



# Client Centric Selling

## A Mercuri International Whitepaper

### Background

Customer centric selling is top of the agenda for many financial institutions. It's driven in part as a response to regulators but it shouldn't all be about risk management.

This Mercuri whitepaper looks at some of the trends in customer centric selling and considers what it means in practice - both the pluses and the minuses.

There's no doubt it's a big issue. Anecdote and evidence support this. At a recent meeting with a UK Challenger bank talking about this, a senior manager commented "Yes, it is up there at the moment. Virtually every manager I am interviewing at the moment is keen to prove to me just how "customer centric" they are!" But there is evidence as well as anecdote to back this up. PWC's excellent paper 'Retail Banking 2020 Revolution or Evolution' identified "developing a customer centric business" as a top priority for banks.

- 61% of banks say customer centricity is very important
- 75% say they are investing in this area
- But only 17% say they are very well prepared

The numbers are challenging. It makes one wonder what the 39% who didn't say customer centricity is very important are focussing on instead! The fact that only 17% feel they are very well prepared in this area must present a tremendous opportunity to differentiate oneself.

### What's driving customer-centricity

It's a mix of risk and opportunity. At the moment it's probably 80% risk and 20% opportunity, but it should be 50/50. Many banks are looking to prove to their regulators that they are placing their customers' needs before their own gain. This involves moving beyond "treating customer fairly" to "fair customer outcomes". It is no longer enough to demonstrate that the bank's intent was good. There is

of the relationship manager or business development manager were focussed on achieving a good outcome. It's also essential to show that the outcome itself was fair, not just that the inputs were fair. There is no doubt that managing regulatory risk (and with it reputational risk) has pushed customer centricity right to the top of the agenda. But although regulatory risk makes this urgent, there are a number of bank sales leaders who would see customer centricity as the route to improved differentiation, enhanced customer intimacy and improved share of wallet. As one Hong Kong based banker put it to me "it's all about understanding first and then solution second." The respected "guru's guru" David Maister puts it like this in "Managing the Professional Services Firm": Relationships, to stay strong must be nurtured and future business must be earned. Clients do not like to be taken for granted, and they expect their "suppliers" to invest visibly...In getting to know their clients' business...The better the firm's understanding of how clients think, the more effectively it will be able to market itself." So while regulation may be driving the appetite for customer centricity, the commercial benefits will be even greater for those who approach this positively and effectively.

### The risks of the customer centric approach

I see two main risks, both of which are manageable. Out of concern to be seen to be "super compliant" some players may overdo it. The impact of this would be to cause "sellers" to freeze and not offer solutions with confidence. This would damage both the "seller" and more importantly, the buyer - who would not get the solution they need.

The second risk is more perceived than real. Taken to an extreme, customer centricity can be caricatured as "I just wait for customers to come to me with a need. They have to tell me what they need and what they want and my job is to give it to them." This assumes that every customer



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is clear about their needs, is able to analyse their situation, and to know enough about all the solutions available.

Customer centricity does not equal passive reactivity. The relationship manager should understand the customer so well that they can identify issues in the customer which their solution can address. Customer centricity should be proactive! It's just that it's proactive in the interests of the customer! The opposite of bad "product push" selling is "no selling". It is professional, effective customer centric selling.

In a recent workshop on "Selling in the Boardroom" for partners in a Big 4 firm of accountants, we were debating the issue of "should we be creating client demand." The conclusion of the group (which included partners from across Asia and Europe) was that we need to be making clients aware of issues that could impact on their business, provoking them to move from awareness to action. As one put it: "If I am aware of a potential problem for a client and know we have a way of dealing with it and then just wait for the client to raise the issue with me, I can't see that I'm working professionally or fairly with that client. Of course they may not instruct us on the matter, but they know we care enough to have thought of them and made them aware." We had a number of CEOs and CFOs advising the partners and one made it clear: "that's exactly what I need - professionals who know us well enough to flag up risks and opportunities. I want you to come to me with new ideas. I may not use all of them but I want to hear from you on what you think should be my agenda."

Client centricity is not about passivity, it's about understanding and acting on client needs - even if they don't yet see the need for themselves.

### Client centric selling in practice

The keys to customer centric selling are:

- Good need identification
- Good solution selection
- Relevant presentation of the options
- Handling genuine customer concerns to help them reach their own decision

If the "seller" has asked thorough and effective questions and listened to the answers they should really understand the customer's needs. If they have listened well "with all the senses fully open" and then summarised back to the customer (checking "Do you feel that's an accurate summary of your requirement?") then they can confidently put forward a solution or range of solutions. If there is only one relevant solution and it clearly addresses the customer's needs and situation, the "seller" should be OK to communicate the offer robustly. If there is more than one possible solution the "seller" needs to present the options. To quote David Maister again: "The key is to give me (the client) options, help me understand their advantages and disadvantages, and let me choose. If you tell me "your firm's approach", it strikes me as standardised. By educating me as to alternate ways to proceed, I get value from the education. By letting me choose, I am also left with the sense that I am the type of professional who will respect my judgement and involve me."

So the skills of the customer centric seller are very different from the traditional "product pusher". It will be all about the ability to stand in the customer's shoes, to really understand what they need and what they want and to help them articulate this. Technical ability is no longer a tool with which to bamboozle a customer in order to get that sale. It is not a resource that you make available to the client to help them choose. Trust becomes even more important and the skills of demonstrating trustworthiness will continue to be at a premium.



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### Conclusion

Customer centric selling may be being driven by regulatory pressures, but if it is done well it will be to the benefit of both provider and customer. It will foster trusting relationships and will be of real value. But to do it well will require sellers to take their skills to a new level and it will require sales leaders to lead differently and more effectively.