

Ensuring your people sell in an ethical manner while maintaining sales and profitability

A research, consultancy and training project.

Why the need for ethical selling?

This client contacted us after they had been featured negatively in the media over several months. They were accused of encouraging people to gamble on the futures and options markets to the extent that people were losing their life savings - in some cases losses amounted to over a million pounds (sterling) - and worse doing this without the explicit permission of the client.

Their question to us was *"Could we help them clean up their act - while maintaining their very high profits?"*. The risk to them was if they did not clean up their act they would be put out of business by the regulatory authorities within the next few months.

It was an intriguing challenge - and one with some risks for ourselves - in particular an association with a firm accused of unethical behaviour. However, we decided that as long as they accepted that our prime mission was to help them sell ethically we would accept the challenge.

Did our recommendations work?

Their business objective had been to maintain the profit levels of the



company whilst decreasing complaints from 25 a month to fewer than one a month.

The classroom training and coaching put in place as a result of our recommendations achieved this objective as the following graph shows.



Project approach

We faced two challenges in this project, firstly to understand the whole basis of trading in futures and options and secondly to identify a sales approach that would enable continued profits for the company whilst eliminating the mis-selling that had been occurring.

We did this by working very closely with the company to identify:

- what its salespeople were being taught, formally and informally?

- which skills or lack of them were leading to the very specific complaints relayed by both the media and the company's own market research?
- which skills and approaches were valued by the company's clients?
- which skills enabled people to sell successfully with a low level of complaints?

Understanding the market situation

We listened to and read reports from market researchers which identified what people liked about the 'product on offer' in addition to the get rich quick opportunity. We also interviewed people from the Board down to the newest sales people as well as the compliance officer to see how well their views and described approaches matched what their clients apparently wanted.

What was happening during sales calls

We developed an analysis system by combining what we already knew about the sales process to focus on results from market research and ideas gained from discussions with the board, sales managers, sellers and the compliance officer.

"Most people lose all the money they put on the markets within six weeks" - So why do some people enjoy this and get value out of it?

If what you are selling is a "Get rich quick dream" – How do you do this ethically and profitably?

Ethical selling in a 'get rich quick' setting

Problem areas

The reports had identified several key issues, for example the sellers and their clients had very different views about what was being committed to at the end of each call. So there were clearly skill issues around the quality of explanations and closing.

One of the most interesting findings from our discussions was that nearly everyone gave a different interpretation of key issues - such as what was a "Stop-Loss".

This quickly identified one cause of problems - sellers thought they understood the issues involved but didn't - so it was hardly surprising that clients were confused!

Success measures

We assessed each seller's skill level on two basic measures:-

- How much money clients typically traded through them. (The higher this was the more money they and the company made).
- How many complaints were made about them (the fewer the better).

Was technical expertise a factor?

We found that the technical expertise of the seller was one factor which influenced how successful they were in terms of the amount of money a client traded

through the company, or the number of complaints received, about the seller.

Another, even more important factor in terms of complaints was the selling style of the salesperson.

What went on during the (telephone) sales calls?

We then began listening to live sales calls, analysing them and assessing the results.

This enabled us to produce recommendations for improving new entrant product knowledge training and a skills training programme for both the salespeople and their managers. Some findings about skills questions were important - but not necessarily in the way people outside this market usually expect.

What problems were explored?

Effective sellers were exploring two groups of problem areas:

- The problems the prospect would have if they entered the market and lost the money they put into it.
- The problems the prospect would have if they didn't understand what was going on.

And how do you explore a need to risk lots of money?

Effective sellers explored needs in a different way to their colleagues -

concentrating on the reasons why people get into this type of market in the first place.

Sellers explored with them how attracted they were by the idea of making a lot of money very quickly and other related needs such as those for fun, excitement and risk, with the occasional person wanting to get involved to find out how the markets worked.

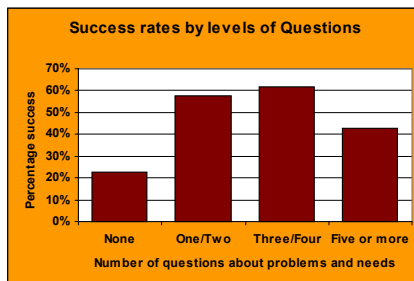
The successful sellers developed those needs to 'sell' to the client on:

- the value of understanding exactly what was happening to their money;
- how to assess how much they were losing and gaining at any moment.

The overall effect of those questions was to increase the level of excitement and hence enjoyment of the risks being taken.

Why did this approach work?

- The effective sellers were good at qualifying people out - so they got fewer complaints.
- Because of the way they explored needs the clients who entered the market stayed in longer, placed more money through the company and rarely complained when it was lost.



A key message: there is an optimal level for questions. If there are only a few relevant problems and needs to explore - only ask a few relevant questions.

Note most sellers asked no questions about problems or needs before training!