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Finding Gold

Credibility's Impact on YOUR Bottom Line

By Michael Lovas
February 1, 2010

If you read my column, you know by now that I focus intensely on the psychology of credibility and business relationships. In that vein, we're writing a new book on business credibility.

As with all our work, we're diving deep into the most relevant research and extracting the most effective logic, solutions, skills and processes - specifically for building business credibility today! This article gives you some of the most important information about the most important point - how to make the business case to justify spending time and money to build your Credibility. If it's not tied to great returns, why bother, right?

The list below is ten of benefits we explain in the new book.

1. Shorter sales cycle/Higher closing percentage

With high levels of credibility, your customers don't feel the need to do as much due diligence, checking, thinking about purchase decisions. Trust is already established and this reduces the second guessing and doubt. Ultimately the sales cycle speeds up and the closing percentage increases.

Several years ago, we had a client in Texas who ran a large financial planning practice. They calculated that they were losing 60% of their prospects. The problem was, their sales cycle included nearly thirty separate steps and took forever. We helped them create a book and reframe the process so it contained fewer (but larger) steps. Problem solved.

2. More likely to attract and gain higher quality customers

With increased credibility, you become more attractive to larger prospects. We see this often play out in the financial services industry. The higher the credibility of the firm or advisor, the more likely they are to attract bigger "fish" with more assets. This is also true in other industries. Think about the automotive industry. Look at Lexus and Acura, compared to GM. High credibility and ability to attract a more up-scale and loyal clientele.

3. Get more opportunities and "first in" opportunities

You'll find yourself on the short list, getting calls and requests to bid on choice projects, speak to organizations, contribute to magazines, be interviewed in the media. Without the credibility factor, you are relegated to the cattle call - forced to chase potential business and wade through tedious administrative procedures. Over the years, Pam and I have spoken at conferences, been interviewed in the media, had articles written about us, and been requested to write columns (like this one). Nearly every one of those was the result of a call we received, rather than something we chased down.

4. More likely to get referrals and introductions

The more credible the organization, the more likely customers are to refer other customers. In a B-to-B situation, those likely to be giving the referrals are likely to have the Driver personality. Drivers will give a referral, but only after vetting the firm and making sure the firm will:

1) perform outstandingly, and 2) make them look good. When you make a referral you're giving away part of your relationship credibility so you're likely to do it when you believe in the firm's credibility.

5. Greater borrowing power and ability to attract investment money.

Investors are more likely to invest in a company that is credible and can prove it, a company who's financial projections are not only believable but a company the investors trust to honor and grow the investment. Without ample credibility, investors will automatically be suspect.

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That's called a "negative halo effect," where the expectation is pessimistic from the get-go. Credibility is also a key aspect of borrowing power. Even though borrowing is more about the numbers, especially now, given the financial meltdown of the last couple of years, the ability to become a portfolio client is still based on credibility.

Think about it - when a loan application is rejected, it's not so much about the application *per se*, but rather, the applicant's credibility. The bank doesn't believe that repayment will be made. But when it is accepted, what is the bank trusting?

6. **Less likely to be damaged by occasional negative press**

When you have credibility, it serves as a kind of buffer, like a Credibility Account with a line of credit. You get the benefit of the doubt. You're more likely to be forgiven when you make a mistake because of this "positive halo effect."

As we were writing the book, Toyota is testing its credibility and its own halo effect. Toyota customers are loyal - to a point. And the tipping point might be the honesty and integrity of the company. If the company has been forthcoming, then it will likely keep most of its customers. But, if it turns out that the company attempted a cover up, then the firm will more likely lose many of its customers because it will have sacrificed its credibility. The research shows that when credibility is lost, it takes years to get it back.

7. **Likely to attract and retain higher quality talent.**

Employees want to work for an organization and leaders who are perceived as credible.

We know that if you get a couple of really talented, quality people on a team, it ups the odds you'll get even more talent on the team because talent attracts talent - in the same way success attracts ever higher levels.

It's a circle - The more credible the employees in the organization, particularly those in key positions, the more credible the perception of the overall organization and the more likely the organization is to attract other credible, top tier talent. Microsoft continually attracts the biggest brainiacs because that's there many of the best ones work.

8. **Likely to attract higher quality vendors and partners**

In much the same way that you are able to attract top tier employees and clients, you're also able to attract higher quality vendors and partners. If you're the larger firm, and have greater credibility, you no longer have to argue (as much) over peanuts. Higher quality vendors will seek you out. If you're a vendor, you gain credibility by association with a more credible enterprise. Then, higher quality enterprises seek you out.

9. **Better pricing**

Often companies are willing to work for highly credible big name firms for less money in order to reap the benefits of the association. We (AboutPeople) did work with Microsoft at a lower rate than we typically charge because we knew the association would provide us with increased credibility. As a result, we were able to attract other high quality firms. Our list of corporate clients is proof enough that this concept is valid.

10. **Customers, vendors and partners pay their bills on time**

In several of the items above represent the power of association. Companies work for less because they want to be associated with and gain from another firm's credibility. Credible firms attract credible talent and vendors. The same principles are at work when it comes to people paying their bills. If a company is credible and accountable, which includes paying their bills on time, chances are the firm will attract customers and vendors who do the same thing.

Your Reward

We are putting the final touches on a 2-day seminar on how you can improve your own bottom line by improving your credibility. Previously, we taught this program only to our corporate clients behind locked doors. This Credibility Summit will be held in Phoenix, AZ in early spring. Details are in their final stages. Because we will engage in so much hands-on interactivity, attendance is strictly limited to 50 people. So, if you would like to get on the Advance Notice list, please send me an email and let me know. (michael@aboutpeople.com) I will personally place you on the Advance Notice list.

MICHAEL LOVAS is the author of ten books, three columns, and a thousand articles on Professional Credibility and the Psychology of Communication in the financial industry. He's the co-founder of AboutPeople and the founder of Credibility Marketing.

Michael speaks at conferences and seminars in Canada and the US. He is an inspiring trainer and coach who helps advisors improve their businesses. He holds three prestigious certifications: Licensed Master Practitioner of Neuro-linguistic Programming (NLP), Licensed Trainer of NLP; and Clinical Hypnotherapist. They make Michael an expert at helping financial professionals succeed at a higher level by building more meaningful business relationships.

AboutPeople Books:

1. **(NEW) Axis of Influence!** - How credibility & likeability intersect to drive success!
2. **(NEW) Words that Sell** - The language of psychological marketing & selling
3. **Face Values** - How to read people and connect with them in less than 3 minutes!
4. **The Boomer Report** - The financial advisor's guide to understanding the boomer mind
5. **Presentation Magic** - How to gain a psychological advantage in your seminars and sales presentations

[Fix Them](#)
September 2008

[HOW to ask for Referrals, the 6-Step Referral Process](#)
July 2008

[Science and the Quest for Referrals: WHEN to Ask for Them](#)
June 2008

[What Advisors Want, Or, Shooting at the Wrong Target](#)
May 2008

[Credibility Strategy - Part Two](#)
April 2008

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- 6. **The 5 Levels of Rapport** - How to create a meaningful connection with people who are important to you
- 7. **Magnetic Connections** - Consultative selling for financial professionals
- 8. **IDENTITY** - How to create and deliver the most important statement of your business life
- 9. **Inside the Mind of the Senior Market**
- 10. **Beyond Wave Marketing** - How to add credibility to your relationship marketing

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