

# Responding To Value Challenges

How well you handle them will determine whether you get business.

By Leo J. Pusateri

**M**any opportunities begin when the client says, “No!” Value challenges are part of most serious client dialogues. Simply stated, when a client or prospect approaches a decision around entrusting wealth, concerns come up in the form of value challenges.

Do any of these sound familiar?

- Are you sure the service will do just that?
- I am already working with another organization.
- How are you different from who we are using now?
- I really don’t think I can run the risk of changing advisors right now.
- Your fees seem a little high for the services we are getting.
- You have made promises in the past and, frankly, not kept them.

How well you handle a value challenge will, in many cases, determine whether you earn the right to manage a client’s or prospect’s wealth. In this article we show you how to address these challenges with confidence and respect, while always reiterating your value.

When the advisors we coach get to the point of looking forward to a challenge, that “smile in the stomach” feel, we know that person is becoming black-belt at leading consultative discussions around the theme of value. How do you get to “black-belt” confidence? In our strategic retreats, we teach participants three skills how to:

1. Identify the difference between general questions regarding their solutions (products/services/programs) vs. specific challenges to their value.
2. Effectively respond to client challenges.
3. Use a process to reiterate the value that they provide.

No matter how well you explain your value, val-

ue challenges will come up. So, in this month’s column, we will teach you how to respond to the challenges whether about your fees, competitors, fears about changing accounts—and show you an effective process we call the **Responding to Value Challenges** skill model, to help you reiterate the value you provide.



## Expect, Respect And Be Ready For Value Challenges

Financial matters are highly emotional decisions that have massive effects on a client’s present and future lifestyle and peace of mind. It is only natural that your clients will feel doubts, concerns, worries and challenges as they decide whether to invest, how much and with whom. Client concerns will come up even if you masterfully handle a client’s wealth management. Of course, prospective clients, who will likely not have the benefit of experience in working

with you, will be even more likely to have doubts surface throughout a dialogue around their financial matters. In other words, challenges are normal parts of a dialogue and are just as emotionally important as entrusting an advisor to manage their wealth and future financial comfort.

Value challenges are normal and common, but many financial advisors mishandle them. Let’s jump into specific skills steps to get you going.

### Is It A Challenge Or Simply A Question?

This may not seem like an important issue at first, but your interpretation of whether your client is presenting a question about something you said that is unclear, or if he or she is confronting you on an issue, is crucial to how you answer. How you perceive your client’s challenge/question can potentially make or break a relationship. It’s important to carefully analyze “how” and “why” your prospect or

client poses an issue. Again, are they challenging you and your value, or simply asking you a question? Try not to overreact. Remember, many opportunities begin when the client says, "I don't understand."

So, let's get started and identify the differences between general questions about your solutions, and specific challenges your clients may have to the value you provide them.

The *Merriam-Webster's Dictionary* defines the word "question" with terms such as to ask; to doubt; to subject to analysis and to examine. We believe that answering a question does not require extensive examination or analysis. The person asking the question may have doubts, may require clarity or simply would like more information. It should be easy to explain, and should not put you in a position of feeling that your value is necessarily being challenged at this point.

Now, on the other hand, the *Merriam-Webster's Dictionary* also defines the word, "challenge" with terms such as to halt, demand, take exception to, dispute and to issue an invitation to compete. You can see how very different the definitions are from each other. When a person challenges you or your value, he or she is asking you a question that is more strategic in nature. The answer to this requires you to think about your response in a different way. In answering a challenge, it is critical that you respond with confidence and respect in a professional manner.

*A: few examples of differences between questions and challenges are:*

*Q: "What are your fees, and what do I receive in return?"*

*C: "Your fees seem a little high for the services I will receive."*

*Q: "I already have an advisor I am not happy with; should I make the switch?"*

*C: "I already have an advisor. I don't want to run the risk of changing right now, and I don't see what makes you so different from him anyway."*

You have a few moments to think carefully about how to respond, and you now have the opportunity to address the challenge issues and to answer the questions. Remember, even an-

swering the simple questions allows you to reiterate your value.

Here is where the **Responding to Value Challenges** skill model can help you. Let's review the four steps in the model.

**Step One:** Acknowledge

**Step Two:** Question for Understanding by Clarifying and Confirming

**Step Three:** Provide the Answer and Reiterate Your Value

**Step Four:** Check for Understanding and Acceptance

The first step is one of acknowledgement. The key thought is to give genuine respect while connecting emotionally. At this point in your dialogue with your prospect or client you have a great opportunity to connect emotionally through the use of acknowledgement skills. They may seem basic to you, but they are very powerful in their delivery. Remember, while you are acknowledging you must continue to exude confidence and respect. Here are a few sample dialogues:

*"I understand how you feel."*

*"I appreciate your candor. It is important that we are honest with each other if our relationship is to move forward."*

*"I've been in your situation before, and I respect your need to understand thoroughly the proposal before making a commitment."*

#### **Now, It's Your Turn**

Step two, questioning for understanding by clarifying and confirming, gives you an opportunity to ask questions of the client. The key points are: 1) Make sure you understand what the client is saying to you; 2) If you don't, you must first clarify and then confirm the understanding you have; and 3) By using your skills of clarifying and confirming, you demonstrate confidence.

At a certain point in the conversation, your client may be thinking, "I just don't understand what this advisor is telling me," or, "I don't believe in his/her philosophy." These thoughts may turn into value challenges. That is why it is important to analyze the "intent" behind the challenge, and you do this through questioning with respect.

During complex negotiations, where clarifying and confirming ques-

tions are not getting to the root of the issues, you may want to review what I wrote on Value Questioning Strategy in a column in the November 2004 issue and go through the five steps to help you determine what your client is driving at. For example, to clarify you might ask:

*"Would you please explain why you are hesitant?"*

*"These are very important decisions for you, but I need more clarity. Please tell me again about your insurance policies."*

*"I'm not sure I understand what you are asking me to do; can you take a moment to help me?"*

Next, you confirm the information once you receive your answers and you understand what the client means. To confirm these statements, rephrase what was said and gain agreement of them. For example:

*"Let me make sure I understood what you said, and that I am on the same track as you. What you are saying is...Do I have that right?"*

*"I appreciate your detailed explanation. Let me rephrase it so I can be sure I understood exactly what you said. Please let me know if I captured it correctly."*

*"What I heard you say was.... Is that right?"*

Remember, the emotional connection is very important throughout this process, especially when your client or prospect is challenging the value you provide. The need to understand that the client's emotions encompass all (or more) of the following is vital: concerns, frustrations, needs, opportunities, problems and challenges. As a "world-class" communicator, you must acknowledge, clarify and confirm any of these emotions as they arise in every conversation. Actively listen to hear the clues, as they will help you determine when to acknowledge, clarify or confirm. You may never do them in order; you just need to think on your feet and demonstrate confidence and respect.

Step three is provide the answer and reiterate your value. At this point in your dialogue you state a confident response as you emotionally and logically connect. A critical component of responding to value challenges is to

demonstrate how well you have listened to your prospect/client and understand what was said. What you must do next is to discuss the real value you provide, and to continue to connect emotionally as well as logically. Ultimately, what you will do is demonstrate to this individual that you are creating a consultative relationship with him or her. Here are a few examples of your consultative dialogue that connects both logically and emotionally:

*“The real value I will provide is ... the process I intend to apply as your financial advisor. I will be an active partner working with you to help you achieve your goals.”*

*“My five-step process is both comprehensive and differentiable. I really believe that adherence to this process will increase the certainty of our achieving your objectives.”*

*“The Real Value is the application of my process in a totally customized approach to meet your long-term goals.”*

#### **Check For Understanding And Acceptance**

This is the fourth and last step of the skill model. It helps you ensure that you have enhanced the client's comfort level. At this point in your dialogue, it is critical that you and the client are on the same side of the table. This is easily accomplished by making sure your prospect/client understands everything you have said throughout the entire conversation, and vice versa. It is also crucial that he or she has

agreed or accepted what you have articulated and that this individual is not in disagreement with you.

In the event that there continues to be a misunderstanding or disagreement, you may be stalled in your efforts to get a commitment. Further questioning and astute acknowledgements will be required. If necessary (or possible), be prepared to explore alternatives. Here are a few simple examples:

*“Are you comfortable with that rationale?”*

*“Is there anything else you need clarity on?”*

*“Does that make sense to you?”*

Real-world experiences suggest that some of the following events can (and do) occur:

1. **You followed the skill model correctly and something is still wrong.** Dig deeper; question to identify the existing gaps and uncover all of the issues. Continue to clarify, confirm and acknowledge until you both can come to an agreement.

2. **After using all your skills, you have an honest disagreement over your solution.** You may be able to agree on certain issues. Sometimes, business can still be done. In this situation, the positive elements of your solution far outweigh any concerns.

3. **Sometimes you may be able to agree to disagree.** You may need to negotiate your value and determine what the best win-win scenario may be.

4. **There will be times when there**

**is an honest difference that cannot be resolved.** Many times is it better to respectfully acknowledge the opportunity as something that cannot be worked out. Graciously bow out of the situation and move on.

In workshops I typically will ask the participants to write the top three challenges they have been faced with, and to pair up with another participant in the room to see how this person would respond to their challenges. They role play each as client and advisor, and afterwards discuss the exercise. We also do this with the key value challenges that clients may pose to you: about your company, solutions, competition, marketplace and yourself. We have found these exercises to be honest and thought-provoking ways to challenge each other and to shed more light on how it feels to be in the clients' shoes. I recommend that you try this with a colleague.

Now, when you hear, “I don't think you can change my mind,” or “Something doesn't seem right to me; I am not comfortable now,” or “You have made promises in the past and have not kept them,” do you think you will be able to respond to these value challenges successfully? You bet you will. Good luck. ☺

---

*Leo Pusateri is president of Pusateri Consulting and Training LLC in Buffalo, N.Y., and is author of Mirror Mirror on the Wall Am I the Most Valued of Them All?*