

The Client Relationship

Why should prospects hire you over your competitors? BY RAPHAEL LAPIN

The Differentiation Dilemma

AS FINANCIAL ADVISORS, ONE OF the more intimidating but inescapable aspects of the business is meeting with prospective clients and trying to obtain new accounts. We are not taught how to do this effectively in school nor do we deliberately go out and seek training or coaching to improve our skills (although that would be money well invested). We attempt an ad-hoc approach without a road map and process which results in unpredictable and hit-or-miss outcomes.

One of the more threatening situations that we often encounter is what I call the “differentiation dilemma,” and in this column, I will equip you with an approach and process to respond to this potentially perilous encounter with a greater rate of success.

While attempting to win over a new client, we may think that we are impressing them with our investment knowledge and financial planning acumen. All seems to be perfectly aligned as we begin to feel quite proud of our salesmanship and performance. However, that euphoric feeling can be rather abruptly shattered when the prospective client says: “So, tell me why I should hire you over the other hundred financial planners who called my office last week?”

You suddenly feel as though you have

been punched in the stomach and the wind taken from you. You waver on the precipice of another failed sales attempt as you attempt to regain your balance. You feel quite nauseous as you try to stammer and splutter yourself back to equilibrium. You have been assaulted by the *differentiation dilemma!*

Usually our first response is to hold forth about our success stories, our experience and how we have helped other clients. Besides boring our prospective clients with our mindless monologues, this seldom works. This is because just as we have these stories to tell, so do our competitors, and they may even be



better at telling them — so we are not differentiating at all. So if this doesn't work, how then do we regain control of the situation and salvage the relationship?

Regain Control Through Questioning

The key to resolving this dilemma is to realize that it is not sufficient to *tell* them why you are different, but rather you need to *show* them that you are different. To accomplish this we recommend a two-step approach. The first step is unleashing and exploiting the power of effective questioning. Paradoxically, we are far more in control of any conversation, when we are asking good questions rather than when we are promoting ourselves, selling our services or advertising our successes.

When confronted with the question: “So, tell me why I should hire you over the other hundred financial planners who called my office last week?” don't attempt to answer the question but rather ask a question in response. You might say for example: “That is a very fair question. Tell me, what standards, measures or criteria would be important to you in choosing one service provider over another?”

The advantage of this approach is that by asking a question you have put the ball back in their court and regained control of the conversation. Additionally, you have engaged them in a discussion that will provide you with useful information with which to then persuade them that you are indeed a better choice. Also by conducting this kind of conversation with them, you are building a rapport and already differentiating yourself. (Note that by saying “service provider” as opposed to “financial planner” you have objectified the discussion. It is now no longer about you and them, but a more general discussion which allows for a more open and authentic exchange).

They might answer that factors such



LESSONS LEARNED

- ▶ Do not rush to answer questions without thought. A few moments of silence while you consider your strategy and regroup is perfectly alright.
- ▶ When you feel in a tight spot, skillful questioning is a key to get you out.
- ▶ Good questioning is a funnel to guide and steer discussions and to obtain useful information.
- ▶ Good questions and productive dialogue will shift the discussion to fresh, productive and creative places which will open new and innovative possibilities.
- ▶ Engage the prospective client rather than dictate, preach, pressure and impose.

as references, personal connection, reputation and some demonstration of past performance would be ways that would help them differentiate. Make sure to then continue to pursue the line of questioning by asking questions such as: “What kind of references would be of value to you?” Or “How would you know if there is a personal connection?” By doing this, you are gathering more and more relevant information that will help you to build your case.

You may learn, for example, that what they are looking for is to be able to talk to one or two of your longstanding clients and perhaps see how your portfolios have performed over the past five years. They may also wish to know more about how you engage the client in the process and decisions.

Feed Back Targeted Answers

Now that you are armed with this key information, you are prepared for the next step. The second step in this two-step approach is to use the information gathered from step-one to engage the potential client in devising ways that will meet their standards of differentiation. You may say: “What I would like to suggest, based on our discussion, is that I provide you with the contact information of two of my clients for you to talk to; I will also share some performance data from some of my portfolios; and perhaps we can jointly design a working arrangement that would address how you would like to be engaged in the process and decisions. Would this help you differentiate me from all the others who called your office over the past week?”

By deploying this process effectively, you have skillfully demonstrated that you have the ability to confront challenges head-on. You have showcased your approach of engaging the client rather than dictating, preaching, pressuring and imposing. They have also experienced your ability to remain calm and in control at all times. You have clearly established that you are indeed different.

To be able to manage this kind of process and interaction with a high level of competency requires awareness, discipline and practice as in any skill. The more you practice, the better you will become. In time you will notice that you will be able to deal with the differentiation dilemma and other challenging situations with composure and grace. And the highest degree of competency is the greatest differentiator of all! **B**

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