

The Financial Services Industry: Sales Trends and Strategic Initiatives



Executive Summary

Depending on their financial health and position within the global banking arena, Financial Services Organizations may be trying to balance a range of strategic necessities, including maintaining a strong competitive advantage, identifying ways to position the organization for mergers or acquisitions, or identifying expansion opportunities into the global marketplace. While executive leadership navigates these challenges, they must balance their efforts while continuing to meet the increasing demands from investors, regulators, and clients. In the wake of these changes, some organizations have succumbed to reducing their workforces and making deep spending cuts, thereby leaving management to face new economic realities with far fewer resources.

However, Financial Services Organizations can take strides toward being proactive vs. reactive through a series of strategic adjustments to business processes and practices. Add to that effort investment in key areas of skill development to solidify a consultative sales culture and equip Financial Advisors to capitalize and close on each client touch point.

Sales Trends in Financial Services

Financial Services is a specialized industry comprised of banks, credit card companies, insurance companies, consumer finance companies, stock brokerages, and investment funds. Regardless of their industry position, Financial Services companies are affected by powerful economic, consumer, and regulatory shifts.

- ▶▶ **Macro-economic Picture is Unprecedented.** The Financial Services Industry is navigating several key challenges including: the ongoing economic recession, rising delinquencies, losses and charge-offs, tightening credit guidelines that threaten revenue streams, growing security fears, and stronger regulations.
- ▶▶ **Varied Pressures.** Mergers and acquisitions have reshaped the Financial Services landscape and have been met with internal and external challenges alike.
 - Internally, these organizations are tasked with eliminating inefficiencies and redundancies, re-engineering their brand, and seeking to quickly establish new guiding principles and cultural norms that will best position the organization for success.

Overview

From its position as a global sales training and consulting firm, Richardson has partnered with some of the world's leading Financial Services Organizations to provide comprehensive total solutions for their team members to improve performance and reach revenue goals.

As part of its detailed customization process, Richardson interviews several top stakeholders within its client organization to understand needs, challenges, and areas for development. Richardson's proprietary methodology for acquiring and analyzing this information leads to valuable insight and trends from within the Financial Services industry as a whole and, as a result, Richardson is able to provide this value-added information to its Client Partners.

- Externally, these organizations must address the impact of weakened consumer confidence and the role that it plays in the financial decisions that they make.
- ▶▶ **Focus on Security.** Financial Services Organizations face an increasing need to manage risk and security issues and remain compliant with legislation and regulation designed to mitigate risk associated with money laundering within the global banking structure, while balancing the need to minimize impact on client service.
- ▶▶ **Increased Competition.** While some organizations struggle to adjust, many face increasing competition, not just from traditional competitors, but from other organizations that are eager to capitalize on the opportunity to gain more market share by expanding their service offerings with their competition's unsatisfied clients.

Strategic Initiatives for Adapting to Sales Trends

Financial Services Organizations will likely need to transform their business models, performance objectives, and incentives as a strategy to gain a sustainable long-term approach to value creation and to rebuild consumer confidence.

- ▶▶ **Creating Internal Efficiencies .** In many cases where Financial Services Organizations have been forced to reduce their workforces and make spending cutbacks, it now becomes critical to make the right decisions when aiming to do more with less. Management will need to create internal efficiencies, such as evaluating their models and business practices and identifying areas to be strengthened so that they can fully leverage available resources on behalf of their consumers and create a high-quality experience.
- ▶▶ **Increased Product Differentiation.** Financial Services Organizations can also look for ways to adjust their product positioning so that they are focused on the needs of a changing market segment and address the various levels of consumer apprehension that exists through collaboration coupled with a high level of service. Business models should adjust in such a way to consider consumers' needs, objectives, and tax, financial, and regulatory considerations.
- ▶▶ **Adjusting Metrics Rewards for High-quality Client Touch Points.** Recent research shows that each consumer opportunity is taking longer to close than ever before. This shift requires high-quality client interactions at every available touch point, a practice that is not always embedded into the workstream within many Financial Services Organizations. Therefore, organizations may need to rethink

how Advisors are measured and incentivized as they make contributions toward building a culture that supports high-quality client touch points to close on opportunities.

- ▶▶ **Increased Investment in Sales Skill Development.** Several large Financial Services Organizations are taking the approach that the quality of their Financial Advisor's ability to engage with clients is especially critical in developing loyalty, initiating opportunities for cross-selling, and addressing complaints to increase client satisfaction. Therefore, leadership in these organizations is proactively increasing their investment in initiatives that develop and support the selling skills of their Financial Advisors amidst this challenging time, as they see this as an opportunity to gain a competitive advantage and differentiate themselves on service.

Specific initiatives include:

- **Strengthening** consultative selling processes and models that support industry shifts and the demand for a new, relationship-oriented approach to selling
- **Holding** Advisors, Teams, and Managers accountable for results through coaching to change and maximizing resources to achieve revenue goals
- **Integrating** skill-building activities to develop customized value propositions with the breadth and depth of program-specific training that Financial Services Advisors need to succeed – know the program (or product), and know how to sell it
- **Focusing** marketing and promotional resources on a value-add message (instead of a product push or capabilities message) in order to quickly drive consumer decisions
- **Transforming** training by leveraging the best technologies to blend Financial Advisors' work with learning and bring support tools directly into their daily workflow – learning and working become two sides of the same "coin"



This **SHIFT** approach to skill development is being driven by sales leadership's adjustment to the external sales trends affecting the industry and requires best-practice "know how" in order to maximize the return on this investment.

2009 Best Practices for Skill Development

As a result of analyzing data from several Financial Services Organizations, Richardson has been able to identify the following best practices, which represent the most pressing areas for skill development. Financial Services Organizations that invest in these areas of skill development to date have reported that their Financial Advisors are better equipped to meet strategic objectives amidst a new, challenging environment.

Return to Relationship-focused Selling

As Financial Services Organizations prepare to place an even greater emphasis on collaborating with consumers and building their confidence, the need to adapt sales processes and models to support that shift is critical.

To achieve success, Financial Advisors will need to learn how to live and breathe a relationship-focused selling culture, which is driven by efforts to understand consumer needs and position solutions directly to those needs. True relationship-focused selling involves becoming a Financial Advisor to consumers as an alternative to a Financial Services Product Provider, whose value is limited to the features and benefits of a program. Becoming a true "partner" to the client involves a broad and deep understanding of a client's current situation – if it is a business, then it is about understanding its business operations, vulnerabilities, consistent and evolving needs, as well as the time and effort to provide value-added advice on a continual basis. If it is an individual, then the focus is on short-term and long-term financial objectives, evolving needs, level of satisfaction, and opportunities to add value.

Leading a Need Dialogue

Delivering a fairly generic overview of a program's benefits as a way to kick off a sales opportunity typically has been the norm for most Financial Advisors within many organizations. However, the recent economic upheaval has resulted in consumers – both individuals and businesses of all sizes – opting to make more conservative financial decisions, thus reducing the amount of sales opportunities or elongating the close.

However, by building strong questioning skills and making it a standard sales practice to engage each consumer in a Need Dialogue, the Financial Advisor will be able to generate more dialogue opportunities, during which he/she learns about needs. This kind of dialogue creates relationship momentum and positions the Financial Advisor as a trusted partner so that when opportunities arise, he/she is in a position to fully capitalize.

Service to Sales

Financial Services Organizations have traditionally understood the idea of establishing good service-to-sales practices; however, the need to generate revenue is now more critical than ever,

therefore ensuring that a solid service-to-sales culture is critical for success. By solidifying a process and investing in soft skills, Financial Services Organizations will create Advisors who are proficient in understanding how to first satisfy the immediate consumer service needs, proactively initiate dialogues to identify additional needs, and position products and programs that will ultimately drive revenue.

Closing the Sale

When surveyed, Financial Advisors have a wide range of skills and comfort surrounding the process of closing. However, within a dynamically changing environment, the need to refocus efforts and deploy a relationship-focused approach – setting a measureable closing objective and actively closing on all opportunities – will be paramount to reaching revenue goals.

Therefore, in consideration of the direct effect closing efforts have on revenue, several Financial Services Sales Leaders are trending toward placing a renewed focus on sharpening the ability of their Financial Advisors to confidently close, follow up, and maintain momentum between interactions with consumers as a way to spot additional opportunities, work through obstacles (such as consumer apprehension), and strengthen the relationship overall.

Coaching to Change

As Financial Services Organizations aim to re-engineer their approach and sales processes to effectively confront new challenges, equipping and motivating Financial Advisors will be a critical element of success.

Financial Services Management will need to sharpen their sales coaching skills to ensure that behavior change is adopted to improve team and individual effectiveness. By doing so, Managers will be better able to improve performance and achieve revenue growth, strengthen relationships with their Financial Advisors, accelerate learning, and help Financial Advisors become responsible for their own development. A specific emphasis may also be placed on the varying elements surrounding in-the-action coaching to help shape behavior change “just in time.”

Richardson Total Solution for Financial Services Companies

Richardson has worked with several leading Financial Services Organizations to provide a comprehensive, total sales training solution for Financial Advisors and Management to support these emerging trends and those strategic initiatives that will most-effectively position them to reach their maximum success amidst a challenging and shifting global environment.





Some critical elements of an integrated training strategy include:

- ✓ Flexible, On-Demand eLearning Courses
- ✓ Benchmarking Diagnostic Tools
- ✓ Cost-effective Webinars
- ✓ Practical Performance Support Tools
- ✓ Convenient, Affordable Sales Resources
- ✓ Video-On-Demand Training (VoDs)
- ✓ Dynamic, Highly-Customized Classroom Training
- ✓ Coaching Practices to Effect Behavior and Culture Changes

Richardson's Global Performance Solutions Team of highly-skilled Relationship Managers, Senior Training Designers, and Senior Global Trainers can work with your Financial Services Organization to assess and evaluate your current and future needs and design a customized training strategy to suit your learning and development initiatives.

About Richardson

Richardson develops customized and comprehensive sales training and performance improvement solutions for sales, sales management, and customer service professionals, which integrate with an organization's business strategy, sales challenges, and overall vision to improve sales skills, increase performance, and drive results. The company's 30-year dedication to changing the behaviors of sales professionals and innovation has made Richardson one of the largest global sales training and performance improvement providers today. Clients around the world choose Richardson for their "go beyond" approach and broad platform of customizable sales training and technology solutions, which is why they deliver a comprehensive, end-to-end training platform that includes: online diagnostics, fully customized live and online training programs, continuous coaching processes, reinforcement tools and techniques, and performance support applications. Richardson continues to be on the front line of sales training innovation in the development of leading-edge solutions that help clients generate revenue faster and more cost-effective than ever before.

Visit Richardson's website at www.richardson.com for more information on how Richardson can help your financial services Sales Representatives reach their sales objectives.