

Better selling to high net worths

PETER BELSEY, sector head at Huthwaite International, begins a new series of articles, this time looking at improving face to face selling skills in the high net worth market.

After the tough economic climate of the past three years or so there are, by common consent, encouraging signs that we are heading back towards better times. On the face of it, this should be good news for providers of financial services, especially as a number of indicators, including for example a recent IBM/Tru-Est report - *Achieving Success in the Wealth Management Market* - show UK wealth management providers appear to have come through the difficulties of the recent equity bear market better than most.

At the same time, looking ahead, respondents in the latest PricewaterhouseCoopers *Global Private Banking/Wealth Management Survey* predict single digit growth in Europe and North America and double digit growth in Asia - a significantly lower and more sober assessment perhaps than some earlier estimates but still a highly attractive growth opportunity.

This reality check is reinforced by the fact that many lessons have been learned. There have been many structural changes in response to an evolving and highly fragmented HNW market and new, more sophisticated products have shown the potential to provide real added value. IBM found that clients who have accepted advice on strategic asset allocation, for example, have tended to do better than those that did not.

COMMUNICATED

For such initiatives to work of course they must be communicated effectively and here, too, providers are recognising that past practice left something to be desired. Indeed, in its own small way, the positive response to the earlier *High Net Worth* article ("Selling to high net worth individuals", Autumn 2002 issue) reflected this growing awareness among senior managers that what had worked historically was no longer sufficient to deliver future success.

THREATS. Competition generally is increasing, with the "traditional" offerings of private bankers and stockbrokers now challenged by the specialist arms of the high street banks, IFAs and a wide range of specific consultancy advice and analysis provided by accountancy, taxation and legal firms as part of extended supply chains.

In particular, the battle for this steadily growing cake is well and truly joined, as PWC reports that some 49% of respondents expect to increase their percentage of ultra-HNW clients, but only 14% similarly plan to increase their percentage of affluent clients. The inevitable outcome is that many wealth managers will find themselves taking part, for the first time, in "beauty parades" for those nearer the top of the wealth pyramid.

DISSATISFIED

More worryingly for the industry as a whole is the fact that a growing number of wealthy investors are planning to dispense with the services of wealth managers over the next few years. The clear implication is that, dissatisfied with the value for money they receive - and with a wide range and quality of information now available, especially on the Internet - clients are becoming increasingly self-reliant.

For those many providers which do little or no market research, such a situation can only deteriorate as they lose touch with a highly intelligent, self-motivated and critical target market. In short, as ever we have carrot and stick in equal measure.

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SELLING. Banks and other providers have invested heavily in technology and systems to make it easier to manage relationships with clients. At the same time, many have



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reflected this increased expectation with the introduction of individual revenue targets and incentives for their front line wealth managers.

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This has two immediate implications. Historically, many wealth management practitioners have not viewed what they do as selling, seeing this as somehow unskilled, dirty and unethical. Nothing could be further from the truth. What highly successful professional salesmen practice in this, as in any other commercial environment, involves a high level of specialist expertise, is totally ethical and requires skills more associated with those of the barrister than the foot in the door peddler.

So we are all salespeople now. Whether you call yourself an account executive, relationship manager or product specialist, and consider what you do as marketing or business development, if what you do is interface with the client for the express purpose of acquiring, retaining or increasing business, you are a "seller". In this series of articles therefore, I will refer to all such practitioners as sellers and the goal as the improvement of selling skills.

CONFIDENT

Secondly, any belief that selling skills will improve as a result of making people *want* to sell - through incentives and a better selling environment - is, I believe, also misplaced. By contrast, experience tells one that such improvement depends on also increasing the *ability* to sell, which makes people more confident and comfortable with the sales process and their role within it.

Many providers already accept this. In looking to improve such skills, accountancy was perhaps the first profession to recognise the concept of selling as part of what they do, with the legal profession following on some time later. Traditional wealth managers, such as the private banks, came to grasp this particular nettle more recently, but current experience is that they too now recognise selling as a truly core competence in the drive to improve business performance.

BEHAVIOUR. So what does this mean at the point where the wealth manager comes face to face with the client? In the past, companies desperate to improve selling skills have often adopted a simple, knee-jerk reaction of, in effect, "throwing training at the problem". Unsurprisingly, in many cases this has not worked, with subsequent recriminations around apparently wasted investment.

No seller can survive, let alone thrive, of course without technical knowledge. Yet sales success is in large part based on recognising and adopting the right *behaviours* when interacting with the client.

BENCHMARK

As a result, coaching - which may or may not follow a period of training - becomes an essential and integral part of managing behaviour change. By observing salespeople in action, a trained coach is able to benchmark their performance and provide feedback and advice on how to improve particular behaviours. Web based tools are also available for individuals to improve self-awareness by analysing their own performance.

As indicated earlier, the insights which this series of articles seeks to offer are based on extensive research into what skilled, consultative salespeople do. Just as you cannot learn to drive a car or play golf just by reading a book however, as a salesperson you need coaching over time to help you understand your startpoint - what you already do instinctively.

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Typically, just as one is very conscious of the technical content in one's interactions - the services one has available, the client's financial situation and so on - one should be equally aware of the verbal processes one uses or what may be termed as the level of "unconscious competence".

By bringing this to a conscious level, training and/or coaching can work on developing more appropriate approaches and behaviours which, through regular practice and feedback, become automatic and so create a higher level of unconscious competence.

So in looking at approaches which do or do not work, the reader should always ask such questions as: **To what extent do I do this already? How good am I at this? Do I fall into this trap? How conscious am I of doing this? How useful would it be to try this alternative approach?**

INTERACTION. As the salesperson sits across the desk from either an existing or potential HNW client, therefore, they need to find the keys to managing that interaction effectively. The first thing to recognise is that an existing client may be dissatisfied with the performance of your recommended portfolio. Similarly, as a prospect they may be equally disillusioned with their existing wealth manager. In either case they may be considering taking responsibility for their own investment plans.

IMPRESS

The initial challenge therefore is to impress the client - to rate you and believe that you potentially can provide help in a way or at a level not achievable elsewhere. Long gone, for example, are the days when a pair of shiny shoes and a firm handshake were enough to create the right impression. Similarly, the client may be expecting a pitch from you - because that is what they have always got from the seller at such meetings - but the chances are that is *not* what they actually want.

It is for this reason that the earlier article in this magazine emphasised the need to focus on how the client wants to buy rather than what the vendor wants to sell. In terms of the verbal skills required to achieve this, the first level of analysis is to ask: Who has the most airtime in the meeting - the client or the wealth manager? In successful meetings - those where the business relationship was moved forward - research shows the client in fact has the majority of the airtime, whereas average sellers generally dominate in terms of time.

The second rule of thumb is to analyse how truly consultative sellers use their airtime. Here again there is a clear distinction between skilled sellers, who use their time to probe and ask many more questions, and average performers, who spend most of their time giving information.

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As one highly successful private banker once put it, the seller has to be "humble". This contrasts with many experienced advisers, who are in fact disadvantaged by their very expertise. Having diagnosed the problem well ahead of the customer, a solution is proposed which, though well intentioned and in all likelihood suitable, is unlikely to be accepted by the client as it has not been effectively "sold".

IMPACT. The key to ensuring a proposal has the right impact therefore is to ensure it is both relevant and personal by basing it on a real understanding of the client's need. Conventional wisdom treats all needs statements as generic: find the need, meet it and you have a sale. As a result, generations of sellers have been taught, in effect, to pounce on any sort of dissatisfaction as a need and jump in with a solution. Yet all the research shows that the quickest way to create an objection is to offer an advantage neither asked for nor sought.

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It might seem to be common sense, yet few in practice recognise the difference in need between a client who complains, "the service I get has deteriorated" - an implied need, and one who says, "I am actively looking to change my adviser" - which one defines as an explicit need.

The difference is crucial. In consultative selling one has not found any statistical relationship between unearthing implied needs and success, but a very clear correlation between the number of explicit needs identified and the likelihood of a positive outcome. The art of consultative selling therefore is to help clients recognise and think through the full extent and weight of their dissatisfaction, and so turn an implied need into an explicit need.

Having explored the client's concerns in this way and developed them by examining the knock-on effect into other areas, the next step is to invite the client to consider the advantages of tackling the problem in a particular way. This is best achieved by asking further questions which help the client build value in the kind of solution which the consultative seller has in mind.

It might reasonably be thought that the way to achieve this is to ask open questions, ones which require something more than a simple yes or no. Yet this is another traditional sales axiom which does not bear close scrutiny - fully 60% of closed questions in reality receive amplified answers and once again there is no identifiable pattern or correlation between the kind of questions asked and successful consultative selling.

INSIGHTS

Instead, skilled sellers phrase their questions so that each has a clear *purpose*, be it to uncover, clarify or extend an implied into an explicit need. All of the above assumes that the client is at an early stage of their thinking, providing some insights as to how to help them recognise needs. However, the wealth manager might equally well encounter a client at a more advanced stage, where they might already have a clear view as to what their investment strategy should be.

Here a different problem is likely to occur for, having asked some initial questions, the adviser may come to the conclusion that the client is pursuing the wrong strategy. This requires an even higher level of consultative selling skill - demanding the flexibility, in effect, to use them in a different order.

EARLY

The adviser must here bring the client back to an early stage of the buying process, asking questions which will encourage the client to re-examine their original concerns, doubt the resulting conclusions and develop an alternative strategy which will better meet their needs. A more complex process perhaps, but with a considerably greater chance of success than saying, "don't do this, do that".

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ASSUMPTIONS. So how much do you really understand about your clients' broader needs? Most companies undertaking an honest and rigorous assessment of what they do are horrified by what they find. Without the discipline, patience or skills to explore the client's decision making process in depth, they tend to make huge assumptions about what their clients want.

Yet the adoption of a clear behavioural framework will enable wealth managers to develop the necessary skills to probe and gain agreement on real needs - as the basis of a solution in which both parties have confidence and to which both are fully committed.

ATTUNED

Clients do not want pushy sellers and respond much better to this consultative approach. Nor is it designed to be a straightjacket, squeezing the individuality out of the wealth manager. Rather, the focus is on being more closely attuned to the client's needs in order to adopt a "pull" style, taking that client through the process at an acceptable pace and with an inexorable logic that confirms the rightness of the solution which emerges.

JOINT APPROACH. With the increasing complexity of many wealthy clients' affairs and the array of investment options available, many "sales" will require several client visits and the involvement of other specialists - from within the wealth manager's own company or using third party advisers - to provide a complete solution.

The next article will therefore look at the skills required to sell with colleagues and broaden the client relationship by taking advantage of the opportunities to cross-sell.