

Value Ladder Step Six: What Makes You Different?

Advisors need to articulate how they stand out from the competition.

By Leo Pusateri

In his last column [March 2003], Pusateri discussed the fifth step on the Value Ladder: "Who Do You Do it For?" Let's climb to the next step now.

Theodore Levitt, Professor Emeritus at the Harvard Business School and widely recognized marketing and management authority, said in his best-selling book, *The Marketing Imagination*, there is no such thing as a commodity and all goods and services are differentiable. I agree with his assessment, and the question you should ask yourself is, 'If that is true, then what makes me stand out from my competition? What makes me different?'

When prospects ask, "What makes you different?" you immediately need to qualify the question. Ask, "Different from whom, different than what?" Tell them you need to better understand what they mean so you can provide the answer they are seeking. Do they mean different from another financial planning firm, different in terms of solutions, different from them as an individual or what they can expect from you through a partnership?

By asking your prospect to clarify, "Different than what?" or by respectfully using a phrase like, "Help me to help you," then you can focus your answers on the specific differentiation factors about which the prospect may be thinking. Your response to their questions will let them know the breadth and depth of your differentiation knowledge and will set you apart as world class.

Often, when I get to this step in my workshops, I ask the participants if anyone has ever been asked, "What makes you different?" I usually get a few chuckles, and some laughter. Then I ask the group, "Well, tell me, what other ways can this question be asked of you?" A typical answer is: "My prospect will say he's talking to another financial advisor, and asks

how do my services and solutions compare?"

Most often, advisors believe they understand their competition and can answer with authority. However, it's not until I begin asking advisors questions about their competitors that I can feel the discomfort in their answers. That is when most advisors begin "winging it with prospects."

Why does it matter how well you answer this question? If you're answering with confidence, passion and speed, your prospects will think, "This person has his/her act together." If, on the other hand, you're winging it—then the prospect thinks you don't know your business. You know what I mean. You've been there yourself, as a consumer of other professional services.

Other times advisors will ask me, "Isn't my UVP (Unique Value Proposition) a good enough statement of what makes me different?" Well, your UVP is your proposal of value. A good UVP will indeed set

you apart and speak to your uniqueness, but it will not compare you directly with a key competitor or financial solution.

Three Ways to Distinguish Yourself

There are three key ways to distinguish yourself in this crowded marketplace:

- 1. You must distinguish your firm against other financial advisor practices.** This is called Organizational or practice differentiation.
- 2. You must distinguish yourself on a solutions level.** This is called solution differentiation.
- 3. You must distinguish yourself on an individual/team level.** This is called individual/team differentiation.

I was conducting a session for a large group of advisors affiliated with a well-known independent broker-dealer and again was asked in advance by the vice president of the firm not to spend too much time talk-



ing about the competition. “The most important thing is for our advisors to understand that they need to articulate their value,” he said. “I want you to teach them how to do this, so don’t worry about spending much time talking about what makes us different from some of the other competitors.”

It didn’t crystallize for them until we did a follow-up program that understanding the competition, in fact, was very important. I began asking the advisors during that next session such questions as, “What makes you different from the advisor at XYZ Capital Management Inc.?” They all fumbled for answers.

The advisors needed the verbiage to explain the answer to this question with confidence. Nine out of ten times, when I ask this question of advisors they will say the idea of talking about the competition is a good dialogue to have with their team members and associates as well as with colleagues with whom they have developed strategic relationships because they need the competitive knowledge when talking to prospects. Unless they attend a session like this (or others in a workshop environment), they usually don’t realize the importance of it.

Before you can answer all the questions about what makes you different from other financial advisors and their practices, you obviously need to know who they are and a little bit about them, for example:

- Who are your direct and indirect competitors?
- Who are your remote competitors (outside your immediate circle)?
- Which ones will be the most important in your profession five years from now?
- Which minor competitors could become immediate threats?

If you work with endowments and foundations, for instance, your competition might be small to mid-sized national consulting firms. If you know other professionals managing money or providing other services to your clients, they are a competitor and should be plotted on your own radar screen.

And just how much information do you need to know about your competition? You need to be conversationally proficient. Meaning, that you can answer

any questions about your core competitors at such a level of expertise that your prospects will be thinking, “This person understands competitive options, and I am dealing with a professional.”

Remember: It is very important to speak respectfully about your core competitors. You can talk about them in such a way to educate a prospect and tell them more than anyone else ever has. You can bring their level of competency about the competitive options even higher just by sharing your knowledge. You need to be prepared and do enough analysis to be knowledgeable, of course, but not too much to paralyze yourself. The most important thing is to be an expert in discussing your advisory practice, your solutions and yourself.

Practice Differentiation

To begin, ask yourself these two basic questions:

- How is your independent financial planning firm different from a local bank trust department?
- How is your wealth management firm different from a private money management firm in your community?

Of course, for you, the most important question is how YOU differ from whomever your prospect is asking about.

Always keep in mind that if your prospect is investing with someone else by using other financial planning services, or other accounting or legal services, these firms are competitors. Either direct, indirect, remote or just beginning to fly onto your radar screen, they can encroach upon your business. Be prepared.

Competitive Differentiation Concepts

One great way to assess organizational or practice differentiation (which also applies to solution differentiation) is to consider the following concepts as you position your strategy:

The Concept of Uniqueness—As defined in a previous column on developing your UVP, uniqueness means exclusive or one of a kind. What characteristics make you truly unique? Discovering your uniqueness is a high-five experience. You may have to search long and hard, but the final results may set you in a direction you might not have considered. You are unique. The question is whether you understand your unique-

ness and can speak concisely about it.

The Concept of Competitive Advantages—What do both you and your competitor do, but you do much better? Is this an advantage that would matter to your prospect? If, after studying your competitors, you can say, yes, you are better, then it becomes strategic. It becomes a competitive advantage that may need to be emphasized in the course of your presentation to prospects.

The Concept of Parity—In an increasingly commoditized world, we can try our best to distinguish ourselves, but sometimes things seem so similar that they look and feel to be a competitive “wash.” If you can say, “I do it. My competitor does it. We both do about the same thing with the same amount of service,” then consider listing something under parity. But remember Levitt’s comment about everything being distinguishable. You need to pay attention to details because differentiation is in the eye of the beholder.

The Concept of Competitive Disadvantages—The opposite of competitive advantages, it represents what your competitors do better than you. This honest introspection helps because it forces you to go deeper into the analysis of your own uniqueness and competitive advantages.

The Concept of Competitive Uniqueness—This is something that your competitors have an exclusive on. Let’s be honest. This is even tougher to compete against, especially if it’s one of the key criteria by which your client evaluates you. Do your research.

How do you net it all out? You might try something like this: “We are proud that our team (or I) has a unique approach to financial planning.” Or, “We’ve done in-depth analysis of our expertise and solutions, and we truly believe we present many competitive advantages for your consideration.”

Solution Differentiation

This concept raises eyebrows sometimes. “You mean I should know more about my competitor’s solutions? “I don’t know what they offer. How would I even find out?” advisors ask me. Maybe some of their solutions are liquidity, asset allocation, investment policy statement, trust services, structured products

and investment management, or private equity, Perhaps they are many of the solutions you also offer. If your competition is other fee-based financial planners, maybe their solutions are unique approaches to taxes or structuring a customized plan, or life planning, or providing values-based solutions. These are the kinds of things you need to know about your competitors. And once you determine their solutions, you need to probe and uncover “why” they are unique and how yours are different.

Wouldn't you like to have some working knowledge of what and who you are competing against? Do your homework. You can attend industry conferences with your peers and exchange ideas and practical solutions without having to divulge any business model or strategic procedures you feel are confidential or proprietary. Many times, speakers at conferences and industry experts are happy to share what they know about the competitive environment. Research the competition through the internet; you'd be surprised the type of information you can glean. Read your industry magazines and industry research papers for trends, pro-

files and case studies of other successful advisors. Also, talk to your CPA and estate planning allies—they are usually a good source of competitive information because they are being called on by your competition, too.

Distinguishing On An Individual Level

What do you stand for? What are your values? If I called your top clients, could they list you or your team as advisors who provide Ritz-Carlton-type service? Would they be raving fans? Do they have you in their personal “hall of fame?” Isn't that your goal?

Most advisors, advisory teams or independent broker-dealers will develop broad-based core values. They are called mission statements, value statements or their beliefs or principles. I'll usually ask, “What are your core values?” And they will say, “We believe in taking care of the client first,” or “We believe in customizing solutions for clients.” Sometimes when I hear these things or see them posted in the office, I feel these words are meaningless. If they are just words on the wall with no action, then forgive me, they might as well be toilet paper.

Always remember, business is first a meeting of the hearts, then it becomes a meeting of the minds. If the most important thing you have to distinguish is YOU, and the most important way to distinguish yourself is by speaking from the heart and connecting with someone else relative to your standards, code of ethics and core values, it is imperative you have this stuff down pat.

If you really haven't thought in depth about your core values, you might want to begin by analyzing them. Are your values internally or externally focused? Are they company values or individual values? Are they possibly one and the same?

As you already know, the most important element of differentiation is the person with whom the prospect partners. Even though you can distinguish your practice, your team, and your solutions, the critical component is YOU. You are the company. You are the process. You are the value. ©

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