

Summary

- Soft skills, such as empathy and leadership, can be underrated in the pensions industry compared to more technical skills.
- Improving member education and engagement is considered a key challenge for the sector.
- Member surveys can be a useful tool to demonstrate listening skills, especially if the results are acted upon.

A soft touch

In such a complex, technical world, it's important the pensions industry can communicate and empathise with members on a more basic level, with the aim of securing the best outcomes at retirement. But just how prevalent are soft skills among the industry? Lauren Weymouth explores

“**T**echnical skills within our industry are a given – we all need to be able to prioritise and identify the technical issues facing members, employers and trustees,” Punter Southall Aspire principal Andrew Constantinou says. “But we also need to understand the key issues that may be keeping them awake at night.”

Understanding the issues that trouble members requires a very specific skill set, but they're far from technical. These skills are soft and so basic that they form our daily interactions with people. But using them in the workplace can be a little less simple. For many, who are experts the field but have no experience in management, the use of these skills can feel somewhat unnatural.

The kind of skills we're talking about are leadership, multi-tasking, empathy, listening and exercising judgement. The skills that, if used well, can provide fantastic results, but if used poorly, can have devastating consequences. While technical accuracy should be a basic skill, softer skills like these help to ensure members are well informed and are able to express their concerns.


The world of pensions is intricate; it has its own expansive vocabulary and a set of rules that are consistently changing, it's never an easy task trying to keep members engaged.

“Imagine a social situation where the pensions professional is the centre of attention, surrounded by a crowd being charmed, entertained and engaged by their display of exemplary soft skills. If only this was the case – then engaging members and interesting them in a topic they find complicated, and to be frank often boring, would be so much easier,” Constantinou says.

A level of understanding

But unfortunately, this isn't the case. According to Capita Employee Benefit's *Pension Scheme Insight Report 2016*, which surveyed pension managers and trustees, 43 per cent of schemes think improving member education and engagement is a key challenge for the 12 months ahead – the second highest ranked priority – and schemes appreciate this is an area that needs to be significantly improved.

The research also found 64 per cent of respondents want to help explain



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retirement options to members better and 58 per cent want to encourage members to take greater control of their benefits. So why aren't they doing this already?

The results highlight, as Capita Employee Benefits engagement manager Gareth Davies explains, that one of the main skills to have been overlooked in the industry is empathy.

“The pensions industry – providers, advisers, trustees, regulators, legislators – have all contributed to the successes, and failures, of workplace pensions,” he says. “But despite good intentions we have collectively been guilty of sometimes missing out the actual end user in our discussions – the individuals actually in the pension scheme.”

Broadstone technical director David Brooks agrees that empathy is a key skill often overlooked, despite it being key to making sure members' problems are resolved.

“People only speak to pensions professionals (who are people too) when they need something. Retirement, death, valuation, funding problems etc. We've always got to be able to understand what their problem is, and even help them to understand it, before we resolve the situation,” he adds.

But while empathy is one of the more underrated skills among industry figures, there is no doubt many have been working hard to get down to the same level as savers. The Pensions Regulator has launched numerous campaigns, companies have worked to build apps and games for members, and administrators have researched

extensively into the best methods of communication. Yet there still appears to be a missing link.

Growling WLG partner Jason Coates says there isn't a simple solution, but there is a place to start. "Perhaps the industry could create a jargon-free bank of explanations of key concepts and share better good examples of plain English communications," he argues.

Interestingly, research conducted by Nest found clear communication is of the utmost importance as over half, 52 per cent, of Nest members claim only basic knowledge of pensions and that the majority of members are passive rather than active participants.

"To make pensions understandable and accessible, communicating well is about using the right language and giving information at the right time," Nest director of marketing Ranila Ravi-Burslem says.

Making changes to the way the industry communicates with members is one step to gaining a better understanding of what members want and need, but to do so requires another essential soft skill: leadership. "Leadership is key," Coates says. "We need people with the vision to see the big picture changes required and, at the same time, the soft political skills to build consensus to deliver that change."

For many, taking control and making the final decision is hard. There is a huge tendency to 'follow the leader,' yet there is rarely somebody willing to take the lead. "Collective decision making is all well and good but sometimes you need an effective ringleader to force the point of making a decision," Brooks explains. "If effective and decisive decisions can help with the smooth running and consistent strategy of a scheme this will certainly improve member outcomes."

Increasing soft skills

So what can be done to increase the prevalence of these skills within the industry? Davies argues that while talking to people is one approach, depending on the size of

the membership, it's not always so straightforward.

"Surveys can be a great way in not only understanding more about members, but this can also have the added benefit in showing members that you are interested in their opinions," he says. "This two-way approach can be really powerful, especially if schemes provide effective follow-up – 'you asked, we did'. This is a win-win for both the scheme and the membership and is a perfect way to demonstrate real empathy."

AMNT co-chair David Weeks notes how it would be valuable for trustees in particular to have specific training in how to use soft skills to engage with members. "Our AMNT members tend to find that the best way to learn is by listening to market practitioners, and then comparing what they say. Our members tend not to be so interested in formal certificates. Trustees are like non-executive directors, they can put the advice of experts into overall context for their scheme members," he says.

Too soft?

However, PTL director David Archer argues that the industry doesn't lack any skills – that is it is a "technically competent sector, with a lot of very bright and hard working professionals supporting decision makers".

"As in all walks of working life some people are occasionally promoted beyond the level of their personal competence. However, within pensions there are lots of checks and balances and it seems very rare to find a trustee or manager activating flawed decisions."

There is, of course, also the risk that being too soft will result in apathy. Former pensions minister Steve Webb famously argued that contributing just 8 per cent isn't enough, but in order to get members to contribute more, there needs to be a level of formality that goes beyond gently easing members into saving, and more directly pushes them into doing so.

"Thirty or more years ago, there was a tendency for well-intended

amateurs to have more control than was perhaps healthy, allowing room for the Maxwell scandal and others, Archer says. "However, the move to a more professional approach has ensured that risks are properly monitored and managed."

There are cases for and against putting more focus on the development of soft skills in the industry, but due to its complex nature, there is no doubt that there needs to be a bigger focus on empathising with, and understanding members better.

As Brooks concludes: "There isn't much risk of people being too soft in pensions. It can be quite a hard and cold business. Focusing on money and cost can sometimes distract from the fact that there are real people within pension schemes. I think a slightly softer, people-focused perspective would help."

Written by Lauren Weymouth, a freelance journalist

