

Want to Connect Better? Try Dan Arnold's Technique

For deeper, longer relationships with clients and colleagues, advisors should take a cue from the head of LPL Financial.

Since 2001, I've made over 60 due diligence trips to independent broker-dealers. What stands out are the firms that have the ability to connect, not merely point out their list of strengths.

One particular broker-dealer president shared the humble beginnings of his firm. When he and a group of his colleagues felt that their broker-dealers weren't addressing their needs, they formed their own.

They intended to form a broker-dealer "by advisors for advisors," anticipating that other advisors who shared their concerns would want to be part of that kind of environment.

During our discussion, this individual showed vulnerability and transparency as he explained that "early on, we didn't really know what we were doing on many levels. In spite of ourselves, we outgrew our facility as more advisors joined."

This group figured things out along the way through trial and error, ultimately growing to a midsize broker-dealer. His frank discussion provided me with a strong connection that deepened my relationship and recruiting activity for years afterward.

Everyone loves an underdog story of overcoming obstacles as we learn from our mistakes because we all started from humble beginnings which when shared, can build bonding connections with others.

"We might impress people with our strengths, but we connect with people through our weaknesses," said pastor Craig Groeschel.

Arnold Breaks the Mold

Larger broker-dealers can be especially cold and impersonal, seemingly devoid of vulnerability or personal



connection. Breaking that mold, LPL Financial CEO Dan Arnold spoke to his advisors in April of 2018, taking a position of humility as he explained that significant changes were coming.

Demonstrating vulnerability, Arnold opened up about the firm's weaknesses, admitting that LPL had difficulty recruiting NPH advisors and that there was dissatisfaction among the advisors. The changes they were implementing largely came from suggestions from their own advisors.

This was a connection moment between management and advisors that you rarely see at larger broker-dealers. Since that moment, the changes at LPL have been turning the ship to greater recruiting growth and higher retention.

Lack of Connection, Low Client Retention

In our recruiting activities, we are witness to the depth of connections not only between advisors and their broker-dealer but also advisors and their clients.

When an advisor lacks connections with their broker-dealer, they show little hesitation in leaving. When an advisor changes broker-dealer, those that have little connection with their clients often experience a low client retention rate when they make their move to another broker dealer.

Advisors that frame the reason their clients are with them being because of the name recognition of their broker-dealer, rather than the quality and depth of relationship with their clients, are destined for a slippery slope when they need to change broker-dealer.

Financial services is a highly analytical business, so human dynamics like vulnerability can be a low priority—much less be on our radar.

Vulnerability & Connection

Few of us are comfortable discussing our vulnerabilities and struggles, for fear of it being interpreted as incapable or weak. Our unwillingness or inability to be authentically vulnerable is a cause of disconnection with others.

Often, we work to appear the opposite—competent or overconfident—to make up for our perceived flaws to lessen the chance we'll be judged, according to [Brené Brown, Ph.D.](#), author and expert on social connection.

Through her extensive research, Brown discovered that individuals who are authentic, compassionate and courageous, all of which result from being vulnerable, are those with the strongest sense of connection.

In short, vulnerability must occur for meaningful connection to happen. Brown's [TEDxHouston talk](#), "The Power of Vulnerability," is worth a quick listen.

The Human Connection

In her *Harvard Business Review* article, "[What Bosses Gain by Being Vulnerable](#)," Emma Seppälä, Ph.D., co-director of the Yale College Emotional Intelligence Project and faculty director of the Women's Leadership Program at the Yale School of Management, asserts, "Human connection is often dramatically missing from workplaces. Why is human connection missing at work?"

"We want to convey an image of confidence, competence and authority," she explains. "We may disclose our vulnerability to a spouse or close friend behind closed doors at night but we would never show it elsewhere during the day, let alone at work."

Seppälä continues, "While we may try to appear perfect, strong or intelligent in order to be respected by others, pretense often has the opposite effect intended. Just think of how uncomfortable you feel around someone you perceive as 'taking on airs' or 'putting on a show.'"

"We tend to see right through them and feel less connected. Why do we feel more comfortable around

someone who is authentic and vulnerable? Because we are particularly sensitive of trustworthiness in our leaders," Seppälä explains.

"Servant leadership, which is characterized by authenticity and values-based leadership, yields more positive and constructive behavior in employees and greater feelings of hope and trust in both the leader and the organization," she says.

Less Engaged = Less Productive

Seppälä says 70% of employees are "not engaged" or "actively disengaged" at work. As a consequence, they are "less emotionally connected" and "less likely to be productive."

To illustrate the flip side of this alarming statistic, she shares the story of Archana Patchirajan, founder of a technology startup. Patchirajan called in her entire staff for a meeting where she announced that she had to let them go because the startup had run out of funds.

Her staff of high-caliber engineers refused to go. They said they would rather work for 50% of their pay than leave her. They stayed on, worked hard and a few years later, Archana's company sold for \$14 million.

Seppälä asked a long-standing employee what drove him and the rest of the team to stay with her and these were some of the responses:

- "We all work as a family because she treats us as such."
- "She knows everyone in the office and has a personal relationship with each one of us."
- "She does not get upset when we make mistakes but gives us the time to learn how to analyze and fix the situation."

Opening the door to your humble beginnings and learning experiences along the way can be tapped into as your superpower to greater connections in the advisory space, if you make the effort in a sincere manner.