BEworks

Applying Behavioural Economics to Tackle the Implementation Gap

January 2020

About BEworks

BEworks Inc. is a Management Consultancy and Advanced Research Firm specializing in the use of Behavioural Economics (BE) and Scientific Process to resolve Enterprise and Policy challenges.

Most business challenges boil down to *"How do people make decisions?"* and *"How can we encourage certain decisions over others?"* We apply general principles (e.g., status quo bias, availability heuristic) to your specific challenge, and in the process, will introduce you to research findings that apply to additional decision-making questions you encounter in other projects.

We all care about evidence, but not all evidence is equally valid. Our recommendations may be based on relevant academic literature, based on our IP, or based on surveys and experiments we conduct during a project. In the process, we may uncover evidence that refutes organizational assumptions. As uncomfortable as that may be, it leads to evidence-based decisions.

BEworks is guided by a core, five-phase methodology that mirrors the scientific method (The BEworks Method™). Following this well-practiced methodology, we gather insights from both the scientific literature and observations, develop empirical hypotheses, test these hypotheses using randomized control trials, and use the experimental results to craft evidence-based strategy.

The BEworks Method: Phased Approach

PHASE 1
Discovery

The goal of Discovery is to understand the challenge. We work closely with our Client to gather observations through interviews, digest existing data and conduct surveys or in-field observations (where applicable). During Discovery, we will define our specific measurable and observable target behaviors.

PHASE 2
Behavioral Diagnostics

Behavioral Diagnostics focuses on diagnosing barriers or fallacies hindering desired behavior. We use observations from discovery, and augment those observations with a comprehensive review of scientific literature and our proprietary collection of works. We then develop (or audit) behavioral journey maps as starting point to ideate on interventions that would be most impactful.

PHASE 3
Ideation & Prototyping

During Ideation, the project team leverages the full expertise of the BEworks Think Tank (a selection of our practice and executive team members) to generate and prioritize innovative behavioral solutions that are grounded in both scientific literature and our expertise.

PHASE 4
Build & Experiment

Build and Experiment is when we design and prototype our prioritized solutions and launch controlled experiments to empirically validate the impact of our ideas against our behavioral objectives.

PHASE 5
Choice Architecture

In Choice Architecture, the BEworks team delivers final recommendations based on the results of our testing and help support large-scale roll-out of the proposed interventions.

Introduction and Background

Canadians improve their financial well-being by working with a CFP professionals and Pl. Fins[1] to build and implement a financial plan. We conducted research funded by the FP Canada Research Foundation in the interest of better serving the financial planning needs of Canadians. Specifically, we were looking to uncover barriers to the implementation of financial plans delivered to Canadians by professionals with the Certified Financial Planner professional (CFP) designation. Many CFP professionals note that their clients do not always take actions that would be in their best interest, despite indicating their intentions to do so. This is referred to as the implementation gap, or the `Say-Do' gap. After requesting and receiving a financial plan, many delay taking action or fail to implement the items in their plan.

The implementation gap is the gap that exists between saying and doing, or between having an intention to engage in a behaviour and actually behaving. Here, it is the gap between a client intending to follow through on their financial planner's recommendations and actually doing it. To understand what stops people from acting on something they have already decided to do, we need to better understand their psychology and what is currently in place that may be serving as a barrier to the behaviour. By applying behavioural economics (BE) to the implementation gap, we can identify what the barriers to this problem are from a behavioural standpoint. We recognize there are going to be many, but we can narrow down and prioritize the barriers to build a journey that gives clients the best chance at success.

The implementation gap can emerge for a number of reasons. For example, we do not have enough time and energy to fully consider information. We have limited attention (especially in the digital age), and so out of necessity, we can only focus in depth on some things in our environment. We also often have competing goals and are poor at anticipating our future needs, let alone giving them their due relative to current priorities. These cognitive restraints emerge from situation to situation and are common across people. Behavioural economics helps us get over these hurdles by first recognizing that we are not always rational beings, and that we are constrained by time, energy, and willpower. As a result, we tend to make mental shortcuts in our decision-making process that can often produce biases. Behavioural economics studies and focuses on these mental shortcuts and biases and uses this psychological insight to design interventions to overcome them.

The implementation gap is a product of our psychology, and therefore emerges in many domains. For example, in the field of energy conservation, researchers frequently cite what has become known as the `Green Gap', the gap between attitudes and plans to behave in a more environmentally conscious manner and actually engaging in these behaviours. A recent survey revealed that 87% of Canadian consumers said that they were concerned about the environment and would shop with that concern in mind, but only 33% of concerned consumers said that they had bought green products or were ready to do so (McKinsey, 2007). We can observe the same gap in many health behaviours, as many people fail to take active steps to protect their health. For some examples, diabetic patients

[1] All references to CFP Professionals includes Pl. Fins, except where otherwise noted.

frequently let years pass between their first diagnosis and insulin initiation (Harris, Kapor, Lank, Willan, & Houston, 2010); many high-risk heart patients resist initiating lifestyle changes despite physician recommendations (Van Steenkiste et al., 2004); and many at-risk individuals fail to follow their doctors' recommendations to get a flu shot (John & Cheney, 2008).

The implementation gap is far-reaching and widespread. A 2016 review, compiled from multiple papers and meta-analyses that tested the gap between people's intentions and their behaviours, found that stated intentions only predict behaviour 28% of the time (Sheeran & Webb, 2016). This means that our intentions and what we say we are going to do are very weak predictors of what we will actually do.

There is a long list of biases and barriers that may drive the implementation gap. Some are those we bring into a situation. We prefer the status quo; we tend to be overconfident; there may be an absence of social norms that signal that we should change our behaviours; and we prioritize current comforts over future ones. Other biases or barriers are created by the situation that make the implementation gap more likely. For example, the underlying assumption for financial literacy programs is that the major barrier preventing individuals from saving is their lack of knowledge about the benefits of savings and the way savings products work. Even though it is true that low-income individuals score low on financial literacy tests, recent research suggests that the effectiveness of financial literacy programs is negligible (Fernandes, Lynch, & Netemeyer, 2014). However, there may be aspects of the choice architecture that can diminish this implementation gap. For instance, in plans offering automatic enrollment, Vanguard finds that a whopping 90% of eligible employees join the plan. Under automatic enrollment (also called negative election), employees are automatically enrolled in their company's 401(k) plan unless the employees elect to opt out of the plan. This contrasts with the usual arrangement in which employees must actively choose to participate in their employer's 401(k). A simple change in the choice architecture, making the choice to leave versus making the choice to join, can have drastic effects on the implementation gap that exists.

The current approach to addressing the implementation gap in clients of CFP professionals acting on their financial plan was a multi-stage process that began with gaining a deeper understanding of the current state in a process we call *Discovery*. We conducted interviews with CFP professionals[2] and audited the materials they used to provide perspective on the process and identify potential areas of intervention. We then identified barriers to this challenge through *Behavioural Diagnostics*, which involved a deep dive into the scientific literature to understand what is at the root of the gap, which barriers commonly arise, and when they are exacerbated. We also created psychological and behavioural journey maps to identify key points in the journey and developed hypotheses for what may be driving the implementation gap among clients of CFP professionals. Finally, we used the outputs of this research to construct surveys for CFP professionals and their clients[3] that tested our hypotheses and allowed us to prioritize the intervention points. This led to our main recommendations for areas where we hypothesized experimentation would be most impactful.

[2] Pl. Fins were not interviewed in this research.
[3] Clients of Pl. Fins were not surveyed

DISCOVERY

In our interviews with CFP professionals, we heard their main hypotheses for the cause of the problem, their proposed solutions, and a clear behavioural journey that CFP professionals and clients take together.

CFP Professionals' Hypotheses:

1. Established / older clients may adhere to a "status quo" of complying with what the planner recommends; new clients may be more at risk.
2. Need to build a relationship with client; clients are much more likely to follow through if a solid relationship has been established.
3. Weak discovery – clients may not follow recommendations because they are based on inadequate / inaccurate client information.
4. "Having a plan" may give reason to the client to not "action the plan"; perhaps they feel they have done "enough".
5. Plan may not match what the clients expected.
6. Clients need more and better education; build financial literacy.
7. CFP professionals need to listen better and provide clients with relevant information that fits where they are at. Clients need to know what they are missing out on by not acting.
8. Personalization: Every client needs something slightly different.

We also reviewed materials used by CFP professionals, including their discovery and planning tools, as well as sample financial plans. Planning tools are used to gather client financial information, discover goals and weaknesses, and chart their client's financial plan. We observed a high amount of variability in the structure and layout of these discovery tools. This makes it difficult to directly compare across tools. Overall these tools lack progress transparency (i.e. what comes next), and goals for each section are commonly absent. The plan itself appears susceptible to several biases. For example, information is dense and missing calls-to-action (i.e. what to do with this); thus, information overload is a very likely effect. When we are presented with too much information, it can often lead to avoidance and a lack of comprehension. The licensing effect is another possible outcome of the absence of calls-to-action. The licensing effect is where increased confidence in one's self-image may demotivate behaviour. Possessing the plan in its current form may allow the client to feel as though they have done their work and are in a good financial situation and serves as an excuse to avoid or procrastinate taking action on the plan.

BEHAVIOURAL DIAGNOSTICS

The outputs of Discovery then went into the next stage in our process, Behavioural Diagnostics. Here we start by building a psychological journey map of the "current state" and diagnose the psychological and behavioural barriers impeding the target behaviours (Figure 1). This is accompanied by a deep dive into the literature to examine what research has been conducted in psychology and cognitive science that is relevant to this challenge and will help us to prioritize the barriers to implementation. Finally, we constructed and administered a survey to CFP professionals and their clients to test our hypotheses about the key barriers to implementation and prioritize areas of the engagement to target for interventions.

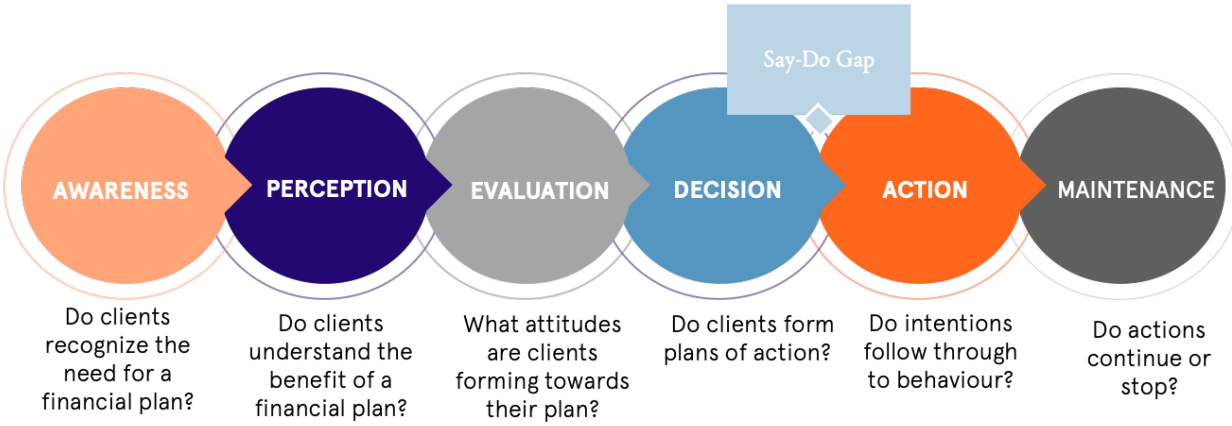


Figure 1. Psychological Journey Map

The purpose of the psychological journey map is to guide our thinking about the root causes of the problem. This allows us to start developing hypotheses about the diagnosis (i.e. what are the key barriers) and organize and categorize those barriers according to the psychological process in which they may appear. The typical journey starts with Awareness (a person must be aware of financial planning), follows to Perception (a person must perceive that this might be a good thing for them to do), Evaluation (understand the benefits, know whether they have the time to do it, know what they need to do), Decision (they decide to act on the advice of the planner), which sometimes leads to the eventual Action (they engage in the required behaviours), and finally, Maintenance (often one-time behaviours need to be continued; following through on a financial plan is not a one-and-done behaviour but involves continuing with the behaviour over time).

The client-CFP professional journey picks up part way through the typical psychology journey as clients have already recognized a need (Awareness) and sought out advice (Perception). At each remaining stage from Evaluation to Maintenance of the behaviour, there are different barriers that may emerge that could contribute to the implementation gap in the form of client biases, CFP professional biases, or obstacles in the context of the engagement that make inaction more likely (Figure 2). Some of the barriers we identified emerged in our review of the CFP planning materials (e.g., licensing effect and information overload, see above), some emerged in our interviews with CFP professionals, and some were directly called out by the CFP professionals in those discussions. Others emerged or were backed by the psychological literature on the most common sources of the implementation gap (e.g. lack of future-self connection and time horizon deficiencies; Rabinovich & Webley, 2007). One potential barrier we heard from CFP professionals, also supported by the psychological literature, is the social desirability bias, which may affect a client's willingness to share accurate and complete information with their CFP professional as they may want to avoid conflict points (areas of weakness or sensitivity: e.g. debt). This could lead to a less valuable financial plan that is less likely to be implemented by the client. When deciding to take action on the plan, hyperbolic discounting is a common bias that may occur (Auger et al., 2016), where clients discount the future value of taking action on their financial plan now in favour of taking action now on something that has a more immediate benefit (e.g. watching another episode of your Netflix show instead of setting up an appointment with an estate planner).

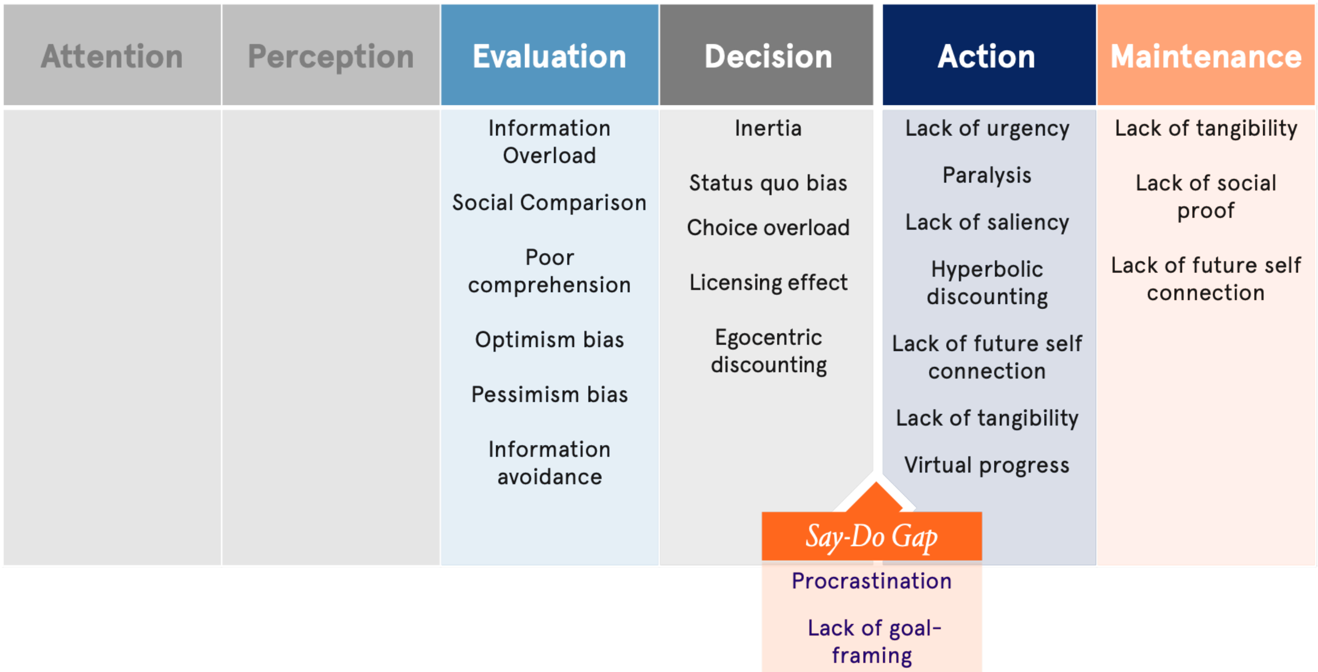


Figure 2. Hypothesized Barriers.

Next we mapped the CFP professional-client engagement from both a client-centered lens (Figure 3) and a CFP professional-centered lens (Figure 4) based on information gathered from our CFP professionals' interviews. This allowed us to identify barriers at different stages and develop areas to test to prioritize interventions. From here, we narrowed our focus to where we hypothesize interventions will be maximally effective, which gave us an approach for our survey.

Our research (review of planning tools, interviews with CFP professionals, and literature review) produced some testable hypotheses on key points to target in the CFP professional-client journey. Discovery may be a challenging point as the quality of the plan will depend on the client being forthcoming with financial information. Clients may feel uncomfortable with such a rigorous interview and the end result may be a less valuable plan. Another point of challenge may be a mismatch in expectations that emerges at the delivery of the plan. Clients may have been expecting one thing (e.g. a retirement plan) and get something else (e.g. a more holistic plan that includes setting up a will, choosing investment options, etc.). This mismatch may lead to a demotivated client that puts off taking action on their plan. When the plan is presented to the client, understanding and comprehension may be another barrier to later action. A lot of information may be delivered to the client during this meeting, which may be overwhelming. Finally, maintenance of a behaviour that has already started may require significant follow-up. CFP professionals may feel they are bothering a client, and a client who has yet to start on implementation may find feedback demotivating.

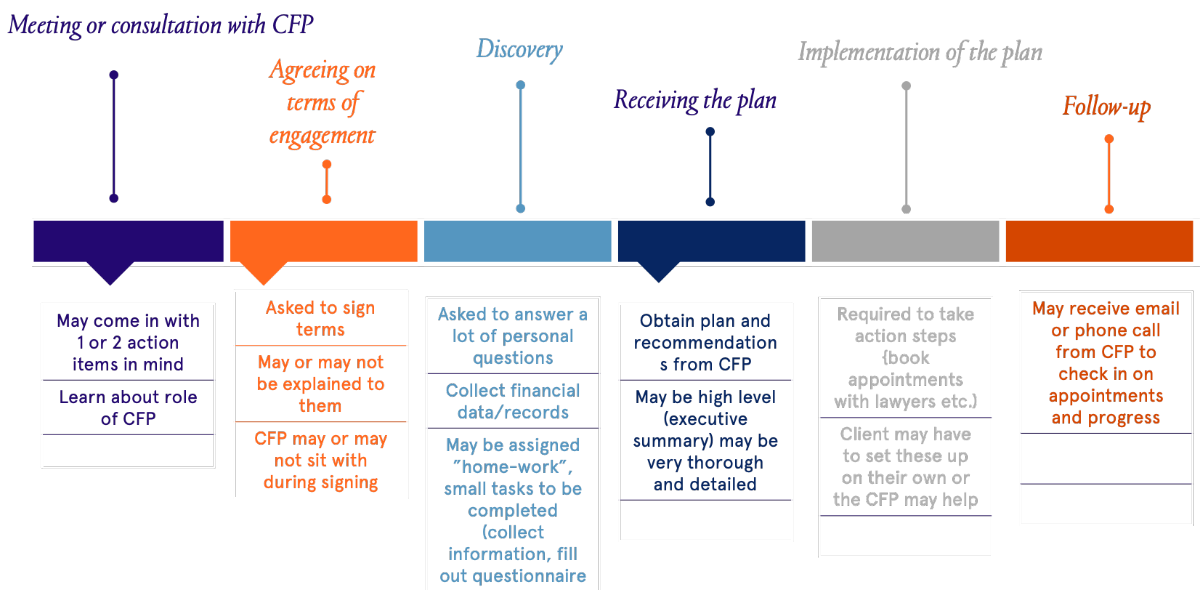


Figure 3. Behavioural Journey Map (Client Centered).

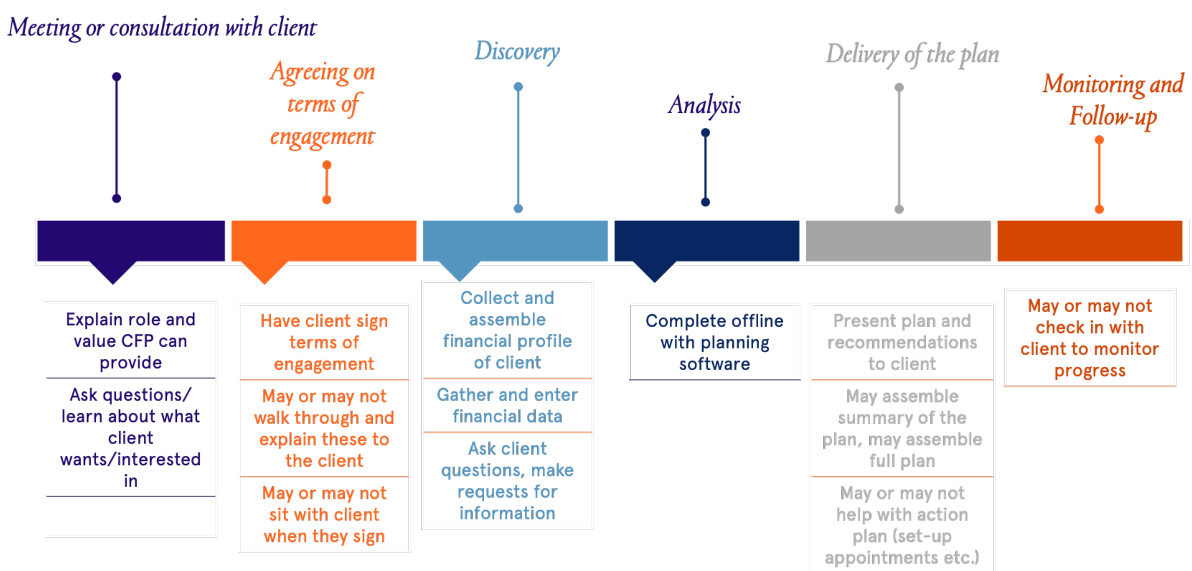


Figure 4. Behavioural Journey Map (CFP Centered).

Our research (Review of planning tools, interviews with CFP Professionals, and literature review) allowed us to identify barriers at different stages of the journey and develop areas to test for where to prioritize interventions. Through our own research and through our interviews with CFP professionals, we also identified several testable hypotheses that might be at the core of the implementation gap and are specific to certain points of the psychological journey.

The survey presented an anonymous way to hear directly from CFP professionals and clients about the journey, and used questions designed specifically to identify the key barriers to implementation that we can then prioritize for recommendations of interventions. Our surveys comprised a two-pronged structure aimed at comparing the journey, expectations, and perceived relationship between the reports of CFP professionals and those of clients of CFP professionals. This allowed us to test and identify the strongest barriers to implementation.

Survey

The CFP professional survey was distributed by FP Canada to 4,500 CFP professionals. We received 308 completed surveys and our sample consisted of mostly employed/self-employed CFP professionals who primarily work in wealth management, providing holistic planning and investment advice. Ninety-three percent of participants reported working directly with clients. A French translated version of the survey was also distributed to Pl. Fins across Quebec through the IPQF, of which we received 92 completed surveys. Our client group was recruited through a research vendor (Delvinia, *askingcanadians™)*. We received 180 completed surveys from clients who worked specifically with CFP professionals. This group was English-speaking from across Canada and represented a range of income levels and a range of number of years working with their CFP professional.

Participants were asked questions related to their experience, standard practices, and asked to rate their agreement/disagreement with several statements related to behaviours and expectations.

Both the CFP professional/Pl. Fin and client survey were structured with questions targeted to address three main sections.

1. *Assessing the current state:* Looking at common practices and CFP professional and client views on the keys to success in their engagements. For example: "Most financial planners have a formal system in place to monitor client follow-through on implementation of recommendations made in the financial plan."- Agree/Disagree

2. *Comparing expectations:* Assessing CFP professional and client expectations about their respective roles in the relationship. For example: "I believe it is the financial planner's responsibility to follow up with clients on the implementation of the recommendations they make."- Agree/Disagree

3. *Assessing the barriers:* Asking CFP professionals and clients directly how strongly they view the impact of 15 different hypothesized barriers on client implementation. For example: "A client might not implement the recommendations in a financial plan because: - The recommendations required too many steps to implement."- Agree/Disagree

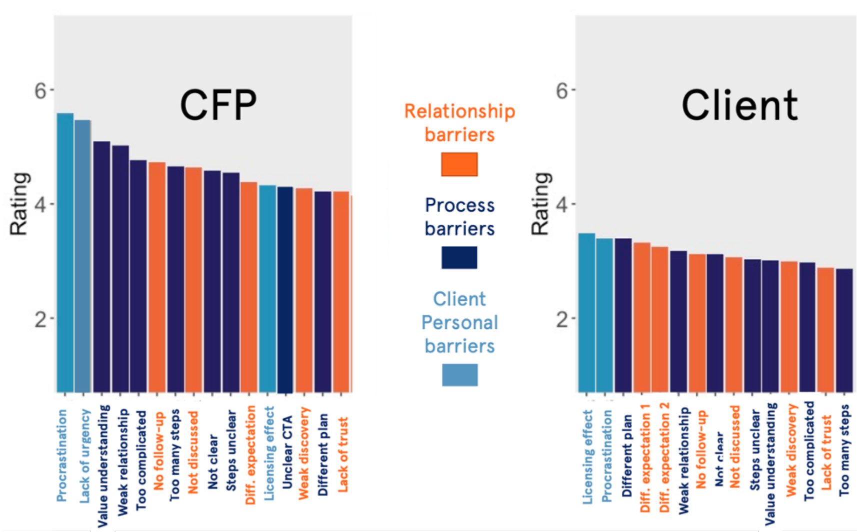
Results

We first looked at how clients perceive this challenge and how they report on their own follow-through of their plan. Of participating clients of CFP professionals, 92% reported having received a financial plan. Results also showed that clients were fairly forthcoming about not following through on all of the recommendations in the plan. We then examined hypotheses we heard from CFP professionals in our interviews. Results revealed that some of these hypotheses were supported by the data whereas others were not.

The first CFP professional hypothesis was that older clients are more likely to implement what the planner recommends than newer clients; this is related to their relationship with the CFP professional and having a status quo of complying with recommendations. Our survey found no link between the length of time clients worked with their CFP professional and the degree of implementation they reported.

The surveys also did not find strong support for the hypothesized importance of the CFP professional-client relationship on implementation. On average and across several measures, clients reported having a good relationship with their CFP professional despite not implementing the plan they received. In addition, trust and understanding the CFP professionals' value did not emerge as a major influence on implementation among clients. These results do not mean that having a good and trusting relationship with a CFP professional does not help implementation, and they do not mean they are not important components of the engagement. In fact, they are likely a very important component. These results indicate that of the clients we surveyed, their reported relationship with their CFP professional and their trust in their CFP professional's advice was already high, despite not implementing the recommendations. Therefore, other aspects of the engagement or choice architecture may prove to be more fruitful for increasing implementation. Clients also do not list discovery as a major barrier. They do not report conflicts in providing information but report understanding why they are required to provide their detailed finances, and do not report feeling uncomfortable with the discovery process.

Figure 5. Client and CFP professional barrier ranking.



To look at barriers more directly, each group was also asked a series of questions relating specifically to barriers to implementation. For example, CFP professionals were asked, "A client might not implement the recommendations in their financial plan because:...", and clients were asked, "You might not implement the recommendations in your financial plan because:..." with a choice of 16 different hypothesized barriers to action that were mirrored on the CFP professional and client surveys. Principal components analysis revealed that on the client side, barriers could be clustered into 3 main groups. We titled these groups Relationship barriers (e.g., differences in expectation, lack of trust, no follow up from their CFP professional), Process barriers (e.g., steps to implementation being unclear, the plan was too complicated, the value was not clear), and Client Personal barriers (e.g., licensing effect, and procrastination). On the CFP professional side, there was no clear pattern.

Assessing the rated magnitude of these barriers, however, revealed another pattern (Figure 5). Clients overall tend to rank all of the barriers as having a lower impact, while CFP professionals rank all of the barriers much higher. An examination of the rankings reveals another interesting pattern; CFP professionals and clients rank barriers differently, but their themes overlap. The top ranked barriers on both sides emerged from the Client Personal barrier group (although slightly different barriers were ranked).

On the CFP professional side, the top ranked barriers were procrastination on the part of the client, a lack of urgency for the client to take action, and the plan being too complicated with a lack of client understanding about the value of the plan. On the client side, the top ranked barriers were possessing the plan feeling like a reward in itself (licensing effect), procrastination, and having different expectations about the process and the contents of the plan. These analyses together tell a story of the biases of the two groups. CFP professionals top perceived barriers center on the client state of mind, motivation and understanding, whereas clients' top perceived barriers center on their action and their expectations.

When we compared CFP professionals' responses to Pl. Fins', there were no major differences between the two groups in terms of process or current state, and their ranking of barriers was nearly identical. The only clear difference that emerged was that Pl. Fins tended to be slightly more pessimistic about client action and outcomes.

01	**Introductory meeting**	**Clients feel good about their relationship with their CFP professional. CFP professionals should continue to reinforce their value and set expectations early.**
02	**Agreeing on terms of engagement**	**Set clear expectations to avoid a mismatch when the plan arrives. CFP professionals and Clients agreed on understanding and standard practices**
03	**Discovery**	**Clients felt okay with the discovery process. Provide clients with action items in a more user-friendly format. Add clear concrete goals and progress indicators to discovery tools.**
04	**Analysis**	**Clients felt CFP professionals' approach was customizable. Felt their needs were understood and incorporated.**
05	**Recommendation & Plan**	**Clients feel confident in understanding the plan, CFPs don't feel confident clients understand. Time to address licensing effect: Clients feel receiving the plan is a success, CFP professionals should reinforce calls-to-action.**
06	**Implementation**	**Clear discrete goals can be established to prevent procrastination. CFP professionals can help clients create implementation intentions.**
07	**Monitoring & Review**	**Clients want follow-up. But not too much. This can be an opportunity to reinforce goals and implementation intentions, not for monitoring.**

Figure 6. Key findings and recommendations along the behavioural journey.

Discussion

Our method involved looking at the challenge of client implementation of their financial plan from a behavioural perspective. We identified the barriers, where they emerge, and their most likely cause.

This allowed us to build recommendations on where things can be improved and strategies that could be carried into experimentation with the process to help clients better follow through with their goals. Through our research, we also identified many areas that appear to be working very well. We summarized these findings along the behavioural journey in Figure 6, highlighting positive findings (purple text) and highlighting areas where we hypothesize intervention could be most effective (orange text).

Some of the most promising barriers that emerged from the survey as a point of focus were related to managing expectations and addressing procrastination. All of these barriers together suggest that the plan delivery is really a key moment in this process and in establishing behaviour. It is a moment where tools to combat procrastination can be incorporated for maximal success, and a time to deal with the licensing effect (the top client barrier that emerged), which is also highly connected to procrastination.

Licensing Effect

In BE, the licensing effect is the phenomenon where prior decisions can boost an individual's self-concept in such a way that those previous decisions act as a license for future decision making. Doing something good gives you the license to do something bad, or to not continue to do good. The licensing effect provides a psychological excuse to engage in behaviour that is not optimal. In one example, participants in a research experiment were given the opportunity to appear charitable (told to imagine that they had volunteered to spend three hours per week doing community service), whereas other control participants were told nothing (Khan & Dhar, 2006). They were then asked to choose between a luxury item (e.g. a pair of designer jeans) or a functional item (e.g. a vacuum cleaner) that cost the same but were told they needed both. Those in the charitable condition chose the luxury item more frequently, and those in the control condition overwhelmingly chose the functional item. This temporary boost in their "charitable self-concept" gave these participants the license to choose a pleasurable item for themselves over something they need. The same can happen with a financial plan. Clients have gone through the planning process and receive a clear plan that has their finances and goals presented in a reachable format, and clients feel rewarded for accomplishing this. This good behaviour of seeking a planner and getting a plan makes them feel licensed to not carry out the behaviours the plan requires.

This effect can even occur for future good behaviour. For example, having the option of doing something good in the future can license you to do something more desirable in the present (Khan & Dhar, 2007). The financial plan can similarly license a person to not take action in this way as well. Clients plan on implementing the financial plan in the future and that gives them license to not do it now. Therefore, one way to overcome this effect would be to avoid the perception that the plan is an achievement or a reward. Instead the plan should focus on calls-to-action, and the plan delivery can be used as a time to establish behaviour goals, create implementation intentions, and reinforce that the plan is a steppingstone, not a deliverable.

Procrastination

Another key barrier to address is focusing on procrastination specifically. Many of the tactics for dealing with procrastination could also be applied most effectively during plan delivery. Pre-commitment is a common BE tactic that has been shown to be very effective in overcoming procrastination. In one study, students made a pre-commitment to daily time limits on distracting internet activities with the aim of making distracting computer use more costly (Patterson, 2018). Once they exceeded the limit, distracting websites were blocked. They could unblock websites on an individual basis but needed to indicate a reason for doing so. Students who received commitment devices spent 24% more time working on the course, received higher course grades, and were 40% more likely to complete the course relative to control students. The simple act of pre-committing to behaviour ties us psychologically to those actions later on. Having clients pre-commit to engaging in the necessary behaviour during the plan delivery could help improve client success.

Another BE tactic that could be leveraged at the delivery of the plan to overcome procrastination is the development of implementation intentions. Implementation intentions specify the what, when, and how of an action that leads to a goal. Implementation intentions are an effective self-regulatory strategy that are commonly presented in the form of an "if-then plan". "If" this happens, "then" I will do this. They lead to a higher probability of successful goal attainment by predetermining a specific and desired goal-directed behaviour in response to a particular future event or cue.
In one study on exercise, those who specified clear implementation intentions (e.g. "During the next week, I will partake in 20 minutes of vigorous exercise on [day(s)] at [time of day] in [place]") were more likely to achieve their exercise goals relative to those who were just provided information about the health benefits of exercise (Milne, Orbell, & Sheeran, 2002).

In a separate study, implementation intentions were shown to effectively improve voter turnout for an election (Nickerson & Rogers, 2010). Having formed a concrete plan involving a specific situation, implementation intentions allow the situation to become mentally represented and activated. They force the individual to think about where they will be and what they will be doing beforehand, to mentally anticipate barriers that may arise, and make the link between those cues and the behaviour they plan to implement. This strategy could be devised and worked into the plan delivery process by the CFP professional, having clients create an implementation plan for the items on which they need to take action. Going beyond simply picking a day and a time to engage in a behaviour, they force clients to think about the context where that behaviour will take place and create a stronger link between the two. Thus, when that day and time arises, the client will be more likely to take action than to procrastinate and put it off to another day.

Goal framing is another BE tactic that could be leveraged to encourage client follow-through and overcome procrastination. It is well documented in psychology and behaviour change fields that proximal goals (close in time) versus distal goals (further away in time) have very different effects on behaviour and goal achievement, with proximal goals being more likely to be realized than distal goals (Latham & Seijts, 1999). Of course, not all goals are proximal, so this finding can be leveraged to increase success towards our more distal goals, like saving for retirement. Adding smaller proximal goals that lead to the distal goal is one such technique. A study that tested three goal types (in a lab task that required participants to simulate making products to make money) revealed that goal achievement is far more likely when a proximal goal is combined with a specific distal goal compared to a distal goal on its own or a "do your best" goal (Latham & Seijts, 1999). In this study, researchers also examined participants' sense of self-efficacy and how this related to goal type and goal achievement. They found a strong correlation between perceived self-efficacy and the amount of money earned. In other words, the more expressed self-efficacy, the more money they earned in the study. Interestingly, perceived self-efficacy significantly increased only for those participants in the proximal plus distal goal condition. Proximal goals, through self-efficacy and performance feedback, appear to have resulted in focused attention on task appropriate strategies.

Managing Expectations

The other barrier to be addressed involves a mismatch in expectations between what the client believed they would get and what they actually receive. This is a barrier that could be addressed at plan delivery as well but is likely much more effectively overcome early on in the engagement. By setting clear expectations with the client from the beginning, CFP professionals can prevent this mismatch from occurring and instead focus on tactics during plan delivery that are most likely to maximize follow-through like those discussed above. There is strong psychological evidence to suggest that transparency is a powerful tactic to earn trust and increase customer satisfaction (Buell, Porter, & Norton, 2018).

Conclusion

Our diagnosis of this challenge went through several stages that culminated in testing hypotheses about the barriers to client implementation in a survey. This approach proved effective in identifying areas where intervention might have the most impact and highlighted tactics designed specifically to overcome the key barriers that emerged from our investigation. It allowed us to rule out hypotheses that seemed plausible but did not receive strong support from the data. This process ultimately allows a more targeted approach to designing interventions that will have a higher likelihood of success at motivating clients to follow-through on their financial plans. These hypothesized interventions could be put through experimentation to assess what will improve client outcomes, the results of which would identify what works, what does not, and why.

Appendix

OVERVIEW OF RESEARCH ACTIVITES

Discovery Activities

Interviews with CFP professionals:

These informed our Discovery and Behavioural Diagnostics process. They helped identify barriers (Fig. 2), create behavioural journey maps (Fig. 3,4), and informed our survey development.

- 1-hour interview with two career CFP professionals.
- 1-hour group interview with 8 CFP professionals with a range of experience and positions.

Questions we asked:

- What is the current journey that CFP professionals take with their clients (what are the tools, and typical conversations/meetings)?
- What do you believe is the most successful aspect of this journey?
- What do you believe is the least successful or most challenging aspect of this journey?
- What does the experience look like from the client's view?
- What are your intuitions about what is at the root of the challenge?
- What are other needs that bring people in the door besides retirement?
- Do you see customer follow-through as a problem? What works? What could be improved?
- What are your client's expectations going in? How do they change throughout the process?
- How would you define a successful client relationship?
- What do you view as success on the client's behalf? Are there other measures of success?
- What do you view as success on your behalf?
- How would you define and measure success for this project?

Behavioural Diagnostics Activities

Review of CFP professionals planning tools:

We reviewed several sample data collection tools CFP professionals use with clients as well as several sample financial plans. As an important part of the client-CFP professional engagement, we reviewed and audited these tools to identify how aspects of them may be aiding or posing as barriers to implementation. This review informed our diagnosis of hypothesized barriers and informed our survey development. We identified several areas of suggested improvement outlined in the report and summarized in Figure 6.

Literature Review:

We performed a review of the literature on the implementation gap in research journals in psychology and economics (*Science, Journal of Economic Perspectives, Journal of Economic Psychology, The American Economic Review, among others*). This review informed our diagnosis of the barriers and helped us construct our surveys.

Survey:

The CFP professional survey was distributed by FP Canada to 4,500 CFP professionals. We received 308 completed surveys and our sample consisted of mostly employed/self-employed CFP professionals who primarily work in wealth management, providing holistic planning and investment advice. Ninety-three percent of participants reported working directly with clients. A French translated version of the survey was also distributed to Pl. Fins across Quebec through the IPQF, of which we received 92 completed surveys. Our client group was recruited through a research vendor (Delvinia, *askingcanadians*™*)*. We received 180 completed surveys from clients who worked specifically with CFP professionals. This group was English-speaking from across Canada and represented a range of income levels and a range of number of years working with their CFP professional. We used strong filtering questions to validate that the respondents were indeed current or former clients of CFP professionals, including a link-out to FP Canada's "Find a Planner" tool (https://www.fpcanada.ca/findaplanner) for many participants who did not pass our initial criteria to search and confirm their financial planner possesses a CFP professional designation.

The survey allowed us to prioritize barriers we recommend as targets for testable interventions in the report. Below are additional findings from the survey related to the current state of the engagement, the client-CFP professional relationship, and expectations they each have across the key points in the behavioural journey not specifically addressed in the main report.

First Meeting

Current State: CFP professionals generally agree that a terms of engagement agreement is developed and walked through with the client before providing service and before being signed by clients. The majority of clients recall their CFP professional walking through the terms, understanding them, and signing the document.

Relationship: On average, clients feel that their CFP professional adequately explained how their services would help them address their priorities or concerns.

Expectations: Clients report their main reason for seeing the CFP is for retirement saving. CFP professionals and clients agree on the number of areas of initial interest that clients seek (2 ±1). CFP professionals and clients disagree on the number of areas of priority typically included in a plan.

- Clients: ~3
- CFP professionals: ~5

Discovery

Current State: CFP professionals and clients agree that clients are required to provide financial data to their CFP professional. Most CFP professionals report following some version of standard form or questionnaire in the discovery process.

Relationship: Most clients feel their CFP professional explained to them why they needed their financial records in a way that they understood. Most clients feel their CFP professional took the time to understand their wants and needs and who they are as a person. Clients report that their financial information was not difficult to collect.

Expectations: Clients and CFP professionals disagree about the accuracy of information provided by the client. CFP professionals report that clients often provide misleading information or withhold information during discovery, clients disagree.

Analysis

Current State: CFP professionals report that they consider qualitative (or softer) factors such as their clients' values, attitudes, preferences, concerns and emotional state. On average, most clients report their CFP professional understands their priorities, concerns, attitudes and personal and financial circumstances, and that the plan they received reflects a good understanding of these.

Relationship: Clients reported the level of detail reported in the plan was appropriate for them to understand. CFP professionals report that most planners customize the approach for discussing the financial plan to each client.

Plan Delivery

Current State: CFP professionals and clients agree that CFP professionals discuss the plan with clients upon delivery. Steps taken by CFP professionals to explain the rationale behind the plan vary.

Relationship: Clients report that they understand their plan. CFP professionals are significantly less confident in client understanding.

Implementation

Current State: CFP professionals report that they play a role in helping clients to implement the action steps set out in the plan. On average clients report that their CFP professional helped to implement their recommendations in the plan.

Relationship: Clients reported that it is valuable to have the support of their CFP professional in implementing the recommendations they make.

Expectations: CFP professionals on average report that it is part of their role to set-up (but not sit in on) meetings and appointments with lawyers and other third parties. CFP professionals feel clients are not confident implementing the plan on their own.

Monitoring and Follow-up

Current State: CFP professionals reported that most do not have a formal system in place to monitor client follow through. Clients report that their CFP professional does keep track of and monitor their progress. Clients report they would like to hear from their CFP professional following plan delivery somewhat more frequently than they currently do.

Relationship: Clients reported that it is valuable to have the support of their CFP professional in implementing the recommendations they make.

Expectations: CFP professionals overwhelmingly agree it is their role to follow-up with clients on the implementation of they make. CFP professionals believe clients want to hear from them regularly following plan delivery.