

# **Factors Related to Client Satisfaction and Adherence in a Financial Planning Relationship**

by

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with

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## **Introduction**

Medical research as well as research on therapeutic method efficacy has investigated the impact of the professional-patient alliance on outcomes such as satisfaction and adherence (Fuertes et al., 2006; Norcross & Lambert, 2018). That work indicates a positive correlation between professional-patient alliance and outcomes of higher satisfaction and greater adherence to medical plans and treatments. Satisfaction and adherence are also important to financial planners (Somers, 2018). Yet, unlike the medical or mental health field, financial planning has lacked the empirical data to measure the effect of client-advisor alliance (Klontz, 2016), as well as the tools to measure and assess the ways that relational inputs can affect satisfaction and adherence.

Medical research has used the goal-task-bond (GTB) framework to evaluate effect of alliance on patient satisfaction and adherence (Fuertes et al., 2006). This study applies the GTB framework to empirically evaluate the effect of alliance on client satisfaction and adherence in a financial planning context. Preliminary results indicate the goal, task, and bond constructs do matter in the development of relationship satisfaction and plan adherence. Conclusions address how financial planning practitioners may assess and improve goal, task, and bond alliance in their financial planning client relationships.

## **Literature Review**

### **Professional-Client Alliance**

The professional-client alliance is the relationship through which advice and treatment are delivered (Norcross & Lambert, 2018). The positive impact that a constructive and affirming professional-client alliance has on varied outcomes (e.g., medication adherence, eating healthy, exercise, or therapeutic intervention) is well-documented in numerous meta-analyses (Tryon, Birch, & Verkuilen, 2018). A positive professional-client alliance consists of goal consensus and a positive collaboration. Goal consensus means the client and the professional agree on what needs to be accomplished. Positive collaboration is respect and appreciation within the relationship (Fuertes et al., 2006). Positive collaboration also relates to task alignment, such as agreement on goals and how the relationship will be used to tackle the related to-do items (Fuertes et al., 2006).

The financial planning profession is also interested in the professional-client alliance as evidenced by the CFP Board of Standards, Inc.'s recent addition of client psychology items to the learning objectives for the CERTIFIED FINANCIAL PLANNER™ exam and professional development programs (CFP Board, n.d.). The psychology of financial planning considers heuristics and behavioral biases as

well as placing greater emphasis on the financial planner and client relationship and the influence of that relationship on the success of the financial planning engagement (CFP Board, 2021).

### **Adherence, Satisfaction, and Retention**

Financial planners also care about client adherence and satisfaction. Adherence and satisfaction are important relational factors when considered independently, but they are also connected to retention, an important business metric. Previous research finds that consumers in financial planning relationships are happier than those consumers not in a financial planning relationship (Lutter, 2021). Happiness may partially explain high retention rates such as the 2020 rates studied by McKinsey Consulting that were as high as 94.4% (Bol, Kennedy, Lee, & Vervoort, 2021). Nonetheless, happiness and retention are not perfect correlates to adherence nor satisfaction. Many advisors face resistance from clients (CFP Board, 2021). Many advisors have high retention rates, yet research since the 70s has been clear in demonstrating that satisfaction and retention are different factors, especially within the medical field, which has given rise to more person-centered approaches (Bertakis, 1977). For example, a patient or a client may be unsatisfied but continue to retain services. Friction in these types of relationships will often show up as resistance that can only be addressed through nurturing the professional-client alliance.

### **Theory of Reasoned Action & Goal Task Bond**

Theory of reasoned action or theory of planned behavior is a useful framework for understanding how attitudes, relationships, and intentions impact decision making (Fishbein & Ajzen, 1975). The goal, task, bond framework also emphasizes attitudes, relationships, and intentions but from the perspective of the working alliance that exists between a professional and a patient or client (Fuentes et al., 2006). The goal construct relates to agreement on a mutually defined outcome or treatment plan. The task construct relates to clear identification of responsibilities and can include how the problem and related tasks are viewed. The bond construct focuses on appreciation, respect, and understanding between the professional and client or patient.

## **Method & Analysis**

This study analyzed responses from the 435 financial planning clients in the 2021 study *Developing and Maintaining Client Trust and Commitment in a Rapidly Changing Environment* (Anderson et al., 2021). Preliminary analysis indicated the correlation matrix was appropriate for factor analysis (Kaiser-Meyer-Oikin measure of sampling adequacy was 0.928; Bartlett's Test of Sphericity was statistically significant). Exploratory factor analysis was conducted using principal component analysis, varimax rotation, and maximum likelihood extraction. Three factors emerged (all with Eigenvalues > 1) corresponding to the three constructs of goal, task, and bond. Collectively, these three factors explained 49.11% of total variance.

The three factors and demographic variables were regressed onto measures of adherence and satisfaction. Adherence was measured by the question: "I fully cooperate with my financial planner by following through on all of the financial planning recommendations they make to me." In this regression, factors 1 (goal) and 2 (task) were significant (<.001). Satisfaction was indicated by the question: "What is your level of satisfaction with the relationship you have with your financial planner." In this regression, factors 1 (goal) and factor 3 (bond) were significant (<.001).

## **Limitations**

The clients in this study had received a survey link from their financial planner. Anonymity of clients and planners should have reduced reticence to participate. However, discretion of financial planners to extend the invitation generated a convenience rather than random sample. Another limitation is that client responses frequently loaded at the mid-point (i.e., neutral) on a 5-point Likert scale, which likely reduced variability among responses. Still, the data offered relatively rare insight into current financial planning clients' perspectives of their financial planning experience.

## **Conclusions**

Research on the advisor-client alliance is important for improving professional financial relationships and the advice dispensed within them. This study provides an empirical understanding of how the advisor-client relationship affects adherence and satisfaction – a positive relationship has a beneficial impact. Prior research in financial planning has not been able to empirically evaluate aspects of the client advisor relationship (goal, task and bond), nor the impact of that relationship on important outcomes like adherence and satisfaction. The current study has done both which is important from a research perspective; evaluating and validating the professional-client alliance, not just assuming it will or would be just like that of doctors or mental health professionals. Furthermore, the findings were a bit different. Not all three factors mattered to both outcomes (adherence and satisfaction). Goal and task were significant for adherence whereas goal and bond were significant for satisfaction.

The research findings are even more exciting for practitioners. This study breaks new ground by providing advisors with a set of questions they might send to their clients or ask in an in-person or virtual meetings to gain clarity around adherence and understand satisfaction in their advisor-client relationships. Advisors continually run into client resistance, as resistance is normal. Yet normally advisors must wait to find out which client won't adhere to advice or which client is so unsatisfied that they leave. Advisors can now ask, for example, "[On a scale of 1 to 10], what is your level of satisfaction with the relationship you have with your financial planner". Asking for feedback can be done in a variety of ways. If the above statement is too direct, advisors could ask about satisfaction with a particular meeting instead, normalizing the process of soliciting and receiving client's feedback on how the relationship is going. This is crucial feedback for understanding where the relationship stands as a beneficial conduit for advice.

Advisors with a greater understanding of the advisor-client relationship can then try to improve the goal, task, bond alliance. The goal alignment relates to agreement on a mutually defined outcome or treatment plan. Advisors can spend more time on soliciting mutually defined goals and documenting them. Task alignment relates to clear identification of responsibilities and can include how the problem and related tasks are viewed. Advisors, with their mutually defined goals, can then spend additional time dividing up work and asking follow-up questions about the work and how it will be completed. Bond focuses on appreciation, respect, and understanding between the professional and client or patient. Advisors can be sure to use compliments and express their appreciation for their client and the work they are doing together.

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