

Breakthrough Success Lies Outside your Comfort Zone

By Dan Richards
March 13, 2012

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Standout success is rare in every industry, including ours. That is the reality – by definition most companies are average performers. To achieve breakthrough results, you need to be willing to change your business model, as two top business strategists advocate.

The problem with accelerating your growth relates to human nature. Most businesses and advisors start with huge drive and the willingness to take risks. With success we become comfortable, however, and lose that drive as well as the appetite to take even modest and carefully defined risks in our business.



A recent poll of business school professors pointed to Peter Drucker and Harvard Business School's Michael Porter as the most influential thinkers on corporate strategy. Both Drucker and Porter have written about the tendency for successful businesses to become complacent and resistant to change. I see this mirrored in the reluctance by many advisors to move from the comfortable status quo and to make choices about more narrowly targeting resources and focusing their day.

The importance of making choices

Most advisors start as generalists, with an *"all things to all people"* approach. That strategy creates a base of clients and a level of success that will allow people to stay in the business – but at some point, most advisors using that approach hit a wall.

It's at this point that advisors want to sit down to talk to me about their situation. Even when I suggest they consider focusing their practice in a direction that has the potential of dramatically accelerating revenue and profitability, most advisors resist this change. Quite simply, they prefer the security and comfort of their current *"all things to all people"* approach to the uncertainty of changing direction to a more targeted business model.

Porter, ranked today's top authority on strategy has this to say: "Strategy is about making choices and trade-offs; it's also about deliberately choosing to be different." Making choices was also identified as a key to success by Peter Drucker, widely considered the



twentieth century's leading thinker on business strategy. Among his comments on the topic: *"Efficiency is doing things right. Effectiveness is doing the right things."*

The common traits of top producers

In my years in the industry, I've spent time with many highly successful advisors. These individuals bring different philosophies and approaches, attack different client segments and utilize a broad range of business models. The one thing that they have in common is an incredibly high degree of focus in their business.

- In most cases, they concentrate on a well-defined client base. Whether retirees or business owners, physicians or university professors, CEOs or farmers, the most successful advisors typically bring a singular focus on one or two clearly articulated niches. And often the most successful advisors focus on micro niches – I've seen advisors successfully focus on snowbirds, divorced women and owners of Toyota dealerships.
- Because they focus their business, they can tailor it to the needs of their target group in a way that a generalist advisor never could. They understand the issues and speak the language of their clients; as a result they become the "safe choice" among their client community and become more referable as a result.
- Their focused business model identifies prospective clients and builds visibility among target clients. If you're targeting car dealers, it's relatively easy to put together a list of prospects in your community and to identify the association they belong to and the publications they read.
- They have focused policies and procedures to deal with prospective and existing clients. They have a consistent process for getting in front of prospects. They also have clear minimums on the clients they'll accept and a well-articulated process for welcoming new clients once they've signed on and for how they communicate with clients on an ongoing basis.
- They have a clear model of how they run their business, including the role of fee-based and managed-money business, the formulation of investment recommendations and the role of financial plans.

The reluctance to leave your comfort zone

I've had many conversations with advisors about changing their business model or bringing greater focus to their business. While most acknowledge the potential benefits of a more tightly targeted and better defined business, the majority are reluctant to make the leap –the status quo is too comfortable for them to abandon it.



A stand-pat approach works very well in a status-quo world – but the reality is today’s world is anything but that. The road is littered with once dominant companies who have been left by the wayside (think about iconic brands like Polaroid and Kodak or one time retail leaders such as JC Penney or Montgomery Ward).

The difficulty was not that these companies didn’t try to alter course ... each of these companies ultimately saw change coming and tried to adapt. The problem was that they waited too long, only embracing change when they were already in decline.

I’m not suggesting that successful advisors are going to go the way of Kodak and JC Penney... inertia is a powerful force and if you have an established client base that you are serving well and evolve your business gradually over time, you can run a profitable business for many years to come, perhaps the balance of your career.

What you can’t do with a traditional, generalist approach is to achieve dramatic growth – advisors with unfocused practices look very much alike. And if you look like every other advisor, differentiating yourself – challenging at the best of times – becomes impossible.

I sympathize with advisors who’ve spent 10, 15 or 20 years of hard work building a successful business and comfortable lifestyle and don’t want to jeopardize it by moving to a significantly different model. The comfort of the status quo is incredibly seductive. Deciding to take an incremental, evolutionary approach to changes in your business so as to reduce risk and stress is an absolutely legitimate choice ... no different from clients who want to avoid market volatility by staying on the sidelines.

But just as those clients shouldn’t then complain if their long-term returns are lower than investors who took greater risk, so advisors who take a low-risk approach in their business shouldn’t complain if they’re not growing as quickly as other advisors who have taken a more focused approach.

If you’d like more success, employ Michael Porter’s and Peter Drucker’s insights on how making choices drives successful strategy. And evolve your business to one that has a sharper focus and clearer direction.

*Dan Richards is a top-rated presenter at advisor conferences and an award winning instructor in the MBA program at the University of Toronto, as well as author of *Getting Clients Keeping Clients: The Essential Guide for Tomorrow’s Financial Advisor*. To learn more about his conference keynotes and workshops, email dan@clientinsights.ca.*

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