



The Implementation Gap

Research summary

This study explored why some clients who engage in financial planning fail to follow through and implement the advice provided. This is referred to as the "Implementation Gap" – the gap between the advice financial planners provide their clients and the action that clients take based on that advice.

Practice Tips

The following tips and strategies can help you overcoming the barriers to implementation and improve your client outcomes:

1. Enhance your client engagement to avoid a mismatch in expectations between you and your clients.

Right from the initial meeting, engage clients or prospective clients in financial planning by relaying your value proposition in a way that aligns your services to the "jobs" your client wants to achieve or the concerns they want to overcome. Focusing on your client is key as opposed to focusing on the financial planning process or yourself. A focus on how you can help your client will enhance their understanding and appreciation of the value of holistic financial planning as a means to help them achieve what matters most to them.

Frame the terms of engagement discussion as an opportunity to ensure your clients understanding to your proposed services and how they will help the client achieve their priorities. Take the time to discuss and explain what the services entail and how they will help the client and invite your client to ask questions and become comfortable with services they may not have originally contemplated or felt they required. Review and discuss the associated fees and other disclosures required and discuss to ensure understanding.

Time taken at this stage of the financial planning process will help prevent misunderstandings or surprises down the road as to what your recommendations and financial plan include and help prevent implementation challenges by clients who weren't expected what you delivered. It will also serve to build a trusting relationship as clients see you as a professional delivering a professional service in their best interests.

Effectively delivering your value proposition and taking the time to discuss the terms of your engagement will also help ensure that your client is more forthcoming during the discovery process as they should better understand the rationale for your questions.

2. Right-size your recommendation and financial plans

Ensure that the recommendations and financial plan you develop are specifically linked to clients' priorities and concerns and include only information that specifically aligned to what matters to them and improving their future outcomes and confidence. "Less is more" in a plan as a plan that is too heavy, involved or complex may cause overload, confusion and create implementation challenges.

Focus your financial plan discussion on only those elements that allow your client to clearly see how your recommendations and plan will help enhance their future prospects and achieve their priorities. The detailed analysis or alternate scenarios can be set aside for discussion in response to questions your client may have or requests for further information. This will allow greater understanding and appreciation of your recommendations, prevent overwhelm and help motivate clients to action.

3. Support implementation process to avoid licensing effect and procrastination

Important steps to motivate action in clients' best interests include:

- help clients commit or set an intention to take action (the plan is not an end in itself; it won't move the client closer to their goals);
- set specific, short-term implementation goals, which helps to increase their self-efficacy (i.e., specifying the when, where and how of actions will lead to implementation);
- facilitate the process of implementation by supporting clients in setting up meetings or joining clients in meetings with third parties, where appropriate and desired,
- check on clients' progress and how they are managing with implementations steps that are assigned to them, and
- provide positive reinforcement for steps taken.

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Research Paper

Executive Summary



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