Focusing on relationships is a mistake:
Harvard Business School

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The past 10 years has been called the “relationship decade.” In industry after industry, the focus has shifted from selling products to meeting clients’ needs and from transactional sales to ongoing relationships. Everyone’s better off as a result, not just customers but advisors and their firms.

Conventional wisdom says that when it comes to client loyalty and profitable businesses, deep relationships are what counts. But a September Harvard Business Review article raised some important questions about whether this is the case.

Five categories of salespeople

Three years ago, the Sales Executive Council launched a global study of top-performing business-to-business salespeople. They looked at 6,000 reps in 100 companies across multiple industries. Since the findings relate to business selling situations, they do not apply exactly to financial advisors – but at a minimum raise some thought-provoking questions.

The first finding was that every salesperson has one predominant persona:

1. **Hard Worker:** She shows up early, stays late and goes the extra mile.

2. **Lone Wolf:** He’s the rule breaker who does things his way or not at all. (Compliance hates this guy.)

3. **Reactive Problem Solver:** Extremely detail oriented, she focuses on post-sales follow up and can be relied on to ensure service issues are addressed promptly.

4. **Relationship Builder:** He focuses on building strong personal and professional relationships and is well liked by customers.
5. **Challenger**: Tending to the assertive side, she uses a deep understanding of customer businesses to push client thinking.

### The formula for outperformance

The study found that average salespeople are evenly distributed across these five categories.

However, top performers were a different story – of star producers, four in ten used a challenger approach, pushing client thinking beyond conventional bounds. And the more complex the environment, the better salespeople in challenger category did. In complex, solution selling environments, over half of star salespeople fell into the challenger category, compared to 4% who were Relationship Builders.

Three things make challenger salespeople different:

1. **They focus on new insights and teaching customers**

   Challenger reps make it a top priority to bring new perspectives to every sales meeting – they look for concrete ideas that will leave customers better off, often raising issues that customers had never thought of.

2. **They tailor their message to the people they’re talking to**

   Being able to adapt your message to individual customers has always been the mark of outstanding salespeople, but it’s never been more important than today.

   Average salespeople take a similar approach with everyone and thus only tend to be effective with those customers who fit their approach. By contrast, exceptional salespeople are remarkably versatile at tailoring their message to the individuals they’re talking to.

3. **They take control of the sale**

   Challenger salespeople are comfortable with tension and don’t give in to every customer demand. Where appropriate they push customer thinking – not just on what they need but also on price.

If the last 10 years was the relationship decade, today we’ve entered the value era. We were already down that path before the global financial crisis; if anything today’s economic slowdown has accelerated this trend.

Just to be clear, it’s not that relationships aren’t critical – arguably they’re more important than ever. What’s changed is what drives those relationships. More and more it’s not just
about being responsive and well-liked or making the client feel valued; instead it comes down to delivering discernable, crystal clear, tangible outcomes.

In sophisticated and complex situations, the most successful salespeople will be those who consistently drive concrete value for clients; a key way to do that is taking the challenger approach – making it a priority to bring important new insights and ideas into every conversation.

As I said at the outset, findings from the business to business world aren’t going to translate to financial advisors perfectly, but the direction in B-to-B sales will inevitably cross over into your world. This is especially the case among clients whose decision making is more driven by reason than emotion; these clients often have the largest accounts and also tend to be in their forties to sixties, rather than their seventies or eighties.

Here is a 10-question self-assessment to determine your own selling style.

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