When dealing with people, remember you are not dealing with creatures of logic, but creatures of emotion.

— **Dale Carnegie**

SPEND MORE TIME WITH CLIENTS AND PROSPECTS

Focus on Relationships

In his book, *25 Secrets to Sustainable Success,* industry legend **Phillip C. Richards,** CLU CFP RHU, describes the business tactics that helped him build one of the most successful organizations of its kind in the world. In this excerpt, Phil zeroes in on what *really* builds success for advisors — spending time with clients.

Advisors' People Skills Protect Their Jobs

THE SINGULAR SKILL that most advisors possess that allows them to succeed in our great business is their ability to form relationships with clients by earning their trust. While other characteristics are important and necessary, face-to-face people skills are clearly paramount in our business.

For that reason, our advisors need not worry about having their positions outsourced to other countries, as is happening with many jobs in America today, or about being replaced by a computer.

Globalization of the Economy

At LAMP 1996, Thomas P. Burns, CLU ChFC, made a General Session presentation titled "Redefining Our Role as Leaders in a High-Risk Culture." In that discussion, he said that we are all feeling more pressure to work even harder than we have in the past because of global competition and the Internet.

The globalization of our economy is a huge source of stress for many people, not only because many jobs are being outsourced to other countries, but also because of the pressure that this international labor competition has placed on benefits, earnings and job-performance expectations.

In his 2006 book, *The World Is Flat,* Tom Friedman describes how globalization and exponential advances in digital technology have made it possible to do business instantaneously with billions of other people across the planet. Innovative start-ups all over the world drive this globalization, especially in India and China, where people can compete for — and obtain — low-wage manufacturing and information jobs, as well as highly skilled research and design work.[1]

A much-quoted 2003 study by Goldman Sachs said, "India's economy … could be larger than Japan's by 2032, and China's larger than the U.S. by 2041 (and larger than everyone else as early as 2016)."[2]

Many employers might prefer to be paternalistic organizations that take care of their employees, but they no longer have that luxury. Those who do so proceed at their own peril. We're seeing a marked decline of defined-benefit pension plans, an increasing shift of health care costs to employees and higher productivity expectations and requirements. These are just a few of the manifestations of the accelerating phenomenon of outsourcing caused by globalization.

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[1] Friedman, T.L. *The World Is Flat: A Brief History of the Twenty-First Century.* New York: Farrar Straus Giroux, 2006.
[2] Wilson, D. and R. Purushothaman. Goldman Sachs Economics Paper No. 99. Oct. 1, 2003, p. 3.

You know that our economy is suffering when General Motors has to renegotiate its defined-benefit pension plans and lay off 30,000 workers to save the company. For each car that comes off the line, $1,500 in costs goes toward major medical insurance for GM's workers.[3] In Japan, they don't have those issues, and in Europe they have those issues to a far lesser extent. Clearly, that puts American companies at a disadvantage. Americans are not only competing with other Americans, but also with billions of other hard-working, less well-paid people around the world.

But I confidently submit to you that our advisors need not fear that their positions will be outsourced. While X-rays and tax returns are being read in India, our advisors' jobs remain secure because our advisors are in the relationship and trust business. Securing a client's trust requires a face-to-face initial interview, and building a relationship requires face-to-face follow-up. This contact cannot be accomplished from halfway around the world.

Life insurance must be first understood and then explained by committed people who own it themselves, believe in the character required to buy it and can persuasively describe its advantages — in person. That's tough to outsource.

The Internet

It's true that some people buy commodities on the Internet. They buy some of our products based on price, not based on an overall plan. There will always be do-it-yourself insurance and financial services consumers, much like homeowners who buy their own tools and supplies at home-improvement stores. These people are missing out on the benefit of having access to the expertise and experience of our advisors — the people of integrity we hired out of college. What they are getting is information, not wisdom. Computers don't dispense wisdom.

Nick Murray, the noted financial advisor and coach, says, "All computers should come with warning labels that say, 'Wisdom not included. Use at your own risk.' " Wisdom comes from human experience, and even the best Web site cannot begin to compare with the advice that a well-trained, educated, knowledgeable and compassionate advisor can provide to a client.

KEY STRATEGIES

Focus on Relationships

- **Stress the Value of Relationship-Building Skills.** Reassure your advisors that they need not worry about their positions being outsourced to other countries or replaced by technology. Their face-to-face relationship-building skills protect their valuable careers.
- **Focus on Relationships.** Where relationships are concerned, teach your advisors to follow the words of Andrew Carnegie: "Put all your eggs in one basket, and watch that basket." Face-to-face time beats computer time every time.
- **Keep the Planes in the Air.** Coach your advisors to ensure that their administrative and marketing assistants perform the duties that will make it possible for them to invest more of their time with clients.

about the author

Phillip C. Richards, CFP CLU RHU, is the chairman of the board and chief executive officer of the affiliated companies that operate under the name North Star Resource Group, which has more than 70,000 clients with offices in 10 states.

A winner of numerous industry awards, Phil was inducted into the GAMA International Hall of Fame in 2005 and is one of only three firm leaders in the world to have received the International Management Award from GAMA every year since its inception 33 years ago. In 2007, Phil was named recipient of the 66th annual John Newton Russell Memorial Award from the National Association of Insurance and Financial Advisors. Phil can be contacted at phil.richards@ northstarfinancial.com.

[3]Connolly, C. "U.S. Firms Losing Health Care Battle, GM Chairman Says." *Washington Post*, Feb. 11, 2005, p. E–1.

The performance and task orientation of assistant team members must be measured with the yardstick of this single question: "Will this keep the advisor in front of people?"

Avoid Analysis Paralysis

As field leaders, we need to remind our advisors about two important points regarding computers:

- They can use technology to enhance their professionalism, but they should resist the temptation to let computer time cut into the time they personally spend helping clients or trying to get in front of future clients.
- They need not be concerned about being replaced by computers as long as they focus on face-to-face distribution and delegate the computing to others.

Spending excessive time with computers has cost more than a few new advisors their careers. This is a real temptation today, given the many conveniences that technology offers. Computers and their inherent conveniences are merely accelerators — they help us get information more quickly. As a result, all of us, our advisors included, are prone to "analysis paralysis" — the irresistible temptation to spend hours in front of the computer analyzing our competition, our potential clientele, the numbers and everything else.

Field leaders should focus on ways to convince advisors that they would be well advised to spend time in front of people and leave the computer work to others who have different skills and responsibilities. After all, the majority of our advisors are attracted to this business because they love people and want to help them. Instead, too many of them spend hours at the keyboard preparing logical arguments for a sale, even though they know from their training and experience that the client's ultimate decision to do business with them will be largely an emotional one based on trust, not on numbers.

So how do we get our advisors to resist the temptation to become keyboard junkies? My experience has shown that we won't have much influence over veteran advisors. Experience has also taught us that the more successful our advisors are, the less ability we will have to modify their behavior. This is easy to accept as long as we, as managers, keep in mind that the advisors are, after all, our customers.

We have far more impact on our newer advisors, who in my firm follow a regimented training program in their first 90 days on the job. During that time, we as managers must help our advisors focus on expanding the time they invest in relationships and not on those tasks that can be done easily by others. We constantly coach our advisors that "If you do $20-an-hour work, that's what you'll be paid. If you want $250 an hour, then spend the greater part of your time with clients and prospects."

Million Dollar Round Table (MDRT) research has shown that Top of the Table qualifiers spend more time with clients than Court of the Table (COT) qualifiers, and COT qualifiers spend more time with clients than MDRT qualifiers. So there is clearly a direct link between increasing face-to-face time with clients and increasing productivity.

Learn from Southwest Airlines' Success

Keeping advisors in face-to-face meetings with prospects and clients is analogous to Southwest Airlines' extremely successful ability to "keep the planes in the air."

In 1996, *Harvard Business Review* published an article about how Southwest Airlines is able to keep its planes flying longer hours than its rivals and to provide frequent departures with fewer aircraft.[4]

Southwest's strategy for ensuring that its planes spend more time in the air and less time at the terminals was to schedule flights based on 15-minute turnarounds at the gate. The company eliminated first-class seating, meals, seat assignments, baggage transfers and travel agents. And they fly and service only one type of aircraft.

By 2005, Southwest Airlines had been profitable every year for 31 years, an unsurpassed record in the highly turbulent and frequently unprofitable airline industry. During the same period, most of Southwest's competitors struggled to achieve even three or four consecutive years of profitability. Southwest also ranked high in employee satisfaction and retention.[6]

[4]Porter, M.E. "What Is Strategy?" *Harvard Business Review* Nov.–Dec. 1996, p. 64.
[5]Ibid.
[6]Gittell, J.H. *The Southwest Airlines Way.* New York: McGraw-Hill, 2005, p. 3.

Securing a client's trust requires a face-to-face initial interview, and building a relationship requires face-to-face follow-up.

In short, Southwest Airlines accomplished this remarkable track record by keeping the planes in the air.

How to Keep Your Planes in the Air

The Southwest Airlines case study provides the perfect metaphor to use when teaching assistant team members what their vital role is: they help keep our advisors in front of clients. They learn that advisors make money only when they are in front of people — when the planes are in the air. Their job description therefore begins and ends with that mandate. The performance and task orientation of assistant team members must be measured with the yardstick of this single question: "Will this keep the advisor in front of people?" If the answer is yes, then the assistant should schedule the advisor to proceed with that task. If the answer is no, then the assistant will perform the task for the advisor.

The assistant makes appointments and schedules client reviews so that the advisor can be in front of people as much as possible The assistant also performs related tasks, such as following through on attending-physician requests and policy-service requests, making beneficiary and address changes, preparing proposals, making competitive comparisons, scheduling licensing and continuing education requirements, monitoring everything for regulatory compliance and so on. These are all important and necessary tasks, but they "ground" our advisors. We have learned that we can achieve success more easily by teaching the *assistant* new strategies than we can by trying to change the behavior of a successful *advisor*. One is a team member, while the other is our customer.

I made a similar presentation recently to a group of Farm Bureau field leaders in Des Moines, Iowa. Afterward, I received several e-mails thanking me for making the point that the role of administrative assistants is to keep advisors in front of clients. Attendees at that meeting told me, "Thanks — we've never been able to convince people what the benchmark is, which is that administrative and marketing assistants should keep the planes in the air, or keep advisors in front of clients. You made it so clear — if administrative assistants do something to keep advisors in front of people, they are doing their job. If they do things that keep advisors from being in front of people, they are failing at their job." That is their benchmark. Coach your advisors to measure their assistants' performance by this benchmark, and everyone will benefit.

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