

# Planning for Conflict in Client Relationships

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**TWO CHILDREN** were fighting over the last orange in the house. Their argument quickly escalated as each refused to give in—they both wanted it. Irritated with the noise, the father threatened to take the orange away. The mother, just as frustrated but desperate for some peace, asked: “Why don’t we just cut it in half?” The grandmother, a retired mediator, said “give me a minute... I have an idea.”

She calmly walked into the kitchen and asked each child: “Why would you like the orange?” The grandmother learned that one child wanted to make orange juice, while the other needed the orange peel for a muffin recipe. Understanding the reason why revealed a very simple win-win solution: the first child can use the orange to make

## Executive Summary

- Professionals use conflict resolution techniques in a variety of contexts to define the issues that underlie disagreements, generate alternative solutions to those issues, and reach resolutions.
- This paper demonstrates how conflict resolution techniques are applicable to financial planning practice and how these techniques can help clients set meaningful goals and increase the chance of successful plan implementation.
- All clients (single or coupled) operate in a complex social system where financial conflict has potential to arise with their spouse, parents, children, siblings, friends, and/or coworkers.
- Financial planners are not currently required to procure a conflict resolution skill set even though addressing and resolving financial conflict is a necessary part of financial planning practice.
- Essential communication skills for conflict resolution include developing empathy, reframing, reflective listening, and assertive messaging. These skills can help the financial planner navigate common client responses to financial conflict.

orange juice and then give the orange peel to the other for the muffin recipe.

The grandmother’s solution took more time and effort than taking the orange away or cutting it in half; however, it allowed both children an opportunity to express their needs and for those needs to be met, resulting in a more satisfactory solution for all involved.

This augmentation of “The Orange Story” (Berman 1996) illustrates how couples and families often interact when it comes to money—they fight over it. Each individual becomes entrenched in their position; they have difficulties discussing needs

(the “why”) and emotions escalate (anger, frustration, resentment, etc.). Although money is certainly more complex, the grandmother’s approach is one that mediators use to resolve arguments every day. This approach requires a mastery of foundational communication skills, an awareness of principled negotiation techniques, and an understanding of money arguments.

The purpose of this paper is to demonstrate how a conflict resolution framework serves as a useful and necessary strategic tool in financial planning (Asebedo 2016). It extends the work of Asebedo (2016) in two key ways: (1) by explaining how clients might

vary in their response to conflict (e.g., collaborate, avoid, compete, compromise, or accommodate); and (2) by demonstrating how financial planners can apply communication skills (e.g., reflective listening, reframing, etc.) within a conflict resolution framework to shift the client toward collaboration and resolution. Financial planners who study, practice, and apply conflict resolution skills can more effectively serve clients where relational dynamics are at play.

### **Why Financial Planners Need Conflict Resolution Skills**

Whether clients are single or coupled, they operate their financial lives within a social network where conflict exists. As viewed through conflict theory (Smith and Hamon 2012), money is a natural source of discord within social relationships because it is a scarce resource, it affects the actual and/or perceived distribution of power, it promotes competition, it is fundamental to self-preservation, and it is intertwined with personal values and beliefs.

Money arguments can surface as a slight difference of opinion, a moderate disagreement, or an intense argument within a variety of relationship contexts such as friendships, familial generations, parent-child relationships, family-owned businesses, and couples.

Researchers have found that money arguments within couples tend to escalate, remain unresolved, and predict the likelihood of divorce (Amato and Rogers 1997; Benjamin and Irving 2001; Dew, Britt, and Huston 2012; Papp, Cummings, and Goeke-Morey 2009). However, acquiring communication and conflict resolution skills can improve couples' marital satisfaction levels, thereby mitigating the likelihood of negative relationship outcomes (Askari, Noah, Hassan, and Baba 2012).

Financial planners have an opportunity to help couples improve their relationships by facilitating effective communication about and resolution to their financial differences. Conceptually, better communication and improved relationship satisfaction could also help couples make progress toward their financial goals, but researchers have not yet empirically tested this. For example, a married couple might disagree about the appropriate asset allocation for their investment portfolio. By using conflict resolution skills, the financial planner can help the couple understand the cause of and meaning behind their differences, creating a mutual understanding such that a portfolio allocation strategy can be established.

### **Money is a natural source of discord within social relationships.**

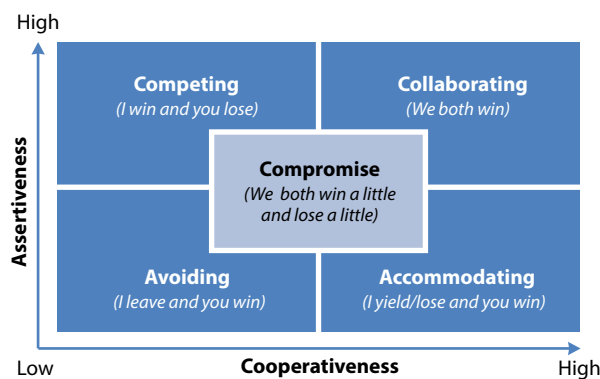
In addition, research suggests that the level of gratitude expressed by adult children to parents about continued support (financial, transportation, shopping, and household chores) affected the parents' psychological well-being (Byers, Levy, Allore, Bruce, and Kasl 2008). Financial planners are in a unique position to facilitate communication between parents and children regarding ongoing family gifting and/or borrowing strategies. Couples might also disagree about how long and how much to gift and/or lend to a dependent adult child. Financial planners can use conflict resolution techniques to create alignment and understanding within the relationship.

Conflict also abounds in family-owned businesses, which often involve multiple generations. Financial planners can add value to family-owned

businesses through technical advice; however, Kellermanns and Eddleston (2004) argued that relationship conflict within the family needs to be resolved for the firm to maximize performance. Thus, family conflict and financial performance are intertwined; financial planners may observe this conflict impedes their financial recommendations. Financial planners who use conflict resolution techniques can more effectively deliver recommendations within an environment that helps the family-owned business flourish.

Overall, all clients bring financial friction with them into the financial planning process. The above examples demonstrate that conflict exists within a variety of relationships and can result in division and relationship decline, which can undermine financial progress. According to conflict theory, this friction is natural, unavoidable, and ultimately positive for relationships when addressed constructively (Smith and Hamon 2012).

It has been recognized that the financial planner's role has expanded beyond delivering technical advice to encompass relational, emotional, and behavioral support (Dubofsky and Sussman 2009). Dubofsky and Sussman (2009) sampled 1,374 financial planners who were members of the Financial Planning Association and/or on CFP Board's mailing list to investigate the "non-financial" roles and activities financial planners fulfill. Their survey results suggested the top incident financial planners faced (out of 21 critical coaching/counseling incidents) was client emotional distress (74.4 percent), followed by client disclosure of non-financial secrets (57.6 percent). Dubofsky and Sussman also found that financial planners fulfilled a mediator role: the fourth most critical incident was serving as a mediator between married couples (47.5 percent), and then fifth, as a

**Figure 1: Conflict Styles\***

Note: \* Adapted from Umbreit (1995) and Thomas and Kilmann (1974).

mediator between a client and his or her children (44 percent). Mediating client and extended family situations (other than a spouse and/or children) was ranked 11th on the incident list (28.7 percent).

Out of 21 incidents noted by Dubofsky and Sussman (2009), the mediator role surfaced three times. This is not surprising given the prevalence of money arguments and the overlapping role of a mediator and financial planner. A mediator is "...a neutral third party who facilitates communication to help define the issues, develop alternatives, and reach resolution" (Bradshaw 1995, p. 238). The financial planner serves as a neutral third party who facilitates communication to help define financial goals, develop alternatives, and reach a resolution when conflicting financial preferences and opinions surface.

Conflict resolution skills are not only compatible with financial planning, they are necessary to properly establish goals and deliver recommendations. Consider these excerpts from CFP Board's 2015 financial planning job task domains: financial planners explore with the client their personal and financial needs, priorities, and goals; and develop recommendations considering client attitudes, values,

and beliefs."<sup>1</sup>

Conflict resolution skills fit within CFP Board's communication and counseling knowledge topic area,<sup>2</sup> but they are not required content for CFP Board-registered educational programs. Many financial planners have learned how to resolve money arguments from experience; however, without proper conflict resolution training, even seasoned financial planners risk suboptimal solutions where one or both parties are left with something less than what they need.

The remainder of this paper discusses common conflict response styles, articulates the basic communication skills financial planners need to resolve money arguments, and presents, from Asebedo (2016), a conflict resolution framework that planners can incorporate into practice.

### Conflict Styles

People choose to respond to conflict in five fundamental ways that vary in assertiveness and cooperativeness (Umbreit 1995): (1) competing; (2) avoiding; (3) accommodating; (4) compromising; and (5) collaborating (see Figure 1). These conflict styles were originally proposed by Thomas and Kilmann (1974) and are widely used today (Schaubhut 2007).

Although each style is appropriate in certain circumstances, the collaborative approach is generally considered the most optimal when the goal is to resolve conflict while protecting the relationship. People tend to use the conflict style that best represents their personality, upbringing, family dynamics, culture, and relationship history.

**Competing.** The competing conflict style is characterized by high levels of assertiveness and low levels of cooperativeness where developing and maintaining the relationship is of secondary importance. The parties are battling each other based on sheer will and power that result in one party's victory over the other (e.g., one child wins the orange and the other loses). Competing is a powerful approach, which at times may be necessary; however, it is important to understand when to use this style. Umbreit (1995) suggested this style is appropriate in emergency situations where a quick decision is needed or when dealing with trivial issues where the relationship is not at risk.

**Avoiding.** People who are low in assertiveness and cooperativeness tend to avoid conflict, leaving the needs and concerns of both parties unexpressed. An avoider denies the conflict exists, withdraws from the situation, and by default—the other party wins (Umbreit 1995). Avoidance can cause long-term relationship damage, but it may be appropriate when dealing with minor issues. For example, a spouse might not agree with their partner's recent purchase but chooses to avoid the conflict because the dollar amount was insignificant. A person's role in a family can influence how they avoid conflict. For example, the younger sibling in the orange story might choose to withdraw from the argument by stating they no longer want the orange because they feel threatened by the older sibling's perceived dominance.

**Accommodating.** Accommodators are high in cooperativeness and low in assertiveness. Those who use the accommodating conflict style are willing to engage in a discussion about the argument, but are unlikely to express their own needs, interests, and concerns. This conflict style may be appropriate when preserving the relationship is more important than winning. For example, the older sibling lets the younger sibling have the orange to placate the parents. By putting the relationship with the younger sibling first, the older sibling is unable to reach an outcome that fully meets their own needs. Although the older sibling has created goodwill by demonstrating the spirit of cooperation, this conflict style can be damaging if used consistently, as the needs and wants of the accommodator will likely remain unsatisfied.

**Compromising.** A compromising conflict style is a middle-ground approach to conflict resolution that has moderate levels of assertiveness and cooperativeness. Compromising is a very popular approach because it appears fair on the surface—each party gains something from the solution; however, each party also loses something. For example, the orange is chopped in half and neither sibling can meet their goal of completing the recipe or making orange juice. A compromise is often acceptable to both parties, but rarely optimal. In short, it is a give-and-take approach.

For couples, separate “no questions asked” bank accounts (Arnold 2016; McGee 2014) are an example of a compromising and avoiding/accommodating solution—split the money in half and then don’t ask questions. This method can be effective if used within the conflict resolution framework described later, but it risks suppressing the needs and wants that are critical to arriving at optimal long-term solutions.

**Collaborating.** Collaborating is the optimal approach to conflict resolution. Each party is assertive about their needs and takes care to cooperate with the other person, thereby creating an environment where each party’s needs can be met, and the relationship is protected. This conflict style may be difficult to achieve at first because it requires close attention to concerns and interests; consequently, strong communication skills are necessary. For example, when the grandmother asked why the children wanted the orange, she was able to uncover a win-win solution by giving one the orange (for juice) and the other the orange peel (for recipe). It took more time to reach this solution, but it resulted in a more satisfying outcome for each child.

Using the separate account example, a compromise might result in dividing discretionary funds equally: each spouse receives \$250 to spend, no questions asked, every month. Whereas a collaborative solution may result in an unequal allocation, say \$350 to one spouse and \$150 to the other for a period of time. While the collaborative approach may seem unfair on the surface, it would likely be considered fair by both parties if the allocated money adequately met each person’s underlying needs.

### Communication Skills

Empathy, reframing, reflective listening, and assertive messaging are fundamental communication skills financial planners should possess. This section briefly defines each of these essential communication skills and demonstrates how the financial planner can apply them specifically to conflict situations to shift clients toward a more collaborative approach to conflict. In addition, the financial planner must be sure to attend to other basic communication skills (e.g., verbal skills such as pacing, non-verbal

communication, open-ended questions, interested silence, etc.) when navigating conflict situations.

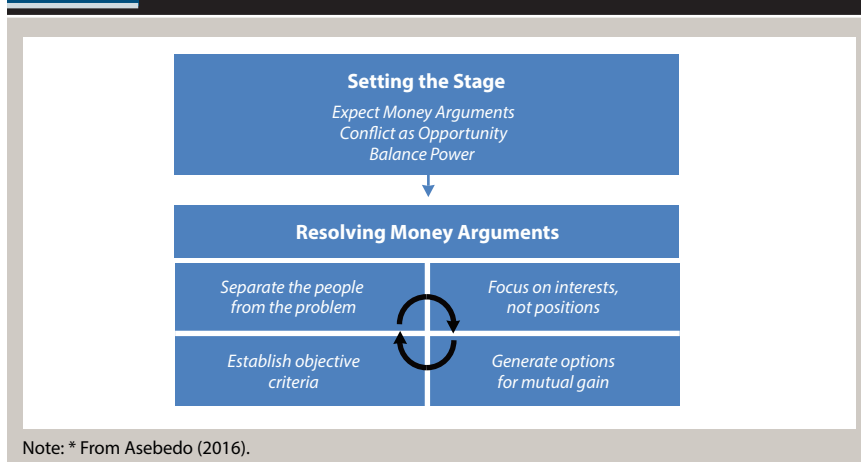
Even though the communication skills discussed in this section are not necessarily new to financial planners, conscious and consistent practice is necessary to effectively apply these skills within conflict situations. As noted by Grubman and Jaffe (2016), the communication skills used in financial planning practice must be adapted to the cultural context of the client to be effective. Improving and developing culturally appropriate communication skills will not only aid in resolving financial conflicts; doing so can also transform the client relationship from one that is service-based (focused on answers and technical expertise) to trust-based (focused on understanding and commitment).

**Empathy.** Empathy is the ability to connect with others on a personal level to gain awareness of and an understanding for their perspective; it goes beyond feeling for someone to feeling *with* someone. Empathy is demonstrated by recognizing and respecting the needs, wants, and emotions of others. The conflict resolution process requires this building block. The financial planner’s role is to not only demonstrate their empathy to clients, but to help clients develop and demonstrate empathy for others. Financial planners can foster empathy within the conflict resolution process by using the communication skills described below.

**Framing and reframing.** A frame is a mental shortcut used to process new and complex matters formed as a result of past experiences, values, and beliefs. Framing affects how each party views the conflict and each other. Framing is problematic when each client’s “frame” is used to justify their position and/or assign blame.

For example, one spouse may say,

**Figure 2: Conflict Resolution Framework for Money Arguments\***



Note: \* From Asebedo (2016).

“You spend too much money! We can’t build an emergency fund because you are always buying things we did not plan for.” This statement is loaded with accusations that fuel the argument and perhaps justify this spouse’s position. Based on experience, this statement may be accurate; however, collaborative conflict resolution cannot be achieved if this spouse remains anchored to this frame. At best, a compromise is reached, or the other spouse yields to accommodate the more demanding and vocal spouse.

Reframing removes the controversial language: you spend too much, you buy things we did not plan for, it is your fault we do not have an emergency fund. This leaves the underlying interest: financial security (i.e., an emergency fund and reliable budget). The financial planner could reframe this statement by saying, “You want financial security and a budget that you and your partner can follow. Is that right? Can you tell me more about that?” Now, the conversation is focused on building financial security—something that both parties could agree is a worthwhile endeavor.

**Reflective listening.** Listening requires attention to information and data, while reflective listening requires an understanding of the emotional

context and potential dilemma facing the client. Reflecting content, emotions, meaning, and the dilemma are important skills that encourage clarity and empathy (Umbreit 1995). When used successfully, this form of listening can help the financial planner gather accurate information and build trust.

Reflecting is accomplished by rephrasing or summarizing verbal and non-verbal information. Using the previous example, the financial planner might make these statements: “You want to have an emergency fund” (reflecting content); “You seem frustrated” (reflecting emotion); and “You are trying to build an emergency fund for your family and you get frustrated when money is not available to save” (reflecting meaning).

To take it a step further, the financial planner might choose to reflect the dilemma (Grubman 2018). Using the same example, suppose the “spendy” spouse wants an emergency fund, but also the freedom to enjoy life. Reflecting the dilemma could look like this: “On one hand you want to save, but on the other hand you don’t want to forgo life experiences.”

The financial planner must practice reflective listening to develop an approach that feels genuine. Ultimately, reflecting content, feelings,

meaning, and the dilemma will help arguing clients develop empathy for each other and will clarify the meaning of shared information.

**Assertive messaging.** Assertive communication demonstrates confidence, respect, and honesty; it is essential to identifying the interests underlying an argument (Umbreit 1995). It is based on the belief that you have the right to be listened to, to ask for what you want, and that others share the same rights. The key to this technique is to communicate transparently and honestly.

The financial planner can encourage the use of “I” statements to help clients focus on feelings and beliefs. This might be achieved by asking how a client feels about a situation to uncover a specific emotional and/or relational consequence.

Couples may find these statements especially useful to communicate opinions without assigning blame. For example, “I feel anxious when you monitor my spending.” Or, “I feel embarrassed when you talk about my spending in front of our financial planner.” Although assertive messaging may feel overly direct or even aggressive at times, the effective use of “I” statements can help redirect the conversation away from judgmental statements to emphasize the emotional and/or relational effect of the situation.

Judgment and blame impede the conflict resolution process. The financial planner must be mindful of these communication barriers and can help clients move past them using assertive messaging.

### Conflict Resolution Framework

Conflict styles and communication skills come together through a conflict resolution framework originally presented by Asebedo (2016) (see Figure 2). Financial planners can use this framework to help clients establish meaningful and mutual financial goals

and an implementation strategy they can stick to.

Conflict resolution begins with setting the stage by proactively addressing power imbalances and reframing conflict as a normal expectation and an opportunity to build mutual understanding that provides a foundation for the financial plan. This stage creates an environment conducive to surfacing and resolving client money arguments. While setting the stage is an initial step, financial planners must be cognizant of maintaining this productive environment throughout the conflict resolution process.

Drawing from the mediation profession, financial planners can help clients resolve money arguments by: (1) separating the people from the problem; (2) focusing on interests and not positions; (3) generating options for mutual gain; and (4) establishing objective criteria (Fisher, Ury, and Patton 1991). Although these four components are presented in a linear fashion in this paper, the actual process is more fluid; each component may need revisiting throughout the process, as represented by the circular arrows in Figure 2. The conflict resolution framework is described further in the following sections.

### Setting the Stage

Resolving money arguments starts by creating an environment that is conducive to conflict resolution—by setting the stage. Informed by conflict theory, money arguments are normal, natural, expected, and are a catalyst for relationship growth when skillfully addressed (Smith and Hamon 2012). Financial planners can approach the financial planning process with the expectation that clients will disagree to some extent about their financial goals and decisions.

Financial planners can frame these disagreements in a constructive man-

ner by asking questions that suggest financial conflict is normal, expected, and positive. For example, a financial planner might ask clients early in the process about where (not if) they disagree about money and where they are aligned such that more meaningful goals can be established. This question helps normalize money arguments by suggesting that everyone argues to some extent about money and discussing these differences is a typical part of the process.

Surfacing client money arguments early creates efficiency by helping clients set authentic goals. And, it creates a positive experience by helping clients resolve money disagreements sooner rather than later. Moreover, the financial planner may discover the client needs services beyond their scope of practice, depending on the level of therapeutic skill or legal expertise the situation requires.

Within the financial planning context, financial planners align client values, attitudes, and beliefs to set financial goals, encourage behavior change (and/or maintenance), and make financial planning progress; this requires therapeutic skills (i.e., empathy, reflective listening, etc.), but not at the level that is necessary for therapy. The situational context (e.g., financial planning versus therapy) and purpose (e.g., to set a joint financial goal or to heal family relationships) determines the level of therapeutic skill required to effectively apply conflict resolution techniques within client relationships.

The application of conflict resolution techniques alone does not constitute therapy (Bradshaw 1995). Overall, if the client's financial situation requires relationship, mental health, or legal work beyond the financial planner's scope of practice, then a referral to an appropriate professional is needed. Early discussions about money arguments will aid in identifying which

clients require a referral to a properly trained professional, such as a marriage and family therapist, lawyer, or psychologist.

The second component to setting the stage involves balancing power. The financial planner must be cognizant of power imbalances that affect their clients' financial decisions and goals. Conflict theory suggests that a power differential can create or exacerbate conflict (Smith and Hamon 2012) and cause suboptimal conflict styles due to unexpressed needs, such as competing (person with the most power wins), avoiding (person with the least power withdraws), or accommodating (person with the least power yields). Common sources of financial power imbalances are differences in financial knowledge (e.g., between couples, or parent and child), income (e.g., one spouse makes more money), assets (e.g., one spouse has inherited assets), and control over day-to-day financial matters (e.g., account access, bill pay, etc.).

Tharp (2018) noted research that underscores the importance of managing the “theater” of a financial planning meeting by attending to how the physical space affects planner/client communication. Setting the stage from a conflict resolution perspective is a similar notion, but it is focused on recognizing and balancing power between the parties (couple, parent/child, etc.) that otherwise might undermine the conflict resolution process.

Balancing power is less about changing the distribution of power; it is more about recognizing it exists and taking steps to mitigate its potentially negative effect on resolving the money argument. This could entail adjusting physical attributes of the meeting space and/or the financial planner's communication methods (nonverbal and verbal).

For example, suppose one spouse prompted the client relationship and

has the most day-to-day communication with the financial planner. In this situation, the financial planner balances power by actively engaging the less-involved spouse. Moreover, balancing power does not mean a couple has to divide financial responsibilities equally; it simply means the less-involved spouse may need additional knowledge of the couple's financial situation to have equal say in financial conversations.

Once the stage is set, the financial planner can help clients resolve money arguments by incorporating principled negotiation strategies from the mediation profession (Fisher, Ury, and Patton 1991): (1) separate the people from the problem; (2) focus on interests and not positions; (3) generate options focused on mutual gain; and (4) establish objective criteria.

### **Separate the People from the Problem**

Two fundamental sources of tension contribute to conflict: (1) people, or relational, issues (i.e., “You never listen to me and you spend too much money!”); and (2) the specific issues related to the problem (i.e., “Our income cannot support our expenses.”). Separating the people from the problem involves recognizing that both sources of conflict coexist.

Conflict resolution focused on relationship preservation requires the financial planner to address both issues. To do so, Fisher, Ury, and Patton (1991) suggested it is best to deal with the people issues and substantive problem issues separately so that conflict is objectively resolved. Moreover, Fisher et al. warned against using objective solutions to solve people issues. Overall, the people (i.e. relationship) issues must be addressed directly so that each party understands the other person's perspective and emotions before solving the problem with objective solutions (i.e.,

establishing a budget). This means the parties are willing to listen, are open to seeing the problem from the other person's perspective, can acknowledge and respect the other person's emotions, and are focused on maintaining and building the relationship.

Overall, the goal in this step, according to Fisher, Ury, and Patton (1991) is to be hard on the problem and not on the people. Reframing statements to remove antagonistic and provocative language is highly effective in reframing the people and problem issues and helps the client maintain a stronger focus on the problem at hand. Moreover, the financial planner can reflect content, emotion, meaning, and the dilemma to help clients develop empathy for each other's perspective.

If a financial planner cannot adequately address the people issues and/or separate the people issues from the problem by applying the communication and counseling techniques within their expertise and scope of practice, then a referral to a marriage and family therapist, mental health professional, or a professional mediator might be necessary.

### **Focus on Interests, Not Positions**

The second principled negotiation strategy is to focus on the underlying interests of each party—the values, personal needs, and motives—and not each party's stated position (Fisher, Ury, and Patton 1991). The position is represented by the object of the argument and is expressed in the demands of each individual. In the orange story, the object of the argument was the orange, and each child's position was that they wanted all of it. The underlying interest held by each child revealed distinct motives that guided the allocation of the orange in a way that satisfied the interests of each party.

It is nearly impossible to find a collaborative “win-win” solution if

arguments are focused on surface-level positions. At best, a compromise could be reached, but it is considered suboptimal as each party would have to sacrifice their interests to some extent. However, if the underlying interests are brought to the surface, it is possible to generate a solution built upon a mutual understanding.

Fisher, Ury, and Patton (1991) suggested that the most common and powerful interests are basic human needs: “security, economic well-being, a sense of belonging, recognition, and control over one's life” (p. 48). It is not difficult to see that these basic human needs affect the positions people often take with money. Couples and families may argue about their positions—spending and saving decisions, or debt acquisition and maintenance—but what is really at stake is each person's sense of security, well-being, belonging, recognition, and control.

Clients' “interests” are so fundamental to the financial planning process that CFP Board states that recognizing these interests is part of the financial planner's job when setting goals and developing recommendations.<sup>3</sup> As mentioned previously, this underscores the need for financial planners to procure conflict resolution training to effectively uncover differing client interests in order to set appropriate goals. Financial planners can help clients uncover interests through assertive messaging and reframing statements to articulate content, emotions, meaning, and the dilemma.

### **Generate Options for Mutual Gain**

The third principled negotiation strategy entails generating options or solutions to the problem that reflect the interests of each party. Fisher, Ury, and Patton (1991) suggested separating brainstorming from decision-making to curtail judgment (good or bad, realistic or unrealistic) and foster creativity—in

other words “invent first, decide later” (p. 60).

Financial planners can encourage clients to brainstorm their own solutions from the perspective of each party. For example, it might work well for a couple to develop a list of options that meet the other party’s interests; then discuss each list to determine an optimal solution. Incorporating strategies from positive psychology might be effective (Asebedo and Seay 2015), as positive emotions have been shown to expand people’s mindsets and ability to consider a broader array of options (Fredrickson 2001).

The financial planner’s role in this step is to facilitate creative brainstorming. The financial planner can propose solutions; however, doing so too early risks inhibiting the client and suppressing viable options that the financial planner may not have considered.

### **Establish Objective Criteria**

While the first three steps are primarily focused on discovery and facilitating communication, the financial planner provides more direct advice in the fourth principled negotiation step by helping the client establish objective criteria. Objective criteria create natural boundaries for the solution and are grounded in fairness, efficiency, and scientific/analytical merit (Fisher, Ury, and Patton 1991). For example, if a couple needs to decide how much to give annually to charity or family, the financial planner can provide an analysis that reveals the maximum amount that can be gifted without jeopardizing the couple’s other financial goals. In addition, common rules of thumb—percentage of income or assets—can provide an objective framework for annual giving.

Financial planners can demonstrate their expertise, analytical ability, and advice prowess in this fourth, problem-solving step. Financial planners are

typically more comfortable in this technical step and may be tempted to skip prior steps that require strong communication and counseling skills, thereby risking tremendous inefficiencies in the financial planning process.

For example, as a result of bypassing the initial conflict resolution steps, the financial planner may spend hours conducting an analysis to determine if the clients can purchase a vacation home, only to find the couple still arguing about the possible purchase three meetings later. Or worse, the clients proceed with the purchase (which could result from a competing, avoiding, accommodating, or compromising conflict style), fueling tension for years to come. Had the financial planner worked through steps one through three, he or she may have learned that the underlying motive for the vacation home was rooted in a desire to create more family experiences and improve family relationships. By encouraging the clients to generate options from the other person’s perspective, the clients may have created their own alternative long-term solution.

Furthermore, the opportunity to create client trust and commitment exists in steps one through three. This is where financial planners demonstrate that they value the client relationship. Skipping these steps risks alienating one (or both) of the parties involved and could potentially put the client relationship at risk. Overall, it is in the financial planner’s (and client’s) best interest to set their technical expertise aside to ensure the client’s underlying interests are articulated, recognized, and heard.

### **Future Research**

Although it makes practical and conceptual sense for financial planners to acquire conflict resolution skills, research has not yet shown what effect the application of these skills might have on the client (e.g., marital or

family relationship quality, financial behavior, etc.) or on the financial planner/client relationship. Askari, Noah, Hassan, and Baba (2012) suggested communication and conflict resolution skills improved couples’ marital satisfaction levels.

Thus, it is possible that financial planners can help improve clients’ interpersonal relationships by assisting them with the resolution of money arguments, which could promote progress toward defining and reaching clients’ financial goals. These connections are intuitive; however, they have not been empirically tested.

Furthermore, Sharpe, Anderson, White, Galvan, and Siesta (2007) provided evidence that communication tasks, skills, and topics were correlated with client trust and commitment and noted that further research was needed to understand how conflict resolution skills affect the financial planner/client relationship. Future research can test these relationships through primary data collection and experimental research methods so that the efficacy of conflict resolution skills within the financial planning process is more fully understood.

### **Conclusion**

This paper provided insight into the prevalence of conflict within the financial planning process and explained how clients might respond in constructive or damaging ways to this conflict (e.g., collaborate or avoid). It demonstrated how financial planners can apply foundational communication skills within a conflict resolution framework as a strategic and necessary practice tool to help clients constructively mitigate and manage conflict.

As a result of this process, clients can set mutually satisfying goals and create a stronger plan implementation strategy. A case application of this framework can be found in the *Journal*



of *Financial Therapy* (Asebedo 2016). Financial planners who apply this framework may experience increased client meeting and implementation efficiency because they are more likely to solve the “right” problem (i.e., solving for interests instead of positions). Moreover, the financial planner might realize increased revenue, higher client retention, and more appropriate referrals because of stronger client trust and commitment.

The “client” often consists of more than one person and therefore, personal and financial needs, priorities and goals, attitudes, values, and beliefs likely differ to some extent. All clients (single or coupled) operate in a complex social system where financial conflict has the potential to arise with friends, family, and coworkers. Financial planners are not currently required to procure a conflict resolution skill set even though addressing and resolving financial conflict is a necessary part of financial planning practice. CFP Board required content for education and examination could be amended in the future to address this knowledge gap. ■

## Endnotes

1. See “2015 Financial Planning Job Task Domains” at [cfp.net/docs/default-source/cfp-certification--cfp-exam-requirement/2015-financial-planning-job-task-domains.pdf?sfvrsn=9](http://cfp.net/docs/default-source/cfp-certification--cfp-exam-requirement/2015-financial-planning-job-task-domains.pdf?sfvrsn=9).
2. See “2015 Principal Knowledge Topics” at [cfp.net/become-a-cfp-professional/2015-job-task-analysis/2015-principal-knowledge-topics](http://cfp.net/become-a-cfp-professional/2015-job-task-analysis/2015-principal-knowledge-topics).
3. See endnote No. 1.

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