

SENIOR CONSULTANT

The Voice of the Investment Management Consultant

How to Thrive in a Flat World

by Pam Holloway

I just finished reading Thomas Friedman's *The World is Flat*. This book is a must-read for every business professional, investor, and human being on the planet. How's that for a recommendation? What Friedman means by "flat" is "connected." Lowering of trade and political barriers and exponential technical advances have made it possible to do business, or almost anything else for that matter, instantaneously with billions of other people across the planet. Globalization 3.0, as he calls it, is driven not by major corporations or giant trade organizations, but by individuals: desk-top freelancers and innovative startups all over the world (but especially in India and China) who can compete--and win--not just for low-wage manufacturing and information labor but, increasingly, for high-end work as well.

Wondering what all this means to you? Stay tuned and you'll find out.

Your world changed six years ago. Did it pass you by?

Your world has changed dramatically already. That's because THE world changed. What's more the changes will continue at an increasingly rapid pace. Look at what's changed: You're getting new competition from unexpected places. Why? Because the world is now flatter. There is increased commoditization and decreased differentiation in all areas of business, and yours is no exception. Why? Because the world is now flatter.

The pace and scope of every business segment in every industry is like a run-away train heading down from the top of Vail Pass. The challenge is to hop on or, at least keep up. That means a multitude of things for you; understanding your changing market and adjusting what you're doing and how you're doing it is essential to your business survival.

Success today and in the future comes to those who recognize the shifts and trends in the marketplace, and are able to re-valuate, re-focus and re-vamp themselves in order to respond accordingly.

Three Key Questions

In order to stay competitive in this increasingly flatter world, you should continually ask yourself and respond to three important questions:

1. How easily can your clients duplicate what you do for them?

2. How high (or low) do your clients value your services?

How good are you at anticipating your client's needs?

Let's look at each of these questions and explore the significance:

1. Are you easy to duplicate?

How easily can your clients duplicate what you do for them? In other words,

are you really that different from the advisor down the street?

Get a pen and list the 3-5 key services you provide for your clients. Next, list anything that is different, better or distinctive about what you do and how you do it? Be brutally honest. Our experience over the past ten years is that, not only are most advisors no different and no better than anyone else, they describe themselves and what they do with identical words and phrases.

Now, for those of you who do see yourselves as doing something just a little bit better than the competition, let's go one step further. Answer this question --How difficult would it be for the guy or gal next door

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to do the same thing? Is your work, your product, your service easy to duplicate? If the answer is “yes”, then you’re in trouble.

2. Are you providing services your clients perceive as highly valuable?

Every time I ask advisors this question, I get a resounding “Yes!” Then, when I ask their clients the same question, I often get a different answer. Sadly, many advisors hold onto a flawed perspective. They say, “My clients certainly *should* value these services.” That’s a dangerously arrogant response. What’s happening is that those advisors are giving themselves high marks in spite of no evidence to support it. They’ve failed to communicate or prove their value to their clients, but they’re still claiming the success. Beyond the obvious “duh” factor, it implies that you know better than your clients what’s best for them. Even if that’s true, it’s a dysfunctional way to run a business. In fact, it’s destructive in the face of a flatter world.

You have a choice. You can figure out what it is your clients actually value most and give it to them. Or, you can watch your clients take their business to someone else - someone who actually does deliver these highly valuable services.

3. How good are you at anticipating your clients’ needs?

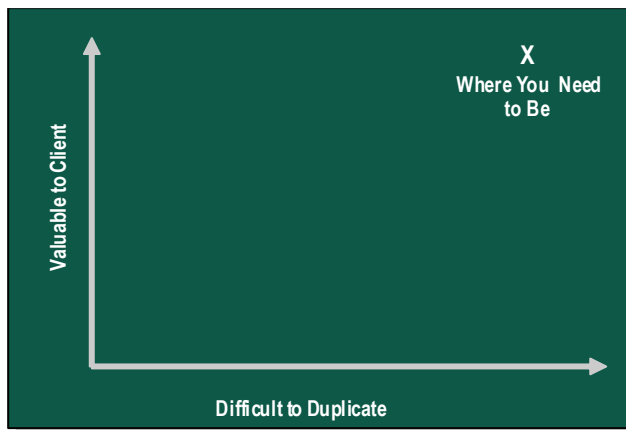
Can you see what your clients are going to need in the future? In other words, a flat world requires you to know what your clients want and value today and then find the most effective way to give it to them. However, it also requires you to see or anticipate what they’ll want tomorrow and get prepared in advance to respond.

In our lives at AboutPeople, supposition and guesses account for zero. We believe in research and digging deep to find better ways to help people succeed. One of the most telling pieces of data that we’ve uncovered recently looks at “customer satisfaction focus” and compares it to “customer anticipation focus.”

The findings prove that strategies which ANTICIPATE customer’s needs are **10 times more predictive of success than those focused on customer satisfaction.**

Why? John Naver of the University of Washington Business School describes it this way:

“Customers’ expressed needs and benefits can be known readily by all competitors - a situation that leads typically to competitors offering the same benefits to a given set of customers and then having to engage in aggressive price competition in the attempt to cre-



ate superior value.”

Got it? Customer satisfaction is not enough. Continued success comes to those who can anticipate client needs – then give it to them before they’ve even had a chance to communicate it.

There is a very simple formula for being perceived as “credible.” You must possess and display three qualities: honesty, competence and forward-looking. Because product-based training is ubiquitous, let’s assume that all advisors are competent. Giving the benefit of any doubt, let’s assume all advisors are honest. How can you determine forward-looking? It is the ability to anticipate what your clients will want or need in the future, then get it for them in the most effective way possible.

A Flat World Requires a New Approach and New Skills

A flat world requires a new approach, a new consciousness and application of new skills. As Albert Einstein

said, “Problems cannot be solved at the same level of consciousness that created them.” In other words, if sameness thinking caused the decline in client satisfaction, then some degree of change is required to fix that problem.

In order to thrive in a flat world, you must:

1. Expand your vision. Look far beyond your neighborhood to the global market place. India and China are gobbling up service opportunities and transactional business like it was manna from above. Believe it or not, you are in competition with them – especially if you operate a transaction-based practice.
2. Pay attention to the changes taking place in the world – technological advances, business challenges, social and cultural shifts. Recognize how these changes effect your market, your clients and your business.
3. Continually re-assess the needs and wants of your target market and make sure you know how to provide what they want, how and when they want it.
4. Go beyond mere client satisfaction. Embrace the philosophy of client anticipation. Get out in front of the changes and position yourself to respond quickly and effectively. Continually reassess your business and yourself against client needs and wants and against your competition. Strive to provide services that are: A) difficult to duplicate and B) of high value to the client.

One cannot manage change, one can only be ahead of it.
-- Peter Drucker

Most Important Skills for a Flat World

There is one thing that rings out loudest and clearest, and has the greatest implications for the financial industry. Financial advisors need to recognize what constitutes “different, better, more valuable and significant.” Thing is, in order to recognize those things, you must first understand your clients. To date, the financial industry has given merely lip service to that messy and inexact practice. Since the



future of your own business depends on your being able to anticipate what your clients will want, how can you know what that is until you understand your clients – their values, their personalities, their beliefs and their fears. With that in mind, isn't it logical that the most important skill requirement for financial advisors is how to understand people – both at an aggregate or market level and at an individual level.

This skill is followed closely by the ability to respond immediately and insightfully. It's not enough to know what to do, you must also implement and follow through.

In order to understand your place in your advisor-client dynamic, you need to gain perspective on yourself. You need to gain perspective on where you best add the greatest value. This requires continuous self-assessment, self improvement and alignment to your clients. Imagine a time when your most important job is to establish the personal connection, ask some thoughtful questions, then email the answers to a person in Bangladesh who then creates a client profile and financial strat-

egy. Chances are, that's how it will be done, because in many other industries, it already is being done – faster and cheaper.

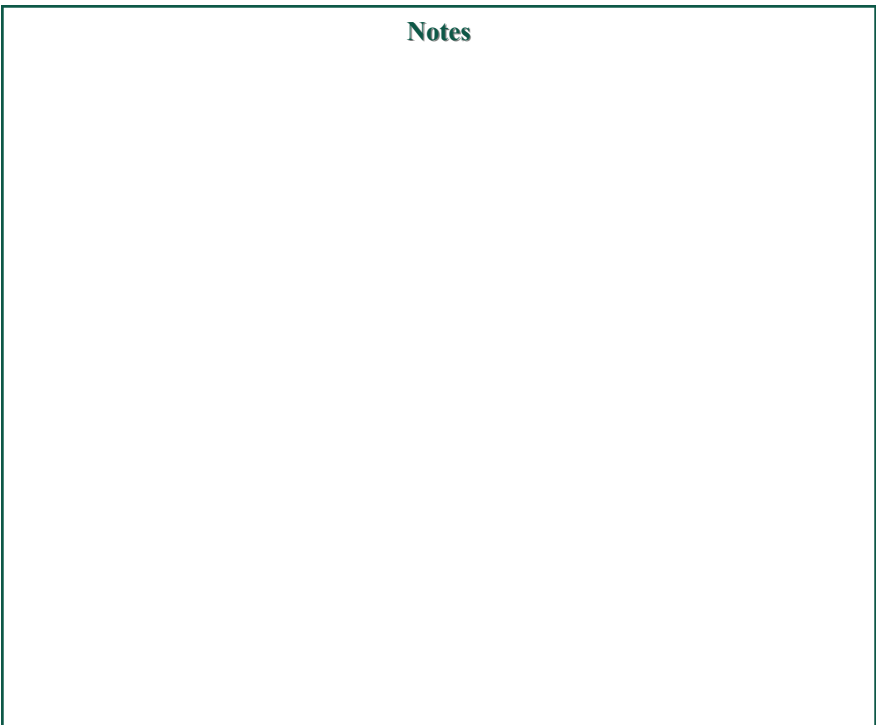
Finally, the ultimate question: How valuable will you be in the eyes of your clients, if they learn that what you do is something thousands of other people can do just as well and more economically?

About the Author

Pamela Holloway is co-founder of AboutPeople, a unique training and consulting firm specializing in practical business applications of neuroscience, organizational behavior and marketing psychology. She is co-author of, *Magnetic Connections – Consultative Selling for Financial Services Professionals*, *Face Values – How to read people and adjust your presentation to connect with them in less than three minutes*, and a variety of other books and articles.

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