

## **AAEC 4124: Client Relationship Management Spring 2009**

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Available by appointment: Send an email noting  
2-3 times available; I will meet one of those if at all  
possible

### **Course Description:**

Investigation of socio-psychological factors and communication/interviewing strategies that foster trust-based relationships essential to the success of financial advisors and other financial service professionals. PRE: 2104 or 3104 or the consent of the instructor. (3H, 3C)

Graduate students are expected to have completed AAEC 3104 or an equivalent course or may enroll with permission of the instructor. Graduate students are expected to demonstrate a greater understanding of the subject matter through additional projects, such as a research paper, that requires synthesis and evaluation.

### **Course Objectives:**

Upon completion of the course, the student should be able to:

- Explain the purposes and issues to be considered in financial counseling, debt counseling, financial planning, life planning, and financial services.
- Explain the impact of socio-psychological factors (e.g., money psychology/personality; behavioral finance; change theory; and informational processing style) on a client's choice of financial planning products and strategies as well as client-planner interaction.
- Explain the roles of values-driven planning and life planning within financial planning.
- Demonstrate communication and interviewing techniques characteristic of a trusted advisor to assist clients to achieve mutually agreed upon goals.
- Identify the student's personal frame of reference (e.g., strengths, weaknesses, biases, prejudices, limitations, attitudes/values) as a financial professional.
- Explain the importance of confidentiality, privacy, and professional ethics when working with clients.
- Explain problem solving skills necessary to be a successful trusted advisor.

### **Rationale for the Course:**

According to the classical "economic man" theory, the concept of internal motivation is based upon the condition of economic gain. Under the "rational man" theory, when given a choice man has an organized, rational, and stable system of preferences designed to maximize the utility or value received as a result of the choice. When applied to financial decision making, several unique but overlapping socio-psychological factors have emerged to explain biases that may impact the choices of financial professionals as well as their clients. Behavioral finance attempts to bridge the gap between the solely economic model of utility and the more psychological model of value. Money psychology/money personality focuses on individual experiences, values and attitudes that may directly and indirectly influence financial decisions. It is important that financial professionals understand these factors, as well as their integration with change theory and the willingness of an individual to adopt and practice new financial behaviors.

Because financial decisions are not always "rational," effective communication with clients is essential to educating, motivating, and encouraging commitment to financial advice and product recommendations. Accordingly, financial professionals must understand the importance of information processing styles as well as effective communication and interviewing strategies (e.g., attending, exploring, listening) necessary to foster a trust-based and professionally responsible advisor-client relationship.

## Textbook and Other Course Materials

- The required textbook for this course is:

Maister, D. H., Green, C. H., & Galford, G. M. *The Trusted Advisor*. Free Press: NY. 2000. 240 pp.

Klontz, B., Kahler, R., & Klontz, T. *Facilitating Financial Health*. The National Underwriter Co.: Cincinnati, OH. 2008. 250 pp.

- A variety of chapters from selected books, journals and other reports listed in the reference list on Bb. The chapters and other class assignments or referrals to Internet sites for activities, articles, etc. are shown on the class schedule in the Bb Folder.
- Professional, trade, and consumer literature that you will SEARCH for articles to meet individual class topic assignments. For professional/trade literature consider the following or others you identify :
  - a. *Journal of Financial Planning* <http://www.fpanet.org/journal/>
  - b. *Investment Advisor* <http://www.investmentadvisor.com>
  - c. *Financial Advisor* <http://www.fa-mag.com>
  - d. *Financial Planning* <http://www.financial-planning.com>
  - e. *Bloomberg Wealth Manager* <http://wealth.bloomberg.com>
  - f. *Investment News* <http://www.investmentnews.com/apps/pbcs.dll/frontpage>

Most handouts and assignments are posted on Bb; however, this class is somewhat “fluid” due to the course content and the need for individual student skill development and assessment. Additional articles may be passed out in class or posted on Bb during the semester.

## Assignments and Grading

Exam 1	25%
Exam 2	25%
Client Project	20%
Active Learning & Participation	<u>30%</u>
Total	100%

Active Learning & Participation will be based on the following:

- Class attendance, participation, and professional contributions
- Money personality project
- Behavioral finance questions
- Change theory reflection
- Learning styles project/reflection
- Right/left brain dominance assessment and reflection
- Communication observation project
- In-class and out-of-class communication skill practice exercises
- Random out-of-class assignments and in-class writing assignments, quizzes (unannounced)

Final grades will be based on performance of the class. Individual assignments or exams will not be curved; if necessary, semester grades (total points) will be curved. The grading system will be based on a

10-point scale. That is, 90-100 is an “A”, 80-89 is a “B”, 70-79 is a “C”, etc. The +/- grading system will be used.

## **Class Policies**

This class will be conducted as a *senior-level seminar* – it is NOT a lecture course. In addition to mini-lectures, the course will include discussion based on *individual* readings, active learning exercises, in-class role plays and skill development exercises, videos, guest speakers, and small group break-outs. In-class activities are important elements for mastering the content and the skills; therefore active class participation and preparation will be considered in determining final grades. Also because the class draws on multiple sources, rather than the traditional single textbook, if you are not in class, you will likely miss the connections among the readings and keeping up will be more difficult.

Bottom line: if you lack the professional responsibility to come to class prepared, *please* respect your classmates and do not come!

***I reserve the right to cancel class and not revisit the content if I judge the class to be unprepared to fully engage in the day’s activities. The content will, however, still be covered on the exam or in assigned projects.***

As *professionals*, let’s make a commitment to:

- ✓ Start class on time, end class on time!
- ✓ Turn off the cell phones prior to starting class.
- ✓ Interact and support a collaborative learning environment.
- ✓ Come to class prepared to contribute, to discuss, to add insights or to make presentations in class.
- ✓ Act as a professional financial advisor – study, think, behave, reflect, question, and work – like you truly are committed to this career.
- ✓ Reflect professional behavior by demonstrating ethical behavior.
- ✓ Respect the other members of the team and communicate what is working and not working – that’s the only way collaboration succeeds.

## **Honor System**

The Honor Code will be strictly enforced in this course. All assignments submitted shall be considered graded work, unless otherwise noted. All aspects of your coursework are covered by the Honor System. Any suspected violations of the Honor Code will be promptly reported to the Honor System. Honesty in your academic work will develop into professional integrity. The faculty and students of Virginia Tech will not tolerate any form of academic dishonesty.

ALL WORK IS TO BE COMPLETED INDEPENDENTLY, *unless* EXPLICITLY STATED BY THE INSTRUCTOR or ASSIGNMENT INSTRUCTIONS

## **Student Accommodations**

If you need adaptations or accommodation because of a disability (learning disability, attention deficit disorder, psychological, physical, etc.), if you have emergency medical information to share, or if you need special arrangements in case the building must be evacuated, please make an appointment with me as soon as possible.

## ***Tentative Semester Schedule***

DATE	TOPIC	ASSIGNMENT
<b>The Profession of Financial Planning</b>		
WEEK 1 <b>January 21</b>	Introduction	Ritchlin, L. Time to Retire Your AUM Compensation Model, <i>Retirement Distribution Planning JFP Supplement</i> , Dec. 2008 Jetton, Taking the 'Ick' Out of Selling, <i>Solutions</i> , July/Aug, 2008 Dubofsky & Sussman, The Changing Role of the Financial Planner, <i>Research Spotlight</i> , 4 <sup>th</sup> Quarter, 2008. Neill, The Fiduciary Factor, <i>Solutions</i> , Nov/Dec, 2007
WEEK 2 <b>Jan. 26</b>	Profession, Compensation, Regulation – What Does the Future Hold?	Bb: Drucker, Why We Aren't There Yet, <i>Financial Advisor</i> , April 2008 Wagner, To Think...Like a CFP, <i>J. of Financial Planning</i> , Jan. 1990 Kahler, Becoming Consumers of the Profession We Practice, <i>J. of Financial Planning</i> , Nov. 2008 Powell, How do Planners Regard Regulation? <i>Research Spotlight</i> , 4 <sup>th</sup> Quarter, 2008 (handout). Moisand, The Financial Planning Act of 2008, <i>J. of Financial Planning</i> , October 2008 (SKIM) Moisand, Many Qs, Few As, <i>J. of Financial Planning</i> , Jan. 2009 Wagner, Integral Finance, <i>J. of Financial Planning</i>
<b>Building a Trusting Relationship</b>		
<b>Jan 28</b>	Foundations of Counseling	Bb: PLP, Ch. 2 <b>The Profession of Financial Planning Reflection</b>
WEEK 3 <b>February 2</b>	Communication Processes & Client Interaction	Bb: PLP, Ch. 3 <a href="http://www.metamath.com/multiple/multiple_choice_questions.html">http://www.metamath.com/multiple/multiple_choice_questions.html</a> <b>Learning Styles Project;</b> <b>Right/Left Brain Dominance Project</b>
<b>February 4</b>	Perspectives on Trust	KKK, Ch. 1, 2 TA 1, 2, 3, 4, 5 Bb: Diliberto & Anthony, Financial Life Planning

WEEK 4 <b>February 9</b>  <b>February 11</b>	Perspectives on Trust, continued  <i>Best Practices for Client Acquisition &amp; Retention – in Good &amp; Bad Economic Times</i>	TA 8, 9 Bb: Kinder, EVOKE: Life Planning  <b>Mannen, McCarthy, Williamson &amp; Williamson Trust Reflection</b>
WEEK 5 <b>February 16</b>  <b>February 18</b>	Building a Trusting Relationship: <b>Step 1 Engage</b>  Step 1 Engage, continued	TA 10 Bb: Oechsli, Powerful Goal Setting, <i>Reg Rep</i> Diliberto, Ch. 5: Goal Setting Diliberto, Uncovering & Understanding, <i>J. Financial Planning</i> PLP: Ch. 5: Exploring Strategies
WEEK 6 <b>February 23</b>  <b>February 25</b>	Building a Trusting Relationship: <b>Step 2 Listen</b>  Step 2 Listen, continued	TA, 11 KKK, 3 PLP: Ch. 4: Listening  <b>Exploring Strategies Reflection</b>
<i>Monday, March 2, LAST DAY to DROP WITHOUT GRADE PENALTY</i>		
WEEK 7 <b>March 2</b>  <b>March 4</b>	Building a Trusting Relationship: <b>Step 3 Frame</b>  Do No Harm! Client Relationship Project & Boulevard R	TA, 12  KKK, 5 <b>Listening Strategies Reflection</b>
<b>March 7-14</b>	<b>Spring Break</b>	
WEEK 8 <b>March 16</b>  <b>March 18</b>	Building a Trusting Relationship: <b>Step 4 Envision</b>  Building a Trusting Relationship: <b>Step 5 Commitment</b>	TA, 13 Bb: Pullen, Appreciative Inquiry O'Neill, Motivating Clients  TA, 14 KKK, 10: Resistance <b>Communication Observation</b>
WEEK 9 <b>March 23</b>	<b>Exam 1</b>	
<b>Change Theory</b>		
<b>March 25</b>	Helping Clients Change	KKK, 4, 11 Bb: Prochaska, Norcross & Diclemente
WEEK 10 <b>March 30</b>	Helping Clients Change, continued	<b>Change Reflection</b>

<b>Money Psychology, Money Personality, Money Scripts</b>		
<b>April 1</b>	Money Personality	Bb: Mellan, pp. 73-96; Furnham & Argyle, pp. 136-143, 292-300 (skim only); Kahler & Fox, pp. 31-53;
WEEK 11 <b>April 6</b>	Money Scripts	KKK, 6, 7
<b>April 8</b>	Money Disorders	KKK, 8, 9 Bb: Mundis, pp. 35-54  <b>Money Personality Project</b> <a href="http://www.moneyharmony.com/online.html">http://www.moneyharmony.com/online.html</a>
<b>Behavioral Finance</b>		
WEEK 12 <b>April 13</b>	Behavioral Finance	LGK, Ch. 4 Bb: Opiela, Behavioral Finance, <i>Solutions</i> Marotta: <i>Money Advice Through the Year Newsletters</i> Keane, All in Your Head, <i>Investment Advisor</i> Moisand, Behavioral Finance
<b>April 15</b>	Behavioral Finance, continued	
<i>Friday, April 17 Last day for rescheduling 3 exams in 24 hours – see your Academic Dean</i>		
WEEK 13 <b>April 20</b>	Neuroeconomics	Zweig, <i>AdvisorMax</i> chat
<b>Working With Couples</b>		
<b>April 22</b>	Working With Couples	KKK, 12, 13 Find an article on the dynamics of working with same sex, opposite sex, transgendered couples, or divorcing couples
WEEK 14 <b>April 27</b>	Working With Couples, continued	
<b>Looking to the Future</b>		
April 29	Relationship Selling	Readings TBA
WEEK 15 <b>May 4</b>	Relationship Selling, continued	
<b>May 6</b>	Integrated Finance	KKK, 14, 15
<b>May 11</b>	<b><i>FINAL EXAM</i></b> <b>7:45 – 9:45 a.m.</b>	