Communicating Through Connecting

By Jim Callahan, CFA
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"I just explain it as though I'm explaining it to my mother."

That's how author Michael Lewis responded when asked how he makes the seemingly incomprehensible easy to read and understand as well as engaging and entertaining. And for any of the 700 attendees at last week's CFA Annual Forecast Dinner in Denver, there was some real wisdom in his remarks.

Lewis has an undeniable track record of success, tackling daunting subjects such as bond trading (*Liar's Poker*), obscure baseball statistics (*Moneyball*), and of course, complex mortgage debt (*The Big Short*). Anyone interested in learning how to capture an audience and explain challenging material would gain some powerful insights from Lewis. (Personally, I can't think of a better candidate to capitalize on some of Lewis' commentary than a financial advisor.)

So how does he do it? Lewis stated that his formula has 3 parts, and it goes something like this:

"First, readers have to *want* to know." It's not enough that they asked a question. They have to want to get past the complexity, the jargon, the "Greek". This point is really about connection. The reader has to have a connection so strong, they will stick with the explanation even when material gets wonky.

Storytellers are masters at making that connection, and the key is to do so at an emotional level. Facts and figures are eye-catching, but the resulting attention span is short. "Coronavirus cases top 20,000" is an effective headline, but after a second or two of processing that data point, poof, readers move on.

But engaging with emotion and passion results in a more lasting connection. A story that unfolds, drawing your audience in, developing trust that they are sticking around for a good reason … now that's connection, and it's required at the beginning of every relationship, personal and business.

Lewis uses *The Big Short* as an example. "So, I waited until late in the book to explain the complex, *after* I already had the reader hooked on the characters." Ah, so in introducing the characters … the human factor … he "hooks" the reader so that they stick with him as he walks through, say, synthetic CDOs. Clever, and very effective.

"Second, the knowers can't remember what it's like not to know, and that's a problem." Anyone who's ever worked with a financial advisor knows this all too well, as I personally think advisors fail this test on a weekly basis. And I am including myself in that group.

I think jargon is a great example here, and there's two drivers of this problem. We use terminology that is second nature to us, and we've been doing so for years. I recall prepping for a client meeting several years back, and my colleague telling me to say "stocks" and "bonds" not "equities" and "fixed income" because "that's how normal people talk." Normal people!

But there's another temptation to fancy-up our lingo. Somewhere along the way, our industry shifted from "take care of the client" to "go get the next new client". So, in trying to win business by appearing to be better than the other advisor, we fall into the trap of jargon. If I use big words, the client may not understand, but he or she will assume I know what I'm talking about. It's a faulty assumption that leads to low-quality connections, and I think clients and advisors are waking up to this fact, albeit, at a snail's pace.

Lewis adds, "And as soon as you introduce acronyms, it's over. You've made them feel stupid." I guess that means that when it comes to explaining complex material to your clients, even "K.I.S.S." is out the window!

"Third, you have to let them know that it's okay to feel stupid." In *The Big Short*, page 77, while explaining the details of housing finance, Lewis included a footnote unlike any other. In his own words:

> "Dear Reader," it begins, "If you have followed the story this far, you deserve … a gold star," and then goes on to apologize for the demands the story had placed on her. It was an apology to my mother."

In Lewis' first point, we developed trust. In his second point, we've positioned ourselves as a peer, not as an expert. Now we need to add some empathy. Guess what, Mr. Client, I don't know everything. Despite my fancy website and slick presentation, I can't predict the future. Who does? But that's not the value I'm offering you. I'm offering you a partner to figure out the best path forward for you together. How does that sound?

When Hollywood turned the book into a screenplay, the pages of explanations would be a challenge to put up on the big screen. But after reading this footnote, the producers turned those lectures into scenes that, again, let the viewers feel okay with feeling somewhat lost. In essence, as Lewis told the CFA attendees, “one little footnote turned into Margot Robbie naked in a bathtub.”

Conclusion

As the business of advice gets more automated (for all the right reasons), and clients have never had more information at their fingertips. But the evidence thus far indicates that all of this data isn’t translating into better performance, and that’s where a trusted advisor plays an incredibly important role.

In order for advisors to be effective, they have to be able to communicate. Let the algos spit out the data. Focus your value on the human connection with your clients, and you’ll find more opportunities to communicate your advice more effectively.

Michael Lewis is one of the better communicators on the planet today, and if we listen carefully, there’s a lot we can take away and utilize in delivering better advice. And if we’re successful to a fraction he’s been, we’ve helped clients translate that data into better decisions that lead to better outcomes.

Where to start? Take a topic, perhaps something right out of today’s Wall Street Journal. Then pick up the phone and explain it to your mother.

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