

# Promoting Improvement: A Key to Teamwork Excellence

by David F. Smith, Ph.D., CFP®



David F. Smith, Ph.D., CFP®, has been involved in financial planning since 1980. He is a member of the FPA of San Diego. He is also the non-paid director of research for Five Star

Leadership®, a behavioral-based leadership development and coaching platform run by the non-profit Oahu Adventures Foundation Inc.

**PROVIDING GREAT SERVICE** to clients is critical for CFP® practitioner firms to succeed. Perhaps it goes without saying that having team members get better at what they do leads to excellence, but there is much more to “improvement” than job excellence. A leader who pays attention to the needs for improvement within their organization (a management function) should also pay attention to the desires of the team members for self-improvement (a leader behavior).

Organizational development researchers call this “improvement behavior,” which strengthens the trust relationship between the leader and the team member. This relationship quality is called the “leader-member exchange,” or LMX, in academic literature. LMX is a crucial concept in understanding how leaders get things done through their team members. LMX develops one team member at a time with the leader. If a leader has five team members, the leader has five LMX relationships to consider. LMX is the one-on-one relationship between

a team leader and an individual team member (a dyad) that is foundational for getting quality work done efficiently and effectively. Leaders should work hard at relations-oriented leader behaviors for success in their planning practice, and improvement behavior is one of those.

## Improvement Behavior

Improvement behavior describes how a leader works with each team member regarding what the leader and member agree on for member development goals and action plans to meet those goals. Development can be job skills, personal improvement, or even something not job related at all. This leader behavior is in evidence when a leader provides the means for the member to perhaps advance in their career or learn new skills.

A good leader wants to help each team member to improve in more than just job skills and helps make this possible. Improvement leadership behavior increases the confidence of the member in their effort and increases the quality of the LMX relationship. And high-quality LMX relations are associated with increasing a multiplicity of good outcomes, such as productivity, and decreasing bad outcomes, such as absenteeism. With practice, this and other effective leader behaviors become second nature.

Practice leaders of all positions—partner, senior planner, office manager, production team leader—can implement improvement behavior in several

steps. First, the team leader discusses with their individual team member what is important in improvement to the leader and what is important to the member (this exemplifies inclusion behavior, another important behavior). This discussion can result in two dissimilar lists, but there is likely overlap. Further discussion narrows down to what will be implemented for improvement. LMX theory says that this process is a negotiation that results in a mutual understanding of what is important, what is possible, what is the desired outcome, and what will be enacted.

## A good leader wants to help each team member to improve in more than just job skills.

Second, the team leader ensures that this pact is implemented and monitors to see that the member holds up their end of the bargain. Third, the team leader and member measure the result of the enacted plan. This measurement is not a management measurement of the outcome of the improvement, rather it is checking in to see if the leader facilitated the improvement plan and if the member participated in the activities of the plan. Trust develops in this way.

Research by Five Star Leadership® found that in financial planning firms, improvement behavior was the least

observed of five relations-oriented behaviors studied. Member improvement efforts generally have not considered what the member themselves would find valuable. Without the agreement between the leader and the member on goals and a plan, the LMX relationship is not improved. What is really happening is the management function of identifying gaps and filling them. It is an important management skill to identify these needs and find solutions. It is an important leadership skill to get others to improve in the necessary ways and have the team member like it and want more. Performing like a leader is a winning proposition for the leader, member, and the practice.

### Improving the Leader-Member Exchange

Financial planning practices can use improvement behavior in three distinct ways to improve LMX quality with members. The first way is a leader discussing with each team member individually his or her needs as a leader as they relate to the need for the member's improvement such as broader knowledge, software expertise, or presentation skills. This openness in communication plays a large part in developing an effective improvement plan. The leader identifies areas of improvement and how they relate to the in-role duties of the member. The leader draws a straight line between their own goals as team leader and how this improvement will support those goals.

For example, in one firm, the practice leader identified quality control issues with financial plans—survivor needs analysis were not being completed correctly in MoneyGuidePro. Users of that software will recognize that the default inputs are not useful for many dual-income situations. The team member, however, was not aware of how to split out needs that differed for each spouse/partner; therefore, the team leader had to correct these plans (assuming the

issue was caught in time).

A discussion between the leader and the team member surfaced the challenge that the member had little understanding of the importance of survivor needs in a financial plan, and even less regarding risk transfer through insurance in general. Recognizing this, the leader and member agreed that enrolling in The American College's Fundamentals of Insurance Planning course would broaden the member's knowledge and make him more valuable to the planning process. Rather than just fixing the problem, the leadership displayed by the CFP® practitioner improved the organization.

The second way improvement behavior has been seen is members being asked one-on-one by their team leader what they thought would improve their job performance. Many times, the person doing the job understands their own shortcomings, or those of the organization, and has ideas for improvement to better meet the leader's needs. Improvement ideas may include training on current skills, adding skills and knowledge, changing processes, and adding new capacity such as state-of-the-art software.

Including the member in designing the improvement program creates full attention and buy-in of the member for the changes and the improvement effort required. There is no need for a *Who Moved My Cheese* workshop.

The third way improvement behavior is exemplified is negotiating between the leader and member regarding improvement programs that may not necessarily directly affect in-role productivity. The member wants to improve in areas he or she sees as desirable for their own career enhancement, self-confidence, and peer relations.

For example, a planning team member negotiated with her leader for time to spend in the accounting department. The member was taking classes toward

a business degree and wanted business experience to supplement the academic pursuits for practical application and resume building. The leader could have seen this as threatening as the good employee could leave the organization with a new set of skills. Instead, the leader recognized that one important outcome of helping team members with their own personal development is enhanced LMX quality. Better LMX leads to gains in productivity, extra-role involvement by the member, and lower turnover of valuable employees.

The member finished her degree work, had dual roles in the firm because of her experience, and was promoted to head the shareholder relations group when the firm went public. That's a nice leadership outcome.

### What Happens If ...

In summary, improvement behavior is the set of intentional leader actions that are designed to enhance organizational outcomes through team member inclusion in designing and implementing improvement activities. These actions have three types: (1) those the leader sees as needing improvement; (2) those that the member sees as needed; and (3) those the member values on a personal level. All three are important in building and maintaining a functional organization and a great LMX relationship with valuable team members.

Sales specialist Henri Rindert shared a leadership vignette on LinkedIn that exemplifies this: "CFO: What happens if we train them and they leave? CEO: What happens if we don't and they stay?" Interestingly, this has also been quoted elsewhere as "CFO: What happens if we train them and they leave? CEO: What happens if we train them and they stay?" Whichever way a leader looks at this, the bottom line is: leader improvement behavior is a necessary part of success for the CFP® practitioner-driven firm. ■