FINANCIAL COACHING
AN ASSET BUILDING STRATEGY

SELF-DIRECTED GOALS • EMPOWERMENT • SUSTAINABLE CHANGE

Founders Day 2015
Milwaukee WI
In the last 72 hours, have you ordered (or made) a meal that you KNOW is less healthy than an alternative?

YES

NO
In the last week, did you have a plan to exercise and (for some reason) were NOT ABLE to actually do what you planned?

YES  
NO
In the last week, have you PUT OFF a task that you needed to get done but were avoiding (procrastinating)?

YES

NO
Building Financial Capability

• Goal is to develop our capability to solve problems on our own
  • We are all creative and resourceful
  • We want to improve our performance
  • We need a structure to develop own solutions

• Coaching Offers:
  – Focus of attention
  – Exercising self-control
  – Building adaptable skills
  – Facilitating empowered consumers in marketplace
    • not about “a product” or any one decision
  – Recognizing that we all struggle to change behaviors
“...The solution for combating these temptations is a distinctly human one. Middle-class families need financial coaching. They need a face-to-face relationship that addresses the behavior that runs counter to the pursuit of long-term financial security...”
Applying Coaching to Financial Management

- Develop greater financial capability
- Empower to adapt to new economic contexts
- Increased self-efficacy, accountability, self-control, attention and reduced inattention
- Goal-focused financial behaviors.
Coaching as a Technique and a Process

• Systematic collaborative process
  – Self-actuated goals
  – Non-directive

• Solution-focused
  – Focus on the future

• Coach facilitates goal attainment
  – Ongoing process over time
  – Performance improvement
  – Monitoring

1. Set Goals
   - Planning / future focused
   - Implementation intentions

2. Accountability
   - Self control
   - External monitor / feedback
   - Overcome procrastination

3. Focus attention
   - Persistence / Adherence
   - Top of mind: Executive Attention
Coaching is a Complement… Not a Substitute

Financial Education → Financial Counseling & Planning → Financial Coaching

Content → Strategy in context of content → Implementation of plan
An Evidence-Based Model

— Positive psychology
  • Focus on achieving personal happiness
  • Use strengths to attain goals
  • Solution or outcome focused
    — Not therapy

— Behavioral Economics
  • Self-monitoring and Adherence
Coaching Applications

Health care:
• Adherence to treatment  (Tidwell, 2004)
• Higher program attendance  (Whittemore et al., 2004)

Education:
• Improves retention, especially for men  (Bettinger & Baker, 2010)

Deadlines:
• Not procrastinating  (Ariely and Wertenbroch, 2002)
**A|4 Coaching Model**

- **Alliance**: partnership; Client is accountable to “the alliance” not the coach
- **Agenda**: defined by client; not coach. Maybe short or long-term
- **Awareness**: motivations / challenges (why?) Core values and beliefs.
- **Actions**: plans, intentions and behaviors measured and accountable to **Alliance**
Early Evidence

• Increased ability to use a budget
  – More likely to pay more than minimum
  – More likely to set money aside for savings
  – More likely to pay bills on time

• Increased likelihood of having financial goals

• More confidence in ability to achieve goals

http://jftonline.org/journals/jft/article/view/1659/1354
Challenges

1. Standards of practice?

2. Standards for training coaches?
   ...proliferation of programs

3. What are the outcomes?

4. What is the return on investment?
   ...costs and benefits

• Some people are **not** good coaches

• Some people **not** ready to be coached
• Internet-based models
• Duration & Frequency
• Group coaching and Peer-to-peer models

More on Financial Coaching -
http://fyi.uwex.edu/financialcoaching/

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