

Minimize Relationships at Your Peril A Response to Dan Richards

By Amy Florian
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Salespeople who focus on interpersonal relationships are less successful, according to a recent [article](#) by Dan Richards, based on research published in the Harvard Business Review. Perhaps advisors should take heed and spend less energy on developing relationships? No. This research is accurate in some situations, yet its supposed implications for financial advisors deserve close scrutiny.



According to Richards, “relationship-centric” salespeople are defined as those who try to be friendly, social, and interested in a prospect’s personal life. Basically, they try to sell prospects by virtue of establishing rapport and connection with the potential buyer. The research in question has determined such salespeople are less successful than “challengers,” who highlight their expertise and actively lead the client toward a sale without focusing as much on the relationship.

I see two problems inherent in this study, at least insofar as it might apply to financial advisors. First of all, there are major differences between selling a product and acting as someone’s financial advisor. Secondly, Richards presents relationship-centric advisors and challengers as an either-or choice without considered the possibility that an advisor might embrace both models. Allow me to illustrate the distinction by way of a couple of real-life examples.

I recently needed a new roof on my home. I did some research on my own, and then I made appointments with four roofing contractors to get estimates. How did I choose between them? I considered price, of course, but it was not the sole deciding point; I was more concerned about what I would get for the price.

Secondly – although I wanted the contractor to ask about my preferred colors, shingle types, and desired result – I did not choose based on friendliness or how many questions the contractor asked about my children. I looked for a professional with expertise I didn’t possess – someone who would educate me, lay out options, and make recommendations. In other words, I looked for a “challenger” as opposed to a contractor whose ultimate goal was to demonstrate likability and rapport.

And I am not alone. I facilitate a support group for widowed people, and I have worked with over 1,800 grieverers in the past two decades. Widows – more so than widowers – don’t like it when, say, a carpet salesperson comes into their home and starts asking too many questions about their life and family. They get suspicious and even describe it as



“creepy.” They are not looking for a relationship with their carpet salesperson and would rather keep it on the level of product. In such cases, the research that Richards quotes is correct.

The search for a financial professional, however, is entirely different. A financial advisor, after all, is ultimately selling themselves. Unlike a carpet or a roof sale, where the contractor is only a temporary means to an end, clients want to partner with advisors for the long term. They still will not make a decision based on likability above other criteria, but if they come to you as an advisor who is going to manage their money and help achieve their goals, they want to know you understand them. They want you to ask questions about their values, beliefs, family, goals, and vision for the future. They want you to ask and truly care about what is happening in their life. They want to know you will be there to support them in the toughest times, and to advocate for them in ways that help achieve the vision toward which they direct their life.

I don't rely on my roofing contractor for those things.

At the same time, clients expect you to be a professional with expertise they don't possess, who will educate them, lay out options, and make recommendations. They want to know they can rely on your guidance, even to the point that you will challenge them if you feel they are not making optimal decisions.

If either of these two ingredients is missing – if clients believe you do not or cannot have a personal relationship with them *or* that you don't have the knowledge and skills to effectively guide them – they will choose someone else.

In financial services, then, the reality is “both-and,” not “either-or.” When Advisor Impact conducted a multi-faceted satisfaction [survey](#) with the most engaged and loyal clients of financial advisors, they found that these clients rated the relationship with their financial advisor *higher* than the specific products or services the advisor offered. The fundamental prerequisite for loyal clients is quality products and services offered by a knowledgeable professional. But if that professional is not relationship-centric – taking time to get to know a client's situation, goals, family and life – that professional's client base will be very small indeed.



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