread adoption of AI-driven financial tools, meeting client expectations today means providing value beyond selecting securities and achieving returns. We believe you should focus more of your time on addressing the emotions, perceptions, and behaviors that influence your clients’ financial decision-making. This is where the principles and practices of coaching—which are based on real and lasting behavior modification—can help you thrive. To meet these expectations, consider incorporating coaching into your practice, as well as adopting three common traits of highly effective coaches: curiosity, courage, and compassion.

What Is Financial Coaching?

56% of the highest earners under the age of 50 want a financial coach.¹ They crave a more meaningful connection and deeper partnership with their financial professional, which can help them feel motivated, inspired, and accountable. Most importantly, they believe coaching will help them achieve their goals.

What, exactly, does a coach do to address these needs? And more importantly, what does it take for you to take your interpersonal skills to the next level? According to International Association of Coaching Lifetime Achievement Award winner Sir John Whitmore, coaching is “unlocking people’s potential to maximize their own performance. It is helping them to learn rather than teaching them. Coaching focuses on future possibilities, not past mistakes.”

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Coaching Is the Spark That Ignites Investor Action

FINANCIAL PLAN



Coaching connects the **financial plan** to **implementation**



IMPLEMENTATION

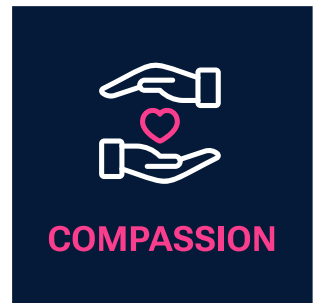


Coaches focus on building the kind of relationship that fosters **client satisfaction**

Advisors often promote key success metrics like revenue, close rate, and the number of financial plans delivered. With recent advancements in technology streamlining the development process, the landscape is shifting—financial plan delivery is just the beginning. Moving forward, the gold standard of metrics may no longer just be the number of plans

delivered to clients, but rather the percentage of plans implemented and achieved by clients. By taking a very hands-on approach and helping clients actually implement their financial plan, coaches can foster more meaningful relationships that improve overall client satisfaction and meet their growing expectations.

The “3 C’s” of Coaching



With the understanding that coaching is undoubtedly in demand, what can advisors do to set themselves apart as an exceptional coach? Coaches embody numerous traits, which can be categorized into what we call the “3 C’s” of exceptional coaches—curiosity, courage, and compassion.

Curiosity

It’s not an advisor’s knowledge base that sets them apart as an excellent coach. Rather, it’s their ability to admit when they don’t know the answer, and their desire to go the extra mile by seeking it out.

To be a coach, you need to be open to the idea of truly learning about your client and their point of view. As you’re talking with them, you shouldn’t hesitate to dig deeper to extract the information needed to understand their full financial picture.

According to Dr. Moira Somers, author of *Advice That Sticks: How*

to Give Financial Advice That People Will Follow, “Client satisfaction, it turns out, is directly related to the amount of airtime that the client takes up in meetings.”²

Listen first, and then ask questions. If their responses omit the information or level of detail you may need to proceed, or you’re unclear about a certain situation, use what should be an advisor’s three favorite words: “Tell me more.” Or, if their spouse or another family member is with them, ask them to elaborate.

Courage

Courage is about maintaining your integrity in the face of adversity and doing what’s right for your client (even when it’s the tougher option).

An advisor’s job is to evaluate external factors (changing tax laws or volatile markets) and internal factors (family dynamics, goals, inheritances, values, or beliefs, etc.) and make

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– Dr. Moira Somers

“If you want others to be happy, practice compassion. If you want to be happy, practice compassion.”

– Dalai Lama

sense of them for their clients. From there, it takes courage and trust to help their clients make the right decisions based on these factors.

The most impactful coaches don't shy away from having hard conversations. They're able to tell their clients the facts and help them understand what's best for their unique situation, even when they know the client won't want to hear it.

The bottom line is a truth that is delivered courageously can compel a client into an action that not only makes their life and finances better—but makes them further appreciate the relationship they have with you.

Compassion

If you want clients to trust your vision, they need to be completely confident in your ability to serve as their coach. This requires more than just curiosity and courage. It takes compassion as well. You share in their highs and lows and find small, yet meaningful, ways to demonstrate compassion throughout your time together.

Empathy is the ability to relate to another person's emotions and feelings, but it doesn't have an

active component. Compassion is the proactive desire to help alleviate the challenges that an individual faces.

In the case of a coach, they know where the client is coming from and what hurdles they face. The coach plays an active role in helping their clients rise to and overcome those challenges. Once the player sees that the coach not only “gets where they're coming from” but also has the intent to act—the compassion—the sky is the limit for what they might achieve together.

Conclusion

The advice landscape is changing, driven by evolving client expectations. We believe it's likely going to take more than investment management to keep your clients satisfied and engaged with your services. Coaching can be a key to building trust and differentiating yourself from other advisors. As you work to move beyond quantitative data-gathering and get to the emotions and perceptions that influence your clients' financial decision-making, keep in mind the “3 C's” that make it possible to be a highly valuable coach for your clients.

Next Wave of Advice Program

Contact your T. Rowe Price sales representative for access to all of our coaching resources, including tools and insights to help clients bridge the gap between good intentions and tangible actions.

¹T. Rowe Price, Next Wave of Wealth Research Study, January 2020.

²Somers, Moira. *Advice That Sticks: How to give financial advice that people will follow*. Practical Inspiration Publishing, 2018.

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